

1994

Jo-Ann W. Kilpatrick, George L. Gonzales, Joseph C. Lee, David B. Lee, Marilyn D. Lee, Sidney W. Foulger, Clayton F. Fougler, Bryant F. Foulger, Brent K. Pratt, and MWT Corporation, a Utah Corporation v. Wiley, Rein & Fielding, a professional law partnership, and Richard E. Wiley :
Brief of Appellee

Utah Court of Appeals

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Gordon R. Hall; Reed L. Martineau; Rex E. Madsen; Richard A. Van Wagoner; Snow, Christensen & Martineau; Attorneys for Appellants.

Daniel L. Berman; Peggy A. Tomsic; Berman, Gaufin & Tomsic; Attorneys for Appellees.

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IN THE COURT OF APPEALS⁵⁰
FOR THE STATE OF UTAH

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DOCKET NO. 940579 CA

JO-ANN W. KILPATRICK, GEORGE L.
GONZALES, JOSEPH C. LEE,
DAVID B. LEE, MARILYN D. LEE,
SIDNEY W. FOULGER, CLAYTON F.
FOULGER, BRYANT F. FOULGER,
BRENT K. PRATT, MOUNTAIN WEST
TELEVISION COMPANY, a Utah
general partnership, AND MWT
CORPORATION, a Utah Corporation,

Appellants,

vs.

WILEY, REIN & FIELDING, a
professional law partnership, and
RICHARD E. WILEY,

Appellees.

Case No. 940579-CA

PRIORITY 15

(Oral Argument Requested)

ADDENDUM TO BRIEF OF APPELLEES
(VOL. I)

APPEAL FROM THE ORDER OF THE THIRD JUDICIAL
DISTRICT COURT, HONORABLE GLENN K. IWASAKI
PRESIDING, SALT LAKE CITY, STATE OF UTAH

GORDON R. HALL (A1306)
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Attorneys for Appellees

FILED

MAY 15 1995

COURT OF APPEALS

IN THE COURT OF APPEALS
FOR THE STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE L.
GONZALES, JOSEPH C. LEE,
DAVID B. LEE, MARILYN D. LEE,
SIDNEY W. FOULGER, CLAYTON F.
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TELEVISION COMPANY, a Utah
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Appellants,

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Tab 1

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Attorneys for Defendants

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
L. GONZALES, JOSEPH C. LEE,)
DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
FOULGER, BRYANT F. FOULGER,)
BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
CORPORATION, a Utah)
corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
RICHARD E. WILEY
IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

DISTRICT OF COLUMBIA)
: ss.
CITY OF WASHINGTON)

Richard E. Wiley, being duly sworn under oath, deposes
and states as follows:

1. I am a resident of the State of Virginia and a
named defendant in this action. I make this affidavit on the

basis of my personal knowledge.

2. I am a member in good standing of the District of Columbia Bar. Since May, 1983, I have been a named partner in the law firm of Wiley, Rein & Fielding ("WR&F"). Prior to that time, I was a partner with the Washington, D.C. office of Kirkland & Ellis.

3. I was elected to serve on the Board of Directors of Northstar Communications, Inc. ("Northstar") on July 7, 1986. I continued in that capacity until January 31, 1992, when I resigned. I served as a director of Farragut Communications, Inc. from December of 1987 until January 31, 1992 when I resigned. I was never an officer of Northstar, never owned any stock or other interest in Northstar, and never participated in its management.

4. I never represented any Plaintiff in this action other than the Plaintiff Mountain West Television Company ("Mountain West"), and the only representation I ever provided to that entity was .25 of an hour over twelve years ago.

5. In the summer of 1986, Northstar, an existing client of WR&F, became interested in exploring the possibility of entering into an arrangement with Mountain West to finance the acquisition of Channel 13, a VHF drop-in station in Salt Lake City, Utah, through settlements with competing applicants and to own and operate Channel 13. At that time, it became apparent

that there was a potential conflict between Northstar and Mountain West because WR&F was representing Mountain West in its application for the Channel 13 permit. John C. Quale, another lawyer at WR&F, and I decided that, if the appropriate consents could be obtained and Mountain West would agree to get its own independent counsel, WR&F would represent Northstar in its negotiations with Mountain West and continue to represent Mountain West and its successor entities in matters before the Federal Communications Commission ("FCC"). John Quale obtained Northstar's oral consent to such an arrangement. Barry Wood, WR&F lawyer principally responsible for representing Mountain West, obtained Plaintiffs' oral consent to that arrangement.

6. I never represented Northstar or Allstate Insurance Company ("Allstate") in connection with any of the transactions about which Plaintiffs complain as those transactions are defined in Defendants' Memorandum in Support of Motion for Summary Judgment -- the MWT, Ltd. transaction; the Adams transaction; Northstar's suspension of payments under Plaintiffs' employment contracts with MWT, Ltd.; Northstar's conversion to general partner; the 25% interest/management fee dispute; and the sale of Channel 13 to Fox.

7. I have never had any confidential information regarding Plaintiffs. I have never used or misused any confidential information regarding the Plaintiffs. To my

knowledge, no lawyer at WR&F, including Barry Wood, ever used or misused any confidential information regarding Plaintiffs they had, if any, in any of the transactions at issue.

8. Every substantive term, provision and feature with regard to all six of the transactions about which Plaintiffs complain was a business decision made by Plaintiffs, Northstar's management or Allstate. I did not dictate or make any business decision with regard to any term, provision or feature in any of the six transactions about which Plaintiffs complain.

9. With regard to the MWT, Ltd. transaction, Plaintiffs, William Lincoln, the President of Northstar, and Paul Renze, Allstate's representative in the MWT, Ltd. transaction, made and directed every decision as to the substantive terms, provisions and features in the Credit Agreement and Partnership Agreement, including the ownership interests of Northstar and Plaintiffs, the amount and timing of funding, and Northstar's conversion rights. I did not dictate or make the decision as to the terms and conditions on which Northstar or Allstate would enter into an agreement with Mountain West. I did not dictate or make the decision as to the terms, provisions or features of the Credit Agreement or Partnership Agreement or any other agreement in the MWT, Ltd. transaction, including the respective ownership interests of Northstar and Plaintiffs in MWT, Ltd., the amount or timing of the funding Northstar or Sidney Foulger would provide,

or Northstar's conversion rights. I did not negotiate and was not involved in the negotiation of the MWT, Ltd. transaction. I did not provide any legal service or advice to Northstar or anyone else with regard to the MWT, Ltd. transaction. Based on William Lincoln's recommendation as President of Northstar, I voted with the other five Northstar directors to ratify the terms William Lincoln had agreed to in the Credit Agreement and Partnership Agreement on behalf of Northstar.

10. With regard to the Adams transaction, the Plaintiffs, William Lincoln and Paul Renze made and directed every decision about which Plaintiffs complain, including the decision to purchase Channel 20, the purchase price of Channel 20 and the amount and terms of financing that purchase with Aetna Life Insurance Company ("Aetna"). I did not dictate or make the decision that MWT, Ltd. purchase Channel 20 from Adams Television of Salt Lake City, Inc. ("Adams") or suggest that MWT, Ltd. purchase Channel 20. I did not dictate or make the decision as to the terms, provisions or features of the Adams transaction, including the decisions as to the purchase price of Channel 20 or the amount and terms of financing that purchase through Aetna. I did not negotiate and was not involved in the negotiations of the Adams transaction. I did not provide any legal service or advice to Northstar or anyone else with regard to the decisions to purchase Channel 20, as to the purchase price for Channel 20 or

as to the amount and terms of financing that purchase through Aetna. Based on William Lincoln's recommendation as President of Northstar, I voted along with the other five Northstar board members to ratify William Lincoln's consent to MWT, Ltd. s liability to Adams and subsequently to ratify collateral agreements affecting Northstar's interest as a limited partner after the agreements in principal with Adams had been reached by MWT, Ltd. and MWT Corp.

11. With regard to Northstar's suspension of payments under Plaintiffs' employment contracts, William Lincoln and Paul Renze made and directed the decision to suspend payments under the employment contracts Joseph Lee, Sidney Foulger, Jo-Ann Kilpatrick and George Gonzales had with MWT, Ltd. I did not dictate or make the decision to suspend payments under any of the employment contracts the Plaintiffs had with MWT, Ltd. I did not render any legal service or advice to Northstar or any one else with regard to suspending payments under Plaintiffs' employment contracts. After William Lincoln advised Plaintiffs the payments were being suspended, I voted along with the other three Northstar directors to ratify William Lincoln's decision to suspend payments under the employment contracts.

12. With regard to Northstar's conversion to general partner of MWT, Ltd., William Lincoln and Paul Renze made and directed the decision that Northstar would elect to convert to

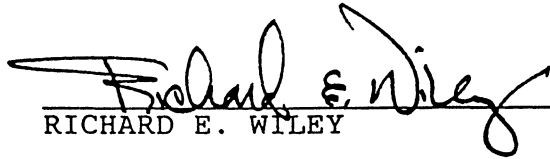
general partner as soon as Channel 13 went on the air. I did not dictate or make the decisions for Northstar to elect to convert to general partner of MWT, Ltd., or when the conversion was to occur. I did not provide any legal service or advice to Northstar or anyone in connection with Northstar's decision to convert. After William Lincoln sent a letter to Plaintiffs notifying them of Northstar's election to exercise its conversion right, I voted along with the other three Northstar directors to ratify William Lincoln's decision to convert to general partner of MWT, Ltd.

13. With regard to the 25% interest/management fee dispute, Allstate in the summer of 1988, based on the recommendation of Richard Doppelt, made the decision to condition any loans to MWT, Ltd. on MWT, Ltd. paying 25% interest and signing a management contract with Farragut Communications, Inc., the holding company of Northstar. I did not dictate or make the decision that any loans from Allstate beginning in the summer of 1988 would be conditioned on MWT, Ltd. paying a 25% interest rate and signing a management contract between MWT, Ltd. and Farragut. I did not render any legal service to Northstar or anyone else in connection with the 25% interest/management fee dispute. Based on the fact that MWT, Ltd. had no money to meet its obligations to Adams or Aetna, no sources of financing were available from third parties except Allstate, and Plaintiffs refused to put any

money into MWT, Ltd. or dilute their interest to obtain financing, I voted with the other three Northstar directors to borrow funds from Allstate carrying a 25% interest rate to pay the obligations MWT, Ltd. owed to Aetna and Adams. At the time this action was filed, MWT, Ltd. had not paid Allstate 25% interest on any note.

14. With regard to MWT, Ltd.'s sale of Channel 20 to Fox, Allstate made the decision in January of 1989 not to provide any further funding to MWT, Ltd. and Plaintiffs made the decision not to put any funds into MWT, Ltd. and refused to agree to dilute their interests to obtain financing. I did not decide or make the decision that Allstate would not provide any further funding to MWT, Ltd. In fact, on a number of occasions, I tried to get Allstate to provide additional loans so the station would not have to be sold. I never provided any legal service to Northstar or anyone else with regard to the decision of Allstate not to provide further funding. I never refused to provide Plaintiffs with any information regarding Channel 13 or instructed or advised Northstar not to provide information to Plaintiffs. After exhausting all avenues for funding to pay MWT, Ltd.'s obligations to Aetna and Adams and facing foreclosure by those two creditors, I voted along with the other Northstar director to accept Fox Television's offer to purchase Channel 13 for \$41 million. That offer was the best offer MWT, Ltd. received and was an excellent price. I received no money from the sale proceeds.

DATED this 14th day of December, 1993



RICHARD E. WILEY

SUBSCRIBED AND SWORN to before me this 14th day of
December, 1993.

My Commission Expires:

11/14/93



Notary Public

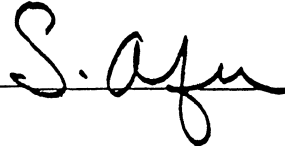
Residing at:

1629 COL. RD. NW #718
WASHINGTON DC 20009

CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF RICHARD E. WILEY IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this 15th day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111



WILEY.AFF

Tab 2

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Attorneys for Defendants

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
L. GONZALES, JOSEPH C. LEE,)
DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
FOULGER, BRYANT F. FOULGER,)
BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
CORPORATION, a Utah)
corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
RICHARD A. DOPPELT
IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

STATE OF ILLINOIS)
: ss.
COUNTY OF COOK)

RICHARD A. DOPPELT being first duly sworn under oath,
deposes and states as follows:

1. In August of 1987, I became employed by Allstate
Insurance Company ("Allstate") as an investment manager, and I am

still employed in that position at Allstate. I make this Affidavit based on my own personal knowledge.

2. In approximately June of 1988, Paul Renze, another investment manager, left Allstate and I assumed the responsibility with regard to Allstate's investments in Farragut Communications, Inc. ("Farragut") and Northstar Communications, Inc. ("Northstar").

3. After I became responsible for Allstate's investments in Farragut and Northstar, the President of Farragut and Northstar, William MacD. Lincoln, requested in approximately June of 1988 that Allstate loan money to MWT, Ltd. because MWT, Ltd. at that time did not have the financial resources to meet its financial obligations to Adams T.V. of Salt Lake City, Inc. ("Adams") and Aetna Life Insurance Company ("Aetna"). In view of Allstate's substantial investments in Farragut and Northstar, I was unwilling to recommend that Allstate make the loan and told William Lincoln to look for other sources of financing. William Lincoln did so but was unsuccessful. Believing additional cash was required to save Allstate's investments in Farragut and Allstate, I agreed to support the loan to MWT, Ltd.

4. On my recommendation, Allstate made the decision that it would loan money to MWT, Ltd. but it would only do so on the condition that MWT, Ltd. pay 25% annual interest on any funds advanced and that MWT, Ltd. sign a management contract with Farragut due to the amount of time William Lincoln and Katherine Glakas were spending on Channel 13 matters in relation to Farragut's other businesses.

5. Although the limited partners of MWT, Ltd. were themselves unwilling to loan money to MWT, Ltd. on any known terms or to permit additional equity funds to be invested in MWT, Ltd., they objected to the conditions Allstate required for loans and threatened to sue.

6. Allstate made the loans to MWT, Ltd. after the Northstar Board of Directors authorized MWT, Ltd. to borrow the money from Allstate at a 25% annual interest rate.

7. Allstate's decision to condition any loans to MWT, Ltd. on MWT, Ltd. agreeing to pay 25% annual interest on the loans and agreeing to sign a management contract with Farragut was a unilateral decision made by Allstate. Neither Richard E. Wiley nor the law firm of Wiley, Rein & Fielding ("the Wiley Firm") made the decision that Allstate would require MWT, Ltd. to pay 25% annual interest and sign the Farragut management contract as a condition to financing by Allstate. Neither Richard E. Wiley nor the Wiley Firm advised Allstate with regard to that decision by Allstate.

8. By January of 1989, the limited partners of MWT, Ltd., although continuing to refuse to make any loan to MWT, Ltd. or agree to any equity investment in MWT, Ltd., were still objecting to the conditions Allstate required for loans to MWT, Ltd. MWT, Ltd. had already used the prior Allstate loan proceeds to pay obligations owed to Aetna and Adams, and did not have any source of funds to meet its current obligations to Aetna and Adams. Under these circumstances and on my recommendation, Allstate made the decision that it would

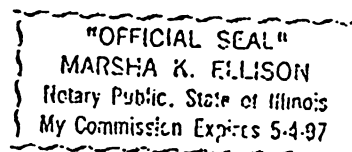
SUBSCRIBED AND SWORN to before me this 14th day of
December, 1993.

My Commission Expires:

5-4-97

Marsha K. Ellison
Notary Public
Residing at:

Northbrook, Ill.



CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF RICHARD A. DOPPELT IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this 15th day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
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S. Ayer

385\doppelt

Tab 3

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Attorneys for Defendants

FILED
BY _____
9009015 PM 4:44
JUDICIAL DISTRICT
SALT LAKE COUNTY
BY _____

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
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DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
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BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
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corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
JOHN C. QUALE
IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

DISTRICT OF COLUMBIA)
: ss.
CITY OF WASHINGTON)

John C. Quale, being duly sworn under oath, deposes and
states as follows:

1. I am an attorney in good standing in the District
of Columbia Bar. I have been a partner in the law firm of Wiley,
Rein & Fielding and its predecessors ("WR&F") since its formation
in 1983. Prior to that time, I was a partner in the Washington,

D.C. office of Kirkland & Ellis. I make this affidavit based on my own personal knowledge.

2. WR&F represented Plaintiff Mountain West Television Company ("Mountain West") in its application for the Channel 13 construction permit for the VHF drop-in station in the Salt Lake City, Utah market from approximately April of 1981 to December 19, 1986, when the Federal Communication Commission ("FCC") granted the Channel 13 permit to MWT, Ltd. Up through August of 1987, WR&F provided FCC services to Mountain West and its successor, MWT, Ltd. Barry Wood is WR&F lawyer who brought Mountain West into WR&F as a client and is WR&F lawyer who was primarily responsible for its representation. I was the billing partner for the Mountain West account until 1984 and provided some supervision and legal services to Mountain West. In September of 1987, Barry Wood left WR&F to join the Jones, Waldo, Holbrook & McDonough ("Jones, Waldo") Washington D.C. office where Plaintiff David Lee is managing shareholder, and took the representation and files of MWT, Ltd. with him with MWT, Ltd.'s consent. Since then, WR&F has not represented any Plaintiff. Since Northstar Communications, Inc. ("Northstar") became the general partner of MWT, Ltd. in May of 1988, WR&F has represented MWT, Ltd.

3. WR&F has represented Northstar since December of 1985. I have been WR&F lawyer primarily responsible for the representation of Northstar during its entire tenure as a client. Marilyn Strailman, Tim Danello, Daniel Abdun-Nabi, Suzanne

Rotbert, and Dag Wilkinson are the other Wiley Firm lawyers who have primarily assisted in the representation of Northstar. Barry Wood provided very few legal services to Northstar while he was at WR&F and did not represent Northstar on any matter on which Plaintiffs' and Northstar's interests were adverse.

4. In the summer of 1986, Northstar and Allstate Insurance Company ("Allstate") expressed interest in exploring the possibility of entering into an arrangement with Mountain West for financing to obtain the Channel 13 construction permit through settlements with competing applicants and to own and operate the station. At that time, we realized there was a potential conflict of interest because both Mountain West and Northstar were clients of the firm. Richard E. Wiley and I discussed the problem and decided it would be in both clients' best interest, provided they both consented, if WR&F continued to represent Northstar, Mountain West got its own independent counsel to represent it in dealings with Northstar and WR&F continued to represent Mountain West and its successor entity in matters before the FCC. Richard Wiley and I discussed this proposal with Barry Wood, and Barry Wood agreed he would see if Mountain West would consent to this arrangement. I obtained Northstar's verbal consent to our continued representation of Northstar, and WR&F's continued representation of Mountain West and its successor entities on matters before the FCC. Barry Wood obtained Mountain West's verbal consent to WR&F's continued representation of Northstar, to Mountain West obtaining its own

counsel to represent it in its dealings with Northstar and to WR&F's continued representation of Mountain West and its successor entity on matters before the FCC.

5. WR&F represented Northstar with regard to each of the six transactions at issue as those transactions are defined in Defendants' Memorandum in Support of Motion for Summary Judgment -- the MWT, Ltd. transaction; the Adams transaction; Northstar's suspension of payments under Plaintiffs' employment contracts; Northstar's conversion to general partner of MWT, Ltd.; the 25% interest/management fee dispute; and the sale of Channel 13 to Fox.

6. No plaintiff or anyone on their behalf has ever objected to WR&F's representation of Northstar, Farragut, or MWT, Ltd. at any time prior to the filing of this litigation.

7. WR&F never represented Allstate in connection with any of the six transactions at issue. With regard to every transaction in which Plaintiffs' interests were involved, Allstate represented itself through its own in-house counsel.

8. Dow, Lohnes represented Plaintiffs in all six of the transactions at issue. Dow, Lohnes and, more particularly, Ralph Hardy, David Wild and Tim Kelly, represented Plaintiffs in connection with the MWT, Ltd. transaction. Dow, Lohnes represented MWT, Ltd. and the Plaintiffs in connection with the Adams transaction. Dow, Lohnes represented Joseph Lee, Jo-Ann Kilpatrick, George Gonzales, Sidney Foulger, MWT, Ltd., and MWT Corp., as general partner, in connection with the Mountain West

Partners' employment contracts with MWT, Ltd. Dow, Lohnes represented Plaintiffs in their objection to the timing of Northstar's conversion to general partner of MWT, Ltd. Dow, Lohnes represented Plaintiffs in their objection to the 25% interest/management fee that Allstate made conditions to any loans to MWT, Ltd. Dow, Lohnes represented Plaintiffs in connection with the sale of Channel 13.

9. I have never used or misused any confidential information regarding Plaintiffs. To my knowledge, no other Wiley Firm attorney ever used or misused any confidential information they had, if any, regarding the Plaintiffs. I did not have any confidential information regarding the Plaintiffs at the time of any of the six transactions. All the information I had about Plaintiffs at the time of those transactions was information Plaintiffs or Plaintiffs' lawyers Dow, Lohnes & Albertson ("Dow, Lohnes") provided to me, or was a matter of public record.

10. Every substantive term, provision or feature of all of the six transactions about which Plaintiffs complain was a business decision made and directed by Plaintiffs, Northstar's management or Allstate. WR&F did not dictate or make any business decisions as to any substantive term, provision, or feature of any of the six transactions about which Plaintiffs complain.

11. With regard to the MWT, Ltd. transaction, Plaintiffs, William Lincoln, the President of Northstar, and Paul

Renze, Allstate's representative in the MWT, Ltd. transaction, made and directed every decision as to the substantive terms, provisions and features in the Credit Agreement and Partnership Agreement, including the ownership interests of Northstar and Plaintiffs, the amount and timing of funding, and Northstar's conversion rights. WR&F did not dictate or make the decision as to the terms and conditions under which Northstar or Allstate would enter into the MWT, Ltd. transaction with Mountain West. WR&F did not dictate or make the decision as to the substantive terms and conditions of any written proposal Northstar or Allstate made to Mountain West. WR&F did not dictate or make the decision as to any of the substantive terms, provisions, or features of the Credit Agreement or Partnership Agreement or any other agreement in the MWT, Ltd. transaction, including the respective ownership interests of Northstar and Plaintiffs in MWT, Ltd., the amount and timing of the funding Northstar or Sidney Foulger would provide, or Northstar's conversion rights. WR&F's only role in the MWT, Ltd. transaction was to assist the Northstar principals in the negotiation of those business terms and conditions as directed by Northstar's management and Allstate, and draft the documents containing the business terms and conditions upon which the parties agreed.

12. With regard to the Adams transaction, the Plaintiffs, William Lincoln and Paul Renze made and directed every decision about which Plaintiffs complain, including the decision to purchase Channel 20, the purchase price of Channel 20

and the amount and terms of financing that purchase with Aetna Life Insurance Company ("Aetna"). WR&F did not dictate or make the decision for MWT, Ltd. to purchase Channel 20 from Adams TV of Salt Lake City, Inc. ("Adams") or suggest that MWT, Ltd. purchase Channel 20. WR&F did not dictate or make any decision as to any of the terms of MWT, Ltd.'s purchase of Channel 20, including the purchase price, or as to the amount or terms of financing the purchase of Channel 20 through Aetna. WR&F did not provide any legal services to Adams in connection with the Adams transaction. I did not provide Adams with any information regarding Plaintiffs and to my knowledge no other lawyer in WR&F ever provided Adams with any information regarding Plaintiffs.

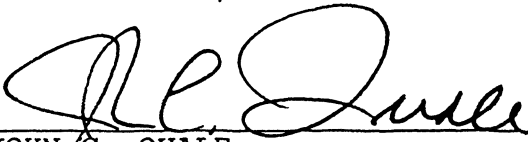
13. With regard to Northstar's suspension of payments under the employment contracts, William Lincoln and Paul Renze made and directed the decision to suspend payments under the employment agreements Joseph Lee, Sidney Foulger, Jo-Ann Kilpatrick and George Gonzales had with MWT, Ltd. WR&F did not dictate or make the decision as to the suspension of payments under any of those contracts.

14. With regard to Northstar's election to convert to general partner of MWT, Ltd., William Lincoln and Paul Renze made and directed the decision that Northstar would elect to convert to general partner as soon as Channel 13 went on the air. WR&F did not dictate or make the decision for Northstar to elect to convert to general partner of MWT, Ltd. or the timing of that conversion.

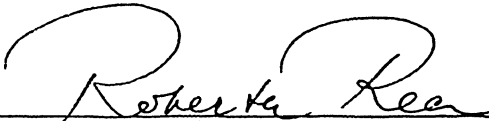
15. With regard to the 25% interest/management fee dispute, Allstate, based on the recommendation of Richard Doppelt, made the decision in the summer of 1988 to condition any loans to MWT, Ltd. on MWT, Ltd. paying 25% interest and signing a management contract with Farragut Communications, Inc., the holding company of Northstar. WR&F did not dictate or make the decision that loans from Allstate to MWT, Ltd. would be conditioned on a 25% interest rate and the execution of a management contract with Farragut. WR&F did not provide any legal services or advice in connection with that decision, including legal services or advice to Northstar in connection with whether it should vote to pay the 25% interest rate.

16. With regard to the sale of Channel 13 to Fox, Allstate, based on the recommendation of Richard Doppelt, made and directed the decision in January of 1989 that Allstate would provide no further funding to MWT, Ltd. The Northstar board in October of 1989, unanimously voted to sell Channel 13 to Fox. WR&F did not dictate or make the decisions in January of 1989 that Allstate would not provide any further funding to MWT, Ltd. or that Channel 13 would be sold to Fox. WR&F never refused to provide Plaintiffs with any information or instructed Northstar not to provide information to Plaintiffs with regard to Channel 13. WR&F did not dictate or make the decision as to any of the substantive terms, provisions, or features of any of the agreements in the sale of Channel 13 to Fox.

DATED this 14th day of December, 1993


JOHN C. QUALE

SUBSCRIBED AND SWORN to before me this 14th day of
December, 1993.


Notary Public
Residing at:

My Commission Expires:

11/14/94

1629 COL. RD. #718
WASHINGTON DC 20009

CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF JOHN QUALE IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this 15 day of December, 1993, to;

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111

S. A. J.

QUALE.AFF

Tab 4

Daniel L. Berman (A0304)
Peggy A. Tomsic (3879)
Jonathan L. Hawkins (5966)
BERMAN, GAUFIN & TOMSIC
50 South Main, Suite 1250
Salt Lake City, UT 84144
Telephone: (801) 328-2200

Attorneys for Defendants

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
L. GONZALES, JOSEPH C. LEE,)
DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
FOULGER, BRYANT F. FOULGER,)
BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
CORPORATION, a Utah)
corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
BARRY D. WOOD

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

DISTRICT OF COLUMBIA)
: ss.
CITY OF WASHINGTON)

BARRY D. WOOD being first duly sworn under oath, deposes
and states as follows:

1. I am a lawyer in good standing and duly licensed to
practice law in Washington D.C. I am employed by the Washington
D.C. office of Jones, Waldo, Holbrook & McDonough, P.C. ("Jones,

Waldo") and have been since September of 1987. I make this Affidavit based on my own personal knowledge.

2. In 1981 I was an associate with the Washington D.C. office of Kirkland & Ellis. In approximately April, of that year, the Utah general partnership Mountain West Television Company ("Mountain West") retained the firm to represent it in its application for the Channel 13 construction permit, a new VHF drop-in station in the Salt Lake City market. My principal contact in the Mountain West group initially was David Lee, one of the original general partners. As time went on and David Lee withdrew as a general partner, his father, Joseph Lee (another partner) became my principal contact with the company.

3. I filed an application on behalf of Mountain West for the Channel 13 construction permit on May 11, 1981. I also subsequently filed amendments to the application on behalf of Mountain West on August 6, 1981 to show the withdrawal of David Lee, Brent Pratt and Douglas Cardon as general partners of Mountain West, and on March 15, 1984 to cure a financial issue the FCC had specified against Mountain West.

4. In May of 1983 thirty nine lawyers, including Richard E. Wiley, John Quale and me, left Kirkland & Ellis and formed the law firm Wiley, Johnson & Rein. The name of that firm changed about a year later to Wiley & Rein and, in 1986, the name changed to Wiley, Rein & Fielding ("the Wiley Firm"). When I left

Kirkland & Ellis to join the Wiley Firm, the Mountain West matter came with me with Mountain West's consent.

5. In August of 1984, a comparative hearing was held with regard to the five applicants for the Channel 13 permit. The four other applicants were Salt Lake Family Television, Inc. ("Family"), West Valley City Television Associates ("West Valley"), Utah Television Associates Limited Partnership ("UTA") and Intermountain Broadcasting, Inc. ("Intermountain"). I was responsible for representing Mountain West at the comparative hearing. All four of the Mountain West general partners, Sidney Foulger, Joseph Lee, Jo-Ann Kilpatrick and George Gonzales (the "Mountain West Partners"), testified and were cross-examined at that hearing. That testimony included extensive facts about their backgrounds, the positions they intended to hold at the station if awarded the permit, how the partnership was created, what the partners' respective interests in Mountain West were and how the partnership had been run.

6. On May 10, 1985 the FCC Administrative Law Judge granted the Channel 13 permit to Family and denied all the other applications, including Mountain West. Mountain West was ranked second out of the five applicants.

7. All five applicants, including Mountain West, filed exceptions to the Administrative Law Judge's findings of fact and conclusions of law with the FCC's Review Board. The Board held oral argument on those exceptions on October 10, 1985. I filed the

exceptions on behalf of Mountain West and represented Mountain West at the oral argument, with the assistance of Ken Shirley, another Wiley Firm lawyer.

8. On December 2, 1985 the FCC Review Board affirmed the Administrative Law Judge's conclusion that Family's application for the Channel 13 permit should be granted and adopted the Administrative Law Judge's findings of fact and conclusions of law.

9. On Mountain West's behalf I filed an application with the full Federal Communication Commission for review of the Review Board's decision. At about the time the application for review was filed, Mountain West adopted a strategy of attempting to settle with some of the competing applicants in order to obtain the Channel 13 permit and to find financing for those settlements. During 1986, Mountain West engaged in extensive efforts to find financing for settlements with the competing applicants.

10. Some time in the winter or early spring of 1986, William Lincoln contacted me with regard to the Channel 13 comparative proceeding. I told him I represented one of the applicants in the Channel 13 proceeding. In a later conversation, he indicated that the company he had helped form, Northstar Communications, Inc. ("Northstar"), might have an interest in entering into an arrangement with Mountain West to provide the financing to obtain the Channel 13 permit through settlements with the competing applicants and to construct and operate Channel 13 (the "MWT, Ltd. transaction"). Introductory meetings were set up

for William Lincoln and Katherine Glakas, another officer at Northstar, to meet the Mountain West principals.

11. Some time in the summer of 1986, the Wiley Firm became aware that the firm had a potential conflict in representing Mountain West and Northstar. Richard E. Wiley and John Quale told me they wanted, if Mountain West would consent, to represent Northstar in the MWT, Ltd. transaction. They indicated that Mountain West would have to retain its own independent counsel to represent it in the MWT, Ltd. transaction, but that I could continue to advise Mountain West on FCC issues. They asked me to see if Mountain West would consent to that arrangement.

12. I contacted Joseph Lee, Jo-Ann Kilpatrick, George Gonzales and Brent Pratt (Sidney Foulger's son-in-law) to request their consent to the arrangement outlined by Richard E. Wiley and John Quale. All four of those people expressly consented to the Wiley Firm's representation of Northstar in its dealings with Mountain West and to my continuing to advise Mountain West on FCC matters. They agreed Mountain West would get its own independent counsel to represent it in its dealings with Northstar, and it was my understanding the independent counsel they would retain was Dow, Lohnes & Albertson ("Dow, Lohnes") and specifically Ralph Hardy, a senior partner at Dow, Lohnes who was already familiar with the Channel 13 comparative proceeding. At no time after the Mountain West Partners consented to the Wiley Firm's representation of Northstar did any Mountain West Partner tell me they objected to

the Wiley Firm representing Northstar until right before this action was filed, except David Lee, a non partner.

13. After Ralph Hardy took over representation of Mountain West, the Wiley Firm and I did not represent Mountain West or the Mountain West Partners in their negotiations with Northstar in the MWT, Ltd. transaction. I did not represent Northstar in its negotiations with Mountain West and the Mountain West Partners in the MWT, Ltd. transaction. I did provide legal services to Mountain West and Northstar on FCC-related issues in connection with the MWT, Ltd. transaction where their interests were not adverse. However, Dow, Lohnes represented Mountain West and the Mountain West Partners in the MWT, Ltd. transaction, which was consummated on approximately November 20, 1986.

14. I do not know of any Confidential information with regard to the Mountain West Partners or Mountain West that I had at the time of the MWT, Ltd. transaction. I did not provide Northstar, Allstate or any lawyers at the Wiley Firm representing Northstar in the MWT, Ltd. transaction with any confidential information concerning the Mountain West Partners or Mountain West. No lawyer at the Wiley Firm misused any confidential information with regard to any Plaintiff to my knowledge.

15. The settlement Mountain West reached with West Valley was filed with the FCC by October 31, 1986. A true and correct copy of that filing is attached hereto as Exhibit "1". The other settlement agreements were filed by the end of November 1986.

16. Neither I nor the Wiley Firm represented any Plaintiff or MWT, Ltd. in the purchase of Channel 20 by MWT, Ltd. from Adams T.V. of Salt Lake City, Inc. or in the financing of that purchase through Aetna Life Insurance Company ("the Adams transaction"). The Plaintiffs and MWT, Ltd. were represented in the Adams transaction by Dow, Lohnes.

17. In September of 1987, I left the Wiley Firm and joined the Washington D.C. office of Jones, Waldo. David Lee, a plaintiff in this action, was and is the managing shareholder of that office. When I left the Wiley Firm, I took with me, with the consent of MWT, Ltd., the MWT, Ltd. matters on which the Wiley Firm had provided legal services. I also purchased from the Wiley Firm the outstanding receivable owed by MWT, Ltd. to the Wiley Firm. To my knowledge, the Wiley Firm provided no legal services for Mountain West after I left the Wiley Firm. To my knowledge, the Wiley Firm provided no legal services to MWT, Ltd. after I left the Wiley Firm until Northstar became the general partner of MWT, Ltd. in May of 1988.

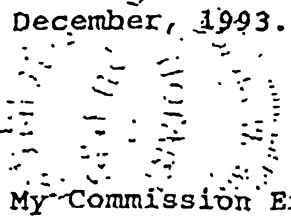
18. After I joined Jones, Waldo, I continued performing legal services for MWT, Ltd. relating to FCC matters and performed certain services for MWT, Ltd. after Northstar became the general partner of MWT, Ltd.

19. The foregoing is true and correct to the best of my knowledge and recollection.

DATED this 15th day of December, 1993

Barry D. Wood
BARRY D. WOOD

SUBSCRIBED AND SWORN to before me this 15th day of December, 1993.

My Commission Expires:

2/28/95

Donna W. Brook
Notary Public
Residing at: 2310 M-St NW
WASH. D.C. 2003

CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF BARRY D. WOOD IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this, _____ day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111

385\wood

CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF BARRY D. WOOD was hand-delivered, this 15th day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111

S. Ager

385\wood

UNITED STATES OF AMERICA

FEDERAL COMMUNICATIONS COMMISSION

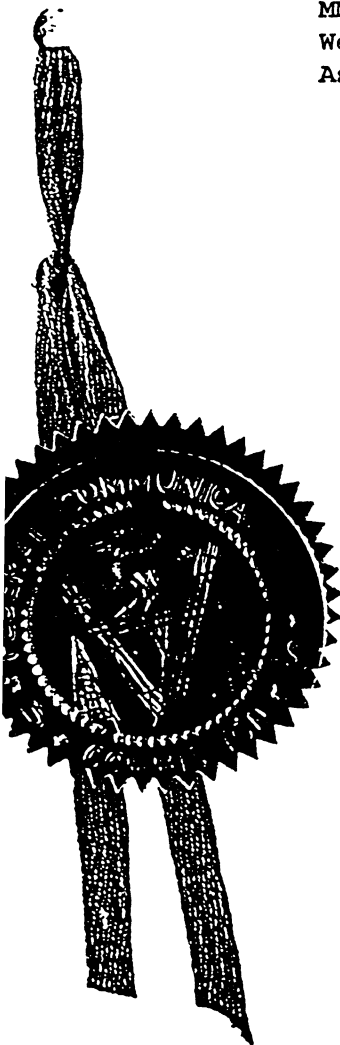
Washington, D. C.

I, William F. Caton, certify that the attached is a true and correct copy of a document on file in this Commission and that I am Official custodian of the same:

Joint Request for Approval of Settlement Agreement in
MM Docket 84-101, received 10-31-86 filed by Mountain
West Television Company, and Valley City Television
Associates Limited Partnership.

IN WITNESS WHEREOF, I have hereunto
set my hand, and caused the seal
of the Federal Communications
Commission to be affixed, this
22nd day of November, 1993

William F. Caton
Acting Secretary



ORIGINAL

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED FILE

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FCC
Office of the Secretary

In re Applications of)	
UTAH TELEVISION ASSOCIATES)	MM DOCKET NO. 84-101 ✓
LIMITED PARTNERSHIP)	File No. BPCT-801217KI
Salt Lake City, Utah)	
INTERMOUNTAIN BROADCASTING, INC.)	MM DOCKET NO. 84-102
Salt Lake City, Utah)	File No. BPCT-810310KE
SALT LAKE CITY FAMILY)	MM DOCKET NO. 84-103
TELEVISION, INC.)	File No. BPCT-810511KK
Salt Lake City, Utah)	
MOUNTAIN WEST TELEVISION COMPANY)	MM DOCKET NO. 84-104
Salt Lake City, Utah)	File No. BPCT-810511KL
WEST VALLEY CITY TELEVISION)	MM DOCKET NO. 84-105
ASSOCIATES LIMITED PARTNERSHIP)	File No. BPCT-810511KM
West Valley City, Utah)	
For a Construction Permit)	

To: The Commission

JOINT REQUEST FOR APPROVAL OF SETTLEMENT AGREEMENT

Mountain West Television Company ("Mountain West") and West Valley City Television Associates Limited Partnership ("West Valley"), by their attorneys and pursuant to Section 73.3525 of the Commission's Rules and Regulations, hereby jointly request approval of the Settlement Agreement entered into between the two parties. The Agreement contemplates the dismissal with prejudice of the West Valley application. As required in the Agreement, West Valley hereby requests that its application (File No. BPCT-810511KM) be

dismissed with prejudice, contingent on the approval of the Settlement Agreement. A copy of the Agreement is attached hereto as Exhibit 1.

Exhibits 2 and 3 are statements of the principals of the parties stating why the Settlement Agreement is in the public interest, and averring that the applications were not filed for the purpose of reaching a settlement.

The parties are mutually exclusive applicants for a construction permit for a new VHF television station to operate on Channel 13. Mountain West proposes Salt Lake City, Utah as its city of license while West Valley proposes West Valley City, Utah as its city of license. Consequently, an issue was specified in this proceeding to determine whether the choice among the applicants should be governed by the criteria of Section 307(b) of the Communications Act. In such situations, Section 73.3525 of the Commission's Rules requires republication if the Commission finds "withdrawal of one of the applications would unduly impede achievement of a fair, efficient and equitable distribution of radio service among the several states and communities." In this instance, the parties submit that republication is not required by the terms of Section 73.3525.

During the course of the hearing, West Valley stipulated that it would be treated as an applicant for Salt Lake City.¹ Moreover, the Commission has held that because of the scarcity of

i Tr. 535.

available channels, applicants for television stations serve a larger area than do applicants for radio stations. Therefore, Section 307(b) preferences are not implicated in television cases. Cleveland Television Corp., 91 FCC 2d 1129 (Rev. Bd. 1982), rev. denied FCC 83-235, released May 18, 1983, aff'd on other grounds, Cleveland Television Corp. v. FCC, 732 F.2d 962 (D.C. Cir. 1984). Because they serve a wider area, television station licensees have a duty to present programming which addresses the needs of all of the residents of their service area. Salt Lake City and West Valley City are contiguous. Consequently, award of the station to an applicant for Salt Lake City will not result in any harm to residents of West Valley as the licensee will undoubtedly provide programming responsive to the needs of both communities. Thus dismissal of the West Valley application will not prevent achievement of the goals of Section 307(b).

Approval of this Agreement is in the public interest. It will eliminate one of the five remaining applicants from this comparative hearing, thus eliminating the expense to the Commission of evaluating West Valley as an applicant, thereby simplifying this proceeding and making possible the provision of a new locally originated television service to the Salt Lake City, Utah area at an earlier date than might otherwise be possible.

In view of the foregoing, the parties submit that the requirements of Section 73.3525 of the Commission's Rules have been met. Accordingly, it is respectfully requested that the attached Settlement Agreement be approved and the West Valley application be dismissed with prejudice.

Respectfully submitted,

MOUNTAIN WEST TELEVISION COMPANY

By Barry D. Wood
Barry D. Wood
Kenneth D. Shirley
of
WILEY, REIN & FIELDING
Suite 1100
1776 K Street, N.W.
Washington, D.C. 20006
(202) 429-7000

WEST VALLEY CITY TELEVISION
ASSOCIATES LIMITED PARTNERSHIP

By Edward S. O'Neill
Edward S. O'Neill
Bryan, Cave, McPheeters
& McRoberts
Suite 1000
1015 - 15th Street, N.W.
Washington, D.C. 20005
(202) 289-6100

Their Attorneys

October 31, 1986

SACCC:12

100-100000-1

Signed (1/10)
EXHIBIT 1 *revision*

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into between Mountain West Television Company ("Mountain West") and West Valley City Television Associates Limited Partnership ("West Valley") (collectively referred to herein as "the Parties") on this 21st day of October, 1986.

W I T N E S S E T H:

WHEREAS, Mountain West has an application pending before the Federal Communications Commission ("Commission") under File No. BPCT-810511KL for a construction permit for a new television broadcast station on Channel 13 at Salt Lake City, Utah; and West Valley has an application pending before the Commission under File No. BPCT-810511KM for a construction permit for the same station at West Valley City, Utah;

WHEREAS, the Mountain West and West Valley applications are two of five mutually exclusive applications proposing the use of Channel 13 and, accordingly, pursuant to the provisions of the Communications Act of 1934, only one of them can be granted by the Commission;

WHEREAS, the public interest would be served by settling and terminating the conflict between the Mountain West and West Valley applications, thereby eliminating the expense to the Commission of evaluating West Valley as a competing applicant and simplifying the Commission proceedings involving Channel 13 thus making possible

2002674

the provision of the new television service to the Salt Lake City area at an earlier date than might otherwise be possible;

NOW, THEREFORE, the Parties hereby agree, in consideration of the several promises and undertakings hereinafter set forth, intending to be legally bound, as follows:

1. This Agreement is subject to the prior approval of the Commission and will not be consummated until such approval has been granted and become a Final Order (or Final Orders), as defined in Paragraph 5(b) hereof.

2. West Valley will request dismissal of its application with prejudice at the same time as the joint request for approval of this Agreement is filed with the Commission in accordance with Paragraph 6 hereof. Such request for dismissal shall be conditioned on approval of this Agreement by Final Order (or Final Orders) of the Commission.

3. In consideration of the dismissal by West Valley of its application Mountain West agrees to compensate West Valley by payment of the sum of One Million Dollars (\$1,000,000), payable as follows:

- (a) The later of December 31, 1986 or 10 days after a Final Order (or Final Orders) of the Commission approving this Agreement and dismissing the West Valley application, Mountain West will pay to West Valley, at a time and place mutually agreeable and by certified or bank cashier's check or confirmed wire transfer, the sum of Five Hundred Thousand Dollars (\$500,000);

7002675

- (b) The balance of the settlement payment, Five Hundred Thousand Dollars (\$500,000), shall be payable as follows:
- (1) One Hundred Twenty-Five Thousand Dollars (\$125,000), plus accrued interest thereon at a rate of nine percent per annum from the date of the payment described in subparagraph (a), and payable on the first anniversary of that date;
 - (2) One Hundred Twenty-Five Thousand Dollars (\$125,000), plus accrued interest thereon at a rate of nine percent per annum from the date of the payment described in subparagraph (a), and payable on the second anniversary of that date;
 - (3) One Hundred Twenty-Five Thousand Dollars (\$125,000), plus accrued interest thereon at a rate of nine percent per annum from the date of the payment described in subparagraph (a), and payable on the third anniversary of that date;
 - (4) The remaining One Hundred Twenty-Five Thousand Dollars (\$125,000), plus accrued interest thereon at a rate of nine percent per annum from the date of the payment described in subparagraph (a), and payable on the fourth anniversary of that date.
- (c) In the event that the payment provided for by paragraph 3(a) above is not paid by December 31, 1986, it shall bear interest at the rate of nine percent per annum from January 1, 1987 until paid.

2002676

4. In the event of disapproval of this Agreement by the Commission or of the Commission's refusal to dismiss the West Valley application, Mountain West will not be obligated to pay any sum to West Valley, and West Valley will not be obligated to dismiss its application.

5. As used in this Agreement, the following terms have the following meanings:

- (a) "Order" means a written authorization, determination, ruling or other action by the Commission or its staff.
- (b) "Final Order" means an Order with respect to which the time for any and all requests for reconsideration, review or appeal, and for reconsideration or review by the Commission on its own motion, has expired, with no such request, reconsideration, review or appeal having been timely requested or initiated.

6. Within five business days of the execution of this Agreement (or such later time as the Commission may authorize), the Parties will file a copy of the Agreement with the Commission, together with a joint request for its approval, in accordance with Section 73.3525 of the Commission's Rules. The joint request shall contain a request for the dismissal of the West Valley application. Each Party will provide the information and documents pertaining to it which are necessary or appropriate for inclusion in a request for approval of this Agreement. Each Party will promptly submit to the Commission any additional information pertaining to it which, from time to time, may be necessary or appropriate to secure a

Final Order (or Final Orders) by the Commission approving this Agreement and dismissing the West Valley application.

7. Mountain West and West Valley agree to exercise their best efforts to obtain approval of this Agreement from the Commission, and to undertake any and all steps necessary for the successful prosecution of this Agreement, including the preparation and filing of any information or documentation in support thereof. No Party to this Agreement shall undertake any action to preclude, hinder or delay the issuance of a Final Order (or Final Orders) approving this Agreement and dismissing the West Valley application.

8. Any notice pursuant or relative to this Agreement shall be deemed given when deposited in the United States first-class mail, postage-prepaid, addressed as follows:

If to Mountain West:

Mr. Joseph C. Lee
2257 Texas Street
Salt Lake City, Utah 84109

with a copy to:

Barry D. Wood, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

If to West Valley:

Robert S. Fotheringham
139 E. South Temple, Suite 4002
Salt Lake City, Utah 84111

with a copy to:

Edward S. O'Neill, Esquire
Bryan, Cave, McPheeters & McRoberts
1015 - 15th Street, N.W.
Washington, D.C. 20005

2002678

9. Each of the Parties hereto warrants that neither it or any person associated with it has directly or indirectly paid or promised to pay any other Party hereto or any person associated with such Party any consideration for the withdrawal of the West Valley application, except as expressly recited and disclosed herewith.

10. Each of the Parties further warrants that the representative who executes this Agreement on their or its behalf has full authority to do so, and that this Agreement is legally binding upon such Party and enforceable in accordance with its terms.

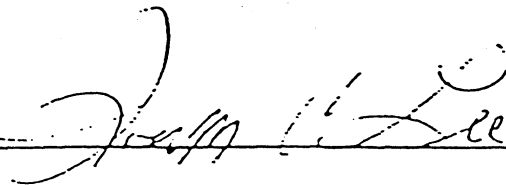
11. This Agreement may be signed in counterparts with the same force and effect as if all signatures were upon each counterpart copy. This Agreement shall come into effect upon the exchange of executed signature pages to this Agreement by and between the Parties.

12. The law of the State of Utah shall govern the construction and enforcement of this Agreement.

7302679

IN WITNESS WHEREOF, the Parties have executed this Agreement,
or have caused this Agreement to be executed by their duly autho-
rized officers or representatives, as of the date first above
written.

MOUNTAIN WEST TELEVISION
COMPANY

By 

Date: 10-21-86

WEST VALLEY CITY TELEVISION
ASSOCIATES LIMITED PARTNERSHIP

By _____

Date: _____

7002689

IN WITNESS WHEREOF, the Parties have executed this Agreement,
or have caused this Agreement to be executed by their duly autho-
rized officers or representatives, as of the date first above
written.

MOUNTAIN WEST TELEVISION
COMPANY

WEST VALLEY CITY TELEVISION
ASSOCIATES LIMITED PARTNERSHIP

By _____

By Robert A. Hutchinson

Date: _____

Date: Oct. 14, 1986

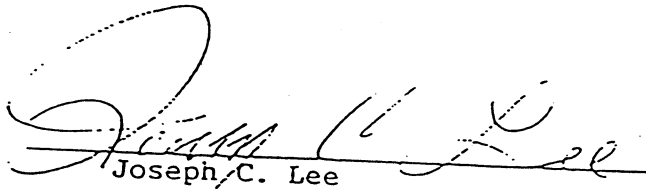
DECLARATION

JOSEPH C. LEE, under penalty of perjury, hereby declares as follows:

1. I am a General Partner of Mountain West Television Company, an application for a construction permit for a new television station on Channel 13 in Salt Lake City, Utah.

2. Neither I nor any other partner of Mountain West Television Company has promised or paid to West Valley City Television Associates Limited Partnership any consideration in connection with the dismissal of the application of West Valley Television Associates Limited Partnership for a construction permit for Channel 13 at West Valley City, Utah, other than as set forth in the Settlement Agreement signed by the two applicants.

3. Mountain West Television Company did not file its application with the primary purpose of reaching this or any other settlement agreement.


Joseph C. Lee

Date: 10/28/86

DECLARATION

I, Robert S. Fotheringham, hereby declare and state as follows:


1. I am a General Partner of West Valley Television Associates Limited Partnership, an applicant before the FCC for a new television station on Channel 13 at Salt Lake City, Utah.

2. The Settlement Agreement between West Valley and Mountain West Television Company, contains the complete terms and conditions of the settlement between the parties.

3. The proposed settlement serves the public interest because it will conduce to a more efficient and expeditious settlement of the pending comparative proceeding involving Channel 13 at Salt Lake City. Approval of the Settlement Agreement will also conserve the limited resources of both the Commission and the parties.

4. West Valley's application in the subject proceeding was filed for the purpose of securing a construction permit on Channel 13 and not for the purpose of reaching or carrying out the subject Settlement Agreement.

5. I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.


Robert S. Fotheringham
General Partner
West Valley City Television
Associates Limited Partnership

Date: October 14, 1966

SACCC:11

CERTIFICATE OF SERVICE

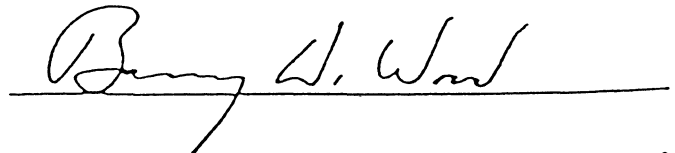
I, Barry D. Wood, hereby certify that I have, this 31st day of October 1986, caused to be sent by U.S. first-class mail, postage prepaid, a true and correct copy of the foregoing "Joint Request for Approval of Settlement Agreement" to the following:

Norman Goldstein, Esquire
Hearing Branch, Mass Media Bureau
Federal Communications Commission
Room 6106
2025 M Street, N.W.
Washington, D.C. 20554

Thomas L. Siebert, Esquire
Hennessey, Stambler & Siebert, P.C.
1901 L Street, N.W.
Washington, D.C. 20036
Counsel for Utah Television
Associates Limited Partnership

David Tillotson, Esquire
Arent, Fox, Kintner, Plotkin & Kahn
Suite 600
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036
Counsel for Intermountain
Broadcasting, Inc.

David D. Oxenford, Esquire
Fisher, Wayland, Cooper & Leader
Suite 800
1255 23rd Street, N.W.
Washington, D.C. 20037
Counsel for Salt Lake City
Family Television, Inc.

A handwritten signature in cursive script, reading "Barry D. Wood", is written over a horizontal line.

SAC00137

Tab 5

Daniel L. Berman (A0304)
Peggy A. Tomsic (3879)
Jonathan L. Hawkins (5966)
BERMAN, GAUFIN & TOMSIC
50 South Main, Suite 1250
Salt Lake City, UT 84144
Telephone: (801) 328-2200

Attorneys for Defendants

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
L. GONZALES, JOSEPH C. LEE,)
DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
FOULGER, BRYANT F. FOULGER,)
BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
CORPORATION, a Utah)
corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
KATHERINE GLAKAS
IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

DISTRICT OF COLUMBIA)
: ss.
CITY OF WASHINGTON)

KATHERINE T. GLAKAS being first duly sworn under oath,
deposes and states as follows:

1. I was the Vice President and Secretary of Northstar Communications, Inc. ("Northstar") from its incorporation in January of 1986 until May 31, 1989 when I resigned those positions. I was the President of Northstar from October 1989 until January

31, 1992 when I resigned that position. I was a director of Northstar from its inception until January 31, 1992 when I resigned that position. I also was the Vice President of Farragut Communications Inc. ("Farragut") from the date of its incorporation in November of 1987 to May 31, 1989 when I resigned that position. I was President of Farragut from October 1989 until January 31, 1992 when I resigned that position. I was a director of Farragut from its incorporation until January 31, 1992 when I resigned that position. I owned 14.3% of Northstar's common voting stock until Farragut was incorporated. At that time, I exchanged my Northstar stock for 28.15% of the common voting stock in Farragut. I make this affidavit based on my own personal knowledge.

2. In 1985, I worked for the media consulting firm of Frazier, Gross & Kadlec which was located in Washington D.C. The owner of the firm at that time was Chuck Kadlec. Chuck Kadlec and William Lincoln became interested in 1985 in exploring the possibility of creating a company to acquire and operate media properties, and I was asked to assist William Lincoln in accomplishing this task. I put William Lincoln in contact with a friend of mine who was the head of Allstate Insurance Company's ("Allstate") venture capital division, Len Batterson, to get his input on the proposal William Lincoln intended to present to potential institutional investors. After reviewing William Lincoln's proposal, Len Batterson determined that Allstate would be interested in financially backing the company we were proposing to create. An agreement was worked out with Allstate as to its

financial participation. After that agreement was reached Paul Renze, who worked in Allstate's venture capital division, was given responsibility for the day-to-day dealings with Northstar.

3. In January of 1986, Northstar was incorporated under Delaware law for the purpose of acquiring broadcasting properties. The law firm retained to incorporate Northstar was Skadden, Arps, Slate, Meagher & Flom. In June of 1986, after Allstate and Northstar had determined what Allstate's financial participation in Northstar would be, Northstar's certificate of incorporation was amended and restated.

4. At the time of its incorporation, the directors of Northstar were Charles H. Kadlec, William Lincoln, Sandra Freschi and me. The officers of Northstar were William Lincoln, President, Chief Operation Officer and Treasurer, Charles Kadlec, CEO and Chairman of the board and me. The only shareholders in Northstar from its inception to December of 1987 were Frazier, Gross and Kadlec who owned 50% of the common stock; William Lincoln who owned 23.8% of the common stock; Sandra Freschi who owned 9.5% of the common stock; Timothy S. Pecaro who owned 2.4% of the common stock; Allstate who owned all the preferred stock which was convertible into 80% of the common voting stock and me who owned 14.3%. From December of 1987 until February of 1992, the shareholders of Northstar were Farragut who owned 87.62% of the common stock; Charles Kadlec who owned 10% of the common stock; Sandra Freschi who owned 1.9% of the common stock; Timothy Pecaro who owned .48% of the common stock, and Farragut who owned all the preferred stock.

5. In late 1985 or early 1986, I suggested that Northstar ask Richard E. Wiley, a former Chairman of the Federal Communications Commission and a named partner in the Washington D.C. law firm Wiley, Rein & Fielding ("the Wiley Firm") who had a good reputation and expertise in communications law, to serve on the Northstar board of directors. All the directors agreed I should ask Richard E. Wiley if he would be interested. I contacted Richard E. Wiley to see if he would be interested in serving on Northstar's board, and then William Lincoln, Charles Kadlec and I met with Richard E. Wiley to try to persuade him to serve on the board. In approximately January of 1986, Richard E. Wiley agreed he would serve on Northstar's board. On July 7, 1986 Richard E. Wiley and Tom Bolger were elected to serve as directors of Northstar. Richard E. Wiley was never an officer of Northstar, never owned any stock or other interest in Northstar and never was involved in the management of Northstar.

6. In December of 1985 or January of 1986, Northstar retained the Wiley Firm to represent it in connection with general FCC matters. John Quale was the Wiley Firm lawyer who was primarily responsible for the representation of Northstar from the time the Wiley Firm was retained until I resigned in February of 1992. The other Wiley Firm lawyers who worked on Northstar legal matters prior to February of 1990 were Merilyn Strailman, Tim Danello, Dan Abdun-Nabi, Dag Wilkinson and Suzanne Rotbert. Barry Wood, a lawyer at the Wiley Firm until September of 1987, provided very few legal services to Northstar and never provided any legal

services in connection with any transaction between the Plaintiffs in this case and Northstar in which Plaintiffs' and Northstar's interests were adverse.

7. In late spring or early summer of 1986 Janice Orman, an employee at Frazier, Gross & Kadlec, informed William Lincoln and me that in 1980 a new VHF drop-in station had been approved by the FCC for the Salt Lake City, Utah market and there was a comparative proceeding in which five entities had applied for the Channel 13 construction permit. She also advised us who the applicants were and who counsel of record for each of the applicants was. Northstar paid Janice Orman a finder's fee of \$2,000 for bringing Channel 13 to our attention.

8. The counsel of record for one of the applicants was Barry Wood of the Wiley Firm. According to the FCC files, Barry Wood represented Mountain West Television Company, a Utah general partnership ("Mountain West") whose application for the Channel 13 permit had been denied by the FCC Administrative Law Judge and FCC Review board and which had been ranked second out of the five applicants.

9. William Lincoln contacted Barry Wood to find out the status of the FCC comparative proceeding, who the general partners in Mountain West were and to ask him to set up an introductory meeting with the general partners of Mountain West. Introductory meetings were subsequently set up with Mountain West. The general partners in Mountain West at that time were Joseph Lee, Sidney

Foulger, Jo-Ann Kilpatrick and George Gonzales ("Mountain West Partners").

10. I had several introductory meetings with Joseph Lee, a general partner in Mountain West, his son David Lee, and Brent Pratt, the son-in-law of Sidney Foulger, another general partner in Mountain West. They told me during those meetings Mountain West was looking for financing for settlements with the competing applicants so it could obtain the Channel 13 permit. They also advised me about their backgrounds. William Lincoln and Paul Renze also had introductory meetings with Mountain West.

11. After the introductory meetings William Lincoln, Paul Renze and I had with Mountain West, we determined Northstar might be interested in exploring the possibility of entering into an arrangement with Mountain West to acquire the Channel 13 permit through settlements with the competing applicants and to construct and operate Channel 13 (the "MWT, Ltd. transaction"). William Lincoln and Paul Renze decided to make several written proposals to Mountain West. They determined, with some input from me, what the business terms of those written proposals would be. No lawyer at the Wiley Firm, including Richard E. Wiley, determined or dictated what any of the terms in the written proposals would be or were.

12. William Lincoln, Paul Renze and I had numerous negotiations with Mountain West between our initial introductory meetings in the summer of 1986 and the face-to-face negotiations in November of 1986 when the parties finally reached an agreement. We negotiated with Joseph Lee, Sidney Foulger, David Lee, Brent Pratt,

Clayton Foulger and Ralph Hardy of Dow, Lohnes & Albertson, a large Washington D.C. law firm representing Mountain West. From approximately mid-summer 1986 until the MWT, Ltd. transaction was consummated in November of 1986, Ralph Hardy was present at most, if not all, meetings and discussions I attended.

13. In November of 1986, Northstar and Mountain West began face-to-face negotiations at the offices of the Wiley Firm. I attended some of those face-to-face negotiations. Northstar was represented at those face-to-face negotiations by the Wiley Firm and specifically John Quale, Marilyn Strailman and Tim Danello. Brent Pratt, Clayton Foulger and David Lee were at the face-to-face negotiations and Mountain West was represented during those negotiations by Dow, Lohnes and specifically by Ralph Hardy, David Wild and Tim Kelly.

14. Every decision with regard to the substantive terms on which Northstar and Allstate would enter into an agreement with Mountain West, including the respective ownership interests of Northstar and Mountain West, the amount and timing of funding and the right and timing for Northstar to convert to general partner, was dictated and determined by Paul Renze and William Lincoln. No lawyer at the Wiley Firm, including Richard E. Wiley, ever determined or dictated a single substantive term on which Northstar and Allstate would enter into an agreement with Mountain West, including the respective ownership interests, the amount and timing of funding or Northstar's conversion rights.

15. Northstar and Mountain West consummated the MWT, Ltd. transaction on approximately November 20, 1986. That agreement is reflected in the Credit Agreement, attached hereto as Exhibit "1," and the Partnership Agreement, attached hereto as Exhibit "2." The Credit Agreement and Partnership Agreement reflect the substantive terms, provisions and features to which the Mountain West Partners and William Lincoln and Paul Renze had agreed. All the substantive terms, provisions and features of the Credit Agreement and Partnership Agreement, including the respective ownership interests of Northstar and the Mountain West Partners, the amount and timing and funding, and Northstar's conversion rights, were determined and dictated by Paul Renze for Allstate and William Lincoln for Northstar or by Mountain West. The respective ownership interests of Northstar and the Mountain West Partners, the amount and timing of Northstar's funding, and Northstar's conversion rights were terms, provisions and features determined by William Lincoln and Paul Renze and agreed to by the Mountain West Partners. No lawyer at the Wiley Firm, including Richard E. Wiley, determined or dictated any substantive term, provision or feature of the Credit Agreement or Partnership Agreement, including the respective ownership interests of Northstar and the Mountain West Partners, the amount and timing of funding and Northstar's conversion rights. Richard E. Wiley did not negotiate and was not involved with the negotiations of the MWT, Ltd. transaction. He did not draft or participate in the drafting of any proposal or agreement in the MWT, Ltd. transaction.

16. After Mountain West, Paul Renze and William Lincoln had agreed on the substantive terms, provisions and features of the Credit Agreement and Partnership Agreement, including the respective ownership interests of Northstar and the Mountain West Partners, the amount and timing of funding and the right to and timing of conversion, William Lincoln and I took the agreement to the Northstar board for ratification. Based on William Lincoln's recommendation, all six members of the Northstar board voted to ratify William Lincoln's actions in agreeing to the terms of the Credit Agreement and Partnership Agreement on behalf of Northstar.

17. I never committed or promised and to my knowledge no one from Allstate or Northstar ever committed or promised Mountain West that Northstar or Allstate would provide \$10 million in funding.

18. I never received any confidential information with regard to any Plaintiff in this action from any lawyer at the Wiley Firm. No lawyer at the Wiley Firm, other than Barry Wood, ever provided me with any information with regard to Mountain West or the Mountain West Partners, and the only information Barry Wood ever provided to me was a general statement that Northstar was not the only funding source with whom Mountain West was negotiating. All information I had about Mountain West, the Mountain West Partners or any of the Plaintiffs came from the Mountain West Partners, Brent Pratt, David Lee, their lawyers at Dow, Lohnes or the public record in the FCC proceeding.

19. When the MWT, Ltd. transaction closed, Northstar transferred \$2,000,000 to fund the escrow for one of the settlements with the competing applicants.

20. On December 18, 1986, the FCC approved Mountain West's settlements with the four competing applicants, dismissed all those applicants' applications and granted the Channel 13 construction permit to MWT, Ltd.

21. When MWT, Ltd. received the Channel 13 construction permit there were 3 VHF affiliates on the air, one independent UHF station on the air, Channel 20, and UHF Channel 14 had been approved but not built. Channel 20 had locked-up most of the good programming for the next several years, and MWT, Ltd. was having a difficult time locating a transmitter site.

22. In late February I learned that Sidney Foulger had defaulted on his agreement under the Credit Agreement and Partnership Agreement to loan \$2.5 million to MWT, Ltd. William Lincoln, Paul Renze and I were very concerned when we found that out because it left MWT, Ltd. with no money to build the station.

23. After Sidney Foulger defaulted, the limited partners of MWT, Ltd., including the Plaintiffs, agreed MWT, Ltd. should purchase Channel 20 for \$30 million from Adams T.V. of Salt Lake City, Inc. ("Adams").

24. Dow, Lohnes represented MWT Corp., MWT, Ltd. and the Plaintiffs in the purchase of Channel 20. Dow, Lohnes represented MWT, Ltd. in negotiating the letter of intent that was signed with Adams in March of 1987 and drafted that letter of intent. Dow,

Lohnes negotiated with Adams over the Asset Purchase Agreement and prepared the first draft of that agreement. Dow, Lohnes negotiated with Adams over the Escrow Agreement, Covenant Not to Compete, the Security Agreement and Warranty Deed. MWT Corp., the general partner of MWT, Ltd., authorized MWT, Ltd. to purchase Channel 20 and signed the agreements to purchase Channel 20 on behalf of MWT, Ltd. Notice to MWT Corp. under the Channel 20 purchase agreements were to go to Dow, Lohnes. Dow, Lohnes issued an opinion letter for MWT, Ltd. for that transaction.

25. All the partners of MWT, Ltd., including Plaintiffs and their counsel Ralph Hardy, made extensive efforts to look for financing to purchase Channel 20. William Lincoln negotiated the basic commitment with Aetna Life Insurance Company ("Aetna") to finance the purchase of Channel 20 with a \$22.5 million secured note to Aetna. Once William Lincoln negotiated the basic terms with Aetna and Plaintiffs reviewed and approved those terms, Dow, Lohnes negotiated and finalized the documents with Aetna. MWT Corp., the general partner of MWT, Ltd., authorized MWT, Ltd. to finance the purchase of Channel 20 through Aetna and signed the agreements with Aetna on behalf of MWT, Ltd. Dow, Lohnes issued an opinion letter for MWT, Ltd. for that transaction.

26. The Wiley Firm did not make the decisions to purchase Channel 20, or as to the purchase price MWT, Ltd. would pay for Channel 20 or as to the amount or terms of financing that purchase through Aetna. The Wiley Firm did not provide any legal services or advice to Northstar with regard to the decisions to

purchase Channel 20, or as to the purchase price or as to the amount or terms of financing that purchase through Aetna. The Wiley Firm did not negotiate and was not involved in the negotiations with Adams or Aetna, other than with regard to the collateral agreements Northstar had to approve as a limited partner.

27. Richard E. Wiley did not make the decision to purchase or suggest purchasing Channel 20, or the decisions as to the purchase price MWT, Ltd. would pay for Channel 20 or as to the amount or terms of financing that purchase through Aetna. Richard E. Wiley did not provide any legal services or advice with regard to the decisions to purchase Channel 20, or as to the purchase price or as to the amount and terms of financing that purchase through Aetna. Richard E. Wiley did not negotiate and was not involved in the negotiations with Adams or Aetna.

28. After the agreements in principal with Adams had been reached and agreed to by MWT, Ltd. and MWT Corp., the Northstar board unanimously voted to ratify William Lincoln's consent to MWT, Ltd.'s liability to Adams and to ratify collateral agreements effecting Northstar's interest as a limited partner.

29. The purchase of Channel 20 closed in October of 1987. In November of 1987, Channel 13 went on the air.

30. In December of 1987, Northstar exercised its right, in accordance with the terms of the Credit Agreement and Partnership Agreement, to become the sole general partner of MWT, Ltd., contingent on FCC approval. The FCC approved the conversion

in March of 1988 and Northstar became the sole general partner of MWT, Ltd. in May of 1988 when it paid \$500,000, as required. Plaintiffs objected to the timing of conversion and tried to persuade Northstar to delay conversion. Dow, Lohnes represented Plaintiffs in their objection to the timing of conversion.

31. William Lincoln and Paul Renze made the decision Northstar should exercise its right to convert in December of 1987, as permitted by the Credit and Partnership Agreements. William Lincoln and Paul Renze also made the decision Northstar would in fact convert to general partner if the FCC approved our application. After William Lincoln sent notice to Plaintiffs that Northstar was exercising its right to convert to general partner, the Northstar directors unanimously voted to ratify William Lincoln's actions to convert Northstar to general partner.

32. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decisions for Northstar to exercise its right to convert or as to the timing of conversion.

33. Beginning in the summer of 1988, MWT, Ltd. did not have the financial resources to make its obligations to Adams and Aetna. William Lincoln made extensive efforts to find financing from third parties but was unable to find anyone, other than Allstate, willing to loan money to MWT, Ltd. Despite William Lincoln's repeated requests, Plaintiffs did not come up with any funding sources or offer to put money into MWT, Ltd. Plaintiffs also refused to agree to dilute their interest to obtain financing.

34. Allstate, in return for loaning MWT, Ltd. money, demanded that MWT, Ltd. pay a management fee to Farragut and pay 25% interest on the loans. The decision that Allstate would not loan money to MWT, Ltd. unless it paid 25% interest and signed the Farragut management contract was a decision made solely by Allstate.

35. Plaintiffs objected to both the management fee and 25% interest rate. Dow, Lohnes represented Plaintiffs in this dispute with Northstar. The Wiley Firm represented Northstar, as general partner of MWT, Ltd., in the dispute.

36. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decision that a 25% interest rate had to be paid and a management contract had to be signed as a condition for funding from Allstate.

37. In January of 1989, Allstate made the decision it would not provide any further funding to MWT, Ltd. There were no other sources of financing available, and MWT, Ltd. did not have the money to meet its obligations to Adams and Aetna. Plaintiffs did not come up with any funding sources, did not offer to put any money in MWT, Ltd., and would not agree to dilute their interest to obtain financing. Plaintiffs also continued to object to the conditions Allstate imposed on further funding.

38. Allstate made the decision not to provide any further funding to MWT, Ltd.

39. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decision that Allstate would not provide further

funding to MWT, Ltd. In fact, Richard E. Wiley on a number of occasions tried to get Richard Doppelt of Allstate to provide additional funds so the station would not have to be sold.

40. In January of 1989, William Lincoln made the decision to put Channel 13 on the market after discussing the matter with Richard Doppelt. William Lincoln and I gave the Plaintiffs written notice of that decision in January of 1989. After we gave Plaintiffs notice, the Northstar board unanimously ratified William Lincoln's decision to put Channel 13 on the market.

41. In August of 1989, Tom Bolger resigned from the Northstar board. In September of 1989, William Lincoln resigned as the President and a director of Northstar. Richard E. Wiley and I were the only remaining Northstar board members at that time.

42. In October of 1989, Richard E. Wiley and I voted as Northstar directors to authorize MWT, Ltd. to accept Fox Communications, Inc.'s offer to purchase Channel 13 for \$41 million. MWT, Ltd. did not have the funds to meet its obligations to Adams and Aetna and there were no sources of financing available. Plaintiffs had not offered to purchase Channel 13 or come up with financing to pay MWT, Ltd.'s obligations to Aetna and Adams. Before voting, Richard E. Wiley again asked Richard Doppelt if Allstate would change its mind and put money into Channel 13. Richard Doppelt said no. We also invited Ralph Hardy and Plaintiffs to the board meeting before we voted to see if Plaintiffs had come up with viable alternatives to selling.

Although Ralph Hardy and Clayton Foulger attended the meeting, they had not come up with any financial plan to pay Adams and Aetna.

43. No lawyer at the Wiley Firm made or participated in making the decision to sell Channel 13 to Fox, other than Richard E. Wiley, and Richard E. Wiley's decision to vote to sell the station was made as a Northstar board member, not as Northstar's counsel.

44. Before Northstar signed a definitive agreement of sale with Fox on behalf of MWT, Ltd., I gave Plaintiffs another 15 days to bid on the stations, and they did not do so. The sale of Channel 13 to Fox closed in April of 1990. The sale proceeds were not sufficient to pay all MWT, Ltd.'s creditors, including almost \$2.5 million in notes owed to Northstar.

45. I know of no conduct by Richard E. Wiley or the Wiley Firm that caused any damage or injury to any Plaintiff in this action.

DATED this 15th day of December, 1993

Katherine T. Glakas
KATHERINE T. GLAKAS

SUBSCRIBED AND SWORN to before me this 15th day of
December, 1993.

My Commission Expires:

Feb. 28, 1996

Sharon O. Reynolds
Notary Public
Residing at:
Washington, D.C.



CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF KATHERINE T. GLAKAS IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this 15th day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111

S. Ayer

385\glakas

\$6,166,667

CREDIT AGREEMENT DATED

AS OF

NOVEMBER 18, 1986

AMONG

MWT, LTD.

AND

SIDNEY W. FOULGER

AND

NORTHSTAR COMMUNICATIONS, INC.

7003381

THIS AGREEMENT, dated as of November 18, 1986, by and among MWT, LTD., a Utah limited partnership (the "Partnership"), SIDNEY W. FOULGER ("Foulger") and NORTHSTAR COMMUNICATIONS, INC., a Delaware corporation ("Northstar").

W I T N E S S E T H:

WHEREAS, the Partnership intends to file an application with the Federal Communications Commission (the "FCC") for approval of the settlement of comparative proceedings before the FCC for the issuance of a construction permit to establish a VHF television station to be licensed to Salt Lake City, Utah (the "Station"); and

WHEREAS, the Partnership desires to borrow and Northstar and Foulger desire to lend, certain funds for financing the settlement of the comparative proceedings before the FCC and for the construction and initial operation of the Station; and

WHEREAS, Northstar and Foulger desire to provide a secured, non-recourse term loan facility to the Partnership upon the terms and subject to the conditions hereof;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND ACCOUNTING TERMS.

1.01. Certain Definitions. As used in this Agreement:

"Amended and Restated Partnership Agreement" shall mean the Amended and Restated Agreement of Limited Partnership dated as of the date hereof, executed by Northstar and the Partners, in the form of Exhibit E attached hereto.

"Capital Lease" shall mean any lease which has been or should be capitalized on the books of the lessee in accordance with generally accepted accounting principles.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Conversion" shall have the same meaning as given in the Amended and Restated Partnership Agreement. Upon Conversion, the Notes shall be converted to demand Notes.

"Conversion Date" shall mean the date on which the Conversion occurs. Said date shall mean the date which is within thirty (30) days after FCC consent to the Conversion has become a Final Order.

"Default" shall mean any event which with the giving of notice or lapse of time, or both, would become an Event of Default under Section 7 hereof.

"Default Rate" shall mean, with respect to any amount of the Loans not paid when due, a rate per annum equal to a rate 2% above the Interest Rate thereon.

"Designated Financial Partner" shall mean the Partner designated by the Partnership to review and deliver to Northstar and Foulger all financial statements required by the terms of this Agreement.

"Dollars" and the sign "\$" shall mean lawful money of the United States of America.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, including any rules and regulations promulgated thereunder.

"Event of Default" shall have the meaning given such term in Section 7 hereof.

"FCC" shall mean the Federal Communications Commission.

"Final Order" shall mean (i) action by the FCC granting its consent and approval to the Conversion with respect to which no action, request for stay, petition for rehearing or reconsideration or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired and with respect to which the time for agency action taken on its own motion has expired; or (ii) in the event of the filing of such request, petition or appeal, an action which shall have been reaffirmed or upheld and with respect to which the time for seeking further administrative

or judicial review shall have expired without the filing of any request for such further review.

"Foulger" shall mean Sidney W. Foulger.

"Foulger Loan" shall have the meaning given such term in Section 2.01 hereof.

"Foulger Note" shall have the meaning given such term in Section 2.04 hereof.

"Head Office" shall mean the principal office of Northstar located at 1776 K Street, N.W., 9th Floor, Washington, D.C. 20006, or such other address as Northstar may from time to time designate.

"Interest Rate" shall mean a rate of ten percent (10%) per annum.

"Lien" shall mean any mortgage, deed of trust, lien, pledge, conditional sale, title retention agreement, financing lease or other security interest, encumbrance or any right of others which would limit the free and clear disposition of any asset of the Partnership.

"Loans" shall have the meaning given such term in Section 2.01 hereof.

"Loan Documents" shall mean this Agreement, the Notes, the Security Agreements, the Amended and Restated Partnership Agreement, the Pledge Agreement and any other instrument required by Northstar or Foulger to evidence the Loans.

"Maturity Date" shall be (i) June 1, 1987 unless the grant by the FCC of a construction permit for the Station has become a Final Order; (ii) the date which is one hundred eighty (180) days after the Station has commenced regular operations pursuant to FCC program test authority for the Station, unless the Conversion has occurred; (iii) the date on which an Event of Default occurs; (iv) the date on which the Rescission occurs; (v) the date on which the FCC issues an initial order denying the the Conversion; or (vi) the date which is the fourth anniversary of the commencement of regular operations by the Station pursuant to FCC program test authority, whichever is earlier.

"Mountain West Television Company" shall mean Mountain West Television Company, a Utah general partnership, its successors and assigns.

"Northstar Loan" shall have the meaning given such term in Section 2.01 hereof.

"Northstar Note" shall have the meaning given such term in Section 2.04 hereof.

"Notes" shall have the meaning given such term in Section 2.04 hereof.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Partners" shall mean George L. Gonzales, Joseph C. Lee, Sidney W. Foulger, Jo-Ann Wong and MWT

Corporation, a Utah corporation, all the current partners of the Partnership prior to the date hereof.

"Permitted Liens" shall mean (i) pledges or deposits by the Partnership under workers' compensation or unemployment insurance or similar laws; (ii) Liens imposed by law, such as carriers', warehousemen's, materialmen's and mechanic's liens; (iii) Liens for property taxes not yet subject to penalties for non-payment and Liens for property taxes the payment of which is being contested in good faith; (iv) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights of way, highways and railroad crossings, sewers, electric lines, telephone and telegraph lines and other similar purposes, or zoning or other restrictions which do not adversely affect in a material manner the use of real properties owned by the Partnership; (v) Liens granted to Northstar and Foulger; and (vi) other Liens consented to by Northstar and Foulger.

"Person" shall mean any individual, partnership, corporation, business trust, joint stock company, governmental authority or other entity of whatever nature.

"Plan" shall mean any employee benefit or other plan maintained for the employees of the Partnership and covered by Title IV of ERISA or to which Section 412 of the Code applies.

"Pledge Agreement" shall mean the Pledge Agreement dated as of the date hereof given by the Partners

listed on Schedule I attached hereto in favor of Northstar and Foulger substantially in the form of Exhibit D attached hereto.

"Prohibited Transaction" shall mean any transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as the same may be amended or supplemented from time to time.

"Reportable Event" shall mean any of the events set forth in Section 4043(b) of ERISA as to which event the PBGC by regulation has not waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA shall be a Reportable Event regardless of any waivers given under Section 412(d) of the Code.

"Rescission" shall have the meaning given such term in Section 8 hereof.

"Security Agreements" shall mean the Security Agreements dated as of the date hereof given by the Partnership in favor of Northstar and Foulger substantially in the forms attached hereto as Exhibits B and B-1.

"Subsidiary" shall mean any corporation, business trust or similar organization of which a majority of

the securities having ordinary voting power for the election of directors, or their equivalent (other than securities having such power only by reason of the happening of a contingency), are at the time owned by the Partnership and/or one or more Subsidiaries.

1.02. Accounting Principles. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles (hereinafter referred to as "GAAP") and, unless otherwise expressly provided for herein, all calculations shall be made in accordance with such principles.

SECTION 2. THE LOANS.

2.01. The Loans. Northstar and Foulger agree, on the terms and conditions of this Agreement, to make loans to the Partnership on the date hereof in the aggregate principal amount of \$6,166,667 (the "Loans"). The loan by Northstar shall be in the aggregate principal amount of \$3,566,667 (the "Northstar Loan"). The loan by Foulger shall be in the aggregate principal amount of \$2,600,000 (the "Foulger Loan"). Disbursements of the Loans shall be made pursuant to Section 2.06.

2.02. Interest. The Partnership shall pay interest to Northstar and Foulger on the outstanding unpaid principal balance of the Loans from the date of this Agreement until

the entire unpaid principal balance of the Loans is paid in full.

Interest on the Loans shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the number of days elapsed. Interest on the Loans shall accrue at the Interest Rate and shall be due and payable in full on the Maturity Date, on the occurrence of an Event of Default, or upon payment of the outstanding principal balance of the Loans.

2.03. Payments. The Loans (including all accrued interest thereon) shall be payable in full on the Maturity Date, on the occurrence of an Event of Default (except as otherwise provided in Section 7), or on demand after Conversion. Payments not made as required by this Agreement shall bear interest at the Default Rate. Any payment with respect to the Northstar Loan (including payment of interest) shall be made, in immediately available funds, to Northstar at the Head Office. Any payment with respect to the Foulger Loan (including payment of interest) shall be made, in immediately available funds, to Foulger c/o Foulger Pratt, 2 Research Place, Rockville, Maryland 20854.

2.04. Notes. The Northstar Loan shall be evidenced by a promissory note of the Partnership substantially in the form attached hereto as Exhibit A (the "Northstar Note"). The Foulger Loan shall be evidenced by a promissory note of the Partnership substantially in the form attached hereto as

Exhibit A-1 (the "Foulger Note"). The Northstar Note and the Foulger Note are sometimes hereinafter referred to collectively as the "Notes".

2.05. No Prepayment. The Partnership may not prepay the Loans, in whole or in part, at any time prior to the Conversion, except as a return of the Loans is contemplated by the Rescission required by Section 8.

2.06. Disbursements. Subject to the terms and conditions of this Agreement, disbursements of funds to the Partnership from the Loans shall be made in accordance with the drawing schedule set forth in Schedule II attached hereto. If Foulger fails to make any disbursement as required on Schedule II, he shall be deemed to have forfeited his right to collect any prior disbursement; provided, however, that in no event shall Foulger be deemed to have forfeited disbursements in an amount in excess of One Hundred Fifty Thousand Dollars (\$150,000).

SECTION 3. CONDITIONS PRECEDENT.

Section 3.01. Conditions Precedent. The obligations of Northstar and Foulger to make the Loans are subject to the conditions precedent that Northstar and Foulger shall have received on or before the date of such Loans each of the following, in form and substance satisfactory to Northstar, Foulger and their respective counsel:

(a) Notes. The Northstar Note and the Foulger Note both duly executed by the Partnership.

(b) Security Agreements. The Security Agreements duly executed by the Partnership together with acknowledgment copies of the financial statements (UCC-1) duly filed as soon as practicable after the date hereof under the Uniform Commercial Code of all jurisdictions necessary or, in the opinion of Northstar and Foulger, desirable to perfect the security interest created by the Security Agreements;

(c) Pledge Agreement. The Pledge Agreement duly executed by each Partner listed on Schedule I attached hereto, together with: (i) duly endorsed transfer or assignment of Partnership interests; and (ii) such other documents with respect thereto as Northstar and Foulger shall reasonably request;

(d) Certified Resolutions of MWT Corporation. Certified copies of the resolutions of MWT Corporation dated as of the date hereof authorizing the execution, delivery and performance of the Loan Documents by MWT Corporation and each other document to be delivered by MWT Corporation pursuant to this Agreement;

(e) Signature Certificate of the Partnership. A certificate of the Partnership, dated the date hereof, certifying the names and true signatures of the Partners of the Partnership authorized to sign the Loan Documents to which it

is a party and the other documents to be delivered by the Partnership or the Partners under this Agreement;

(f) Opinion of Counsel for Partnership. A favorable opinion of counsel for the Partnership, dated the date hereof, in form reasonably acceptable to Foulger and Northstar, provided that actual delivery of the final opinion may occur after the date of this Agreement, but no later than five (5) business days thereafter.

(g) Amended and Restated Partnership Agreement.
The Amended and Restated Partnership Agreement.

(h) Escrow Agreement. The Escrow Agreement.

(i) Settlement Agreements. The Settlement Agreements between Mountain West Television Company and West Valley, Intermountain and UTA.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

The Partnership represents and warrants that:

4.01. Due Organization, Good Standing and Qualification. The Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Utah, has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged, and is duly qualified as a foreign partnership and in good standing under the laws of each other jurisdiction in which such qualification is required.

4.02. Power and Authority; No Conflicts. The execution, delivery and performance by the Partnership of the Loan Documents to which it is a party have been duly authorized by all necessary action and do not and will not: (a) contravene its partnership certificate or agreement; (b) violate any provision of, or require any filing (other than the filing of the financing statements contemplated by the Security Agreements or filings with the FCC), registration, consent or approval under, any law, rule, regulation (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Partnership; (c) result in a breach of or constitute a default or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Partnership is a party or by which it or its properties may be bound or affected; (d) result in, or require, the creation or imposition of any lien other than as created under the Security Agreement), upon or with respect to any of the properties now owned or hereafter acquired by the Partnership; or (e) cause the Partnership to be in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument.

4.03. Legally Enforceable Agreements. Each Loan Document to which the Partnership or any of the Partners is a

party is, or when delivered under this Agreement will be, a legal, valid and binding obligation of the Partnership and the Partners enforceable against the Partnership and the Partners in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, except that the enforceability of this Agreement and the Security Agreements may be affected by laws governing loans and security agreements between a partnership and its limited partners.

4.04. Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Partnership, threatened, against or affecting the Partnership before any court, governmental agency or arbitrator, which may, in any one case or in the aggregate, materially adversely affect the financial condition, operations, properties, or business of the Partnership or the ability of the Partnership to perform its obligations under the Loan Documents to which it is a party, except as described on Schedule IV attached hereto.

4.05. Purpose. The Partnership will use the proceeds of the Loans for payments to settle the comparative proceedings before the FCC for the issuance of a construction permit to the Station, to purchase furniture, fixtures and equipment required to construct and operate the Station, to purchase programming, to lease tower and studio space and to fund pre-opening and operating expenses. The proceeds of the

Loans will not be used to "purchase" or "carry" "margin stock" as defined in Regulation U. The Partnership is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying such margin stock.

4.06. Financial Statements. The balance sheet of the Partnership as of November 17, 1986 for the period then ending, copies of which have been furnished to Northstar and Foulger, are complete and correct and fairly present the financial condition of the Partnership as of such date for the period covered by such statement. There are no liabilities of the Partnership, fixed or contingent, which are material but are not reflected in the financial statements or in the notes thereto, other than liabilities arising in the ordinary course of business since November 17, 1986. Since November 17, 1986, there has been no material adverse change in the condition (financial or otherwise), business or operation of the Partnership.

4.07. Ownership and Liens. The Partnership has title to, or valid leasehold interests in, all of its properties and assets, real and personal, including the properties and assets, and leasehold interest reflected in the financial statement referred to in Section 4.06 (other than any properties or assets disposed of in the ordinary course of business), and none of the properties and assets owned by the Partnership and none of its leasehold interests is subject to

any Lien, except as disclosed in such financial statement, on Schedule III, or as may be permitted hereunder and except for the Lien created by the Security Agreements.

4.08. Taxes. The Partnership has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies shown thereon to be due, including interest and penalties.

4.09. ERISA. To the extent applicable, the Partnership is in compliance in all material respects with all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred and is continuing with respect to any Plan, no notice of intent to terminate a Plan has been filed nor has any Plan been terminated; no circumstances exist which constitute grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administrate, a Plan, nor has the PBGC instituted any such proceedings.

4.10. Debt. Schedule III is a complete and correct list of all credit agreements, indentures, purchase agreements, guarantees, Capital Leases and other investments, agreements and arrangements presently in effect providing for or relating to extensions of credit (including agreements and arrangements for the issuance of letters of credit or for acceptance financing) in respect of which the Partnership is

in any manner directly or contingently obligated in excess of an aggregate of \$10,000; and the maximum principal or face amounts of the credit in question, outstanding and which can be outstanding, are correctly stated, and all Liens of any nature given or agreed to be given as security therefore are correctly described or indicated in such Schedule.

4.11. Operation of Business. The Partnership possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted, and the Partnership is not in violation of any valid rights of others with respect to any of the foregoing.

4.12. No Defaults on Outstanding Judgments or Orders. The Partnership has satisfied all judgments and the Partnership is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, state, municipal or other governmental authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

4.13. No Defaults on Other Agreements. The Partnership is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any restriction which could have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of the Partnership, of the ability of the Partnership to carry out its obligation under

the Loan Documents to which it is a party. The Partnership is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument material to its business to which it is a party.

4.14. Compliance With Laws. To the best of its knowledge, the Partnership is in material compliance with all federal and state statutes and governmental rules and regulations applicable to it, including, but not limited to, FCC rules and regulations, rules and regulations of municipalities and other governmental entities having jurisdiction over the Partnership's business and operations.

4.15. Location of Property. All of the Partnership's property, both real and personal, is located in the State of Utah. The Partnership's principal place of business is located at 2257 Texas Street, Salt Lake City, Utah 84109. The Partnership keeps its books and records with respect to accounts and contract rights in the State of Utah.

4.16. Partners. Schedule I is a complete list of the names of the partners of the Partnership and the respective percentage interests of each of the Partners.

4.17. Subsidiaries. As of the date hereof there are no Subsidiaries of the Partnership.

4.18. Disclosure. To the best of its knowledge, no information, exhibit, certificate, schedule or report furnished by the Partnership to Northstar and Foulger in

connection with this Agreement contains or will contain any misstatement of material fact or omits or will omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

SECTION 5. AFFIRMATIVE COVENANTS.

So long as the Notes shall remain unpaid and any obligations of the Partnership hereunder shall remain unsatisfied, the Partnership shall:

5.01. Maintenance of Existence. Preserve and maintain its existence and good standing in the jurisdiction of its organization, and qualify and remain qualified, as a foreign partnership in each jurisdiction in which such qualification is required.

5.02. Conduct of Business. Continue to engage in an efficient and economical manner in the business stated in Section 2.03 of the Partnership Agreement.

5.03. Maintenance of Properties. Maintain, keep, and preserve all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted.

5.04. Maintenance of Records. Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all material financial transactions of the Partnership.

5.05. Maintenance of Insurance. Maintain insurance with financially sound reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibility from coverage thereof.

5.06. Compliance with Laws. Comply in all material respects with all applicable laws, rules, regulations, and orders, such compliance to include without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property.

5.07. Right of Inspection. At any reasonable time and from time to time, permit Northstar or any agent or representative thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the Properties of, the Partnership, and to discuss the affairs, finances and accounts of the Partnership with the Partnership's independent accountants.

5.08. Reporting Requirements. Furnish to Northstar and Foulger:

(a) Annual Financial Statements. As soon as available and in any event within 90 days after the end of each fiscal year of the Partnership, balance sheets of the Partnership as of the end of such fiscal year and statements of changes in financial position of the Partnership for such fiscal year, all in reasonable detail and stating in compara-

tive form the respective figures for the corresponding date and period in the prior fiscal year and all prepared in accordance with GAAP, accompanied by an opinion thereon reasonably acceptable to Northstar and Foulger by independent accountants of national standing selected by the Partnership;

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Partnership, balance sheets of the Partnership as of the end of such quarter and statements of income and retained earnings of the Partnership for the period commencing at the end of the previous fiscal year and ending with each of such quarter, all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year and all prepared in accordance with GAAP and certified by the Designated Financial Partner of the Partnership (subject to year-end adjustments);

(c) Monthly Financial Statements. As soon as available and in any event within 30 days after the end of each month, balance sheets of the Partnership as of the end of such month and statements of income and retained earnings of the Partnership for the period commencing at the end of the previous month and ending with the end of the then current month, and a rolling three month cash flow projection, all in reasonable detail and prepared in accordance with GAAP

and certified by the Designated Financial Partner of the Partnership;

(d) Management Letters. Promptly upon receipt thereof, copies of any reports submitted to the Partnership by independent certified public accountants in connection with examination of the financial statements of the Partnership made by such accountants;

(e) Certificate of No Default. Within 45 days after the end of each of the first three quarters of each fiscal year and within 90 days after the end of each fiscal year of the Partnership, a certificate of the Designated Financial Partner of the Partnership certifying that to the best of his or her knowledge no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto;

(f) Accountants' Report. Simultaneously with the delivery of the annual financial statements referred to in Section 5.08(a), a certificate of the independent public accountants who audited such statements to the effect that, in making the examination necessary for the audit of such statements, they have obtained no knowledge of any condition or event which constitutes a Default or Event of Default, or if such accountants shall have obtained knowledge of any such condition or event, specifying in such certificate each such

condition or event of which they have knowledge and the nature and status thereof;

(g) Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental agency or department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Partnership which, if determined adversely to the Partnership, could have a material adverse effect on the financial condition, properties, or operations of the Partnership;

(h) Notice of Defaults and Events of Default. As soon as possible and in any event within 10 days after the occurrence of each Default or Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by the Partnership with respect thereto;

(i) ERISA Reports. To the extent applicable, promptly after the filing or receiving thereof, copies of all reports, including annual reports, and notices which the Partnership files with or receives from the PBGC of the U.S. Department of Labor under ERISA; and as soon as possible and in any event within 10 days after the Partnership knows or has reason to know that any Reportable Event or Prohibited Transaction has occurred with respect to any Plan or that the PBGC or the Partnership has instituted or will institute proceedings under Title IV of ERISA to terminate any Plan,

the Partnership will deliver to Northstar a certificate of the Designated Financial Partner of the Partnership setting forth details as to such Reportable Event or Prohibited Transaction of Plan termination and the action the Partnership proposes to take with respect thereto;

(j) Reports to Other Creditors. Promptly after the furnishing thereof, copies of any statement or report furnished to any other party pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to Northstar and Foulger pursuant to any other clause of this Section 5.08;

(k) Organization Documents. On the date hereof, certified copies of all organizational agreements of partnership, partnership resolutions and minutes of partnership meetings of the Partnership and certified copies of the articles of incorporation and bylaws of MWT Corporation.

(l) General Information. Such other information respecting the condition or operations, financial or otherwise, of the Partnership or any of its Subsidiaries, including any business plans which the Partnership may prepare, as Northstar and Foulger may from time to time reasonably request.

5.09. Insurance. Obtain casualty insurance covering the loss of all assets of the Partnership relating to the Station in the amount of at least \$4,000,000 and cause Northstar and Foulger to be named loss payee on any and all

such casualty insurance. The Partnership shall furnish Northstar and Fouiger a certificate evidencing compliance with this Section 5.09.

5.10. Conversion. On the Conversion Date, cause the Conversion to occur.

SECTION 6. NEGATIVE COVENANTS.

So long as the Notes shall remain unpaid and any obligations of the Partnership hereunder shall remain unsatisfied, the Partnership or any of the Partners on behalf of the Partnership shall not:

6.01. Liens. Create, incur, assume or suffer to exist, any Lien, upon or with respect to any of the Partnership's properties, not owned or hereafter acquired, except Permitted Liens.

6.02. Debt. Except as otherwise permitted hereunder, create, incur, assume or suffer any debt, other than:

(a) Debt of the Partnership under this Agreement, or the Notes;

(b) Debt described in Schedule III, but no renewals, extensions or refinancings thereof;

(c) Accounts payable to creditors for goods or services provided or rendered in the ordinary course of business which are not aged more than 90 days from due date and current operating liabilities (other than for borrowed money) which are not more than 90 days past due, in each case

incurred in the ordinary course of business and paid within the specified time, unless contested in good faith and by appropriate proceedings.

6.03. Guarantees, Etc. Assume, guarantee, endorse or otherwise be or become directly or contingently responsible or liable (including, but not limited to, an agreement to purchase any obligation, stock, assets, goods or services or to supply or advance any funds, assets, goods, or services, or an agreement to maintain or cause such Person to maintain a minimum working capital or net worth or otherwise to assure the creditors of any Person against loss) for obligations of any Person other than the Partnership, except guarantees by endorsement of negotiable instruments for deposit or collection or similar transaction in the ordinary course of business.

6.04. Mergers, Etc. Merge or consolidate with, reorganize, liquidate or dissolve or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), to any Person, or acquire all or substantially all of the assets or the business of any Person.

6.05. Investments. Make any loan or advance to any Person or purchase or otherwise acquire any capital stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, or acquire any interest

in, any Person, except: (a) direct obligations of the United States of America or any agency thereof with maturities of one year or less from the date of acquisition; (b) commercial paper of a domestic issuer rated at least "A-1" by Standard & Poor's Corporation or "P-1" by Moody's Investors Service, Inc.; (c) certificates of deposit with maturities of one year or less from the date of acquisition issued by any commercial bank operating within the United States of America having capital and surplus in excess of \$50,000,000; (d) purchases in the ordinary course of the business of the Station; and (e) for stock, obligations or securities received in settlement of debts (created in the ordinary course of business) owing the Partnership.

6.06. Premium Payments. Except as provided in the Amended and Restated Partnership Agreement, purchase, redeem, retire or otherwise acquire for value any of the percentage interests in the Partnership now or hereafter outstanding, or make any distribution of assets to the Partners as such whether in cash, assets or in obligations of the Partnership, or allocate or otherwise set apart any sum for the payment of the premium or distribution on, or for the purchase, redemption or retirement of any of its Units or make any other distribution by reduction of capital or otherwise in respect of any of its percentage interests.

6.07. Leases. Create, incur, assume or suffer to exist any obligation as lessee for the rental or hire of any

real or personal property, except leases which do not in the aggregate require the Partnership to make payment (including taxes, insurance, maintenance and similar expense which the Partnership is required to pay under the terms of any lease) in any fiscal year of the Partnership in excess of \$50,000.

6.08. Sale of Assets. Sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock, receivables and leasehold interests); except: (a) for assets disposed of in the ordinary course of business, (b) the sale or other disposition of assets no longer used or useful in the conduct of its business, but not exceeding \$50,000 in value, and (c) as otherwise provided in the Partnership Agreement.

6.09. New Partners. Admit new limited or general partners to the Partnership, except as expressly permitted by the Amended and Restated Partnership Agreement.

6.10. Program Contracts. Renew, extend or enter into any film or programming contracts requiring a commitment in excess of \$100,000.

6.11. Amendment of Amended and Restated Partnership Agreement. Amend or modify any of the terms of the Amended and Restated Partnership Agreement, except as required to effect the Conversion and as otherwise required by law.

SECTION 7. EVENTS OF DEFAULT.

7.01. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) The Partnership shall fail to pay the principal of, or interest on, the Notes or any other amount payable under this Agreement, as and when due and payable; or

(b) Any representation or warranty made or deemed made by the Partnership in this Agreement or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with any Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Partnership shall fail to perform or observe any term, covenant or agreement contained in any Loan Document to which it is a party on its part to be performed or observed and such failure continues uncured for ten (10) days after notice; or

(d) The Partnership shall fail to (i) pay any indebtedness for borrowed money (other than the payment obligation described in (a) above) of the Partnership, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) if the effect of such failure to pay is to accelerate the maturity of such indebtedness; or (ii) perform or observe any term, covenant or condition on its part to be performed

or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate the maturity of such indebtedness, or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The Partnership (i) shall generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; or (ii) shall make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (iii) shall, as Debtor, commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether, now or hereafter in effect; or (iv) shall have had any such petition or application filed, or any such proceeding shall have been commenced, against it, in which an adjudication or appointment made or order for relief entered and which remains undismissed for a period of 60 days or more; or (v) by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all

or any substantial part of its properties; or (vi) shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of 60 days or more; or

(f) One or more judgments, decrees or orders for the payment of money in excess of the aggregate amount of \$10,000 shall be rendered against the Partnership and such judgments, decrees or orders shall continue unsatisfied and in effect for a period of 30 consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal; or

(g) The issuance by the FCC, its staff, or any court of competent jurisdiction of a decision (including an initial decision), order, authorization, or other determination which (i) denies any application for approval of the Conversion; (ii) revokes or denies any application for renewal of the Partnership's construction permit, or when issued, its license to operate the Station; (iii) grants to any party other than the Partnership a license, construction permit or other authorization to operate the Station whether on an interim or permanent basis; (iv) imposes any sanction or condition on the Partnership or any other party or requires any action by the Partnership to any other party which in either event will or is likely to have a materially adverse effect on the financial or other affairs of the Partnership or the Station, or which will materially adversely affect the ability of the Partnership to make any payment

when due hereunder or otherwise to satisfy the terms of any of the Loan Documents, or which will result in any of the Partners listed in Schedule I hereto ceasing to be the beneficial owners of the percentage of Partnership interests pledged under the Pledge Agreement; or

(h) Except as contemplated by the Amended and Restated Partnership Agreement, any of the Partners listed on Schedule I attached hereto shall cease to be the beneficial owner of the percentage of Partnership interests listed on said Schedule I; or

(i) Any of the following events shall occur or exist with respect to the Partnership: (i) any Prohibited Transaction involving any Plan; (ii) any Reportable Event shall occur with respect to any Plan; (iii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (iv) any event or circumstance exists which might constitute grounds entitling the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; (v) complete or partial withdrawal under Section 4201 or 4204 of ERISA from a multiemployer Plan or the reorganization, insolvency, or termination of any multi-employer Plan; or

(j) Subject to the qualification in Section 4.03, the Security Agreements or Pledge Agreement shall at any time

after their execution and delivery and for any reason cease:

(i) to create a valid and perfected first priority security interest in and to the property purported to be subject to such Agreement except Permitted Liens; or (ii) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by any of the parties thereto or any such party shall deny it has any further liability or obligation under the Security Agreements or Pledge Agreement, as the case may be, or shall fail to perform any of its obligations thereunder;

(k) The Station shall not have initiated program tests by August 1, 1988 as a result of causes within the control of the management of the Partnership;

then, and in any such event, Northstar and Foulger may, by notice to the Partnership declare the outstanding principal of the Notes, all interest thereon and all other amounts payable under this Agreement and the Notes to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Partnership; provided that, in the case of an Event of Default referred to in Section (e) above, the Notes, all interest thereon and all other amounts payable under this Agreement shall be automatically immediately due and payable without presentment, demand, protest or other formalities of

any kind, all of which are hereby expressly waived by the Partnership.

SECTION 8. RESCISSION.

8.01. Rescission. Within ten (10) days of the execution hereof, MWT Corporation shall prepare and file with the FCC a petition for leave to amend the pending application of Mountain West Television Company for a construction permit to build and operate the Station. The petition shall request amendment of the application to reflect the reorganization of the applicant in accordance with the terms of the Amended and Restated Partnership Agreement. If the petition should be denied, within five (5) days of the date the FCC releases its denial, MWT Corporation shall take all actions necessary to rescind this Agreement, to cause the Partnership to revert to its structure pursuant to the Initial Agreement (as defined in the Amended and Restated Partnership Agreement), and to return to Northstar and Foulger all disbursements of the proceeds of the Loans, with interest accrued thereon, and capital contributions made by each of them to the Partnership up to the date of rescission (the "Rescission").

SECTION 9. MISCELLANEOUS.

9.01. Amendments and Waivers. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Partnership therefore, shall in any event be

effective unless the same shall be in writing and signed by the party or parties to be bound, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of Northstar or Foulger to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

9.02. Survival. All representations and warranties made herein shall survive the makings of the Loans hereunder.

9.03. Usury. Anything herein to the contrary notwithstanding the obligations of the Partnership under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to applicable provisions of law limiting rates of interest which may be charged or collected by Northstar and Foulger.

9.04. Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the Partnership, Foulger, Northstar and their respective heirs, executors, personal representatives, successors and assigns (except that the Partnership may not assign or transfer its rights or obligations hereunder), and such successors and assigns shall thereupon become vested with all the benefits in respect

thereof granted to Northstar and Foulger herein or otherwise.

9.05. Notices. Unless the party to be notified otherwise notifies the other party in writing, notices shall be given to Northstar, Foulger, Allstate and to the Partnership by ordinary mail or telex, telecopy or other writing addressed to such party at its address on the signature page of this Agreement. Notices to Northstar and Foulger shall be effective upon receipt.

9.06. Captions. The captions and headings hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

9.07. Further Assurances. The parties hereto agree that, at any time and from time to time, they shall promptly execute and deliver all such further instruments, documents, and certificates and agreements and take all such further action as may be required to effectuate the terms of this Agreement.

9.08. Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof

in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

9.09. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

9.10. Governing Law; Jurisdiction. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of Utah; provided that all the parties hereto consent to service of process and personal jurisdiction in the District of Columbia in all matters involving construction and interpretation of this Agreement and waive any and all rights any party may have to cause any actions or proceedings to be brought or tried elsewhere and any and all objections to jurisdiction or venue they might otherwise have to the commencement of any suit in the District of Columbia involving this Agreement.

9.11. Brokers. The transactions contemplated by this Agreement are not and will not be conducted in such a manner as to give rise to any valid claims against Northstar or Foulger or the Partnership for any brokerage commission, finder's fee or other like payment and the party allegedly responsible for such fee or commission agrees to indemnify and hold harmless all other parties to this Agreement from

and against any claims (including attorneys' fees) for such commission or other fees.

9.12. Non-Recourse. The Loans shall be non-recourse as to all the general and limited partners of the Partnership.

9.13. Sale of Foulger Note. Foulger may elect, by delivery of written notice of its election to Northstar at any time on or after February 1, 1988, and before March 1, 1988, to require Northstar to purchase the Foulger Note at a price equal to the unpaid principal balance thereof together with accrued interest. Within ninety (90) days of receipt of written notice of Foulger's election, Northstar shall pay such amount to Foulger in immediately available funds.

9.14. Relations Between Northstar and Foulger; Subordination.

(a) Northstar shall have the sole right to decide whether to grant any consent or waiver requested by the parties to this Agreement and whether to take any action to enforce any of the Loan Documents; provided, however, that in the event that the Partnership fails to pay principal or interest when due on the Foulger Note, Foulger may, upon written notice, sell the Station on commercially reasonable terms, pursuant to his rights under the Pledge Agreement or the Foulger Security Agreement.

(b) Assuming there has been no failure to pay principal or interest when due on the Foulger Note, Foulger shall

subordinate the Foulger Note and his rights under the Loan Documents to banks, insurance companies or other financial institutions providing financing which the Partnership reasonably determines is necessary for the operations of the Station or is used to refinance the Loans, provided that (i) the terms of such financing and subordination are commercially reasonable, (ii) the entity providing such financing is not affiliated with or an investor in Northstar, and (iii) Northstar shall subordinate the Northstar Note and its rights under the Loan Documents on exactly the same terms and conditions as Foulger has subordinated the Foulger Note and his rights under the Loan Documents.

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

MWT, LTD.

By: MWT Corporation, General
Partner

By:

Title:

Address:

2257 Texas Street
Salt Lake City, Utah 84109

Z003420

- 40 -

NORTHSTAR COMMUNICATIONS, INC.

By: Wm M. D. Finner
Title: PRESIDENT

Address:

1776 K Street, N.W.
Suite 900
Washington, D.C. 20006

Sidney W. Foulger
SIDNEY W. FOULGER

Address:

241 North Vine Street
Salt Lake City, Utah 84103

7003421

SCHEDULE I

List of Partners

MWT Corporation, a Utah corporation:	20% General Partner
Sidney W. Foulger	: 21% Class A Limited Partner 3.4% Class B Limited Partner
George L. Gonzales	: 1% Class B Limited Partner
Jo-Ann Wong	: 1.2% Class B Limited Partner
Joseph C. Lee	: 4.4% Class B Limited Partner
Northstar Communications, Inc., a Delaware corporation	: 49% Class A Limited Partner

Z003422

SCHEDULE II

Disbursements

- A. Northstar shall disburse the following amounts not later than following dates:

	<u>Amount</u>	<u>Date</u>
1.	\$1,666,667 ¹	11/19/86
2.	1,650,000 ¹	12/1/86
3.	250,000 ¹	1/1/87

- B. Foulger shall disburse the following amounts not later than following dates:

	<u>Amount</u>	<u>Date</u>
1.	\$ 50,000 ¹	12/1/86
2.	100,000 ¹	2/1/87
3.	200,000 ¹	3/1/87
4.	2,250,000 ¹	4/1/87

- ¹ Other than the Northstar disbursement required by A 1. above, subsequent disbursements shall not be made prior to the date which is fourteen (14) days after the date that FCC grant of the construction permit for the Station becomes a Final Order.

Z003423

Schedule III

<u>Item</u>	<u>Amount</u>
Professional Services - Legal	\$ 118,000
Note to Foulger-Pratt Construction Company	135,000
Contingent Obligations to Fund Notes to Competing Applicants	
- West Valley	500,000
- Inter-Mountain	600,000
- UTA	600,000
Contingent Obligations for Initial Settlement Payments	
- Family	2,000,000
- West Valley	500,000
- Intermountain	400,000
- UTA	400,000

7003424

Schedule IV

Litigation

1). Competing applicants before the FCC for the construction permit for Channel 13, Salt Lake City, Utah, Docket Numbers 84-11 et seq.

2). Proceedings before courts and the FCC affecting the television industry generally and to which the Partnership is not a party.

MWT, LTD.
AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

This Amended and Restated Agreement of Limited Partnership is executed as of the 18th day of November, 1986 by and among MWT Corporation, a Utah corporation, Northstar Communications, Inc. ("Northstar"), a Delaware corporation, Sidney W. Foulger ("Foulger"), George L. Gonzales ("Gonzales"), Joseph C. Lee ("Lee"), and Jo-Anne Wong ("Wong").

This Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") amends and restates the Certificate of Limited Partnership of MWT, Ltd., which was filed with the County Clerk of Salt Lake County on November 14, 1986 (the "Initial Agreement"). This Partnership Agreement shall be effective on the Effective Date, as hereinafter defined. Until the Effective Date, MWT, Ltd. shall be governed by the terms and conditions of the Initial Agreement.

In consideration of the mutual covenants hereinafter expressed, the parties agree as follows:

ARTICLE I

DEFINITIONS

As used in this Partnership Agreement, the following terms have the meanings indicated:

Z011061

Section 1.01 ADVANCE. Any transfer of money or property by a Partner to the Partnership, and any amount paid on behalf of the Partnership by a Partner, in excess of the Partner's Capital Contribution. For purposes of this Section 1.01, property is to be valued at its fair market value (net of liabilities) or its value agreed upon by the Partners on the date of transfer. Advances shall bear interest at a rate of ten percent (10%).

Section 1.02 CAPITAL ACCOUNT. Each Partner shall have an initial Capital Account equal to the amount of cash and the fair market value (net of liabilities) or the value agreed upon by the Partners of any property contributed to the Partnership, plus, in the case of a Partner who was a Partner prior to the Effective Date, the amount of the Partner's Capital Account in the Partnership at the Effective Date. A Partner's Capital Account shall be adjusted as provided in Section 704 of the Internal Revenue Code or the regulations promulgated thereunder.

Section 1.03 CAPITAL CONTRIBUTION. The money or property contributed by a Partner in accordance with Section 2.08.

Section 1.04 CAPITAL TRANSACTION. Any one of the following: (a) a casualty loss of all or substantially all of the assets of the Partnership; (b) a sale of all or substantially all of the assets of the Partnership; or (c) any financing or refinancing of the debts of the Partnership

or debts secured by Partnership property resulting in (and to the extent of) loan proceeds in excess of the principal amount of the refinanced debts plus transaction costs.

Section 1.05 CLASS A LIMITED PARTNERS. Northstar, or its successors or assigns, Foulger, and any transferee of them or of a Class A Limited Partner admitted to the Partnership pursuant to Section 6.06.

Section 1.06 CLASS B LIMITED PARTNERS. Before Conversion, Foulger, Lee, Gonzales, and Wong, or their successors and assigns and any transferee of them or of a Class B Limited Partner who is admitted to the Partnership pursuant to Section 6.06; after Conversion, the Persons named above and MWT Corporation or their successors and assigns and any transferee of them or of a Class B Limited Partner who is admitted to the Partnership pursuant to Section 6.06.

Section 1.07 CONVERSION. The withdrawal of MWT Corporation as General Partner, the addition of Northstar as General Partner, and the addition of MWT Corporation as a Class B Limited Partner, as described in this Partnership Agreement and in the Credit Agreement to which this Partnership Agreement is attached as Exhibit E.

Section 1.08 CONVERSION DATE. The date on which Conversion shall be consummated.

Section 1.09 CREDIT AGREEMENT. The Agreement by and among the Partnership, Foulger and Northstar dated as of November 18, 1986, whereby Northstar and Foulger agree to

provide secured non-recourse loans to the Partnership upon certain terms and conditions.

Section 1.10 DISTRIBUTION. Any transfer of money or other property to a Partner, in its capacity as a Partner, from the Partnership. For purposes of this Section 1.10, a Distribution of property is to be valued at its fair market value, net of liabilities and consideration paid by the Partner. A transfer of money or other property to a Partner shall not be deemed a Distribution if made to a Partner acting in the capacity of employee, consultant or creditor.

Section 1.11 EFFECTIVE DATE. The date of filing with the County Clerk of Salt Lake County of the Certificate of Limited Partnership which reflects this Partnership Agreement.

Section 1.12 FINAL ORDER. Federal Communications Commission ("FCC") action with respect to which (i) no action, request for stay, petition for rehearing or reconsideration or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired and with respect to which the time for agency action taken on its own motion has expired; or (ii) in the event of the filing of such request, petition or appeal, an action which shall have been reaffirmed or upheld and with respect to which the time for seeking further administrative or judicial review shall have expired without the filing of any request for such further review.

Section 1.13 FISCAL YEAR. From January 1 to December 31 of each year or such portion thereof as the Partnership shall be in existence.

Section 1.14 GENERAL PARTNER. Prior to Conversion, MWT Corporation; after Conversion, Northstar.

Section 1.15 LIMITED PARTNER. Any Class A or Class B Limited Partner.

Section 1.16 MOUNTAIN WEST TELEVISION COMPANY. Mountain West Television Company, a Utah general partnership, its successors or assigns.

Section 1.17 MWT CORPORATION. A Utah corporation organized and incorporated on November 14, 1986, whose shareholders are Lee, Foulger, Wong, and Gonzales.

Section 1.18 NET CASH FLOW. Gross receipts of the Partnership derived from the operation of the Partnership reduced by the sum of: (a) all expenses of the Partnership, excluding depreciation and amortization; (b) capital expenditures; (c) the repayment of any amounts borrowed by the Partnership other than repayment of principal on Advances; (d) any payment of interest, premium or penalty on any amounts borrowed by the Partnership, including Advances; (e) any other expenditures authorized by this Partnership Agreement; and (f) such reserves as the General Partner deems reasonably necessary for the proper operation of the Partnership's business.

Section 1.19 NET PROCEEDS OF CAPITAL TRANSACTIONS.

Gross proceeds of a Capital Transaction reduced by all costs and expenses of the Capital Transaction, the principal amount of all debts secured by the Station or payable as a result of the Capital Transaction, and all expenses, interest, premiums and penalties payable as a result of or resulting from the Capital Transaction.

Section 1.20 NORTHSTAR. Northstar Communications, Inc., a Delaware corporation, its successors or assigns.

Section 1.21 PARTNER. Any General or Limited Partner.

Section 1.22 PARTNERSHIP. MWT, Ltd., the partnership reorganized by this Partnership Agreement.

Section 1.23 PERSON. An individual, a corporation, a partnership, a trust, an unincorporated organization or a government or an agency or political subdivision thereof.

Section 1.24 PRO RATA SHARE. Prior to Conversion, the Pro Rata Share of MWT Corporation as sole General Partner shall be twenty percent (20%); the Pro Rata Share of the Class A Limited Partners shall be seventy percent (70%), with Northstar having a forty-nine percent (49%) Pro Rata Share and Foulger having a twenty-one percent (21%) Pro Rata Share; and the Pro Rata Share of the Class B Limited Partners shall be ten percent (10%), with Gonzales having an one percent (1%) Pro Rata Share, Wong having an one and two-tenths percent (1.2%) Pro Rata Share, Lee having a four and four-tenths percent (4.4%) Pro Rata Share, and Foulger having a

three and four-tenths percent (3.4%) Pro Rata Share. After Conversion, the Pro Rata Share of Northstar in its capacity as the sole General Partner shall be one percent (1%); the Pro Rata Share of the Class A Limited Partners shall be sixty-nine percent (69%), with Northstar having a forty-eight percent (48%) Pro Rata Share and Foulger having a twenty-one percent (21%) Pro Rata Share; and the aggregate Pro Rata Share of the Class B Limited Partners shall be thirty percent (30%), with MWT Corporation having a Pro Rata Share of twenty percent (20%) and the other Class B Limited Partners each having the Pro Rata Share set forth above.

Section 1.25 STATION. The assets, subject to the liabilities, of a VHF television station to be licensed on Channel 13 to Salt Lake City, Utah.

Section 1.26 TAXABLE INCOME OR LOSS. Taxable Income or Loss for any Fiscal Year means the difference between gross receipts of the Partnership and all expenses and deductions of the Partnership during the Fiscal Year, determined on an accrual basis in accordance with the accounting methods followed by the Partnership for federal income tax purposes. Every item of income, gain, loss, deduction, credit or tax preference entering into the computation of Taxable Income or Loss, or applicable to the Fiscal Year during which Taxable Income or Loss was realized, shall be allocated to each Partner in the same proportion as Taxable Income or Loss is allocated to the Partner.

ARTICLE II

ORGANIZATION

SECTION 2.01 FORMATION. The Partnership was organized under the laws of the State of Utah, and is being continued thereunder pursuant to the terms of this Partnership Agreement.

Section 2.02 NAME. The name of the Partnership is MWT, Ltd. The Partnership may also do business under such other names as the General Partner may designate by written notice to the Limited Partners.

Section 2.03 PRINCIPAL PURPOSE. To engage generally in the radio and television broadcast business, within and without the State of Utah.

Section 2.04 OTHER PURPOSES. To enter into any partnership agreements in the capacity of a general partner or a limited partner, to become a member of a joint venture, or to participate in any form of corporation, syndication or association for investment; and to buy, sell, lease, mortgage or otherwise deal in and with services, personal property, and real property, of every kind and character, and to do any and all things necessary, convenient or incident to any of the above stated purposes.

Section 2.05 PLACE OF BUSINESS. The principal place of business of the Partnership shall be in Salt Lake City, Utah, but additional places of business may be located within and

without the State of Utah as may be determined by the General Partner.

Section 2.06 ADDRESS. The mailing address of the Partnership shall be 2257 Texas Street, Salt Lake City, Utah, or such other address as determined by the General Partner, with copies of correspondence to be sent to Northstar Communications, Inc., 1776 K Street, N.W., Suite 900, Washington, D.C. 20006 and to Allstate, Investment Department, Allstate Plaza, Northbrook, Illinois 60062, Attention: Paul J. Renze.

Section 2.07 TERM. The Partnership began on November 14, 1986, and shall continue until dissolved in accordance with the terms of this Partnership Agreement or the laws of the State of Utah.

Section 2.08 CAPITAL CONTRIBUTIONS.

(a) Each Partner has contributed or will contribute to the capital of the Partnership the property set forth in subparagraphs (i), (ii), (iii) of (iv) of this paragraph (a):

(i) Northstar has contributed the sum of Two Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$233,333.00) with respect to its Class A Limited Partnership interest.

(ii) Foulger has contributed the sum of One Hundred Thousand Dollars (\$100,000.00) with respect to its Class A Limited Partnership interest.

(iii) On the Conversion Date, Northstar shall contribute the sum of Five Hundred Thousand Dollars (\$500,000.00) cash with respect to its General Partnership interest.

(iv) Foulger, Gonzales, Lee and Wong, with respect to their Class B Limited Partnership interests, and MWT Corporation, as assignee of Foulger, Gonzales, Lee and Wong, with respect to its General Partnership interest, have contributed their respective interests in the assets of Mountain West Television Company, including without limitation its application before the FCC for a construction permit for the Station.

(b) No Partner shall have any right of partition with respect to the assets of the Partnership.

(c) A Partner shall be required to make additional Capital Contributions to the Partnership upon the dissolution of the Partnership in an amount equal to any deficit in the Partner's Capital Account following the allocation of Taxable Income provided in Section 4.02. Except as provided in this Section 2.08(c), no Partner shall be personally liable for, or required to make up, any deficit in its Capital Account.

Section 2.09 ORGANIZATIONAL EXPENSES. The Partnership shall pay all reformation and organizational expenses of the Partnership, including all costs of, and all fees and expenses incurred in connection with, admitting the Limited Partners and the subsequent Conversion. The Partnership

shall also pay all partnership expenses of Mountain West Television Company incurred in connection with the application, and prosecution thereof, for a construction permit for the Station, up to an amount of Two Hundred Thirty Thousand Dollars (\$230,000.00), and the Partnership shall pay all actual legal expenses of Northstar related to its acquisition of an interest in MWT, Ltd., its predecessors or assigns.

ARTICLE III

CONVERSION

Section 3.01 OPTION.

(a) At the option of either Northstar or MWT Corporation, which option may be exercised at any time after the Station begins regular operations pursuant to FCC program test authority and prior to the expiration of the option as provided below, MWT Corporation shall resign as General Partner and become a Class B Limited Partner and Northstar shall become the sole General Partner of the Partnership, subject to the prior approval of the FCC. To exercise the option, Northstar or MWT Corporation shall notify all other Partners in writing of its exercise. All Partners shall cooperate in the prompt filing of an application with the FCC for its consent to the Conversion. The Conversion shall be consummated on the first business day which is thirty (30) days after FCC consent to the Conversion has become a Final

Order. The option of MWT Corporation or Northstar shall expire on the date which is one hundred eighty (180) days after the Station has commenced regular operations pursuant to FCC program test authority, unless Northstar or MWT Corporation has previously given notice of its exercise of the option.

(b) Notwithstanding paragraph (a), MWT Corporation shall not be permitted to make the election provided in paragraph (a) hereof if at that time there is an Event of Default of the Partnership under the Credit Agreement, which Event of Default may have a material adverse effect on the financial condition, properties or operations of the Partnership (other than a material adverse effect arising solely from the exercise by any lender under the Credit Agreement of its rights thereunder as a result of an Event of Default which in itself would not have a material adverse effect on the financial condition, properties or operations of the Partnership).

(c) If the FCC, or any bureau or division thereof, designates for hearing the application of the Partnership for FCC consent to Conversion, and such designation is not reversed within a period of ninety (90) days, Northstar shall have the option, exercisable within thirty (30) days of the expiration of said ninety (90) day period, to require the Partnership to repurchase all of its Limited Partnership interest. To exercise the option granted hereby Northstar

shall notify the General Partner in writing of its intention to sell its interest back to the Partnership. Upon notification, the provisions of Section 7.02 hereof shall apply.

(d) In the event the General Partner breaches its obligation under paragraph (c) hereof to repurchase the Limited Partnership interest of Northstar, Northstar may compel the General Partner to use its best, diligent efforts to cause the Partnership to sell the Station as soon as practicable at a commercially reasonable price and to dissolve the Partnership upon the consummation of said sale. The Class A Limited Partners shall not unreasonably withhold their consent to any sale pursuant to this paragraph (d), which consent is required by Section 6.02 hereof.

Section 3.02 LIABILITY.

(a) Upon notification of exercise of the option described in Section 3.01, the Partners shall be required to take all actions necessary to cause Conversion to occur, including without limitation the execution of appropriate documents, and shall take no actions inconsistent with their obligations under this paragraph (a). The failure of MWT Corporation to meet its requirements hereunder shall be an event of default under the Credit Agreement. In the event of default, Northstar shall have available to it all remedies at law or equity to enforce performance of the Credit Agreement, including, but not limited to, specific performance.

(b) In addition to the remedies described in paragraph (a) hereof, and notwithstanding the provisions of Section 5.05, each of Northstar and MWT Corporation shall be liable to the Partnership and to the other Partners for any failure by it to cause Conversion to occur.

ARTICLE IV

ALLOCATIONS AND DISTRIBUTIONS

Section 4.01 TAXABLE INCOME OR LOSS.

Except as provided in Section 4.02, Taxable Income or Loss for each Fiscal Year of the Partnership shall be allocated to each Partner based upon its Pro Rata Share of such Taxable Income or Loss. All allocations of Taxable Income or Loss shall be made on the basis of each Partner's interest in the Partnership as of the end of each Fiscal Year, unless otherwise required by law and except that, in the event of an assignment of an interest in the Partnership pursuant to Section 6.03, Taxable Income or Loss for the Fiscal Year in which the assignment is made shall be allocated, with respect to the interest assigned, between the assignor and the assignee in accordance with the ratio that the number of days in the Partnership's Fiscal Year before and after assignment bears to the total number of days in the Partnership's Fiscal Year.

Section 4.02 ALLOCATION OF TAXABLE INCOME ARISING FROM A DISPOSITION OF SUBSTANTIALLY ALL PARTNERSHIP ASSETS. Any

Taxable Income arising from a sale or other disposition of all or substantially all the assets of the Partnership shall be allocated first to the Partners to the extent of and in proportion to any deficits in the Partners' Capital Accounts; second to the Class A Limited Partners to the extent of the Preferred Distribution to which they would be entitled under Section 4.04(c) at the time of the sale; and third to all Partners based upon their Pro Rata Shares.

Section 4.03 DISTRIBUTIONS. The General Partner shall distribute, not less frequently than annually, substantially all Net Cash Flow.

Section 4.04 ALLOCATIONS AND DISTRIBUTIONS. Net Cash Flow and Net Proceeds of Capital Transactions (other than proceeds from liquidation which shall be distributed as provided in Section 8.02(b) shall be paid or distributed to the extent available, in the following order of priority:

(a) An amount equal to thirty-four percent (34%) of the Taxable Income of the Partnership for any Fiscal Year (reduced by (i) any tax credits generated by the Partnership for that Fiscal Year, and (ii) the amount, if any, by which the Taxable Losses of the Partnership for all preceding Fiscal Years exceeds the Taxable Income of the Partnership for those years) shall be distributed by April 1 of the following Fiscal Year to all the Partners in accordance with their Pro Rata Shares.

(b) After the Distribution required by paragraph (a) hereof, the Partnership shall use Net Cash Flow and Net Proceeds of Capital Transactions to repay Advances.

(c) After the Distributions and payments required by paragraphs (a) and (b) hereof, all Distributions shall be allocated to the Class A Limited Partners in accordance with their respective Pro Rata Shares until the Partnership has made Cash Distributions to the Class A Limited Partners equal to their Capital Contributions, less prior Distributions under this paragraph (c), plus a cumulative ten percent return calculated on the total amount of the Distributions to which the Class A Limited Partners are entitled under this paragraph (c).

(d) After the Distributions and payments required by paragraphs (a), (b), and (c) hereof, Distributions shall be made to the Partners in accordance with their respective Pro Rata Shares.

ARTICLE V

THE GENERAL PARTNER

Section 5.01 POWERS OF GENERAL PARTNER. The General Partner has complete discretion in the management and control of the business of the Partnership and shall use its best efforts to carry out the purpose of the Partnership. In addition to powers provided by law, the General Partner is hereby authorized to expend Partnership funds in furtherance of the purpose of the Partnership; to acquire, sell,

transfer, convey, lease (as lessor) or otherwise deal with the assets of the Partnership; to negotiate, enter into, and execute agreements for the sale of advertising on, and to hire employees, purchase supplies and equipment, and otherwise enter into agreements with respect to the Station; to incur obligations for and on behalf of the Partnership in connection with its business; to borrow monies for and on behalf of the Partnership on such terms and conditions as the General Partner may deem advisable and proper and to pledge the credit of the Partnership for such purposes; to repay in whole or in part, refinance, recast, modify or extend any security interest affecting the Station or other property owned by the Partnership, and in connection therewith to execute for and on behalf of the Partnership any or all extensions, renewals, or modifications of such security interests; to prepare, execute, file and deliver any document, or take such other action, as may be necessary or desirable to carry out the purpose of the Partnership; to employ such agents, employees, independent contractors, attorneys and accountants as the General Partner deems reasonably necessary; to obtain insurance for the proper protection of the Partnership, the General Partner, and the Limited Partners; to commence, defend, compromise or settle any claims, proceedings, actions or litigation for and on behalf of the Partnership (including claims, proceedings, actions or litigation involving the General Partner in its

capacity as General Partner) and to retain legal counsel in connection therewith and to pay out of the assets of the Partnership any and all liabilities and expenses (including fees of legal counsel) incurred in connection therewith; and to make such decisions and enter into such agreements as it may reasonably believe to be necessary.

Section 5.02 DUTIES OF GENERAL PARTNER. The General Partner shall have responsibility for, and control over, the ordinary and usual day-to-day management and operation of the Station and the Partnership's business, including acts necessary to cause Conversion to occur. The General Partner shall devote such of its time as it deems necessary to the affairs of the Partnership. The General Partner shall cause to be filed all required Certificates of Limited Partnership with the County Clerk of Salt Lake County to reflect changes in the interests of Partners; keep, or cause to be kept, all books and records required by this Partnership Agreement; prepare or cause to be prepared all statements and reports; and obtain or cause to be obtained and kept in force such insurance, in such amounts, on such terms, and with such carriers as may be required to reasonably protect the Partnership and its property. In the event additional financing is required for the operation of the Station after Conversion, the General Partner shall use its best efforts to secure non-recourse secured or unsecured financing on behalf of the Partnership.

Section 5.03 RESCISSION. Within ten (10) days of the execution hereof, MWT Corporation shall prepare and file with the FCC a petition for leave to amend the pending application of Mountain West Television Company for a construction permit to build and operate the Station. The petition shall request amendment of the application to reflect the reorganization of the applicant in accordance with the terms of the Initial Agreement and this Partnership Agreement. If the petition is denied, within five (5) days of the date the FCC releases its denial, MWT Corporation shall take all actions necessary to rescind this Agreement, to cause the Partnership to revert to its structure pursuant to the Initial Agreement, and to return to Northstar all Advances, with interest earned thereon, and Capital Contributions made by it to the Partnership up to the date of rescission.

Section 5.04 PARTNERSHIP TAX MATTERS. The General Partner has the authority to make elections for the Partnership with respect to the tax laws of the United States, the several states and other relevant jurisdictions. The General Partner shall not have the authority, without the affirmative vote of seventy-five percent (75%) in interest of all Partners affected thereby, to settle any dispute with the Internal Revenue Service or any state income tax authority concerning the Taxable Income or Loss of the Partnership or the allocation thereof. Any expense incurred by the Partnership in contesting, with the Internal Revenue Service

or any state income tax authorities, any change in its Taxable Income or Loss or the allocation of its Taxable Income or Loss to any Partner shall be an expense of the Partnership.

Section 5.05 LIABILITIES OF GENERAL PARTNER. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or to any Limited Partner, except as described in Section 3.02, and except for any loss, damage or liability due to, or arising out of, the General Partner's fraud, bad faith or gross negligence. The General Partner shall indemnify and hold the Partnership harmless from any loss, damage or liability due to, or arising out of, the General Partner's fraud, bad faith or gross negligence. The Partnership shall indemnify and save harmless the General Partner from any loss or damage incurred, by reason of any acts or omissions performed or omitted in good faith and reasonably believed to be within the scope of the authority conferred by this Partnership Agreement, except for fraud, bad faith or gross negligence. Any indemnity by the Partnership under this Section 5.05 shall be paid out of, and to the extent of, Partnership assets only.

Section 5.06 MANAGEMENT OF BUSINESS. Except as otherwise provided in this Agreement, the General Partner shall have sole and complete charge of the affairs of the

Partnership and shall operate its business for the benefit of all Partners.

Section 5.07 AUTHORITY OF GENERAL PARTNER. In no event shall any person dealing with the General Partner with respect to any property of the Partnership be obligated to see that the terms of this Partnership Agreement have been complied with, or be obligated to inquire into the necessity or expediency of any act or action of the General Partner. Every contract, agreement, lease, promissory note, mortgage or other instrument or document executed by the General Partner with respect to the Station, or any other property of the Partnership, shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that:

(a) at the time of the execution or delivery thereof, the Partnership was in full force and effect;

(b) such instrument or document was duly executed in accordance with the terms and provisions of this Partnership Agreement and is binding upon the Partnership and all of the Partners hereof; and

(c) the General Partner was duly empowered to execute and deliver any and every such instrument or document for and on behalf of the Partnership.

Section 5.08 FEES AND EXPENSES. All expenses incurred in connection with the construction, management and operation of the Station shall be borne by the Partnership. In

addition, the costs of preparing the reports and statements required by Section 9.02 shall be borne by the Partnership.

Section 5.09 RESIGNATION OF GENERAL PARTNER. Except in the course of the Conversion, the General Partner shall have no right to resign or withdraw from the Partnership or to transfer, assign, grant, convey, mortgage, or otherwise encumber its General Partnership interest, or to enter into any agreement as a result of which any other Person shall become interested in the Partnership as a general partner, without the written consent of the Limited Partners. If the General Partner purports to resign or withdraw from the Partnership in violation of the foregoing provision, it shall remain liable for the debts, obligations and liabilities of the Partnership to the same extent as if it had not resigned or withdrawn and, in addition, shall be liable to the Partnership and the Limited Partners for any damages sustained by reason of such purported resignation or withdrawal.

Section 5.10 INDEMNITY. Following Conversion, Northstar, its successors and assigns, hereby agrees to indemnify and hold MWT Corporation harmless from and against any loss, cost, liability, damage or expense (including legal and other expenses incident thereto) incurred by it as a result of liabilities (including without limitation any contractual liabilities) of the Partnership asserted by "third parties" against it by reason of MWT Corporation

having been a General Partner of the Partnership and its capacity as such. Notwithstanding the preceding sentence, MWT Corporation shall not be entitled to indemnity for any act or failure to act on its part which involved dishonesty, intentional wrongdoing or gross neglect. For purposes of this Section 5.10, the term "third party" shall not include the Partnership.

Section 5.11 SALE OF THE STATION. Upon receipt of an unsolicited offer and/or prior to soliciting offers for a sale of the Station by the Partnership, the General Partner shall deliver written notice to the Limited Partners of its intention to sell the Station, setting forth the proposed terms of sale and soliciting offers from the Limited Partners to purchase the Station from the Partnership. If the General Partner does not receive any offers from any of the Limited Partners within forty-five days and/or determines in good faith not to accept any offers received from the Limited Partners, the General Partner may then solicit offers from third parties for the purchase of the Station. Upon the receipt of any bona fide offer from a third party for the purchase of the Station which the General Partner intends to accept, the General Partner shall deliver notice of the proposed terms of sale and afford the Limited Partners and the third party, for a period of fifteen days, the opportunity to make further bids for the Station.

ARTICLE VI

LIMITED PARTNERS

Section 6.01 LIABILITY OF LIMITED PARTNERS. No Limited Partner shall be obligated to make any contribution to the capital of the Partnership in addition to the contributions specified in Section 2.08. No Limited Partner shall be obligated to make loans or Advances to the Partnership, except as required by the Credit Agreement. No Limited Partner shall have any personal liability with respect to the liabilities or obligations of the Partnership.

Section 6.02 MANAGEMENT OF BUSINESS. No Limited Partner in its capacity as a Limited Partner shall take part in the management or control of the Partnership business, except that (a) the General Partner may not cause any of the following to occur without the affirmative vote of a majority of interest of the Class A Limited Partners: (i) a merger, consolidation, reorganization or sale of material assets of the Partnership outside the ordinary course of business; (ii) a liquidation, dissolution or recapitalization of the Partnership; (iii) any acquisition of stock or other securities; (iv) any acquisition of assets outside the ordinary course of business; (v) the issuance of any securities, including any senior equity security; (vi) borrowing, except under the Credit Agreement or in the ordinary course of business; (vii) repurchase of partnership interests, except as required by Section 3.01(c) or Section

7.01; or (viii) admission of new Partners; and (b) the General Partner may not employ a general manager for the Station without the affirmative vote of a majority in interest of the Class B Limited Partners. Notwithstanding the foregoing and the provisions of Sections 5.01, 5.02 and 5.06, beginning with the eighth full year of Station operation, the Class B Limited Partners, by affirmative vote of seventy-five percent (75%) in interest of the Class B Limited Partners, may compel the General Partner to use its good faith efforts to sell the Station as quickly as practicable on commercially reasonable terms.

Section 6.03 ASSIGNMENT OF PARTNERSHIP INTERESTS.

(a) Except as provided in Sections 6.01, 6.07 or 6.08 hereof or as required by the Credit Agreement, no Limited Partner shall withdraw its Capital Contribution or transfer, assign, grant, convey, mortgage, or otherwise encumber any part of its Limited Partnership interest, or enter into any agreement as a result of which any other Person shall become interested in the Partnership, without (i) the written consent of the General Partner, and, (ii) in the case of a Limited Partner which is also the General Partner or which controls, is controlled by, or is under common control with the General Partner, the written consent of a majority in interest of the other Limited Partners. The granting of any consent by a Partner under this Section

6.03(a) shall be within that Partner's sole discretion and may be withheld arbitrarily.

(b) Notwithstanding paragraph (a) hereof, upon the bankruptcy, assignment for the benefit of creditors, dissolution, death, disability or legal incapacity of any Partner, the interest held by that Partner shall descend to and vest in his successors, trustees, receivers, assignees for the benefit of creditors, heirs, legatees or other legal representatives.

Section 6.04 FORM OF ASSIGNMENT.

(a) No assignment of all or part of a Limited Partner's Limited Partnership interest, though otherwise permitted by Section 6.03, shall be valid and effective, and the Partnership shall not recognize the same for the purpose of Distributions or for the allocation of Taxable Income or Loss with respect to that interest, until there is filed with the General Partner an instrument in writing in the following form, with blanks appropriately filled in and subscribed by both parties to the conveyance:

I, _____, hereby assign to _____ my right, title and interest in and to _____ of my Class _____ Limited Partnership interest in MWT, Ltd., a limited partnership organized under the laws of the State of Utah, and direct that all future Distributions and allocations of Taxable Income or Loss on account of such interest be paid or allocated to such assignee.

_____, as assignee, hereby accepts said interest
subject to all terms, covenants and conditions of the Amended
and Restated Agreement of Limited Partnership dated as of
November 18, 1986.

Dated: _____.

Assignor

Assignee

Assignee's Address

Assignee's Social Security
Number

STATE OF _____)
COUNTY OF _____) SS.

On this ____ day of _____, 19__, before me
personally appeared _____ and _____, to me known and known
to be the persons described in, and who executed, the
foregoing instrument and they duly acknowledged to me that
they executed the same.

Notary Public

(b) After receiving an executed assignment in the
form prescribed in paragraph (a) hereof, and all required.

approvals under Sections 6.02(a) and 6.03(a) to the assignment, the Partnership shall make all further Distributions and allocate any Taxable Income or Loss to the assignee with respect to the interest transferred regardless of whether such transfer, as between the parties thereto, is or is intended to be by way of pledge, mortgage, encumbrance or other hypothecation, until such time as the interest transferred shall be further transferred in accordance with the provisions of this Partnership Agreement.

Section 6.05 RIGHTS OF ASSIGNEE. Unless admitted to the Partnership as a Limited Partner in accordance with Section 6.06, the transferee of an interest in the Partnership, by assignment, bequest, operation of law or otherwise, shall not be entitled to any of the rights, powers, or privileges of its predecessor in interest, except that it shall be entitled to receive and have allocated to it the share of Distributions and Taxable Income or Loss attributable to the assigned interest.

Section 6.06 ADMISSION OF LIMITED PARTNER. A permitted assignee of an interest in the Partnership may be admitted to the Partnership as a Limited Partner upon furnishing to the General Partner all of the following:

(a) acceptance, in form satisfactory to the General Partner, of all the terms of this Partnership Agreement;

(b) a certified copy of a resolution of its Board of Directors or comparable body (if it is a corporation or similar organization) authorizing it to become a Limited Partner under the terms of this Partnership Agreement;

(c) a Power of Attorney substantially identical to that contained in Section 10.14 hereof;

(d) such other documents or instruments as may be required by the General Partner in order to effect the transferee's admission as a Limited Partner; and

(e) payment of such reasonable expenses as may be incurred in connection with the transferee's admission as a Limited Partner.

Section 6.07 PLEDGE OF INTERESTS. The Limited Partners agree to pledge their Partnership interests (a) as required by the Credit Agreement and (b) to secure the repayment of any bank financing obtained by the Partnership that the General Partner reasonably determines is necessary for the operations of the Station or is used to repay Advances, provided that the terms of the bank financing and the pledge of the Partners' interests are commercially reasonable.

Section 6.08 SALE OF CLASS A LIMITED PARTNERSHIP INTERESTS. Foulger may elect, by delivery of written notice of its election to Northstar at any time on or after February 1, 1986 and before March 1, 1988 to require Northstar to purchase Foulger's Class A Limited Partnership interest at a price equal to Foulger's Capital Contribution

for its Class A Limited Partnership interest plus ten percent (10%) per annum. Northstar shall purchase the Foulger interest within ninety (90) days of its receipt of the written notice.

Section 6.09 FAILURE TO ADVANCE FUNDS UNDER CREDIT AGREEMENT. If any Class A Limited Partner fails to make Advances to the Partnership as required by the Credit Agreement, that Partner (the "Defaulting Partner") shall forfeit its Class A Limited Partnership interest and the Capital Contribution made therefor, and shall forfeit certain Advances as provided in the Credit Agreement, and the Capital Contribution and Advances shall be retained by the Partnership. In that event, the other Class A Limited Partner may elect, within ninety (90) days of the Defaulting Partner's failure to make a required Advance, by (a) making a Capital Contribution equal to the forfeited Capital Contribution, (b) making Advances to the Partnership equal to the amount of any Advances forfeited by the Defaulting Partner under the terms of the Credit Agreement, (c) making any other Advance that would then be due from the Defaulting Partner under the Credit Agreement, and (d) agreeing to make any other Advances that the Defaulting Partner would be required to make under the Credit Agreement, to purchase a Class A Limited Partnership interest from the Partnership with a Pro Rata Share equal to that of the forfeited Class A Limited Partnership interest. If the other Class A Limited

Partner does not elect to purchase a Class A Limited Partnership interest pursuant to the preceding sentence, the Pro Rata Shares of the Partners (including the Defaulting Partner) following the forfeiture of the Class A Limited Partnership interest shall be increased proportionately so that the aggregate Pro Rata Shares of all Partners shall be 100%, effective as of the date of such forfeiture.

ARTICLE VII

REPURCHASE OF PARTNERSHIP INTEREST

Section 7.01 REPURCHASE OPTION. Any Limited Partner, at its option, exercisable after four (4) years of operation of the Station, may require the Partnership to repurchase all of its Limited Partnership interest. To exercise the option granted hereby the Limited Partner shall notify the General Partner in writing of its intention to sell its interest back to the Partnership.

Section 7.02. REPURCHASE PRICE. Upon receipt by the General Partner from a Limited Partner of notice of the Limited Partner's exercise of its repurchase option, the General Partner and the Limited Partner shall attempt to agree upon a value for the interest to be repurchased. If they are unable to agree, each shall promptly appoint an appraiser to determine the value of the business and assets of the Partnership. If either the General Partner or the Limited Partner fails to appoint an appraiser within twenty (20) days of receipt of written notice of the intention to

exercise the option, the appraiser appointed by the other shall determine the value and his decision shall be final and binding. If two appraisers are appointed, they shall attempt to agree upon a value. If they are unable to agree upon a value within thirty (30) days, they shall appoint a third appraiser. The third appraiser shall, within thirty (30) days after his appointment, choose which of the determinations of value is more reasonable and that determination shall be final and binding upon the parties. The Partnership shall repurchase the interest within ninety (90) days of the appraiser's determination for cash, at a price equal to the amount that the Limited Partner would have received upon the liquidation of the Partnership if the Partnership had sold its business and assets at the appraised value. The fees and expenses incurred by exercise of the repurchase option shall be borne one-half by the Partnership and one-half by the selling Limited Partner or Limited Partners.

Section 7.03 EFFECT OF REPURCHASE. Upon the repurchase of any Partner's Partnership interest pursuant to this Article VII or Section 3.01(c), the Pro Rata Shares of the other Partners shall be increased proportionately so that the aggregate Pro Rata Shares of all Partners shall at all times be 100%.

ARTICLE VIII

DISSOLUTION

Section 8.01 DISSOLUTION. The Partnership shall be dissolved upon the happening of any of the following events:

(a) disposal of all or substantially all of the assets of the Partnership; provided, however, that if the Partnership receives a purchase money mortgage or other non-cash consideration in connection with such disposal, the Partnership shall continue until the non-cash consideration is converted into cash;

(b) the written consent of all Partners to dissolve the Partnership; or

(c) the voluntary or involuntary bankruptcy, dissolution or liquidation of the General Partner or the transfer of the interest of the General Partner (whether or not as a result of voluntary or involuntary bankruptcy, dissolution or liquidation of the General Partner) except by Conversion, unless within sixty days after the transfer all remaining Partners, including any Person who has acquired or represents the General Partner's interest, elect by an agreement in writing to conduct the business under the terms and conditions of this Partnership Agreement.

Section 8.02 LIQUIDATION.

(a) Upon the dissolution of the Partnership, the General Partner (which term, for the purpose of this Section 8.02, shall include any trustee, receiver or other person

required by law to wind up the affairs of the Partnership) shall liquidate the assets of the Partnership.

(b) All proceeds from the sale or disposition of Partnership property and any other assets of the Partnership following dissolution shall be distributed in the following order of priority: (i) to the payment of Partnership debts, liabilities and obligations other than Advances; (ii) to the establishment of such reserves as the General Partner may reasonably deem necessary for any contingent liabilities of the Partnership; (iii) to the repayment of Advances; and (iv) in accordance with the Partners' Capital Accounts, taking into account the allocation of Taxable Income required by Section 4.02 and any Capital Contributions under Section 2.03(c).

Section 8.03 FINAL STATEMENT. As soon as practicable after the dissolution of the Partnership, a final statement of the Partnership's assets and liabilities and the Capital Accounts of all of the Partners shall be prepared by an independent certified public accountant and furnished to all Partners.

ARTICLE IX

BOOKS AND ACCOUNTS

Section 9.01 BOOKS. The General Partner shall keep or cause to be kept books of account in accordance with standards established by a national accounting firm, in which shall be entered fully and accurately the transactions of the

Partnership. All books and records and this Partnership Agreement and all amendments thereto shall at all times be maintained at the principal office of the Partnership and shall be open to the inspection and examination of each Partner or his representatives at reasonable times.

Section 9.02 REPORTS.

(a) The General Partner shall, within seventy-five days after the expiration of each Fiscal Year, deliver to each Partner a statement showing: (i) all information necessary for the preparation of the Partner's income tax returns; (ii) the cash receipts and expenses of the Partnership for the Fiscal Year; (iii) a statement showing the profit or loss of the Partnership for the Fiscal Year; (iv) a statement showing the assets and liabilities of the Partnership as of the end of the Fiscal Year; and (v) an itemization showing the amounts and sources of any Distributions and repayments of Advances to Partners. The statements of profit or loss and assets and liabilities shall be prepared in accordance with generally accepted accounting principles consistently applied and shall be certified by an independent certified public accountant.

(b) The General Partner shall prepare and deliver to each Partner within fifteen (15) days after the end of each calendar month a statement showing the cash receipts and expenses of the Partnership for the preceding month. The

statement need not be audited but shall be signed by the chief financial officer of the General Partner.

(c) In addition to the reports required by paragraphs (a) and (b) hereof, the General Partner shall prepare and deliver to each Partner, as appropriate, reports showing all transactions with the General Partner and the fees, commissions, compensation and other benefits paid or accrued to the General Partner and other pertinent information with respect to the Partnership and its activities.

Section 9.03 BANK ACCOUNTS. The General Partner shall open and maintain in the name of the Partnership accounts with one or more financial institutions in which shall be deposited all funds of the Partnership. Partnership funds shall be used solely for the business of the Partnership. Withdrawals of funds may be made only upon the signature of a Person authorized by the General Partner to make withdrawals.

Section 9.04 PARTNERSHIP CERTIFICATES. The Partnership shall prepare and issue Certificates to each Partner, executed by the General Partner on behalf of the Partnership, evidencing the Partner's interest in the Partnership.

ARTICLE X

GENERAL

Section 10.01 SETTLEMENT AGREEMENTS. The Partnership shall assume and undertake to pay all obligations of Mountain West Television Company under any settlement agreements entered into between Mountain West Television Company and any of the other applicants before the FCC for a construction permit for the Station, including without limitation settlement agreements entered into prior to the Effective Date. In addition, Northstar agrees that its significant investor, Allstate Insurance Company (a) shall have agreed to purchase those promissory notes evidencing certain of the obligations under those settlement agreements if the Partnership shall be in default in its performance thereof; (b) shall have agreed in a separate writing not to proceed against any of the individual general partners of Mountain West Television Company to enforce any rights acquired upon its purchase of the notes and in the event it proceeds against Mountain West Television Company or any of its successors and assigns, Allstate's recourse shall be limited to the assets of Mountain West Television Company or its successors or assigns; and (c) shall have agreed in a separate writing unconditionally to indemnify and hold Mountain West Television Company and each of its general partners harmless from any liabilities incurred as a result of Allstate's failure to purchase the notes pursuant to the terms of the note repurchase agreements so long as the holders of such notes have complied with the procedures set forth in such agreements.

Section 10.02 OTHER BUSINESS INTERESTS. Each Partner may have other business interests and may engage in any other business, trade, profession, or employment whatsoever, on its own account or in partnership, or as an employee, officer, director, or stockholder of any other Person, provided that no Partner shall own any equity interest in, directly or indirectly, or be an officer or director of any entity which owns or operates any television or radio station, cable television system, or daily newspaper which, when combined with the interest created hereby, would violate the FCC's attribution or multiple ownership rules.

Section 10.03 NOTICES. Unless otherwise specified in a writing sent to the Partnership, the address of each Partner for all purposes shall be as set forth below. Any notices and demands required to be given hereunder shall be in writing and sent postage prepaid by certified mail, return receipt requested, to such address or addresses and also to Allstate at the address specified in Section 2.06.

Section 10.04 CAPTIONS. The Section titles and captions contained in this Partnership Agreement are for convenience only and shall not be deemed part of this Partnership Agreement.

Section 10.05 PRONOUNS AND PLURAL. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine or neuter forms and the singular form of nouns, pronouns and verbs shall include the plural and the plural shall include the singular.

Section 10.06 ENTIRE AGREEMENT. This Partnership Agreement and the Credit Agreement contain the entire understanding among the Partners and supersede any prior understandings or written or oral agreements between or among any of them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among any of the Partners relating to the subject matter of this Partnership Agreement which are not fully expressed herein or in the Credit Agreement.

Section 10.07 FURTHER ACTION. The Partners shall execute and deliver all documents, provide all information and take or forebear from all such action as may be necessary or appropriate to achieve the purpose of the Partnership.

Section 10.08 BINDING EFFECT. This Partnership Agreement shall be binding on and inure to the benefit of the Partners and their heirs, executors, administrators, successors, legal representatives and assigns.

Section 10.09 VALIDITY. If any provision of this Partnership Agreement is held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Partnership Agreement.

Section 10.10 GOVERNING LAW. This Partnership Agreement shall be governed by the laws of the State of Utah.

Section 10.11 PERSONAL JURISDICTION. The Partners hereby consent to personal jurisdiction in the District of Columbia and waive any and all rights they may have to cause any actions or

proceedings to be brought or tried elsewhere and any and all objections to jurisdiction or venue they might otherwise have to the commencement of any suit in the District of Columbia to construe or enforce the provisions of this Agreement or to remedy any breach thereof.

Section 10.12 ACCOUNTING METHOD. The Partnership shall use the accrual method of accounting for income tax purposes and for general accounting purposes.

Section 10.13 AMENDMENT. This Partnership Agreement may be amended or modified only by the affirmative written consent of all the Partners.

Section 10.14 POWER OF ATTORNEY.

(a) Each Limited Partner hereby irrevocably constitutes and appoints the General Partner as its true and lawful attorney-in-fact, in its name, place and stead, to make, execute, acknowledge and file a certificate of limited partnership reflecting this Partnership Agreement and any amendments thereto reflecting actions properly taken by the Partners.

(b) The power of attorney is coupled with an interest and shall survive an assignment by any Limited Partner of its interest until such time as the General Partner has taken the action necessary or appropriate to effect the substitution of the assignee as a Limited Partner including, without limitation, the execution, acknowledgment and filing of an amendment to the certificate of limited partnership.

(c) The power of attorney shall, to the extent permitted by law, survive any merger, bankruptcy, receivership or dissolution of a Limited Partner.

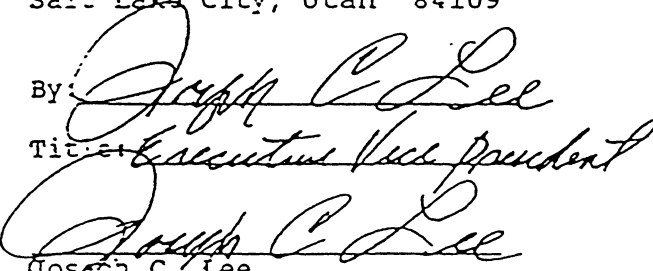
(d) Each Limited Partner shall execute such instruments as the General Partner may request in order to give evidence of, and to effectuate, the granting of this power of attorney, whether by executing a separate counterpart thereof or otherwise.

IN WITNESS WHEREOF, this Partnership Agreement is signed on the day and year first above written.

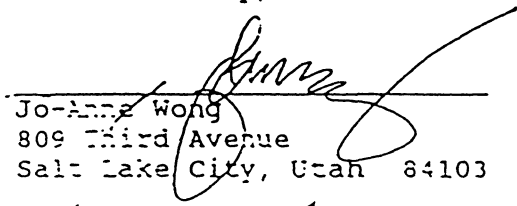
MWT Corporation
2257 Texas Street
Salt Lake City, Utah 84109


By:

Title:


Joseph C. Lee
2257 Texas Street
Salt Lake City, Utah 84109

Sidney W. Foulger
241 North Vine Street
Salt Lake City, Utah 84103


Jo-Anne Wong
809 Third Avenue
Salt Lake City, Utah 84103


George L. Gonzales
1278 East North
Ogden, Utah 84404

(c) The power of attorney shall, to the extent permitted by law, survive any merger, bankruptcy, receivership or dissolution of a Limited Partner.

(d) Each Limited Partner shall execute such instruments as the General Partner may request in order to give evidence of, and to effectuate, the granting of this power of attorney, whether by executing a separate counterpart thereof or otherwise.

IN WITNESS WHEREOF, this Partnership Agreement is signed on the day and year first above written.

MWT Corporation
2257 Texas Street
Salt Lake City, Utah 84109

By: *Sidney W. Foulger*
Title: PRESIDENT

Joseph C. Lee
2257 Texas Street
Salt Lake City, Utah 84109

Sidney W. Foulger
Sidney W. Foulger
241 North Vine Street
Salt Lake City, Utah 84103

Jo-Anne Wong
809 Third Avenue
Salt Lake City, Utah 84103

George L. Gonzales
1278 East North
Ogden, Utah 84404

Northstar Communications, Inc.
1776 K Street, N.W.
Suite 900
Washington, D.C. 20006

By: Wm. M. D. Finkel

Title: PRESIDENT

Tab 6

Daniel L. Berman (A0304)
Peggy A. Tomsic (3879)
Jonathan L. Hawkins (5966)
BERMAN, GAUFIN & TOMSIC
50 South Main, Suite 1250
Salt Lake City, UT 84144
Telephone: (801) 328-2200

Attorneys for Defendants

FILED
JUL 15 1989
SALT LAKE COUNTY
CLERK

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
L. GONZALES, JOSEPH C. LEE,)
DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
FOULGER, BRYANT F. FOULGER,)
BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
CORPORATION, a Utah)
corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
WILLIAM MACD. LINCOLN
IN SUPPORT OF
DEFENDANTS' MOTION
FOR SUMMARY JUDGMENT

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

STATE OF UTAH)
: ss.
COUNTY OF SALT LAKE)

WILLIAM MACD. LINCOLN being first duly sworn under oath,
deposes and states as follows:

1. I was the President, Chief Operating Officer,
Treasurer and a Director of Northstar Communications, Inc.
("Northstar") from its incorporation in January of 1986 until
September 14, 1989 when I resigned as an officer and director of
Northstar to accept a job with Fox Broadcasting Corporation. I
owned 23.8% of the common stock of Northstar from its inception

until December of 1987 when I exchanged the shares I owned in Northstar for an ownership interest in Farragut Communications, Inc., a holding company created for Northstar and other companies owning broadcasting properties ("Farragut"). I served as President, Treasurer and a Director of Farragut from the date of incorporation in November of 1987 until September 14, 1989. I also was a shareholder of Farragut. I make this affidavit based on my own personal knowledge.

2. In 1985 I worked for the media consulting firm of Frazier, Gross & Kadlec which was located in Washington D.C. The owner of the firm at that time was Chuck Kadlec. Chuck Kadlec and I became interested in 1985 in exploring the possibility of creating a company to acquire and operate media properties. I put together a business plan to create such a company and prepared presentations for institutional investors to secure financial backing for such a company. I enlisted the help of another employee of Frazier, Gross & Kadlec, Katherine Glakas, in accomplishing this task. Katherine Glakas put me in contact with the head of Allstate Insurance Company's ("Allstate") venture capital division, Len Batterson, who reviewed the proposal I intended to present to potential institutional investors and provided his input. After reviewing my proposal, Len Batterson determined Allstate would be interested in financially backing the company we were proposing to create. Len Batterson put together the financial arrangement between Allstate and this new company, Northstar. As soon as that arrangement was completed, Paul Renze took over the day-to-day responsibility of working with Northstar.

3. In January of 1986, Northstar was incorporated under Delaware law for the purpose of acquiring broadcasting properties. The law firm retained to incorporate Northstar was Skadden, Arps, Slate, Meagher & Flom. In June of 1986, after Allstate and Northstar had determined what Allstate's financial participation in Northstar would be, Northstar's certificate of incorporation was amended and restated.

4. At the time of its incorporation, the directors of Northstar were Charles H. Kadlec, Katherine Glakas, Sandra Freschi and me. The officers of Northstar were Katherine Glakas, Vice President and Secretary, Charles Kadlec, CEO and Chairman of the Board and me, the President and Treasurer. The only shareholders in Northstar from its inception to December of 1987 were Frazier, Gross and Kadlec who owned 50% of the common stock; Katherine Glakas who owned 14% of the common stock; Sandra Freschi who owned 9.5% of the common stock; Timothy S. Pecaro who owned 2.4% of the common stock; Allstate who owned all the preferred stock which was convertible into 80% of the common voting stock and me who owned 23.8% of the common stock. From December of 1987 until September of 1989, the shareholders of Northstar were Farragut who owned 87.62% of the common stock; Charles Kadlec who owned 10% of the common stock; Sandra Freschi who owned 1.9% of the common stock; Timothy Pecaro who owned .48% of the common stock, and Farragut who owned all the preferred stock.

5. When Farragut was incorporated in November of 1987, at Allstate's and my initiation, Katherine Glakas and I exchanged all the common stock we owned in Northstar for an ownership interest in Farragut. The directors of Farragut at its

incorporation were Katherine Glakas, Tom Bolger, Richard E. Wiley and me. The officers of Farragut from its incorporation until I resigned in September of 1989 were Katherine Glakas, Vice President and Secretary, and me as President and Treasurer. Richard E. Wiley was never an officer of Farragut or involved in the management of Farragut. The shareholders of Farragut were Katherine Glakas who owned 28.15% of the common stock, Tom Bolger who owned 15% of the common stock, Richard E. Wiley who owned 10% of the common stock, Allstate who owned all of Farragut's preferred stock which was convertible to 80% of the common stock and me who owned 46.85% of the common stock. In September of 1989, I sold my Farragut stock for a nominal amount to Katherine Glakas, Tom Bolger and Richard E. Wiley.

6. In late 1985 or early 1986 Katherine Glakas suggested that we ask Richard E. Wiley, a former Chairman of the Federal Communications Commission and a named partner in the Washington D.C. law firm Wiley, Rein & Fielding ("the Wiley Firm") who had a good reputation and expertise in communications law, to serve on the Northstar board of directors. We met with Richard E. Wiley in late 1985 or early 1986 to try to persuade him to serve on the board. In approximately January of 1986, Richard E. Wiley agreed he would serve on Northstar's Board. On July 7, 1986 Richard E. Wiley and Tom Bolger were elected to serve as directors of Northstar. Richard E. Wiley served as a director of Northstar from July 7, 1986 and was still a board member when I resigned from Northstar in September of 1989. Richard E. Wiley was never an officer of Northstar, never owned any stock or other interest in

Northstar or participated in the management of Northstar while I was with Northstar.

7. In December of 1985, Northstar retained the Wiley Firm to represent it in connection with general FCC matters. John Quale was the Wiley Firm lawyer who was primarily responsible for the representation of Northstar from the time the Wiley Firm was retained until I left Northstar in September of 1989. The other Wiley Firm lawyers who worked on Northstar legal matters were Merilyn Strailman, Tim Danello and Dan Abdun-Nabi. Barry Wood, a lawyer at the Wiley Firm until September of 1987, provided very few legal services to Northstar and never provided any legal services in connection with any transaction between the Plaintiffs in this case and Northstar in which Plaintiffs' and Northstar's interests were adverse.

8. In late spring or early summer of 1986 Janice Orman, an employee at Frazier, Gross & Kadlec, informed me that in 1980 a new VHF drop-in station had been approved by the FCC for the Salt Lake City, Utah market and there was a comparative proceeding in which five entities had applied for the Channel 13 construction permit. Northstar paid Janice Orman a finder's fee of \$2,000 for bringing Channel 13 to my attention.

9. The counsel of record for one of the applicants was Barry Wood of the Wiley Firm. Barry Wood represented Mountain West Television Company, a Utah general partnership ("Mountain West") whose application for the Channel 13 permit had been denied by the FCC Administrative Law Judge and the FCC Review Board and which had been ranked second out of the five applicants.

10. I contacted Barry Wood to find out the status of the comparative proceeding and whether he would set up a meeting with the general partners of Mountain West. Barry Wood told me the general partners in Mountain West were Joseph Lee, Sidney Foulger, Jo-Ann Wong and George Gonzales ("Mountain West Partners") and gave me a very general description of who each person was. He subsequently set up an introductory meeting between Katherine Glakas and Mountain West.

11. There were several introductory meetings attended by Katherine Glakas and me on behalf of Northstar, and Joseph Lee and his son David Lee, and Brent Pratt, the son-in-law of Sidney Foulger who was also a general partner in Mountain West. We were informed during those introductory meetings that Mountain West had determined to be a buyer and not a seller with regard to the Channel 13 permit and was looking for financing for settlements with the competing applicants. Paul Renze also had at least one introductory meeting with Mountain West.

12. After those initial introductory meetings, Katherine Glakas, Paul Renze and I decided to make several written proposals to Mountain West. Paul Renze and I determined what those written proposals would be. The initial two proposals were given to Barry Wood to provide to Mountain West. A true and correct copy of those proposals are attached hereto as Exhibits "1" and "2." Thereafter all proposals were sent directly to the Mountain West Partners and Mountain West's legal counsel, the Washington D.C. law firm of Dow, Lohnes & Albertson ("Dow, Lohnes"). Attached hereto as Exhibits "3" and "4" are true and correct copies of the only subsequent written proposals we provided to Mountain West before the

face-to-face negotiations in November of 1986. The business terms in each of these written proposals were determined and dictated by Paul Renze and me. No lawyer at the Wiley Firm, including Richard E. Wiley, determined or dictated any business term in any of these written proposals, including the respective ownership interests of Northstar and Mountain West Partners, the amount and timing of funding or Northstar's right to convert to general partners.

13. Sometime in the summer of 1986, Paul Renze and I determined we were interested in exploring the possibility of entering into an arrangement with Mountain West to acquire the Channel 13 permit through settlements with competing applicants and to own and operate Channel 13 ("MWT, Ltd. transaction"). At that time, John Quale told me the Wiley Firm had a potential conflict because both Mountain West and Northstar were clients of the Wiley Firm. I consented to the Wiley Firm representing Northstar in its dealings with Mountain West and the Wiley Firm continuing to provide FCC services to Mountain West. It was my understanding that Mountain West would get its own independent counsel to represent it in its dealings with Northstar. I consented to this arrangement on behalf of Northstar and to my knowledge from that date forward the Wiley Firm, including Barry Wood, never represented Mountain West in connection with the MWT, Ltd. transaction other than with regard to FCC services where Northstar's and Mountain West's interests were the same. Barry Wood did not represent Northstar in the MWT, Ltd. transaction.

14. Katherine Glakas, Paul Renze and I had numerous negotiations with Mountain West between our initial introductory meetings in the summer of 1986 and the face-to-face negotiations in

November of 1986 when the parties finally reached an agreement. We negotiated with Ralph Hardy of Dow, Lohnes on behalf of Mountain West, Brent Pratt, Clayton Foulger, Joseph Lee and David Lee. From approximately mid-summer 1986 until the MWT, Ltd. transaction was consummated in November of 1986, Ralph Hardy was present at most, if not all, meetings and discussions to which I was a party.

15. Some time in the late summer or early fall of 1986, Paul Renze and I decided that, before Northstar would proceed with any further substantive negotiations with Mountain West, Mountain West had to reach settlements with all the competing applicants. It was our belief that until Mountain West reached settlements with the competing applicants, our discussions were academic because Mountain West could not guarantee it could bring the Channel 13 permit to the negotiating table and we did not know the economic parameters of our negotiations. We told Mountain West that if and when it reached settlements with the competing applicants, we could begin serious negotiations to see if we could work out a deal. Some time in the fall of 1986, Mountain West advised us it had concluded settlements with the number one and number three ranked applicants and was having serious negotiations with the other two applicants. In November of 1986, Mountain West concluded settlements with the two other competing applicants.

16. In November of 1986, Northstar and Mountain West began face-to-face negotiations at the offices of the Wiley Firm. I attended those face-to-face negotiations, as did Katherine Glakas from time to time, and I was in constant communication with Paul Renze by telephone. Northstar was represented at those face-to-face negotiations by the Wiley Firm and specifically John Quale,

Merilyn Strailman and Tim Danello. Brent Pratt, Clayton Foulger and David Lee were at the face-to-face negotiations and Mountain West was represented during those negotiations by Dow, Lohnes and specifically by Ralph Hardy, David Wild and Tim Kelly. At those face-to-face negotiating sessions deal points were negotiated, including the amount and timing of funding.

17. During the November negotiating sessions and at prior meetings, Ralph Hardy repeatedly made statements that he was keeping the Salt Lake Partners informed and that, prior to agreeing to anything, he had to talk to the Salt Lake Partners to make sure they understood the terms and ramifications and agreed with them.

18. Every decision with regard to the substantive terms on which Northstar and Allstate would enter into an agreement with Mountain West, including the respective ownership interests of Northstar and Mountain West, the amount and timing of funding and the right and timing for Northstar to convert to general partner, was dictated and determined by Paul Renze and me, with some input from Katherine Glakas. No lawyer at the Wiley Firm, including Richard E. Wiley, ever determined or dictated a single substantive term on which Northstar and Allstate would enter into an agreement with Mountain West, including the parties' respective ownership interests, the amount and timing of funding or Northstar's conversion rights. Richard E. Wiley did not participate in the negotiations with Mountain West. I did not discuss the substantive terms with him until after a deal had been reached and then I only discussed the deal that had been reached with him in the context of a Northstar board meeting.

19. After Paul Renze and I determined the substantive terms, provisions and features to which Northstar and Allstate would agree, I directed the Wiley Firm lawyers to draft proposed agreements to reflect the position Paul Renze and I had agreed upon. The Wiley Firm then assisted me in negotiating that position with the Mountain West Partners and their counsel Ralph Hardy, David Wild and Tim Kelly.

20. Once I reached an agreement with the Mountain West Partners on the substantive terms, provisions and features, I directed the Wiley Firm as to what the agreed-upon terms were to draft in the final agreements.

21. I never committed or promised and to my knowledge no one from Allstate or Northstar ever committed or promised Mountain West, orally or in writing, that Northstar or Allstate would provide \$10 million in funding. Both Paul Renze and I made it clear from the beginning of our discussions with the Mountain West Partners, David Lee, Brent Pratt and Ralph Hardy that Northstar could not make any commitments to Mountain West without first clearing it with Allstate and then having it approved by the investment committee in the venture capital division of Allstate.

22. I never received any confidential information with regard to any Plaintiff from any lawyer at the Wiley Firm. No lawyer at the Wiley Firm, other than Barry Wood, ever provided me with any information with regard to Mountain West or the Mountain West Partners. The only time Barry Wood provided me with information was when I approached him to arrange a meeting with Mountain West and at that time the only information he provided to me was general background information about the Mountain West

Partners that was a matter of public record and was the same information provided to me by Brent Pratt, the Mountain West Partners themselves and their counsel Ralph Hardy. The Mountain West Partners, Brent Pratt and David Lee provided me with fairly detailed backgrounds about the Mountain West Partners and about their desire to obtain financing to obtain Channel 13 through settlements with competing applicants and to construct and operate Channel 13. Information regarding the Mountain West Partners' backgrounds was also a matter of public record in the FCC proceeding. The terms of the settlements with competing applicants were disclosed to me by Brent Pratt, or one of the other Mountain West Partners or their counsel, Ralph Hardy. The Mountain West Partners, at my request, provided me with a lot of information, including Sidney Foulger's personal financial statement, and never refused to provide any information I asked for. As a matter of common business practice, I expected Mountain West to fully disclose the terms and conditions of the settlement agreements with competing applicants that Northstar was being asked to finance.

23. Northstar and Mountain West consummated the MWT, Ltd. transaction on approximately November 20, 1986. Our agreement is reflected in the Credit Agreement, attached hereto as Exhibit "5," and the Partnership Agreement, attached hereto as Exhibit "6." The Credit Agreement and Partnership Agreement reflect the substantive terms, provisions and features I directed the Wiley Firm to draft and to which the Mountain West Partners and Paul Renze and I had agreed. All the substantive terms, provisions and features of the Credit Agreement and Partnership Agreement, including the respective ownership interests of Northstar and the

Mountain West Partners, the amount and timing and funding, and Northstar's conversion rights, were determined by Paul Renze for Allstate, me for Northstar or by Mountain West. The respective ownership interests of Northstar and the Mountain West partners, the amount and timing of Northstar's funding and Northstar's conversion rights were determined by Paul Renze and me and agreed to by the Mountain West Partners. No lawyer at the Wiley Firm, including Richard E. Wiley, determined any substantive term, provision or feature of the Credit Agreement or Partnership Agreement, including the respective ownership interests of Northstar and the Mountain West Partners, the amount and timing of funding and Northstar's conversion rights. Richard E. Wiley did not negotiate and was not involved in the negotiations of the MWT, Ltd. transaction. He did not draft or participate in the drafting of any proposal or agreement in the MWT, Ltd. transaction.

24. The Credit Agreement was signed by Joseph Lee for MWT Corp. as general partner of MWT, Ltd; myself for Northstar and Sidney Foulger for himself. The Partnership Agreement was signed by Joseph Lee, Sidney Foulger, Jo-Ann Kilpatrick and George Gonzales for MWT Corp. and by me for Northstar. Neither the Wiley Firm nor Richard E. Wiley are a party to, signator of nor obligated under the Credit Agreement or Partnership Agreement.

25. Under the Credit Agreement and Partnership Agreement, Northstar, MWT Corp., Joseph Lee, Sidney Foulger, Jo-Ann Kilpatrick and George Gonzales each owned interest in a newly formed limited partnership, MWT, Ltd., which was to own the Channel 13 permit once it was awarded to Mountain West. The parties' respective interests in MWT, Ltd., as reflected in the Credit and

Partnership Agreements, were that Northstar owned 49% and the Mountain West partners and MWT Corp. owned 51%. MWT Corp. initially was the sole general partner, but Northstar had the right to convert to sole general partner after the station began operation.

26. In return for their interests in MWT, Ltd., each of the parties to the agreements had to make certain commitments. Northstar was required to provide the following funding to MWT, Ltd. to finance the settlements with the competing applicants and provide initial start-up capital: (1) a loan in the aggregate principal amount of \$3,566,667; (2) an initial capital contribution of \$233,333; (3) a capital contribution upon conversion of \$500,000 and (4) Allstate's agreement to purchase promissory notes in the amount of \$1.7 million which evidence part of Mountain West's obligation under the settlement agreements. In the event additional financing was required after conversion, Northstar was required to use its "best efforts" to secure non-recourse financing. Sidney Foulger was required, in return for his Class A limited partnership interest, to provide the following funding to MWT, Ltd.: (1) a loan in the aggregate principal amount of \$2,600,000 and (2) a capital contribution of \$100,000. Sidney Foulger, Joseph Lee, George Gonzales, Jo-Ann Kilpatrick, and MWT Corp., in exchange for their Class B interests, were required only to contribute Mountain West's application for Channel 13 to MWT, Ltd.

27. After Mountain West, Paul Renze and I had agreed on the substantive terms, provisions and features of the Credit Agreement and Partnership Agreement, including the respective

ownership interests of Northstar and Mountain West, the amount and timing of funding and the right to and timing of conversion, Katherine Glakas and I took the agreement to the Northstar Board for ratification. Based on my recommendation, all six members of the Northstar Board voted to ratify my action in agreeing to the terms of the Credit Agreement and Partnership Agreement on behalf of Northstar.

28. When the MWT, Ltd. transaction closed, Northstar transferred \$2,000,000 to fund the escrow for one of the settlements with the competing applicants.

29. On December 18, 1986, the FCC approved Mountain West's settlements with the four competing applicants, dismissed all those applicants' applications and granted the Channel 13 construction permit to MWT, Ltd.

30. When MWT, Ltd. received the Channel 13 construction permit there were 3 VHF affiliates on the air, one independent UHF station on the air, Channel 20, and UHF Channel 14 had been approved but not built. Channel 20 had locked-up most of the good programming for the next several years, and MWT, Ltd. was having a difficult time locating a transmitter site.

31. Sometime in January or February 1987, Adams T.V. of Salt Lake City, Inc. ("Adams"), the owner of Channel 20, approached MWT, Ltd. about purchasing the Channel 13 permit, or having MWT, Ltd. purchase Channel 20. I had some exploratory discussion with Adams with regard to the initial inquiry.

32. In late February 1987, I was advised for the first time at a MWT, Ltd. partners' meeting Sidney Foulger would not meet his \$2.5 million obligation to MWT, Ltd. That news was totally

unexpected and meant MWT, Ltd. did not have the funds to construct Channel 13. At that time Northstar, pursuant to the terms of the Credit Agreement and Partnership Agreement, had made the total equity contribution it was required to make. It had made a capital contribution of \$233,333, loaned MWT, Ltd. \$3,366,667 and Allstate had entered into the note repurchase agreements with the competing applicants to take the Mountain West Partners off-the-hook for over \$1 million in payments.

33. Within a couple of days, there was a meeting at the Salt Lake law offices of Allen, Nelson, Hardy & Evans, Mountain West's counsel, which was attended by Joseph Lee, Jo-Ann Kilpatrick, George Gonzales, Clayton Foulger, Paul Renze, Ralph Hardy and me. At that meeting there were discussions regarding the options available to MWT, Ltd. to get on the air. We discussed not having enough money now to build the station, a possible joint venture with Channel 14, a possible purchase of Channel 20, and building the station and selling it. After a discussion of those options and negotiations with Adams by telephone, everyone at the meeting voted to offer to purchase Channel 20 for \$30 million.

34. On the same day, Ralph Hardy drafted a letter from MWT, Ltd. to Adams to purchase Channel 20 for \$30 million. Joseph Lee signed the letter on behalf of MWT Corp., as general partner of MWT, Ltd. The letter was sent to Adams.

35. Dow, Lohnes represented MWT, Ltd. and the plaintiffs in this action in the purchase of Channel 20. Dow, Lohnes and Plaintiffs spearheaded the negotiations to purchase Channel 20. Dow, Lohnes represented MWT, Ltd. in negotiating the letter of

intent that was signed with Adams in March of 1987 and drafted that letter of intent. Dow, Lohnes negotiated with Adams over the Asset Purchase Agreement and prepared the first draft of that agreement. Dow, Lohnes negotiated with Adams over the Escrow Agreement, Covenant Not to Compete, the Security Agreement and Warranty Deed. MWT Corp., the general partner of MWT, Ltd., authorized MWT, Ltd. to purchase Channel 20 and signed the agreements to purchase Channel 20 on behalf of MWT, Ltd. Notice to MWT Corp. under the Channel 20 purchase agreements were to go to Dow, Lohnes. Dow, Lohnes issued an opinion letter for MWT, Ltd. for that transaction.

36. All the partners of MWT, Ltd., including Plaintiffs and their counsel Ralph Hardy, made extensive efforts to look for financing to purchase Channel 20. Ralph Hardy introduced me to Aetna Life Insurance Company ("Aetna") and I was subsequently able to develop Aetna as the financing source to which MWT, Ltd. agreed. I negotiated the basic commitment with Aetna. Once I negotiated the basic terms with Aetna and Plaintiffs reviewed and approved those terms, Dow, Lohnes negotiated and finalized the documents with Aetna. MWT Corp., the general partner of MWT, Ltd., authorized MWT, Ltd. to finance the purchase of Channel 20 through Aetna and signed the agreements with Aetna on behalf of MWT, Ltd. Dow, Lohnes issued an opinion letter for MWT, Ltd. for that transaction.

37. The Wiley Firm did not make the decisions to purchase Channel 20, or as to the purchase price MWT, Ltd. would pay to purchase Channel 20 or as to the amount or terms of financing that purchase through Aetna. The Wiley Firm did not

provide any legal services or advice to Northstar with regard to the decisions to purchase Channel 20, the purchase price or the amount or terms of financing that purchase through Aetna. The Wiley Firm did not negotiate and was not involved in the negotiations with Adams or Aetna, other than with regard to the collateral agreements Northstar had to approve as a limited partner.

38. Richard E. Wiley did not make the decisions to purchase Channel 20, or as to the purchase price MWT, Ltd. would pay to purchase Channel 20 or as to the amount or terms of financing that purchase through Aetna. Richard E. Wiley did not provide any legal services or advice with regard to the decisions to purchase Channel 20, as to the purchase price or as to the amount or terms of financing that purchase through Aetna. Richard E. Wiley did not negotiate and was not involved in the negotiations with Adams or Aetna.

39. After the agreements in principal with Adams had been reached and agreed to by MWT, Ltd. and MWT Corp., the Northstar Board unanimously voted to ratify my consent to MWT, Ltd.'s liability to Adams and subsequently voted to ratify collateral agreements effecting Northstar's interest as a limited partner.

40. The purchase of Channel 20 closed in October of 1987. In November of 1987, Channel 13 went on the air.

41. Sidney Foulger, Joseph Lee, Jo-Ann Kilpatrick and George Gonzales each had employment agreements with MWT, Ltd. that were entered into and executed at the time MWT Corp. was the

general partner of MWT, Ltd. I consented, on behalf of Northstar, to those employment agreements based on MWT Corp.'s refusal to sign the commitment with Aetna unless Northstar approved the employment agreements. I believed at the time I consented to the employment agreements that the agreements were unreasonable and that the Mountain West Partners were taking advantage of their position as general partner and benefitting personally at the potential expense of MWT, Ltd.

42. Joseph Lee, Jo-Ann Kilpatrick, George Gonzales, Sidney Foulger and MWT, Ltd. were represented by Dow, Lohnes in connection with the preparation and execution of these employment agreements. I negotiated with the Mountain West Partners and Dow, Lohnes over the terms of the contracts.

43. In January of 1989, Rick Doppelt, the person at Allstate who took over Paul Renze's responsibilities with regard to Northstar, and I made the decision to suspend payments under the employment contracts, except Joseph Lee's, because MWT, Ltd. did not have the funds to meet its obligation to Aetna and Adams. In June of 1989 I made the decision to suspend payments under Joseph Lee's contract for the same reason. After I notified Sidney Foulger, Jo-Ann Wong, and George Gonzales payments were being suspended under their employment contracts, the Northstar Board unanimously voted to ratify my action in suspending payments.

44. Dow, Lohnes represented the Mountain West partners in connection with the dispute over the suspension of payments under their contracts.

45. No lawyers at the Wiley Firm, including Richard E. Wiley, made the decision to suspend payments under the employment contracts of Joseph Lee, Sidney Foulger, Jo-Ann Kilpatrick or George Gonzales.

46. In December of 1987, Northstar exercised its right, in accordance with the terms of the Credit and Partnership Agreements, to become the sole general partner of MWT, Ltd., contingent on FCC approval. The FCC approved the conversion in March of 1988 and Northstar became the sole general partner of MWT, Ltd. in May of 1988 when it paid \$500,000 as required. Plaintiffs objected to the timing of conversion and tried to persuade Northstar to delay conversion. Dow, Lohnes represented Plaintiffs in their objection to the timing of conversion.

47. Paul Renze and I made the decision that Northstar should exercise its right to convert in December of 1987, as permitted by the Credit Agreement and Partnership Agreement. Paul Renze and I also made the decision Northstar would in fact convert to general partner if the FCC approved our application. We made that decision over objections from Plaintiffs because we thought it was in the best interest of MWT, Ltd. to do so; Aetna Life Insurance Company, which provided the funding to purchase Channel 20, required that Northstar convert to general partner as soon as possible under the Credit Agreement and Partnership Agreement; and the Mountain West Partners did not demonstrate any legitimate business reason to delay conversion. After I sent notice to Plaintiffs Northstar was exercising the right to convert to general

partner, the Northstar directors unanimously voted to ratify my action to convert Northstar to general partner.

48. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decisions for Northstar to exercise its right to convert or as to the timing of conversion.

49. Beginning in the summer of 1988, MWT, Ltd. did not have the financial resources to pay its obligations to Adams and Aetna. I made extensive efforts to find financing from third parties but was unable to find anyone, other than Allstate, willing to loan money to MWT, Ltd. because such an obligation would be subordinated to the debt to Aetna and Allstate. Despite my repeated requests, Plaintiffs did not come up with any funding sources or offer to put money into MWT, Ltd. Plaintiffs refused to agree to dilute their interest to obtain financing.

50. Allstate, in return for loaning MWT, Ltd. money, demanded that MWT, Ltd. pay a management fee to Farragut and pay 25% interest on the loans. The decision that Allstate would not loan money to MWT, Ltd. unless it paid 25% interest and signed the Farragut management contract was a decision made solely by Allstate.

51. Plaintiffs objected to both the management fee and 25% interest rate. Dow, Lohnes represented Plaintiffs in this dispute with Northstar. The Wiley Firm represented Northstar, as general partner of MWT, Ltd., in the dispute.

52. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decision that a 25% interest rate had to be paid

and a management contract had to be signed for funding from Allstate.

53. In January of 1989, Allstate made the decision that it would not provide any further funding to MWT, Ltd. There were no other sources of financing available, and MWT, Ltd. did not have the money to meet its obligations to Adams and Aetna. Plaintiffs did not come up with any funding sources, did not offer to put any money in MWT, Ltd. and would not agree to dilute their interest to obtain financing. Plaintiffs also continued to object to the conditions Allstate imposed on further funding.

54. Allstate and Allstate alone made the decision not to provide any further funding to MWT, Ltd.

55. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decision that Allstate would not provide further funding to MWT, Ltd. In fact, Richard E. Wiley on a number of occasions tried to get Rick Doppelt of Allstate to provide additional funds so the station would not have to be sold.

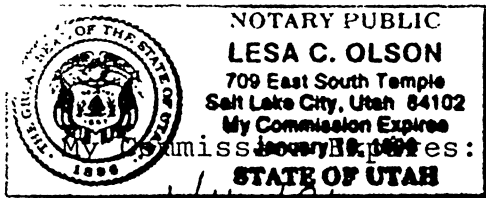
56. In January of 1989, I made the decision to put Channel 13 on the market after discussing the matter with Rick Doppelt. Plaintiffs objected to putting Channel 13 on the market but did not offer to purchase Channel 13, or find financing. I gave Plaintiffs notice of that decision in January of 1989, and the Northstar board unanimously voted to ratify my decision to put Channel 13 on the market.

57. I know of no conduct by Richard E. Wiley or the Wiley Firm that caused any damage or injury to any Plaintiff in this action.

DATED this 9 day of December, 1993

William MacD. Lincoln
WILLIAM MACD. LINCOLN

SUBSCRIBED AND SWORN to before me this 9th day of
December, 1993.



Lesia Olson
Notary Public
Residing at:
West Jordan, Utah

CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF WILLIAM MACD. LINCOLN IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this 15th day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111

S. A. J.

385\lincoln

NORTHSTAR

June 25, 1986

Mr. Barry Wood
Wiley & Rein
1776 K St., N.W.
Suite 1100
Washington, D.C. 20006

Dear Barry:

Enclosed for your review is a proposal listing major terms and conditions which could be the basis of a joint venture between Mountain West and Northstar. The proposal reflects several basic considerations:

Timing: There is a window of opportunity for Channel 13; the passage of time will only encourage new competition and thereby jeopardize the potential value of Channel 13. Assuming there is an economic solution to the current legal impasse it is extremely important to act quickly. Equally as important is the ability to build the station as well as manage all the issues of a start-up (e.g. staffing, program acquisition, promotion, sales and marketing...). Given its financial resources and operational expertise, Northstar can expedite the sign-on and insure that the station realizes its full economic potential.

Management: Independent television is a uniquely management intensive business. Consequently, the issue of management control and the decisions which impact station operations will have an enormous effect on Channel 13's competitive market position and ultimate equity appreciation.

Investment at Risk: The total capitalization of Channel 13; including (i) the buy-out (ii) capital investment (iii) operating losses and (iv) working capital will be significantly greater than originally envisioned by Mountain West. Currently we estimate the total capitalization to range from \$13 to \$15 million. As the sole cash investor Northstar will bear the entire economic risk.

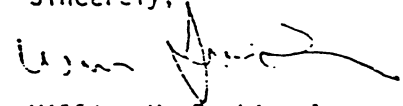
Mr. Barry Wood, 2.

June 25, 1986

Finally it should be noted that the economic provisions of the proposed agreement between Mountain West and Northstar would only come into effect upon the successful buy-out of all the competing applicants for Channel 13 and the FCC grant of the CP to the new Mountain West/Northstar Company.

I look forward to Mountain West's response. If you have any questions and/or comments please do not hesitate to call.

Sincerely,

A handwritten signature in dark ink, appearing to read 'William MacD. Lincoln', with a stylized flourish at the end.

William MacD. Lincoln

WMacDL/msf

cc: Chuck Kadlec
Katherine Glakas
Paul Renze

X008645

NORTHSTAR

Proposed Term Sheet to Mountain West

A. Structure

The joint venture between Mountain West and Northstar would be set up as a stock held corporation ("NewCo."):

Stock Allocation

- Mountain West would receive 100% of the voting common stock.
- Northstar would receive 100% of voting preferred and non-voting convertible preferred stock.

Voting Rights

- Mountain West will have voting rights equal to 60% of total voting shares.
- Northstar will have voting rights equal to 40%; however after Channel 13 sign-on, Northstar would have the right to convert all or part of its non-voting preferred stock up to 80% of the total voting stock both common and preferred.

Board of Directors

- Northstar's representation on the Board would be in proportion to its voting stock shares.
- Mountain West's representation on the Board would be equal to Northstar's.
- In addition, there would be one outside Director on the Board mutually acceptable to Northstar and Mountain West.

B. Capitalization

The new company formed by Mountain West and Northstar would assume all obligations and liabilities in the course of buying out the other applicants as well as operating the station.

All cash, debt guarantees and/or subordinate guarantees required by the company to buy out the other applicants as well as conduct normal business operations would be provided by Northstar.

C. Management

Pursuant to their FCC application, the principals of Mountain West would participate in the day-to-day management of Channel 13. However, Mountain West would agree to accept a management presence and/or management assistance from Northstar.

Northstar would also provide on-going management consulting and financial monitoring services on behalf of Channel 13. Such services will be paid by Channel 13 in the normal course of business.

The company would produce a Business Plan mutually acceptable to Mountain West and Northstar which would set forth station objectives, operating strategies and financial projections.

D. Buy-Out Provisions

At Closing

Northstar would be willing to purchase any or all of the equity interests in Mountain West. The purchase of such equity interests would be in the form of options exercisable at some point after sign-on.

Five Years After Sign-On

Either party can establish a value for its equity interest in NewCo. whereupon the other party has an obligation exercisable within ninety (90) days to buy or sell respective equity shares from or to the other party as the case may be. If the party who receives the offer to sell can not close both parties agree to sell their combined equity interests to a third party for a price equal to or better than the original value.

E. Cash Distributions

All cash distributions from the net proceeds of Channel 13's business operations and/or sale and/or re-capitalization would be on a preference basis:

The preferred stock shareholder would be paid the following:
o Amounts equaling their cash investment, debt

commitments and/or contingent liabilities less any such debt or note reductions discharged by Channel 13 in the normal course of business.

- o A coupon payable to the preferred stock shareholder equal to 15% per year compounded quarterly on the total cash investment.

Remaining cash would be distributed per the following percentages:

- o Mountain West: The value of Mountain West's common stock defined as the cash present value accepted by Family (reduced pro-rata by any options exercised by Northstar); divided by the total capitalization of Channel 13. The total capitalization of Channel 13 will include Northstar's total cash investment, debt commitments and/or contingent liabilities.
- o Northstar: Northstar will receive the reciprocal percentage allocated to Mountain West.
- o Management: In the event management other than the principals of Mountain West or Northstar are allocated an equity interest in Channel 13 such an interest will be derived from a pro-rata reduction of both Mountain West and Northstar's cash distribution percentages.

NORTHSTAR

July 14, 1986

Northstar Proposals

Assumptions

1. Northstar cash investment totals \$8 million.
2. PP&E investment totals \$4 million financed over a five year lease.
3. Buy-out totals \$5 million; \$1 million down, balance paid over five years; no carrying charges.
4. All debt secured by the station.

Proposal A

1. Terms

A. Cash Payments

Preference distributions

- (i) Northstar's cash investment.
- (ii) A coupon on that investment equal to 12% compounded annually.
- (iii) Additional cash such that Northstar realizes a 30% annualized rate of return.

Pro-rata distributions

- (i) 50% Northstar
- (ii) 50% Mountain West

- B. Stock Options: If any stock is sold by the Mountain West stockholders, Northstar wants the right to acquire at least 50% of the offered stock per the same terms and conditions.

2. Economic Benefits for Mountain West

	(Dollars in Millions)				
	Re-cap Multiples				
	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Re-cap value: (end of 5th year)	\$61.1	\$68.3	\$75.5	\$82.7	\$89.9
Mountain West pro- rata cash distribution:	15.7	19.3	22.9	26.5	30.1

Proposal B

1. Terms

A. Cash Payments

Preference distributions

- (i) Northstar's cash investment.
- (ii) A coupon on that investment equal to 12% compounded annually.
- (iii) Additional cash divided 90% Northstar 10% Mountain West; such that Northstar realizes a 30% annualized rate of return.

Pro-rata distributions

- (i) 60% Northstar
- (ii) 40% Mountain West

- B. Stock Options: If any stock is sold by the Mountain West stockholders, Northstar wants the right to acquire at least 50% of the offered stock per the same terms and conditions.

2. Economic Benefits for Mountain West

	(Dollars in Millions)				
	Re-cap Multiples				
	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Re-cap value: (end of 5th year)	\$61.1	\$68.3	\$75.5	\$82.7	\$89.9
Mountain West preference and pro-rata distribution:	13.0	15.9	18.8	21.7	24.6

EXHIBIT #3

NORTHSTAR

July 31, 1986

Mr. Brent K. Pratt
Vice President
Foulger Pratt Construction, Inc.
Two Research Place
Rockville, MD 20850

Dear Brent:

Enclosed for your review are the following revised schedules:

- o Projected Statement of Earnings
- o Projected Cash Flow/(Loss)
- o Projected Depreciation Schedule
- o Projected Re-capitalization and Cash Distribution Schedules for Years 3, 4 and 5 (i.e. 1990, 1991 and 1992 repectively)

The "Projected Statement of Earnings" and "Projected Cash Flow/Loss" schedules reflect new capitalization assumptions:

\$3.0 million in senior bank borrowing
\$6.6 million of cash equity; the cash equity would be paid-in as follows:

1986/87 \$4.2 million
1988 \$2.4 million

The bank debt figure is based on informal conversations with certain broadcast lenders with whom Frazier, Gross & Kadlec/Northstar have a relationship. The bank debt assumption should not be construed as a firm commitment but, at this time, we believe non-recourse bank financing is possible.

The "Projected Re-capitalization and Cash Distribution" schedules set forth a range of cash payments to Mountain West from \$10.2 million to \$22.1 million depending on what year the station is re-capitalized/sold and at what value. The distribution of cash is based on Northstar's most current offer:

- o Preference payments to Northstar which include its cash investment plus a 15% coupon on that investment compounded annually.
- o Pro-rata payments of the next \$6 million; 50% to Mountain West, 50% to Northstar.
- o Pro-rata payments of remaining cash; 25% to Mountain West, 75% to Northstar.

Mr. Brent K. Pratt, 2

July 31, 1986

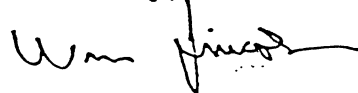
This proposal assures that Mountain West begins sharing in the available cash given the station has a re-capitalization/sale value in excess of the following:

Year 3 \$ 9.5 million
Year 4 \$10.9 million
Year 5 \$12.6 million

Futhermore, except for re-capturing its cash investment and a 15% coupon, Northstar has disposed of the preference distribution as a means of guaranteeing a specified rate of return. The unbundling of the preference distribution also, to a large degree, minimizes the compounding problem claiming larger percentages of cash in later years.

If you have any questions please do not hesitate to call.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Wm MacD. Lincoln', written over a horizontal line.

William MacD. Lincoln
President

WMacDL/msf

Enclosures (6)

SC3276

31-Jul-86

Projected Statement of Earnings

	Pre-Op	1987	1988	1989	1990	1991	1992	1993	CAGR 1988-1993
Net Non-Network Revenues	n/a	73,300	82,096	90,306	99,336	109,270	122,382	134,620	10.4%
Audience Share	n/a	n/a	7%	9%	11%	12%	12%	12%	
Market Revenue Share	n/a	3%	8%	11%	13%	14%	14%	14%	
Oversell	n/a	n/a	1.15	1.20	1.20	1.20	1.20	1.20	
Station Net Revenues	n/a	2,199	6,609	9,753	13,112	15,735	17,623	19,385	24.0%
Operating Costs									
Programming	250	1,200	2,880	3,456	4,147	4,977	5,972	7,166	20.0%
Gen. & Admin.	750	1,500	3,240	3,499	3,779	4,081	4,408	4,761	8.0%
Sub Total	1,000	2,700	6,120	6,955	7,926	9,059	10,380	11,927	14.1%
Operating Profit/(Loss)	(1,000)	(501)	489	2,798	5,186	6,677	7,243	7,458	72.4%
Profit Margin	n/a	-23%	7%	29%	40%	42%	41%	38%	
Operating Profit/(Loss)	(1,000)	(501)	489	2,798	5,186	6,677	7,243	7,458	
(-) Depreciation	0	(536)	(836)	(866)	(500)	(938)	(979)	(1,023)	
EBIT	(1,000)	(1,037)	(347)	1,932	4,686	5,739	6,265	6,435	
(-) Senior Debt Interest	0	(330)	(330)	(330)	(330)	(220)	(110)	0	
(-) Equipment Lease Interest	0	(292)	(239)	(189)	(115)	(42)	0	0	
(-) Buy-Out Interest	0	0	0	0	0	0	0	0	
EBT	(1,000)	(1,659)	(916)	1,422	3,341	5,477	6,155	6,435	
(-) Taxes	0	0	0	0	(844)	(2,739)	(3,077)	(3,218)	
Net Profit/(Loss)	(1,000)	(1,659)	(916)	1,422	2,497	2,739	3,077	3,218	

S03277

2

31-Jul-86

Projected Cash Flow/(Loss)

	Pre-Op	1987	1988	1989	1990	1991	1992	1993
Net Profit/(Loss)	(1,000)	(1,659)	(916)	1,422	2,997	2,739	3,077	3,218
Cash Adjustments								
(+) Senior Debt	3,000	0	0	0	0	0	0	0
(+) Depreciation	0	536	836	866	900	938	979	1023
(-) Acc'ts. Rec.	0	(550)	(1,102)	(786)	(840)	(656)	(472)	(441)
(-) Capital Reinvestment	0	(0)	(200)	(225)	(250)	(275)	(300)	(325)
(-) Principal Repayments								
Senior Note	0	0	0	0	(1,000)	(1,000)	(1,000)	
Equipment Lease	(1,000)	(482)	(535)	(593)	(659)	(732)	0	0
Buy-Out	(2,500)	(500)	(500)	(500)	(500)	(500)	0	0
Cash Adjustment Total	(500)	(996)	(1,502)	(1,238)	(2,349)	(2,225)	(793)	258
Net Cash Flow/(Loss)	(1,500)	(2,655)	(2,418)	184	648	514	2,284	3,475
Cumulative Cash Flow/(Loss)	(1,500)	(4,155)	(6,572)	(6,389)	(5,741)	(5,227)	(2,943)	532
Debt Outstanding								
Senior Note	3,000	3,000	3,000	3,000	2,000	1,000	0	0
Equipment Lease	3,000	2,518	1,983	1,390	731	0	0	0
Buy-Out	2,500	2,000	1,500	1,000	500	0	0	0
Total Debt	8,500	7,518	6,483	5,390	3,231	1,000	0	0

SC3278

3

31-Jul-96

Projected Depreciation Schedule

	Pre-Op	1987	1988	1989	1990	1991	1992	1993	
	Original Amount	Deprec. Life (Years)	1987	1988	1989	1990	1991	1992	1993
Buy-Out	5,000	20	250	250	250	250	250	250	250
Initial Construction	4,000	7	286	571	571	571	571	571	571
Capital Reinvestment									
1987	0	7	0	0	0	0	0	0	0
1988	200	7	0	14	29	29	29	29	29
1989	225	7	0	0	16	32	32	32	32
1990	250	7	0	0	0	16	36	36	36
1991	275	7	0	0	0	0	20	39	39
1992	300	7	0	0	0	0	0	24	43
1993	325	7	0	0	0	0	0	0	23
Total Depreciation			536	836	866	900	938	979	1023

S03279

31-Jul-86

Projected Re-capitalization and Cash Distribution End of Year 3

	Multiples				
Re-capitalization Multiple	8	9	10	11	12
Operating Profit/(Loss)	5,186	5,186	5,186	5,186	5,186
Re-capitalization Value	41,488	46,674	51,860	57,046	62,232
(+) Accounts Receivable	3,278	3,278	3,278	3,278	3,278
(+) Cumulative Positive Cash Flow	832	832	832	832	832
(-) Outstanding Debt					
Senior Note	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Equipment Lease	(731)	(731)	(731)	(731)	(731)
Buy-out	(500)	(500)	(500)	(500)	(500)
Total Re-capitalization Value	44,367	49,553	54,739	59,925	65,111
Preference Distribution					
Cash Investment	(6,572)	(6,572)	(6,572)	(6,572)	(6,572)
Coupon	(2,944)	(2,944)	(2,944)	(2,944)	(2,944)
Total Preference	(9,516)	(9,516)	(9,516)	(9,516)	(9,516)
Excess Cash	34,851	40,037	45,223	50,409	55,595
No. 1 Pro-Rata Distribution					
Mountain West (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Northstar (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Sub Total	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Remaining Cash	28,851	34,037	39,223	44,409	49,595
No. 2 Pro-Rata Distribution					
Mountain West (25%)	(7,213)	(8,509)	(9,806)	(11,102)	(12,399)
Northstar (75%)	(21,638)	(25,527)	(29,417)	(33,306)	(37,196)
Total Distribution					

S03280.

Projected Re-capitalization and Cash Distribution End of Year 4

	Multiples				
Re-capitalization Multiple	8	9	10	11	12
Operating Profit/(Loss)	6,677	6,677	6,677	6,677	6,677
Re-capitalization Value	53,414	60,091	66,767	73,444	80,121
(+) Accounts Receivable	3,934	3,934	3,934	3,934	3,934
(+) Cumulative Positive Cash Flow	1,345	1,345	1,345	1,345	1,345
(-) Outstanding Debt					
Senior Note	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Equipment Lease	(0)	(0)	(0)	(0)	(0)
Buy-out	(0)	(0)	(0)	(0)	(0)
Total Re-capitalization Value	58,693	65,370	72,047	78,723	85,400
Preference Distribution					
Cash Investment	(6,572)	(6,572)	(6,572)	(6,572)	(6,572)
Coupon	(4,371)	(4,371)	(4,371)	(4,371)	(4,371)
Total Preference	(10,943)	(10,943)	(10,943)	(10,943)	(10,943)
Excess Cash	47,750	54,426	61,103	67,766	74,457
No. 1 Pro-Rata Distribution					
Mountain West (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Northstar (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Sub Total	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Remaining Cash	41,750	48,426	55,103	61,766	68,457
No. 2 Pro-Rata Distribution					
Mountain West (25%)	(10,437)	(12,107)	(13,776)	(15,445)	(17,114)
Northstar (75%)	(31,312)	(36,320)	(41,327)	(46,335)	(51,342)
Total Distribution					
Mountain West	13,437	15,107	16,776	18,445	20,114

S03281

-Jul-86

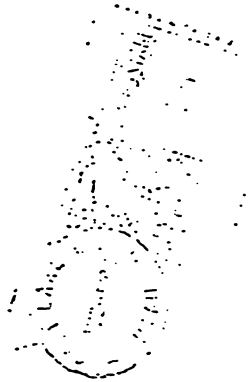
Projected Re-capitalization and Cash Distribution End of Year 5

	Multiples				
Re-capitalization Multiple	8	9	10	11	12
Operating Profit/(Loss)	7,243	7,243	7,243	7,243	7,243
Re-capitalization Value	57,945	65,188	72,431	79,674	86,917
(+) Accounts Receivable	4,406	4,406	4,406	4,406	4,406
(+) Cumulative Positive Cash Flow	3,629	3,629	3,629	3,629	3,629
(-) Outstanding Debt					
Senior Note	(0)	(0)	(0)	(0)	(0)
Equipment Lease	(0)	(0)	(0)	(0)	(0)
Buy-out	(0)	(0)	(0)	(0)	(0)
Total Re-capitalization Value	65,980	73,223	80,466	87,709	94,952
Preference Distribution					
Cash Investment	(6,572)	(6,572)	(6,572)	(6,572)	(6,572)
Coupon	(6,013)	(6,013)	(6,013)	(6,013)	(6,013)
Total Preference	(12,585)	(12,585)	(12,585)	(12,585)	(12,585)
Excess Cash	53,394	60,637	67,880	75,123	82,366
No. 1 Pro-rata Distribution					
Mountain West (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Northstar (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Sub Total	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Remaining Cash	47,394	54,637	61,880	69,123	76,366
No. 2 Pro-Rata Distribution					
Mountain West (25%)	(11,849)	(13,659)	(15,470)	(17,281)	(19,092)
Northstar (75%)	(35,546)	(40,978)	(46,410)	(51,843)	(57,275)

S03282

JOSEPH C LEE
57 TEXAS ST
LT LAKE CY, UT 84109

Vol



MRS. JO ANN KILPATRICK
766 EAST 3RD SOUTH
SALT LAKE CITY, UT 84102

FIRST CLASS

S03273

DRAFT

October __, 1986

Mountain West
2257 Texas Street
Salt Lake City, Utah 84109
Attn: Joseph Lee

Re: Settlement of Comparative Proceeding at
Salt Lake City, Utah and Investment in
Mountain West

Gentlemen:

This letter sets forth the agreement under which
Northstar Communications, Inc., a Delaware corporation
("Northstar") and Sidney Foulger ("Foulger") will provide to
Mountain West, a Utah partnership ("Mountain West"):

1). financing for settlement of comparative proceedings
before the Federal Communications Commission ("FCC") for the
issuance of a construction permit to establish a VHF
television station to be licensed to Salt Lake City, Utah
(the "Station"); and 2). start-up capital. This agreement
will be further implemented by one or more definitive
agreements, as referred to below, providing, among other
things, for: 1). loans by Northstar and Foulger to Mountain
West, 2). the acquisition by Northstar of certain classes of
partnership units in Mountain West, and 3). the acquisition

or his
3.59/ni

why not
rejection
2.1.1.1

DLA 03491

Mountain West
October __, 1986
Page 2

by Fougler, now a general partner in Mountain West, of
limited partnership units in Mountain West.

why Ltd?
units?

1. Northstar agrees to loan Mountain West a maximum of
Seven Million Dollars (\$7,000,000) (the "Northstar Loan") to
fund the settlement with the competing applicants and to
provide start-up capital to Mountain West. Funding of the
Northstar Loan shall occur as follows:

a. One Million Four Hundred Thousand Dollars

1,400,000 → (\$1,400,000) to be paid by deposit of a letter
of credit [or wire transfer of immediately
available funds] with _____ as escrow
agent on or before _____, 1986 (the
"Initial Installment"). Nine Hundred Thousand
Dollars (\$900,000) (the "Second Installment")
to be advanced to Mountain West by deposit of
a letter of credit [or wire transfer of
immediately available funds] on or before
900,000 → December 31, 1986. Both the Initial Instal-
lment and the Second Installment shall be
employed by Mountain West to secure payments
required by the terms of the settlement agree-
ments with competing applicants for the con-

1,400
900
2,300

Mountain West
October __, 1986
Page 3

See disk

Personal
guarantee
Contract Agreement

struction permit to build the Station. The obligation of Mountain West to repay the Initial Installment and the Second Installment shall be evidenced by a promissory note in the form attached hereto as Appendix A and in the original principal amount of \$2,300,000 (the "Northstar Note"). The Northstar Note shall be secured by the personal guarantees of the partners of Mountain West and a pledge of all of the partnership interests of the partners of Mountain West. Forms of the guarantee and pledge are attached hereto as Appendices B and C. Prior to execution of this agreement, the partners of Mountain West have delivered to Northstar copies of their personal financial statements upon which Northstar has relied in making the Initial and Second Installments and in agreeing to the advances set forth in subparagraph (b) hereof. Interest on the unpaid principal balance of the Northstar Note shall accrue at an annual rate of 10%. The Northstar Note would be payable on demand 180 days after the Station has commenced regular operations pursuant to program test authority

Just
pledge
is
can't
sell
more
than
a
portion

Mountain West
October __, 1986
Page 4

for the Station, unless Conversion (as herein
after defined) has occurred. The Northstar
Note is not prepayable at any time.

why?

- b. A balance of up to Four Million Seven Hundred
Thousand Dollars (\$4,700,000) would be avail-
able for additional advances on substantially
the same terms as the Northstar Note in
accordance with the provisions of the credit
agreement as hereinafter described.

2,300
4,700

7,000

any
doubt?

or his design

2. Foulger ^k agrees to loan a maximum of Three Million
Dollars (\$3,000,000) (the "Foulger Loan") to fund the
settlement with the competing applicants and to provide
start-up capital to Mountain West. Funding of the Foulger
Loan would occur as follows:

- a. One Million Dollars (\$1,000,000) to be paid by
deposit of a letter of credit [or wire trans-
fer of immediately available funds] with

when?

_____ as escrow agent on or before
_____, 1986 (the "Initial Installment").

The Initial Installment shall be employed by
Mountain West to secure payments required by

Mountain West
October __, 1986
Page 5

the terms of the settlement agreements with competing applicants for the construction permit to build the Station. The obligation to repay the Initial Installment shall be evidenced by a promisory note in the original principal amount of \$1,000,000 from Mountain West in the form attached hereto as Appendix D (the "Foulger Note"). Interest on the unpaid principal balance of the Foulger Note would accrue at the annual rate of 10%. The Foulger Note shall be payable on demand 180 days after the Station has commenced regular operations pursuant to program test authority for the Station, unless Conversion (as hereinafter defined) has occurred. The Foulger Note is not prepayable at any time.

*N/S
Sec. 11
passive*

- b. A balance of up to Two Million Dollars (\$2,000,000) would be available for additional advances on substantially the same terms as the Foulger Note in accordance with the provisions of the credit agreement as hereinafter described.

Mountain West
October __, 1986
Page 6

3. In consideration of the Northstar Loan and the Foulger Loan, Mountain West shall, on the date of execution of the definitive agreements provided by paragraph 5, reorganize so as to admit Northstar and Foulger as limited partners holding newly issued Class A limited partner units in Mountain West entitling them to (20%) and (6%) respectively of the total equity of Mountain West. In addition, on the Closing Date as provided in paragraph 4 below, Northstar shall become a general partner of Mountain West and Mountain West shall issue Northstar and Foulger (new) Class A limited partner units entitling them to an additional 22% and 12% respectively of the total equity of Mountain West. In consideration of their release from liability as general partners of Mountain West and their release from liability on their personal guarantees as provided in paragraph 1(a) hereof, the general partners of Mountain West, including Foulger would, on the Closing Date, convert their general partner interests to newly created Class B limited partner units entitled to (40%) of the total equity of Mountain West. All of the transactions contemplated by this paragraph 3 shall be hereinafter referred to as the "Conversion".

As a result of the Conversion, Northstar would become the sole general partner of Mountain West and the equity

Mountain West
October __, 1986
Page 7

42
18
42
10

42
18
60

Whelan
GP 11/11/86

interests of the limited partners in Mountain West would be:
Northstar: 42% Class A limited partner; Foulgers: 18%
Class A limited partner; and Remaining Partners of Mountain
West: 40% Class B limited partners.

WFC?

If either Northstar or Foulger fails to make any of the
advances required by their respective Loans pursuant to this
agreement, such party shall be obligated to offer for sale to
the other all of its Class A limited partner units at a price
equal to the book value of such units. If the non-defaulting
party fails to purchase the units, then Mountain West shall
purchase them at a price equal to book value.

less?

The terms of the classes of limited partnership units in
Mountain West shall be as follows:

a. Class A Limited Partner Units:

- | | | | |
|-----|-----------------------------------|--|----------------|
| i. | Cash Distribution
Preferences: | Ten Percent (10%) | JD
5/28/87? |
| | | Cumulative Preference per
unit on all cash distribu-
tions from Mountain West. | |
| ii. | Liquidation
Preference: | Ten Percent (10%) | |

Mountain West
October __, 1986
Page 8

Cumulative Preference per
unit.

Senior to liquidation
preference of all other
classes of partnership
units, but junior to all
other partnership obliga-
tions including capital
expenditures, operating
expenses, senior debt
expenses and return of
capital contributions.

iii. Voting Rights:

Majority vote of Class A ⁴¹
units for:

1. Merger, consolidation,
reorganization or sale of
material assets outside
ordinary course of busi-
ness.

2. Liquidation, dissolu-
tion or recapitalization.

3. Acquisition of stock or
assets.

Mountain West
October __, 1986
Page 9

4. Issuance of any securities, including any senior equity security.

5. Borrowing, except in ordinary course of business.

6. Repurchase of partnership units (except as authorized by put option; agreement (see below)).

b. Class B Limited Partnership Units:

i. Cash Distribution Rights: Rights to cash flow distributions subordinate to preferences of Class A limited partners.

ii. Voting Rights: None, except that the Class B ~~limited~~ ^{partners} could compel the Class A limited partners to sell the Station beginning with

Mountain West
October __, 1986
Page 10

the eighth full year of
Station operation.

iii. Liquidation Rights: Participation in liquidating distributions subordinate to payment of all partnership obligations and to preference distributions to Class A limited partners.

c. Pro Rata Reduction of Units:

Both classes of limited partners shall agree to reduce their percentage interests in Mountain West pro rata to make available an agreed upon amount of partnership units for issuance to certain key employees of the Station.

d. Put Option:

All of the limited partners shall have the option to put their units back to Mountain West, provided that such option was exercisable only after the end of five (5) full years of operation of the Station.

Mountain West
October __, 1986
Page 11

The value of the put shall be determined by appraisal at the time of exercise.

4. The closing (the "Closing") of the Conversion shall occur on the date which is thirty (30) days after the date that the consent of the FCC to the Conversion has become a "Final Order" (the "Closing Date"). A "Final Order" means (i) action by the FCC granting its consent and approval to the Conversion with respect to which no action, request for stay, petition for rehearing or reconsideration or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired and with respect to which the time for agency action taken on its own motion has expired; or (ii) in the event of the filing of such request, petition or appeal, an action which shall have been reaffirmed or upheld and with respect to which the time for seeking further administrative or judicial review shall have expired without the filing of any request for such further review.

5. Within thirty (30) days after the FCC has issued an order granting the construction permit to Mountain West, Northstar, Foulger and Mountain West shall enter into the following agreements:

Mountain West
October __, 1986
Page 12

- i. A definitive credit agreement; and
- ii. An amended and restated partnership agreement for Mountain West.

In the event of the failure of the parties to comply with this paragraph 5 for any reason, the Northstar Note and Foulger Note would become immediately due and payable notwithstanding any other provision of this agreement. Demand for payment by Northstar and Foulger of the Notes in these circumstances would be in addition to any other remedies available to Northstar or Foulger for the breach of this obligation to enter into definitive agreements consistent with the terms hereof.

6. Each party shall pay its own fees and expenses incurred in connection with the negotiations contemplated hereby. Legal fees incurred by Mountain West prior to the Closing Date shall be paid in full prior to the Closing by the then current partners of Mountain West. Initial drafts of the principal documents contemplated by this agreement would be prepared by counsel for Northstar. Included in the definitive credit agreement would be a representation by each of the parties thereto that none of them have employed any.

Mountain West
October __, 1986
Page 13

finder, broker or financial adviser who would be entitled to any fee of any kind in connection with the agreement or any transaction it contemplates.

7. Between the date hereof and the Closing, unless this agreement shall have been terminated prior to that date, neither Mountain West nor any of its partners or its or their affiliates will discuss or negotiate with any other corporation, firm or person or entertain or consider any inquiries or proposals relating to the possible investments in or disposition of the business, assets or partnership units of Mountain West or the Station.

The foregoing is intended as a binding agreement in accordance with its terms. If the foregoing correctly states

Mountain West
October __, 1986
Page 14

our understanding, please sign and promptly return to the undersigned the copy of this agreement enclosed for that purpose.

Very truly yours,

NORTHSTAR COMMUNICATIONS, INC.

By: _____

DRAFT

Accepted and agreed
to this ____ day of
_____, 1986.

MOUNTAIN WEST

By: _____

Sidney Foulger

\$6,166,667

CREDIT AGREEMENT DATED

AS OF

NOVEMBER 18, 1986

AMONG

MWT, LTD.

AND

SIDNEY W. FOULGER

AND

NORTHESTAR COMMUNICATIONS, INC.

Z003381

THIS AGREEMENT, dated as of November 18, 1986, by and among MWT, LTD., a Utah limited partnership (the "Partnership"), SIDNEY W. FOULGER ("Foulger") and NORTHSTAR COMMUNICATIONS, INC., a Delaware corporation ("Northstar").

W I T N E S S E T H:

WHEREAS, the Partnership intends to file an application with the Federal Communications Commission (the "FCC") for approval of the settlement of comparative proceedings before the FCC for the issuance of a construction permit to establish a VHF television station to be licensed to Salt Lake City, Utah (the "Station"); and

WHEREAS, the Partnership desires to borrow and Northstar and Foulger desire to lend, certain funds for financing the settlement of the comparative proceedings before the FCC and for the construction and initial operation of the Station; and

WHEREAS, Northstar and Foulger desire to provide a secured, non-recourse term loan facility to the Partnership upon the terms and subject to the conditions hereof;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

2003382

SECTION 1. DEFINITIONS AND ACCOUNTING TERMS.

1.01. Certain Definitions. As used in this Agreement:

"Amended and Restated Partnership Agreement" shall mean the Amended and Restated Agreement of Limited Partnership dated as of the date hereof, executed by . . . Northstar and the Partners, in the form of Exhibit E attached hereto.

"Capital Lease" shall mean any lease which has been or should be capitalized on the books of the lessee in accordance with generally accepted accounting principles.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Conversion" shall have the same meaning as given in the Amended and Restated Partnership Agreement. Upon Conversion, the Notes shall be converted to demand Notes

"Conversion Date" shall mean the date on which the Conversion occurs. Said date shall mean the date which is within thirty (30) days after FCC consent to the Conversion has become a Final Order.

"Default" shall mean any event which with the giving of notice or lapse of time, or both, would become an Event of Default under Section 7 hereof.

"Default Rate" shall mean, with respect to any amount of the Loans not paid when due, a rate per annum equal to a rate 2% above the Interest Rate thereon.,

"Designated Financial Partner" shall mean the Partner designated by the Partnership to review and deliver to Northstar and Foulger all financial statements required by the terms of this Agreement.

"Dollars" and the sign "\$" shall mean lawful money of the United States of America.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, including any rules and regulations promulgated thereunder.

"Event of Default" shall have the meaning given such term in Section 7 hereof.

"FCC" shall mean the Federal Communications Commission.

"Final Order" shall mean (i) action by the FCC granting its consent and approval to the Conversion with respect to which no action, request for stay, petition for rehearing or reconsideration or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired and with respect to which the time for agency action taken on its own motion has expired; or (ii) in the event of the filing of such request, petition or appeal, an action which shall have been reaffirmed or upheld and with respect to which the time for seeking further administrative

or judicial review shall have expired without the filing of any request for such further review.

"Foulger" shall mean Sidney W. Foulger.

"Foulger Loan" shall have the meaning given such term in Section 2.01 hereof.

"Foulger Note" shall have the meaning given such term in Section 2.04 hereof.

"Head Office" shall mean the principal office of Northstar located at 1776 K Street, N.W., 9th Floor, Washington, D.C. 20006, or such other address as Northstar may from time to time designate.

"Interest Rate" shall mean a rate of ten percent (10%) per annum.

"Lien" shall mean any mortgage, deed of trust, lien, pledge, conditional sale, title retention agreement, financing lease or other security interest, encumbrance or any right of others which would limit the free and clear disposition of any asset of the Partnership.

"Loans" shall have the meaning given such term in Section 2.01 hereof.

"Loan Documents" shall mean this Agreement, the Notes, the Security Agreements, the Amended and Restated Partnership Agreement, the Pledge Agreement and any other instrument required by Northstar or Foulger to evidence the Loans.

"Maturity Date" shall be (i) June 1, 1987 unless the grant by the FCC of a construction permit for the Station has become a Final Order; (ii) the date which is one hundred eighty (180) days after the Station has commenced regular operations pursuant to FCC program test authority for the Station, unless the Conversion has occurred; (iii) the date on which an Event of Default occurs; (iv) the date on which the Rescission occurs; (v) the date on which the FCC issues an initial order denying the the Conversion; or (vi) the date which is the fourth anniversary of the commencement of regular operations by the Station pursuant to FCC program test authority, whichever is earlier.

"Mountain West Television Company" shall mean Mountain West Television Company, a Utah general partnership, its successors and assigns.

"Northstar Loan" shall have the meaning given such term in Section 2.01 hereof.

"Northstar Note" shall have the meaning given such term in Section 2.04 hereof.

"Notes" shall have the meaning given such term in Section 2.04 hereof.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Partners" shall mean George L. Gonzales, Joseph C. Lee, Sidney W. Foulger, Jo-Ann Wong and MWT

Corporation, a Utah corporation, all the current partners of the Partnership prior to the date hereof.

"Permitted Liens" shall mean (i) pledges or deposits by the Partnership under workers' compensation or unemployment insurance or similar laws; (ii) Liens imposed by law, such as carriers', warehousemen's, materialmen's and mechanic's liens; (iii) Liens for property taxes not yet subject to penalties for non-payment and Liens for property taxes the payment of which is being contested in good faith; (iv) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, rights of way, highways and railroad crossings, sewers, electric lines, telephone and telegraph lines and other similar purposes, or zoning or other restrictions which do not adversely affect in a material manner the use of real properties owned by the Partnership; (v) Liens granted to Northstar and Foulger; and (vi) other Liens consented to by Northstar and Foulger.

"Person" shall mean any individual, partnership, corporation, business trust, joint stock company, governmental authority or other entity of whatever nature.

"Plan" shall mean any employee benefit or other plan maintained for the employees of the Partnership and covered by Title IV of ERISA or to which Section 412 of the Code applies.

"Pledge Agreement" shall mean the Pledge Agreement dated as of the date hereof given by the Partners

listed on Schedule I attached hereto in favor of Northstar and Foulger substantially in the form of Exhibit D attached hereto.

"Prohibited Transaction" shall mean any transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

"Regulation U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as the same may be amended or supplemented from time to time.

"Reportable Event" shall mean any of the events set forth in Section 4043(b) of ERISA as to which event the PBGC by regulation has not waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA shall be a Reportable Event regardless of any waivers given under Section 412(d) of the Code.

"Rescission" shall have the meaning given such term in Section 8 hereof.

"Security Agreements" shall mean the Security Agreements dated as of the date hereof given by the Partnership in favor of Northstar and Foulger substantially in the forms attached hereto as Exhibits B and B-1.

"Subsidiary" shall mean any corporation, business trust or similar organization of which a majority of

the securities having ordinary voting power for the election of directors, or their equivalent (other than securities having such power only by reason of the happening of a contingency), are at the time owned by the Partnership and/or one or more Subsidiaries.

1.02. Accounting Principles. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles (hereinafter referred to as "GAAP") and, unless otherwise expressly provided for herein, all calculations shall be made in accordance with such principles.

SECTION 2. THE LOANS.

2.01. The Loans. Northstar and Foulger agree, on the terms and conditions of this Agreement, to make loans to the Partnership on the date hereof in the aggregate principal amount of \$6,166,667 (the "Loans"). The loan by Northstar shall be in the aggregate principal amount of \$3,566,667 (the "Northstar Loan"). The loan by Foulger shall be in the aggregate principal amount of \$2,600,000 (the "Foulger Loan"). Disbursements of the Loans shall be made pursuant to Section 2.06.

2.02. Interest. The Partnership shall pay interest to Northstar and Foulger on the outstanding unpaid principal balance of the Loans from the date of this Agreement until

the entire unpaid principal balance of the Loans is paid in full.

Interest on the Loans shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for the number of days elapsed. Interest on the Loans shall accrue at the Interest Rate and shall be due and payable in full on the Maturity Date, on the occurrence of an Event of Default, or upon payment of the outstanding principal balance of the Loans.

2.03. Payments. The Loans (including all accrued interest thereon) shall be payable in full on the Maturity Date, on the occurrence of an Event of Default (except as otherwise provided in Section 7), or on demand after Conversion. Payments not made as required by this Agreement shall bear interest at the Default Rate. Any payment with respect to the Northstar Loan (including payment of interest) shall be made, in immediately available funds, to Northstar at the Head Office. Any payment with respect to the Foulger Loan (including payment of interest) shall be made, in immediately available funds, to Foulger c/o Foulger Pratt, 2nd Research Place, Rockville, Maryland 20854.

2.04. Notes. The Northstar Loan shall be evidenced by a promissory note of the Partnership substantially in the form attached hereto as Exhibit A (the "Northstar Note"). The Foulger Loan shall be evidenced by a promissory note of the Partnership substantially in the form attached hereto as

Exhibit A-1 (the "Foulger Note"). The Northstar Note and the Foulger Note are sometimes hereinafter referred to collectively as the "Notes".

2.05. No Prepayment. The Partnership may not prepay the Loans, in whole or in part, at any time prior to the Conversion, except as a return of the Loans is contemplated by the Rescission required by Section 8.

2.06. Disbursements. Subject to the terms and conditions of this Agreement, disbursements of funds to the Partnership from the Loans shall be made in accordance with the drawing schedule set forth in Schedule II attached hereto. If Foulger fails to make any disbursement as required on Schedule II, he shall be deemed to have forfeited his right to collect any prior disbursement; provided, however, that in no event shall Foulger be deemed to have forfeited disbursements in an amount in excess of One Hundred Fifty Thousand Dollars (\$150,000).

SECTION 3. CONDITIONS PRECEDENT.

Section 3.01. Conditions Precedent. The obligations of Northstar and Foulger to make the Loans are subject to the conditions precedent that Northstar and Foulger shall have received on or before the date of such Loans each of the following, in form and substance satisfactory to Northstar, Foulger and their respective counsel:

(a) Notes. The Northstar Note and the Foulger Note both duly executed by the Partnership.

(b) Security Agreements. The Security Agreements duly executed by the Partnership together with acknowledgment copies of the financial statements (UCC-1) duly filed as soon as practicable after the date hereof under the Uniform Commercial Code of all jurisdictions necessary or, in the opinion of Northstar and Foulger, desirable to perfect the security interest created by the Security Agreements;

(c) Pledge Agreement. The Pledge Agreement duly executed by each Partner listed on Schedule I attached hereto, together with: (i) duly endorsed transfer or assignment of Partnership interests; and (ii) such other documents with respect thereto as Northstar and Foulger shall reasonably request;

(d) Certified Resolutions of MWT Corporation. Certified copies of the resolutions of MWT Corporation dated as of the date hereof authorizing the execution, delivery and performance of the Loan Documents by MWT Corporation and each other document to be delivered by MWT Corporation pursuant to this Agreement;

(e) Signature Certificate of the Partnership. A certificate of the Partnership, dated the date hereof, certifying the names and true signatures of the Partners of the Partnership authorized to sign the Loan Documents to which it

is a party and the other documents to be delivered by the Partnership or the Partners under this Agreement;

(f) Opinion of Counsel for Partnership. A favorable opinion of counsel for the Partnership, dated the date hereof, in form reasonably acceptable to Foulger and Northstar, provided that actual delivery of the final opinion may occur after the date of this Agreement, but no later than five (5) business days thereafter.

(g) Amended and Restated Partnership Agreement.
The Amended and Restated Partnership Agreement.

(h) Escrow Agreement. The Escrow Agreement

(i) Settlement Agreements. The Settlement Agreements between Mountain West Television Company and West Valley, Intermountain and UTA.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

The Partnership represents and warrants that:

4.01. Due Organization, Good Standing and Qualification. The Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Utah, has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged, and is duly qualified as a foreign partnership and in good standing under the laws of each other jurisdiction in which such qualification is required.

4.02. Power and Authority; No Conflicts. The execution, delivery and performance by the Partnership of the Loan Documents to which it is a party have been duly authorized by all necessary action and do not and will not: (a) contravene its partnership certificate or agreement; (b) violate any provision of, or require any filing (other than the filing of the financing statements contemplated by the Security Agreements or filings with the FCC), registration, consent or approval under, any law, rule, regulation (including, without limitation, Regulation U), order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Partnership; (c) result in a breach of or constitute a default or require any consent under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Partnership is a party or by which it or its properties may be bound or affected; (d) result in, or require, the creation or imposition of any Lien (other than as created under the Security Agreement), upon or with respect to any of the properties now owned or hereafter acquired by the Partnership; or (e) cause the Partnership to be in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument.

4.03. Legally Enforceable Agreements. Each Loan Document to which the Partnership or any of the Partners is a

party is, or when delivered under this Agreement will be, a legal, valid and binding obligation of the Partnership and the Partners enforceable against the Partnership and the Partners in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally, except that the enforceability of this Agreement and the Security Agreements may be affected by laws governing loans and security agreements between a partnership and its limited partners.

4.04. Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Partnership, threatened, against or affecting the Partnership before any court, governmental agency or arbitrator, which may, in any one case or in the aggregate, materially adversely affect the financial condition, operations, properties, or business of the Partnership or the ability of the Partnership to perform its obligations under the Loan Documents to which it is a party, except as described on Schedule IV attached hereto.

4.05. Purpose. The Partnership will use the proceeds of the Loans for payments to settle the comparative proceedings before the FCC for the issuance of a construction permit to the Station, to purchase furniture, fixtures and equipment required to construct and operate the Station, to purchase programming, to lease tower and studio space and to fund pre-opening and operating expenses. The proceeds of the

Loans will not be used to "purchase" or "carry" "margin stock" as defined in Regulation U. The Partnership is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying such margin stock.

4.06. Financial Statements. The balance sheet of the Partnership as of November 17, 1986 for the period then ending, copies of which have been furnished to Northstar and Foulger, are complete and correct and fairly present the financial condition of the Partnership as of such date for the period covered by such statement. There are no liabilities of the Partnership, fixed or contingent, which are material but are not reflected in the financial statements or in the notes thereto, other than liabilities arising in the ordinary course of business since November 17, 1986. Since November 17, 1986, there has been no material adverse change in the condition (financial or otherwise), business or operation of the Partnership.

4.07. Ownership and Liens. The Partnership has title to, or valid leasehold interests in, all of its properties and assets, real and personal, including the properties and assets, and leasehold interest reflected in the financial statement referred to in Section 4.06 (other than any properties or assets disposed of in the ordinary course of business), and none of the properties and assets owned by the Partnership and none of its leasehold interests is subject to

any Lien, except as disclosed in such financial statement, on Schedule III, or as may be permitted hereunder and except for the Lien created by the Security Agreements.

4.08. Taxes. The Partnership has filed all tax returns (federal, state and local) required to be filed and has paid all taxes, assessments and governmental charges and levies shown thereon to be due, including interest and penalties.

4.09. ERISA. To the extent applicable, the Partnership is in compliance in all material respects with all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred and is continuing with respect to any Plan, no notice of intent to terminate a Plan has been filed nor has any Plan been terminated; no circumstances exist which constitute grounds under Section 4042 of ERISA entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administrate, a Plan, nor has the PBGC instituted any such proceedings.

4.10. Debt. Schedule III is a complete and correct list of all credit agreements, indentures, purchase agreements, guarantees, Capital Leases and other investments, agreements and arrangements presently in effect providing for or relating to extensions of credit (including agreements and arrangements for the issuance of letters of credit or for acceptance financing) in respect of which the Partnership is

in any manner directly or contingently obligated in excess of an aggregate of \$10,000; and the maximum principal or face amounts of the credit in question, outstanding and which can be outstanding, are correctly stated, and all Liens of any nature given or agreed to be given as security therefore are correctly described or indicated in such Schedule.

4.11. Operation of Business. The Partnership possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted, and the Partnership is not in violation of any valid rights of others with respect to any of the foregoing.

4.12. No Defaults on Outstanding Judgments or Orders. The Partnership has satisfied all judgments and the Partnership is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, state, municipal or other governmental authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

4.13. No Defaults on Other Agreements. The Partnership is not a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any restriction which could have a material adverse effect on the business, properties, assets, operations or conditions, financial or otherwise, of the Partnership, of the ability of the Partnership to carry out its obligation under

the Loan Documents to which it is a party. The Partnership is not in default in any respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument material to its business to which it is a party.

4.14. Compliance With Laws. To the best of its knowledge, the Partnership is in material compliance with all federal and state statutes and governmental rules and regulations applicable to it, including, but not limited to, FCC rules and regulations, rules and regulations of municipalities and other governmental entities having jurisdiction over the Partnership's business and operations.

4.15. Location of Property. All of the Partnership's property, both real and personal, is located in the State of Utah. The Partnership's principal place of business is located at 2257 Texas Street, Salt Lake City, Utah 84109. The Partnership keeps its books and records with respect to accounts and contract rights in the State of Utah.

4.16. Partners. Schedule I is a complete list of the names of the partners of the Partnership and the respective percentage interests of each of the Partners.

4.17. Subsidiaries. As of the date hereof there are no Subsidiaries of the Partnership.

4.18. Disclosure. To the best of its knowledge, no information, exhibit, certificate, schedule or report furnished by the Partnership to Northstar and Foulger in

connection with this Agreement contains or will contain any misstatement of material fact or omits or will omit to state a material fact or any fact necessary to make the statements contained therein not misleading..

SECTION 5. AFFIRMATIVE COVENANTS.

So long as the Notes shall remain unpaid and any obligations of the Partnership hereunder shall remain unsatisfied, the Partnership shall:

5.01. Maintenance of Existence. Preserve and maintain its existence and good standing in the jurisdiction of its organization, and qualify and remain qualified, as a foreign partnership in each jurisdiction in which such qualification is required.

5.02. Conduct of Business. Continue to engage in an efficient and economical manner in the business stated in Section 2.03 of the Partnership Agreement.

5.03. Maintenance of Properties. Maintain, keep, and preserve all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted.

5.04. Maintenance of Records. Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all material financial transactions of the Partnership.

5.05. Maintenance of Insurance. Maintain insurance with financially sound reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibility from coverage thereof.

5.06. Compliance with Laws. Comply in all material respects with all applicable laws, rules, regulations, and orders, such compliance to include without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property.

5.07. Right of Inspection. At any reasonable time and from time to time, permit Northstar or any agent or representative thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Partnership, and to discuss the affairs, finances and accounts of the Partnership with the Partnership's independent accountants.

5.08. Reporting Requirements. Furnish to Northstar and Foulger:

(a) Annual Financial Statements. As soon as available and in any event within 90 days after the end of each fiscal year of the Partnership, balance sheets of the Partnership as of the end of such fiscal year and statements of changes in financial position of the Partnership for such fiscal year, all in reasonable detail and stating in compara-

tive form the respective figures for the corresponding date and period in the prior fiscal year and all prepared in accordance with GAAP, accompanied by an opinion thereon reasonably acceptable to Northstar and Foulger by independent accountants of national standing selected by the Partnership;

(b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Partnership, balance sheets of the Partnership as of the end of such quarter and statements of income and retained earnings of the Partnership for the period commencing at the end of the previous fiscal year and ending with each of such quarter, all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous fiscal year and all prepared in accordance with GAAP and certified by the Designated Financial Partner of the Partnership (subject to year-end adjustments);

(c) Monthly Financial Statements. As soon as available and in any event within 30 days after the end of each month, balance sheets of the Partnership as of the end of such month and statements of income and retained earnings of the Partnership for the period commencing at the end of the previous month and ending with the end of the then current month, and a rolling three month cash flow projection, all in reasonable detail and prepared in accordance with GAAP

and certified by the Designated Financial Partner of the Partnership;

(d) Management Letters. Promptly upon receipt thereof, copies of any reports submitted to the Partnership by independent certified public accountants in connection with examination of the financial statements of the Partnership made by such accountants;

(e) Certificate of No Default. Within 45 days after the end of each of the first three quarters of each fiscal year and within 90 days after the end of each fiscal year of the Partnership, a certificate of the Designated Financial Partner of the Partnership certifying that to the best of his or her knowledge no Default or Event of Default has occurred and is continuing or, if a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto;

(f) Accountants' Report. Simultaneously with the delivery of the annual financial statements referred to in Section 5.08(a), a certificate of the independent public accountants who audited such statements to the effect that, in making the examination necessary for the audit of such statements, they have obtained no knowledge of any condition or event which constitutes a Default or Event of Default, or if such accountants shall have obtained knowledge of any such condition or event, specifying in such certificate each such

condition or event of which they have knowledge and the nature and status thereof;

(g) Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental agency or department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Partnership which, if determined adversely to the Partnership, could have a material adverse effect on the financial condition, properties, or operations of the Partnership;

(h) Notice of Defaults and Events of Default. As soon as possible and in any event within 10 days after the occurrence of each Default or Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by the Partnership with respect thereto;

(i) ERISA Reports. To the extent applicable, promptly after the filing or receiving thereof, copies of all reports, including annual reports, and notices which the Partnership files with or receives from the PBGC of the U.S. Department of Labor under ERISA; and as soon as possible and in any event within 10 days after the Partnership knows or has reason to know that any Reportable Event or Prohibited Transaction has occurred with respect to any Plan or that the PBGC or the Partnership has instituted or will institute proceedings under Title IV of ERISA to terminate any Plan,

the Partnership will deliver to Northstar a certificate of the Designated Financial Partner of the Partnership setting forth details as to such Reportable Event or Prohibited Transaction of Plan termination and the action the Partnership proposes to take with respect thereto;

(j) Reports to Other Creditors. Promptly after the furnishing thereof, copies of any statement or report furnished to any other party pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to Northstar and Foulger pursuant to any other clause of this Section 5.08;

(k) Organization Documents. On the date hereof, certified copies of all organizational agreements of partnership, partnership resolutions and minutes of partnership meetings of the Partnership and certified copies of the articles of incorporation and bylaws of MWT Corporation.

(l) General Information. Such other information respecting the condition or operations, financial or otherwise, of the Partnership or any of its Subsidiaries, including any business plans which the Partnership may prepare, as Northstar and Foulger may from time to time reasonably request.

5.09. Insurance. Obtain casualty insurance covering the loss of all assets of the Partnership relating to the Station in the amount of at least \$4,000,000 and cause Northstar and Foulger to be named loss payee on any and all

such casualty insurance. The Partnership shall furnish Northstar and Foulger a certificate evidencing compliance with this Section 5.09.

5.10. Conversion. On the Conversion Date, cause the Conversion to occur.

SECTION 6. NEGATIVE COVENANTS.

So long as the Notes shall remain unpaid and any obligations of the Partnership hereunder shall remain unsatisfied, the Partnership or any of the Partners on behalf of the Partnership shall not:

6.01. Liens. Create, incur, assume or suffer to exist, any Lien, upon or with respect to any of the Partnership's properties, not owned or hereafter acquired, except Permitted Liens.

6.02. Debt. Except as otherwise permitted hereunder, create, incur, assume or suffer any debt, other than:

(a) Debt of the Partnership under this Agreement, or the Notes;

(b) Debt described in Schedule III, but no renewals, extensions or refinancings thereof;

(c) Accounts payable to creditors for goods or services provided or rendered in the ordinary course of business which are not aged more than 90 days from due date and current operating liabilities (other than for borrowed money) which are not more than 90 days past due, in each case

incurred in the ordinary course of business and paid within the specified time, unless contested in good faith and by appropriate proceedings.

6.03. Guarantees, Etc. Assume, guarantee, endorse or otherwise be or become directly or contingently responsible or liable (including, but not limited to, an agreement to purchase any obligation, stock, assets, goods or services or to supply or advance any funds, assets, goods, or services, or an agreement to maintain or cause such Person to maintain a minimum working capital or net worth or otherwise to assure the creditors of any Person against loss) for obligations of any Person other than the Partnership, except guarantees by endorsement of negotiable instruments for deposit or collection or similar transaction in the ordinary course of business.

6.04. Mergers, Etc. Merge or consolidate with, reorganize, liquidate or dissolve or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), to any Person, or acquire all or substantially all of the assets or the business of any Person.

6.05. Investments. Make any loan or advance to any Person or purchase or otherwise acquire any capital stock, obligations or other securities of, make any capital contribution to, or otherwise invest in, or acquire any interest

in, any Person, except: (a) direct obligations of the United States of America or any agency thereof with maturities of one year or less from the date of acquisition; (b) commercial paper of a domestic issuer rated at least "A-1" by Standard & Poor's Corporation or "P-1" by Moody's Investors Service, Inc.; (c) certificates of deposit with maturities of one year or less from the date of acquisition issued by any commercial bank operating within the United States of America having capital and surplus in excess of \$50,000,000; (d) purchases in the ordinary course of the business of the Station; and (e) for stock, obligations or securities received in settlement of debts (created in the ordinary course of business) owing the Partnership.

6.06. Premium Payments. Except as provided in the Amended and Restated Partnership Agreement, purchase, redeem, retire or otherwise acquire for value any of the percentage interests in the Partnership now or hereafter outstanding, or make any distribution of assets to the Partners as such whether in cash, assets or in obligations of the Partnership, or allocate or otherwise set apart any sum for the payment of the premium or distribution on, or for the purchase, redemption or retirement of any of its Units, or make any other distribution by reduction of capital or otherwise in respect of any of its percentage interests.

6.07. Leases. Create, incur, assume or suffer to exist any obligation as lessee for the rental or hire of any

real or personal property, except leases which do not in the aggregate require the Partnership to make payment (including taxes, insurance, maintenance and similar expense which the Partnership is required to pay under the terms of any lease) in any fiscal year of the Partnership in excess of \$50,000.

6.08. Sale of Assets. Sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock, receivables and leasehold interests); except: (a) for assets disposed of in the ordinary course of business, (b) the sale or other disposition of assets no longer used or useful in the conduct of its business, but not exceeding \$50,000 in value, and (c) as otherwise provided in the Partnership Agreement.

6.09. New Partners. Admit new limited or general partners to the Partnership, except as expressly permitted by the Amended and Restated Partnership Agreement.

6.10. Program Contracts. Renew, extend or enter into any film or programming contracts requiring a commitment in excess of \$100,000.

6.11. Amendment of Amended and Restated Partnership Agreement. Amend or modify any of the terms of the Amended and Restated Partnership Agreement, except as required to effect the Conversion and as otherwise required by law.

SECTION 7. EVENTS OF DEFAULT.

7.01. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) The Partnership shall fail to pay the principal of, or interest on, the Notes or any other amount payable under this Agreement, as and when due and payable; or

(b) Any representation or warranty made or deemed made by the Partnership in this Agreement or which is contained in any certificate, document, opinion, financial or other statement furnished at any time under or in connection with any Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Partnership shall fail to perform or observe any term, covenant or agreement contained in any Loan Document to which it is a party on its part to be performed or observed and such failure continues uncured for ten (10) days after notice; or

(d) The Partnership shall fail to (i) pay any indebtedness for borrowed money (other than the payment obligation described in (a) above) of the Partnership, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) if the effect of such failure to pay is to accelerate the maturity of such indebtedness; or (ii) perform or observe any term, covenant or condition on its part to be performed

or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure to perform or observe is to accelerate the maturity of such indebtedness, or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The Partnership (i) shall generally not, or be unable to, or shall admit in writing its inability to, pay its debts as such debts become due; or (ii) shall make an assignment for the benefit of creditors, petition or apply any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (iii) shall, as Debtor, commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether, now or hereafter in effect; or (iv) shall have had any such petition or application filed, or any such proceeding shall have been commenced, against it, in which an adjudication or appointment made or order for relief entered and which remains undismissed for a period of 60 days or more; or (v) by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for all

or any substantial part of its properties; or (vi) shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of 60 days or more; or

(f) One or more judgments, decrees or orders for the payment of money in excess of the aggregate amount of \$10,000 shall be rendered against the Partnership and such judgments, decrees or orders shall continue unsatisfied and in effect for a period of 30 consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal; or

(g) The issuance by the FCC, its staff, or any court of competent jurisdiction of a decision (including an initial decision), order, authorization, or other determination which (i) denies any application for approval of the Conversion; (ii) revokes or denies any application for renewal of the Partnership's construction permit, or when issued, its license to operate the Station; (iii) grants to any party other than the Partnership a license, construction permit or other authorization to operate the Station whether on an interim or permanent basis; (iv) imposes any sanction or condition on the Partnership or any other party or requires any action by the Partnership to any other party which in either event will or is likely to have a materially adverse effect on the financial or other affairs of the Partnership or the Station, or which will materially adversely affect the ability of the Partnership to make any payment

when due hereunder or otherwise to satisfy the terms of any of the Loan Documents, or which will result in any of the Partners listed in Schedule I hereto ceasing to be the beneficial owners of the percentage of Partnership interests pledged under the Pledge Agreement; or

(h) Except as contemplated by the Amended and Restated Partnership Agreement, any of the Partners listed on Schedule I attached hereto shall cease to be the beneficial owner of the percentage of Partnership interests listed on said Schedule I; or

(i) Any of the following events shall occur or exist with respect to the Partnership: (i) any Prohibited Transaction involving any Plan; (ii) any Reportable Event shall occur with respect to any Plan; (iii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (iv) any event or circumstance exists which might constitute grounds entitling the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; (v) complete or partial withdrawal under Section 4201 or 4204 of ERISA from a multiemployer Plan or the reorganization, insolvency, or termination of any multi-employer Plan; or

(j) Subject to the qualification in Section 4.03, the Security Agreements or Pledge Agreement shall at any time

after their execution and delivery and for any reason cease:
(i) to create a valid and perfected first priority security interest in and to the property purported to be subject to such Agreement except Permitted Liens; or (ii) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by any of the parties thereto or any such party shall deny it has any further liability or obligation under the Security Agreements or Pledge Agreement, as the case may be, or shall fail to perform any of its obligations thereunder;

(k) The Station shall not have initiated program tests by August 1, 1988 as a result of causes within the control of the management of the Partnership;

then, and in any such event, Northstar and Foulger may, by notice to the Partnership declare the outstanding principal of the Notes, all interest thereon and all other amounts payable under this Agreement and the Notes to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Partnership; provided that, in the case of an Event of Default referred to in Section (e) above, the Notes, all interest thereon and all other amounts payable under this Agreement shall be automatically immediately due and payable without presentment, demand, protest or other formalities of

any kind, all of which are hereby expressly waived by the Partnership.

SECTION 8. RESCISSION.

8.01. Rescission. Within ten (10) days of the execution hereof, MWT Corporation shall prepare and file with the FCC a petition for leave to amend the pending application of Mountain West Television Company for a construction permit to build and operate the Station. The petition shall request amendment of the application to reflect the reorganization of the applicant in accordance with the terms of the Amended and Restated Partnership Agreement. If the petition should be denied, within five (5) days of the date the FCC releases its denial, MWT Corporation shall take all actions necessary to rescind this Agreement, to cause the Partnership to revert to its structure pursuant to the Initial Agreement (as defined in the Amended and Restated Partnership Agreement), and to return to Northstar and Foulger all disbursements of the proceeds of the Loans, with interest accrued thereon, and capital contributions made by each of them to the Partnership up to the date of rescission (the "Rescission").

SECTION 9. MISCELLANEOUS.

9.01. Amendments and Waivers. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Partnership therefore, shall in any event be

effective unless the same shall be in writing and signed by the party or parties to be bound, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of Northstar or Foulger to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

9.02. Survival. All representations and warranties made herein shall survive the makings of the Loans hereunder.

9.03. Usury. Anything herein to the contrary notwithstanding the obligations of the Partnership under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to applicable provisions of law limiting rates of interest which may be charged or collected by Northstar and Foulger.

9.04. Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the Partnership, Foulger, Northstar and their respective heirs, executors, personal representatives, successors and assigns (except that the Partnership may not assign or transfer its rights or obligations hereunder), and such successors and assigns shall thereupon become vested with all the benefits in respect

thereof granted to Northstar and Foulger herein or otherwise.

9.05. Notices. Unless the party to be notified otherwise notifies the other party in writing, notices shall be given to Northstar, Foulger, Allstate and to the Partnership by ordinary mail or telex, telecopy of other writing addressed to such party at its address on the signature page of this Agreement. Notices to Northstar and Foulger shall be effective upon receipt.

9.06. Captions. The captions and headings hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

9.07. Further Assurances. The parties hereto agree that, at any time and from time to time, they shall promptly execute and deliver all such further instruments, documents, and certificates and agreements and take all such further action as may be required to effectuate the terms of this Agreement.

9.08. Severability. The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof

in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

9.09. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

9.10. Governing Law; Jurisdiction. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of Utah; provided that all the parties hereto consent to service of process and personal jurisdiction in the District of Columbia in all matters involving construction and interpretation of this Agreement and waive any and all rights any party may have to cause any actions or proceedings to be brought or tried elsewhere and any and all objections to jurisdiction or venue they might otherwise have to the commencement of any suit in the District of Columbia involving this Agreement.

9.11. Brokers. The transactions contemplated by this Agreement are not and will not be conducted in such a manner as to give rise to any valid claims against Northstar or Foulger or the Partnership for any brokerage commission, finder's fee or other like payment and the party allegedly responsible for such fee or commission agrees to indemnify and hold harmless all other parties to this Agreement from

and against any claims (including attorneys' fees) for such commission or other fees.

9.12. Non-Recourse. The Loans shall be non-recourse as to all the general and limited partners of the Partnership.

9.13. Sale of Foulger Note. Foulger may elect, by delivery of written notice of its election to Northstar at any time on or after February 1, 1988, and before March 1, 1988, to require Northstar to purchase the Foulger Note at a price equal to the unpaid principal balance thereof together with accrued interest. Within ninety (90) days of receipt of written notice of Foulger's election, Northstar shall pay such amount to Foulger in immediately available funds.

9.14. Relations Between Northstar and Foulger; Subordination.

(a) Northstar shall have the sole right to decide whether to grant any consent or waiver requested by the parties to this Agreement and whether to take any action to enforce any of the Loan Documents; provided, however, that in the event that the Partnership fails to pay principal or interest when due on the Foulger Note, Foulger may, upon written notice, sell the Station on commercially reasonable terms, pursuant to his rights under the Pledge Agreement or the Foulger Security Agreement.

(b) Assuming there has been no failure to pay principal or interest when due on the Foulger Note, Foulger shall

subordinate the Foulger Note and his rights under the Loan Documents to banks, insurance companies or other financial institutions providing financing which the Partnership reasonably determines is necessary for the operations of the Station or is used to refinance the Loans, provided that (i) the terms of such financing and subordination are commercially reasonable, (ii) the entity providing such financing is not affiliated with or an investor in Northstar, and (iii) Northstar shall subordinate the Northstar Note and its rights under the Loan Documents on exactly the same terms and conditions as Foulger has subordinated the Foulger Note and his rights under the Loan Documents.

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

MWT, LTD.

By: MWT Corporation, General
Partner

By:

Title:

Address:

2257 Texas Street
Salt Lake City, Utah 84109

Z003420

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NORTHSTAR COMMUNICATIONS, INC.

By: Wm M. D. Finkel
Title: PRESIDENT

Address:

1776 K Street, N.W.
Suite 900
Washington, D.C. 20006

Sidney W. Foulger
SIDNEY W. FOULGER

Address:

241 North Vine Street
Salt Lake City, Utah 84103

7003421

SCHEDULE I

List of Partners

MWT Corporation, a Utah corporation: 20% General Partner

Sidney W. Foulger : 21% Class A Limited Partner
3.4% Class B Limited Partner

George L. Gonzales : 1% Class B Limited Partner

Jo-Ann Wong : 1.2% Class B Limited Partner

Joseph C. Lee : 4.4% Class B Limited Partner

Northstar Communications, Inc.,
a Delaware corporation : 49% Class A Limited Partner

SCHEDULE II

Disbursements

- A. Northstar shall disburse the following amounts not later than following dates:

	<u>Amount</u>	<u>Date</u>
1.	\$1,666,667 ¹	11/19/86
2.	1,650,000 ¹	12/1/86
3.	250,000 ¹	1/1/87

- B. Foulger shall disburse the following amounts not later than following dates:

	<u>Amount</u>	<u>Date</u>
1.	\$ 50,000 ¹	12/1/86
2.	100,000 ¹	2/1/87
3.	200,000 ¹	3/1/87
4.	2,250,000 ¹	4/1/87

- ¹ Other than the Northstar disbursement required by A 1. above, subsequent disbursements shall not be made prior to the date which is fourteen (14) days after the date that FCC grant of the construction permit for the Station becomes a Final Order.

Z003423

Schedule III

<u>Item</u>	<u>Amount</u>
Professional Services - Legal	\$ 118,000
Note to Foulger-Pratt Construction Company	135,000
Contingent Obligations to Fund Notes to Competing Applicants	
- West Valley	500,000
- Inter-Mountain	600,000
- UTA	600,000
Contingent Obligations for Initial Settlement Payments	
- Family	2,000,000
- West Valley	500,000
- Intermountain	400,000
- UTA	400,000

Z003424

Schedule IV

Litigation

- 1). Competing applicants before the FCC for the construction permit for Channel 13, Salt Lake City, Utah, Docket Numbers 84-11 et seq.
- 2). Proceedings before courts and the FCC affecting the television industry generally and to which the Partnership is not a party.

Z003425

MWT, LTD.
AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

This Amended and Restated Agreement of Limited Partnership is executed as of the 18th day of November, 1986 by and among MWT Corporation, a Utah corporation, Northstar Communications, Inc. ("Northstar"), a Delaware corporation, Sidney W. Foulger ("Foulger"), George L. Gonzales ("Gonzales"), Joseph C. Lee ("Lee"), and Jo-Anne Wong ("Wong").

This Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") amends and restates the Certificate of Limited Partnership of MWT, Ltd., which was filed with the County Clerk of Salt Lake County on November 14, 1986 (the "Initial Agreement"). This Partnership Agreement shall be effective on the Effective Date, as hereinafter defined. Until the Effective Date, MWT, Ltd. shall be governed by the terms and conditions of the Initial Agreement.

In consideration of the mutual covenants hereinafter expressed, the parties agree as follows:

ARTICLE I

DEFINITIONS

As used in this Partnership Agreement, the following terms have the meanings indicated:

Z011061

Section 1.01 ADVANCE. Any transfer of money or property by a Partner to the Partnership, and any amount paid on behalf of the Partnership by a Partner, in excess of the Partner's Capital Contribution. For purposes of this Section 1.01, property is to be valued at its fair market value (net of liabilities) or its value agreed upon by the Partners on the date of transfer. Advances shall bear interest at a rate of ten percent (10%).

Section 1.02 CAPITAL ACCOUNT. Each Partner shall have an initial Capital Account equal to the amount of cash and the fair market value (net of liabilities) or the value agreed upon by the Partners of any property contributed to the Partnership, plus, in the case of a Partner who was a Partner prior to the Effective Date, the amount of the Partner's Capital Account in the Partnership at the Effective Date. A Partner's Capital Account shall be adjusted as provided in Section 704 of the Internal Revenue Code or the regulations promulgated thereunder.

Section 1.03 CAPITAL CONTRIBUTION. The money or property contributed by a Partner in accordance with Section 2.08.

Section 1.04 CAPITAL TRANSACTION. Any one of the following: (a) a casualty loss of all or substantially all of the assets of the Partnership; (b) a sale of all or substantially all of the assets of the Partnership; or (c) any financing or refinancing of the debts of the Partnership

or debts secured by Partnership property resulting in (and to the extent of) loan proceeds in excess of the principal amount of the refinanced debts plus transaction costs.

Section 1.05 CLASS A LIMITED PARTNERS. Northstar, or its successors or assigns, Foulger, and any transferee of them or of a Class A Limited Partner admitted to the Partnership pursuant to Section 6.06.

Section 1.06 CLASS B LIMITED PARTNERS. Before Conversion, Foulger, Lee, Gonzales, and Wong, or their successors and assigns and any transferee of them or of a Class B Limited Partner who is admitted to the Partnership pursuant to Section 6.06; after Conversion, the Persons named above and MWT Corporation or their successors and assigns and any transferee of them or of a Class B Limited Partner who is admitted to the Partnership pursuant to Section 6.06.

Section 1.07 CONVERSION. The withdrawal of MWT Corporation as General Partner, the addition of Northstar as General Partner, and the addition of MWT Corporation as a Class B Limited Partner, as described in this Partnership Agreement and in the Credit Agreement to which this Partnership Agreement is attached as Exhibit E.

Section 1.08 CONVERSION DATE. The date on which Conversion shall be consummated.

Section 1.09 CREDIT AGREEMENT. The Agreement by and among the Partnership, Foulger and Northstar dated as of November 18, 1986, whereby Northstar and Foulger agree to

provide secured non-recourse loans to the Partnership upon certain terms and conditions.

Section 1.10 DISTRIBUTION. Any transfer of money or other property to a Partner, in its capacity as a Partner, from the Partnership. For purposes of this Section 1.10, a Distribution of property is to be valued at its fair market value, net of liabilities and consideration paid by the Partner. A transfer of money or other property to a Partner shall not be deemed a Distribution if made to a Partner acting in the capacity of employee, consultant or creditor.

Section 1.11 EFFECTIVE DATE. The date of filing with the County Clerk of Salt Lake County of the Certificate of Limited Partnership which reflects this Partnership Agreement.

Section 1.12 FINAL ORDER. Federal Communications Commission ("FCC") action with respect to which (i) no action, request for stay, petition for rehearing or reconsideration or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired and with respect to which the time for agency action taken on its own motion has expired; or (ii) in the event of the filing of such request, petition or appeal, an action which shall have been reaffirmed or upheld and with respect to which the time for seeking further administrative or judicial review shall have expired without the filing of any request for such further review.

Section 1.13 FISCAL YEAR. From January 1 to December 31 of each year or such portion thereof as the Partnership shall be in existence.

Section 1.14 GENERAL PARTNER. Prior to Conversion, MWT Corporation; after Conversion, Northstar.

Section 1.15 LIMITED PARTNER. Any Class A or Class B Limited Partner.

Section 1.16 MOUNTAIN WEST TELEVISION COMPANY. Mountain West Television Company, a Utah general partnership, its successors or assigns.

Section 1.17 MWT CORPORATION. A Utah corporation organized and incorporated on November 14, 1986, whose shareholders are Lee, Foulger, Wong, and Gonzales.

Section 1.18 NET CASH FLOW. Gross receipts of the Partnership derived from the operation of the Partnership reduced by the sum of: (a) all expenses of the Partnership, excluding depreciation and amortization; (b) capital expenditures; (c) the repayment of any amounts borrowed by the Partnership other than repayment of principal on Advances; (d) any payment of interest, premium or penalty on any amounts borrowed by the Partnership, including Advances; (e) any other expenditures authorized by this Partnership Agreement; and (f) such reserves as the General Partner deems reasonably necessary for the proper operation of the Partnership's business.

Section 1.19 NET PROCEEDS OF CAPITAL TRANSACTIONS.

Gross proceeds of a Capital Transaction reduced by all costs and expenses of the Capital Transaction, the principal amount of all debts secured by the Station or payable as a result of the Capital Transaction, and all expenses, interest, premiums and penalties payable as a result of or resulting from the Capital Transaction.

Section 1.20 NORTHSTAR. Northstar Communications, Inc., a Delaware corporation, its successors or assigns.

Section 1.21 PARTNER. Any General or Limited Partner.

Section 1.22 PARTNERSHIP. MWT, Ltd., the partnership reorganized by this Partnership Agreement.

Section 1.23 PERSON. An individual, a corporation, a partnership, a trust, an unincorporated organization or a government or an agency or political subdivision thereof.

Section 1.24 PRO RATA SHARE. Prior to Conversion, the Pro Rata Share of MWT Corporation as sole General Partner shall be twenty percent (20%); the Pro Rata Share of the Class A Limited Partners shall be seventy percent (70%), with Northstar having a forty-nine percent (49%) Pro Rata Share and Foulger having a twenty-one percent (21%) Pro Rata Share; and the Pro Rata Share of the Class B Limited Partners shall be ten percent (10%), with Gonzales having an one percent (1%) Pro Rata Share, Wong having an one and two-tenths percent (1.2%) Pro Rata Share, Lee having a four and four-tenths percent (4.4%) Pro Rata Share, and Foulger having a

three and four-tenths percent (3.4%) Pro Rata Share. After Conversion, the Pro Rata Share of Northstar in its capacity as the sole General Partner shall be one percent (1%); the Pro Rata Share of the Class A Limited Partners shall be sixty-nine percent (69%), with Northstar having a forty-eight percent (48%) Pro Rata Share and Foulger having a twenty-one percent (21%) Pro Rata Share; and the aggregate Pro Rata Share of the Class B Limited Partners shall be thirty percent (30%), with MWT Corporation having a Pro Rata Share of twenty percent (20%) and the other Class B Limited Partners each having the Pro Rata Share set forth above.

Section 1.25 STATION. The assets, subject to the liabilities, of a VHF television station to be licensed on Channel 13 to Salt Lake City, Utah.

Section 1.26 TAXABLE INCOME OR LOSS. Taxable Income or Loss for any Fiscal Year means the difference between gross receipts of the Partnership and all expenses and deductions of the Partnership during the Fiscal Year, determined on an accrual basis in accordance with the accounting methods followed by the Partnership for federal income tax purposes. Every item of income, gain, loss, deduction, credit or tax preference entering into the computation of Taxable Income or Loss, or applicable to the Fiscal Year during which Taxable Income or Loss was realized, shall be allocated to each Partner in the same proportion as Taxable Income or Loss is allocated to the Partner.

ARTICLE II

ORGANIZATION

SECTION 2.01 FORMATION. The Partnership was organized under the laws of the State of Utah, and is being continued thereunder pursuant to the terms of this Partnership Agreement.

Section 2.02 NAME. The name of the Partnership is MWT, Ltd. The Partnership may also do business under such other names as the General Partner may designate by written notice to the Limited Partners.

Section 2.03 PRINCIPAL PURPOSE. To engage generally in the radio and television broadcast business, within and without the State of Utah.

Section 2.04 OTHER PURPOSES. To enter into any partnership agreements in the capacity of a general partner or a limited partner, to become a member of a joint venture, or to participate in any form of corporation, syndication or association for investment; and to buy, sell, lease, mortgage or otherwise deal in and with services, personal property, and real property, of every kind and character, and to do any and all things necessary, convenient or incident to any of the above stated purposes.

Section 2.05 PLACE OF BUSINESS. The principal place of business of the Partnership shall be in Salt Lake City, Utah, but additional places of business may be located within and

without the State of Utah as may be determined by the General Partner.

Section 2.06 ADDRESS. The mailing address of the Partnership shall be 2257 Texas Street, Salt Lake City, Utah, or such other address as determined by the General Partner, with copies of correspondence to be sent to Northstar Communications, Inc., 1776 K Street, N.W., Suite 900, Washington, D.C. 20006 and to Allstate, Investment Department, Allstate Plaza, Northbrook, Illinois 60062, Attention: Paul J. Renze.

Section 2.07 TERM. The Partnership began on November 14, 1986, and shall continue until dissolved in accordance with the terms of this Partnership Agreement or the laws of the State of Utah.

Section 2.08 CAPITAL CONTRIBUTIONS.

(a) Each Partner has contributed or will contribute to the capital of the Partnership the property set forth in subparagraphs (i), (ii), (iii) of (iv) of this paragraph (a):

(i) Northstar has contributed the sum of Two Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$233,333.00) with respect to its Class A Limited Partnership interest.

(ii) Foulger has contributed the sum of One Hundred Thousand Dollars (\$100,000.00) with respect to its Class A Limited Partnership interest.

(iii) On the Conversion Date, Northstar shall contribute the sum of Five Hundred Thousand Dollars (\$500,000.00) cash with respect to its General Partnership interest.

(iv) Foulger, Gonzales, Lee and Wong, with respect to their Class B Limited Partnership interests, and MWT Corporation, as assignee of Foulger, Gonzales, Lee and Wong, with respect to its General Partnership interest, have contributed their respective interests in the assets of Mountain West Television Company, including without limitation its application before the FCC for a construction permit for the Station.

(b) No Partner shall have any right of partition with respect to the assets of the Partnership.

(c) A Partner shall be required to make additional Capital Contributions to the Partnership upon the dissolution of the Partnership in an amount equal to any deficit in the Partner's Capital Account following the allocation of Taxable Income provided in Section 4.02. Except as provided in this Section 2.08(c), no Partner shall be personally liable for, or required to make up, any deficit in its Capital Account.

Section 2.09 ORGANIZATIONAL EXPENSES. The Partnership shall pay all reformation and organizational expenses of the Partnership, including all costs of, and all fees and expenses incurred in connection with, admitting the Limited Partners and the subsequent Conversion. The Partnership

shall also pay all partnership expenses of Mountain West Television Company incurred in connection with the application, and prosecution thereof, for a construction permit for the Station, up to an amount of Two Hundred Thirty Thousand Dollars (\$230,000.00), and the Partnership shall pay all actual legal expenses of Northstar related to its acquisition of an interest in MWT, Ltd., its predecessors or assigns.

ARTICLE III

CONVERSION

Section 3.01 OPTION.

(a) At the option of either Northstar or MWT Corporation, which option may be exercised at any time after the Station begins regular operations pursuant to FCC program test authority and prior to the expiration of the option as provided below, MWT Corporation shall resign as General Partner and become a Class B Limited Partner and Northstar shall become the sole General Partner of the Partnership, subject to the prior approval of the FCC. To exercise the option, Northstar or MWT Corporation shall notify all other Partners in writing of its exercise. All Partners shall cooperate in the prompt filing of an application with the FCC for its consent to the Conversion. The Conversion shall be consummated on the first business day which is thirty (30) days after FCC consent to the Conversion has become a Final

Order. The option of MWT Corporation or Northstar shall expire on the date which is one hundred eighty (180) days after the Station has commenced regular operations pursuant to FCC program test authority, unless Northstar or MWT Corporation has previously given notice of its exercise of the option.

(b) Notwithstanding paragraph (a), MWT Corporation shall not be permitted to make the election provided in paragraph (a) hereof if at that time there is an Event of Default of the Partnership under the Credit Agreement, which Event of Default may have a material adverse effect on the financial condition, properties or operations of the Partnership (other than a material adverse effect arising solely from the exercise by any lender under the Credit Agreement of its rights thereunder as a result of an Event of Default which in itself would not have a material adverse effect on the financial condition, properties or operations of the Partnership).

(c) If the FCC, or any bureau or division thereof, designates for hearing the application of the Partnership for FCC consent to Conversion, and such designation is not reversed within a period of ninety (90) days, Northstar shall have the option, exercisable within thirty (30) days of the expiration of said ninety (90) day period, to require the Partnership to repurchase all of its Limited Partnership interest. To exercise the option granted hereby Northstar

shall notify the General Partner in writing of its intention to sell its interest back to the Partnership. Upon notification, the provisions of Section 7.02 hereof shall apply.

(d) In the event the General Partner breaches its obligation under paragraph (c) hereof to repurchase the Limited Partnership interest of Northstar, Northstar may compel the General Partner to use its best, diligent efforts to cause the Partnership to sell the Station as soon as practicable at a commercially reasonable price and to dissolve the Partnership upon the consummation of said sale. The Class A Limited Partners shall not unreasonably withhold their consent to any sale pursuant to this paragraph (d), which consent is required by Section 6.02 hereof.

Section 3.02 LIABILITY.

(a) Upon notification of exercise of the option described in Section 3.01, the Partners shall be required to take all actions necessary to cause Conversion to occur, including without limitation the execution of appropriate documents, and shall take no actions inconsistent with their obligations under this paragraph (a). The failure of MWT Corporation to meet its requirements hereunder shall be an event of default under the Credit Agreement. In the event of default, Northstar shall have available to it all remedies at law or equity to enforce performance of the Credit Agreement, including, but not limited to, specific performance.

(b) In addition to the remedies described in paragraph (a) hereof, and notwithstanding the provisions of Section 5.05, each of Northstar and MWT Corporation shall be liable to the Partnership and to the other Partners for any failure by it to cause Conversion to occur.

ARTICLE IV

ALLOCATIONS AND DISTRIBUTIONS

Section 4.01 TAXABLE INCOME OR LOSS.

Except as provided in Section 4.02, Taxable Income or Loss for each Fiscal Year of the Partnership shall be allocated to each Partner based upon its Pro Rata Share of such Taxable Income or Loss. All allocations of Taxable Income or Loss shall be made on the basis of each Partner's interest in the Partnership as of the end of each Fiscal Year, unless otherwise required by law and except that, in the event of an assignment of an interest in the Partnership pursuant to Section 6.03, Taxable Income or Loss for the Fiscal Year in which the assignment is made shall be allocated, with respect to the interest assigned, between the assignor and the assignee in accordance with the ratio that the number of days in the Partnership's Fiscal Year before and after assignment bears to the total number of days in the Partnership's Fiscal Year.

Section 4.02 ALLOCATION OF TAXABLE INCOME ARISING FROM A DISPOSITION OF SUBSTANTIALLY ALL PARTNERSHIP ASSETS. Any

Taxable Income arising from a sale or other disposition of all or substantially all the assets of the Partnership shall be allocated first to the Partners to the extent of and in proportion to any deficits in the Partners' Capital Accounts; second to the Class A Limited Partners to the extent of the Preferred Distribution to which they would be entitled under Section 4.04(c) at the time of the sale; and third to all Partners based upon their Pro Rata Shares.

Section 4.03 DISTRIBUTIONS. The General Partner shall distribute, not less frequently than annually, substantially all Net Cash Flow.

Section 4.04 ALLOCATIONS AND DISTRIBUTIONS. Net Cash Flow and Net Proceeds of Capital Transactions (other than proceeds from liquidation which shall be distributed as provided in Section 8.02(b) shall be paid or distributed to the extent available, in the following order of priority:

(a) An amount equal to thirty-four percent (34%) of the Taxable Income of the Partnership for any Fiscal Year (reduced by (i) any tax credits generated by the Partnership for that Fiscal Year, and (ii) the amount, if any, by which the Taxable Losses of the Partnership for all preceding Fiscal Years exceeds the Taxable Income of the Partnership for those years) shall be distributed by April 1 of the following Fiscal Year to all the Partners in accordance with their Pro Rata Shares.

(b) After the Distribution required by paragraph (a) hereof, the Partnership shall use Net Cash Flow and Net Proceeds of Capital Transactions to repay Advances.

(c) After the Distributions and payments required by paragraphs (a) and (b) hereof, all Distributions shall be allocated to the Class A Limited Partners in accordance with their respective Pro Rata Shares until the Partnership has made Cash Distributions to the Class A Limited Partners equal to their Capital Contributions, less prior Distributions under this paragraph (c), plus a cumulative ten percent return calculated on the total amount of the Distributions to which the Class A Limited Partners are entitled under this paragraph (c).

(d) After the Distributions and payments required by paragraphs (a), (b), and (c) hereof, Distributions shall be made to the Partners in accordance with their respective Pro Rata Shares.

ARTICLE V

THE GENERAL PARTNER

Section 5.01 POWERS OF GENERAL PARTNER. The General Partner has complete discretion in the management and control of the business of the Partnership and shall use its best efforts to carry out the purpose of the Partnership. In addition to powers provided by law, the General Partner is hereby authorized to expend Partnership funds in furtherance of the purpose of the Partnership; to acquire, sell,

transfer, convey, lease (as lessor) or otherwise deal with the assets of the Partnership; to negotiate, enter into, and execute agreements for the sale of advertising on, and to hire employees, purchase supplies and equipment, and otherwise enter into agreements with respect to the Station; to incur obligations for and on behalf of the Partnership in connection with its business; to borrow monies for and on behalf of the Partnership on such terms and conditions as the General Partner may deem advisable and proper and to pledge the credit of the Partnership for such purposes; to repay in whole or in part, refinance, recast, modify or extend any security interest affecting the Station or other property owned by the Partnership, and in connection therewith to execute for and on behalf of the Partnership any or all extensions, renewals, or modifications of such security interests; to prepare, execute, file and deliver any document, or take such other action, as may be necessary or desirable to carry out the purpose of the Partnership; to employ such agents, employees, independent contractors, attorneys and accountants as the General Partner deems reasonably necessary; to obtain insurance for the proper protection of the Partnership, the General Partner, and the Limited Partners; to commence, defend, compromise or settle any claims, proceedings, actions or litigation for and on behalf of the Partnership (including claims, proceedings, actions or litigation involving the General Partner in its

capacity as General Partner) and to retain legal counsel in connection therewith and to pay out of the assets of the Partnership any and all liabilities and expenses (including fees of legal counsel) incurred in connection therewith; and to make such decisions and enter into such agreements as it may reasonably believe to be necessary.

Section 5.02 DUTIES OF GENERAL PARTNER. The General Partner shall have responsibility for, and control over, the ordinary and usual day-to-day management and operation of the Station and the Partnership's business, including acts necessary to cause Conversion to occur. The General Partner shall devote such of its time as it deems necessary to the affairs of the Partnership. The General Partner shall cause to be filed all required Certificates of Limited Partnership with the County Clerk of Salt Lake County to reflect changes in the interests of Partners; keep, or cause to be kept, all books and records required by this Partnership Agreement; prepare or cause to be prepared all statements and reports; and obtain or cause to be obtained and kept in force such insurance, in such amounts, on such terms, and with such carriers as may be required to reasonably protect the Partnership and its property. In the event additional financing is required for the operation of the Station after Conversion, the General Partner shall use its best efforts to secure non-recourse secured or unsecured financing on behalf of the Partnership.

Section 5.03 RESCISSION. Within ten (10) days of the execution hereof, MWT Corporation shall prepare and file with the FCC a petition for leave to amend the pending application of Mountain West Television Company for a construction permit to build and operate the Station. The petition shall request amendment of the application to reflect the reorganization of the applicant in accordance with the terms of the Initial Agreement and this Partnership Agreement. If the petition is denied, within five (5) days of the date the FCC releases its denial, MWT Corporation shall take all actions necessary to rescind this Agreement, to cause the Partnership to revert to its structure pursuant to the Initial Agreement, and to return to Northstar all Advances, with interest earned thereon, and Capital Contributions made by it to the Partnership up to the date of rescission.

Section 5.04 PARTNERSHIP TAX MATTERS. The General Partner has the authority to make elections for the Partnership with respect to the tax laws of the United States, the several states and other relevant jurisdictions. The General Partner shall not have the authority, without the affirmative vote of seventy-five percent (75%) in interest of all Partners affected thereby, to settle any dispute with the Internal Revenue Service or any state income tax authority concerning the Taxable Income or Loss of the Partnership or the allocation thereof. Any expense incurred by the Partnership in contesting, with the Internal Revenue Service

or any state income tax authorities, any change in its Taxable Income or Loss or the allocation of its Taxable Income or Loss to any Partner shall be an expense of the Partnership.

Section 5.05 LIABILITIES OF GENERAL PARTNER. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or to any Limited Partner, except as described in Section 3.02, and except for any loss, damage or liability due to, or arising out of, the General Partner's fraud, bad faith or gross negligence. The General Partner shall indemnify and hold the Partnership harmless from any loss, damage or liability due to, or arising out of, the General Partner's fraud, bad faith or gross negligence. The Partnership shall indemnify and save harmless the General Partner from any loss or damage incurred, by reason of any acts or omissions performed or omitted in good faith and reasonably believed to be within the scope of the authority conferred by this Partnership Agreement, except for fraud, bad faith or gross negligence. Any indemnity by the Partnership under this Section 5.05 shall be paid out of, and to the extent of, Partnership assets only.

Section 5.06 MANAGEMENT OF BUSINESS. Except as otherwise provided in this Agreement, the General Partner shall have sole and complete charge of the affairs of the

Partnership and shall operate its business for the benefit of all Partners.

Section 5.07 AUTHORITY OF GENERAL PARTNER. In no event shall any person dealing with the General Partner with respect to any property of the Partnership be obligated to see that the terms of this Partnership Agreement have been complied with, or be obligated to inquire into the necessity or expediency of any act or action of the General Partner. Every contract, agreement, lease, promissory note, mortgage or other instrument or document executed by the General Partner with respect to the Station, or any other property of the Partnership, shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that:

(a) at the time of the execution or delivery thereof, the Partnership was in full force and effect;

(b) such instrument or document was duly executed in accordance with the terms and provisions of this Partnership Agreement and is binding upon the Partnership and all of the Partners hereof; and

(c) the General Partner was duly empowered to execute and deliver any and every such instrument or document for and on behalf of the Partnership.

Section 5.08. FEES AND EXPENSES. All expenses incurred in connection with the construction, management and operation of the Station shall be borne by the Partnership. In

addition, the costs of preparing the reports and statements required by Section 9.02 shall be borne by the Partnership.

Section 5.09 RESIGNATION OF GENERAL PARTNER. Except in the course of the Conversion, the General Partner shall have no right to resign or withdraw from the Partnership or to transfer, assign, grant, convey, mortgage, or otherwise encumber its General Partnership interest, or to enter into any agreement as a result of which any other Person shall become interested in the Partnership as a general partner, without the written consent of the Limited Partners. If the General Partner purports to resign or withdraw from the Partnership in violation of the foregoing provision, it shall remain liable for the debts, obligations and liabilities of the Partnership to the same extent as if it had not resigned or withdrawn and, in addition, shall be liable to the Partnership and the Limited Partners for any damages sustained by reason of such purported resignation or withdrawal.

Section 5.10 INDEMNITY. Following Conversion, Northstar, its successors and assigns, hereby agrees to indemnify and hold MWT Corporation harmless from and against any loss, cost, liability, damage or expense (including legal and other expenses incident thereto) incurred by it as a result of liabilities (including without limitation any contractual liabilities) of the Partnership asserted by "third parties" against it by reason of MWT Corporation

having been a General Partner of the Partnership and its capacity as such. Notwithstanding the preceding sentence, MWT Corporation shall not be entitled to indemnity for any act or failure to act on its part which involved dishonesty, intentional wrongdoing or gross neglect. For purposes of this Section 5.10, the term "third party" shall not include the Partnership.

Section 5.11 SALE OF THE STATION. Upon receipt of an unsolicited offer and/or prior to soliciting offers for a sale of the Station by the Partnership, the General Partner shall deliver written notice to the Limited Partners of its intention to sell the Station, setting forth the proposed terms of sale and soliciting offers from the Limited Partners to purchase the Station from the Partnership. If the General Partner does not receive any offers from any of the Limited Partners within forty-five days and/or determines in good faith not to accept any offers received from the Limited Partners, the General Partner may then solicit offers from third parties for the purchase of the Station. Upon the receipt of any bona fide offer from a third party for the purchase of the Station which the General Partner intends to accept, the General Partner shall deliver notice of the proposed terms of sale and afford the Limited Partners and the third party, for a period of fifteen days, the opportunity to make further bids for the Station.

ARTICLE VI

LIMITED PARTNERS

Section 6.01 LIABILITY OF LIMITED PARTNERS. No Limited Partner shall be obligated to make any contribution to the capital of the Partnership in addition to the contributions specified in Section 2.08. No Limited Partner shall be obligated to make loans or Advances to the Partnership, except as required by the Credit Agreement. No Limited Partner shall have any personal liability with respect to the liabilities or obligations of the Partnership.

Section 6.02 MANAGEMENT OF BUSINESS. No Limited Partner in its capacity as a Limited Partner shall take part in the management or control of the Partnership business, except that (a) the General Partner may not cause any of the following to occur without the affirmative vote of a majority of interest of the Class A Limited Partners: (i) a merger, consolidation, reorganization or sale of material assets of the Partnership outside the ordinary course of business; (ii) a liquidation, dissolution or recapitalization of the Partnership; (iii) any acquisition of stock or other securities; (iv) any acquisition of assets outside the ordinary course of business; (v) the issuance of any securities, including any senior equity security; (vi) borrowing, except under the Credit Agreement or in the ordinary course of business; (vii) repurchase of partnership interests, except as required by Section 3.01(c) or Section

7.01; or (viii) admission of new Partners; and (b) the General Partner may not employ a general manager for the Station without the affirmative vote of a majority in interest of the Class B Limited Partners. Notwithstanding the foregoing and the provisions of Sections 5.01, 5.02 and 5.06, beginning with the eighth full year of Station operation, the Class B Limited Partners, by affirmative vote of seventy-five percent (75%) in interest of the Class B Limited Partners, may compel the General Partner to use its good faith efforts to sell the Station as quickly as practicable on commercially reasonable terms.

Section 6.03 ASSIGNMENT OF PARTNERSHIP INTERESTS.

(a) Except as provided in Sections 6.01, 6.07 or 6.08 hereof or as required by the Credit Agreement, no Limited Partner shall withdraw its Capital Contribution or transfer, assign, grant, convey, mortgage, or otherwise encumber any part of its Limited Partnership interest, or enter into any agreement as a result of which any other Person shall become interested in the Partnership, without (i) the written consent of the General Partner, and, (ii) in the case of a Limited Partner which is also the General Partner or which controls, is controlled by, or is under common control with the General Partner, the written consent of a majority in interest of the other Limited Partners. The granting of any consent by a Partner under this Section

6.03(a) shall be within that Partner's sole discretion and may be withheld arbitrarily.

(b) Notwithstanding paragraph (a) hereof, upon the bankruptcy, assignment for the benefit of creditors, dissolution, death, disability or legal incapacity of any Partner, the interest held by that Partner shall descend to and vest in his successors, trustees, receivers, assignees for the benefit of creditors, heirs, legatees or other legal representatives.

Section 6.04 FORM OF ASSIGNMENT.

(a) No assignment of all or part of a Limited Partner's Limited Partnership interest, though otherwise permitted by Section 6.03, shall be valid and effective, and the Partnership shall not recognize the same for the purpose of Distributions or for the allocation of Taxable Income or Loss with respect to that interest, until there is filed with the General Partner an instrument in writing in the following form, with blanks appropriately filled in and subscribed by both parties to the conveyance:

I, _____, hereby assign to _____ my right, title and interest in and to _____ of my Class _____ Limited Partnership interest in MWT, Ltd., a limited partnership organized under the laws of the State of Utah, and direct that all future Distributions and allocations of Taxable Income or Loss on account of such interest be paid or allocated to such assignee.

_____, as assignee, hereby accepts said interest
subject to all terms, covenants and conditions of the Amended
and Restated Agreement of Limited Partnership dated as of
November 18, 1986.

Dated:_____.

Assignor

Assignee

Assignee's Address

Assignee's Social Security
Number

STATE OF _____)
COUNTY OF _____) SS.

On this ____ day of _____, 19__, before me
personally appeared _____ and _____, to me known and known
to be the persons described in, and who executed, the
foregoing instrument and they duly acknowledged to me that
they executed the same.

Notary Public

(b) After receiving an executed assignment in the
form prescribed in paragraph (a) hereof, and all required

approvals under Sections 6.02(a) and 6.03(a) to the assignment, the Partnership shall make all further Distributions and allocate any Taxable Income or Loss to the assignee with respect to the interest transferred regardless of whether such transfer, as between the parties thereto, is or is intended to be by way of pledge, mortgage, encumbrance or other hypothecation, until such time as the interest transferred shall be further transferred in accordance with the provisions of this Partnership Agreement.

Section 6.05 RIGHTS OF ASSIGNEE. Unless admitted to the Partnership as a Limited Partner in accordance with Section 6.06, the transferee of an interest in the Partnership, by assignment, bequest, operation of law or otherwise, shall not be entitled to any of the rights, powers, or privileges of its predecessor in interest, except that it shall be entitled to receive and have allocated to it the share of Distributions and Taxable Income or Loss attributable to the assigned interest.

Section 6.06 ADMISSION OF LIMITED PARTNER. A permitted assignee of an interest in the Partnership may be admitted to the Partnership as a Limited Partner upon furnishing to the General Partner all of the following:

(a) acceptance, in form satisfactory to the General Partner, of all the terms of this Partnership Agreement;

(b) a certified copy of a resolution of its Board of Directors or comparable body (if it is a corporation or similar organization) authorizing it to become a Limited Partner under the terms of this Partnership Agreement;

(c) a Power of Attorney substantially identical to that contained in Section 10.14 hereof;

(d) such other documents or instruments as may be required by the General Partner in order to effect the transferee's admission as a Limited Partner; and

(e) payment of such reasonable expenses as may be incurred in connection with the transferee's admission as a Limited Partner.

Section 6.07 PLEDGE OF INTERESTS. The Limited Partners agree to pledge their Partnership interests (a) as required by the Credit Agreement and (b) to secure the repayment of any bank financing obtained by the Partnership that the General Partner reasonably determines is necessary for the operations of the Station or is used to repay Advances, provided that the terms of the bank financing and the pledge of the Partners' interests are commercially reasonable.

Section 6.08 SALE OF CLASS A LIMITED PARTNERSHIP INTERESTS. Foulger may elect, by delivery of written notice of its election to Northstar at any time on or after February 1, 1986 and before March 1, 1988 to require Northstar to purchase Foulger's Class A Limited Partnership interest at a price equal to Foulger's Capital Contribution

for its Class A Limited Partnership interest plus ten percent (10%) per annum. Northstar shall purchase the Foulger interest within ninety (90) days of its receipt of the written notice.

Section 6.09 FAILURE TO ADVANCE FUNDS UNDER CREDIT AGREEMENT. If any Class A Limited Partner fails to make Advances to the Partnership as required by the Credit Agreement, that Partner (the "Defaulting Partner") shall forfeit its Class A Limited Partnership interest and the Capital Contribution made therefor, and shall forfeit certain Advances as provided in the Credit Agreement, and the Capital Contribution and Advances shall be retained by the Partnership. In that event, the other Class A Limited Partner may elect, within ninety (90) days of the Defaulting Partner's failure to make a required Advance, by (a) making a Capital Contribution equal to the forfeited Capital Contribution, (b) making Advances to the Partnership equal to the amount of any Advances forfeited by the Defaulting Partner under the terms of the Credit Agreement, (c) making any other Advance that would then be due from the Defaulting Partner under the Credit Agreement, and (d) agreeing to make any other Advances that the Defaulting Partner would be required to make under the Credit Agreement, to purchase a Class A Limited Partnership interest from the Partnership with a Pro Rata Share equal to that of the forfeited Class A Limited Partnership interest. If the other Class A Limited

Partner does not elect to purchase a Class A Limited Partnership interest pursuant to the preceding sentence, the Pro Rata Shares of the Partners (including the Defaulting Partner) following the forfeiture of the Class A Limited Partnership interest shall be increased proportionately so that the aggregate Pro Rata Shares of all Partners shall be 100%, effective as of the date of such forfeiture.

ARTICLE VII

REPURCHASE OF PARTNERSHIP INTEREST

Section 7.01 REPURCHASE OPTION. Any Limited Partner, at its option, exercisable after four (4) years of operation of the Station, may require the Partnership to repurchase all of its Limited Partnership interest. To exercise the option granted hereby the Limited Partner shall notify the General Partner in writing of its intention to sell its interest back to the Partnership.

Section 7.02. REPURCHASE PRICE. Upon receipt by the General Partner from a Limited Partner of notice of the Limited Partner's exercise of its repurchase option, the General Partner and the Limited Partner shall attempt to agree upon a value for the interest to be repurchased. If they are unable to agree, each shall promptly appoint an appraiser to determine the value of the business and assets of the Partnership. If either the General Partner or the Limited Partner fails to appoint an appraiser within twenty (20) days of receipt of written notice of the intention to

exercise the option, the appraiser appointed by the other shall determine the value and his decision shall be final and binding. If two appraisers are appointed, they shall attempt to agree upon a value. If they are unable to agree upon a value within thirty (30) days, they shall appoint a third appraiser. The third appraiser shall, within thirty (30) days after his appointment, choose which of the determinations of value is more reasonable and that determination shall be final and binding upon the parties. The Partnership shall repurchase the interest within ninety (90) days of the appraiser's determination for cash, at a price equal to the amount that the Limited Partner would have received upon the liquidation of the Partnership if the Partnership had sold its business and assets at the appraised value. The fees and expenses incurred by exercise of the repurchase option shall be borne one-half by the Partnership and one-half by the selling Limited Partner or Limited Partners.

Section 7.03 EFFECT OF REPURCHASE. Upon the repurchase of any Partner's Partnership interest pursuant to this Article VII or Section 3.01(c), the Pro Rata Shares of the other Partners shall be increased proportionately so that the aggregate Pro Rata Shares of all Partners shall at all times be 100%.

ARTICLE VIII

DISSOLUTION

Section 8.01 DISSOLUTION. The Partnership shall be dissolved upon the happening of any of the following events:

(a) disposal of all or substantially all of the assets of the Partnership; provided, however, that if the Partnership receives a purchase money mortgage or other non-cash consideration in connection with such disposal, the Partnership shall continue until the non-cash consideration is converted into cash;

(b) the written consent of all Partners to dissolve the Partnership; or

(c) the voluntary or involuntary bankruptcy, dissolution or liquidation of the General Partner or the transfer of the interest of the General Partner (whether or not as a result of voluntary or involuntary bankruptcy, dissolution or liquidation of the General Partner) except by Conversion, unless within sixty days after the transfer all remaining Partners, including any Person who has acquired or represents the General Partner's interest, elect by an agreement in writing to conduct the business under the terms and conditions of this Partnership Agreement.

Section 8.02 LIQUIDATION.

(a) Upon the dissolution of the Partnership, the General Partner (which term, for the purpose of this Section 8.02, shall include any trustee, receiver or other person

required by law to wind up the affairs of the Partnership) shall liquidate the assets of the Partnership.

(b) All proceeds from the sale or disposition of Partnership property and any other assets of the Partnership following dissolution shall be distributed in the following order of priority: (i) to the payment of Partnership debts, liabilities and obligations other than Advances; (ii) to the establishment of such reserves as the General Partner may reasonably deem necessary for any contingent liabilities of the Partnership; (iii) to the repayment of Advances; and (iv) in accordance with the Partners' Capital Accounts, taking into account the allocation of Taxable Income required by Section 4.02 and any Capital Contributions under Section 2.03(c).

Section 8.03 FINAL STATEMENT. As soon as practicable after the dissolution of the Partnership, a final statement of the Partnership's assets and liabilities and the Capital Accounts of all of the Partners shall be prepared by an independent certified public accountant and furnished to all Partners.

ARTICLE IX

BOOKS AND ACCOUNTS

Section 9.01 BOOKS. The General Partner shall keep or cause to be kept books of account in accordance with standards established by a national accounting firm, in which shall be entered fully and accurately the transactions of the

Partnership. All books and records and this Partnership Agreement and all amendments thereto shall at all times be maintained at the principal office of the Partnership and shall be open to the inspection and examination of each Partner or his representatives at reasonable times.

Section 9.02 REPORTS.

(a) The General Partner shall, within seventy-five days after the expiration of each Fiscal Year, deliver to each Partner a statement showing: (i) all information necessary for the preparation of the Partner's income tax returns; (ii) the cash receipts and expenses of the Partnership for the Fiscal Year; (iii) a statement showing the profit or loss of the Partnership for the Fiscal Year; (iv) a statement showing the assets and liabilities of the Partnership as of the end of the Fiscal Year; and (v) an itemization showing the amounts and sources of any Distributions and repayments of Advances to Partners. The statements of profit or loss and assets and liabilities shall be prepared in accordance with generally accepted accounting principles consistently applied and shall be certified by an independent certified public accountant.

(b) The General Partner shall prepare and deliver to each Partner within fifteen (15) days after the end of each calendar month a statement showing the cash receipts and expenses of the Partnership for the preceding month. The

statement need not be audited but shall be signed by the chief financial officer of the General Partner.

(c) In addition to the reports required by paragraphs (a) and (b) hereof, the General Partner shall prepare and deliver to each Partner, as appropriate, reports showing all transactions with the General Partner and the fees, commissions, compensation and other benefits paid or accrued to the General Partner and other pertinent information with respect to the Partnership and its activities.

Section 9.03 BANK ACCOUNTS. The General Partner shall open and maintain in the name of the Partnership accounts with one or more financial institutions in which shall be deposited all funds of the Partnership. Partnership funds shall be used solely for the business of the Partnership. Withdrawals of funds may be made only upon the signature of a Person authorized by the General Partner to make withdrawals.

Section 9.04 PARTNERSHIP CERTIFICATES. The Partnership shall prepare and issue Certificates to each Partner, executed by the General Partner on behalf of the Partnership, evidencing the Partner's interest in the Partnership.

ARTICLE X

GENERAL

Section 10.01 SETTLEMENT AGREEMENTS. The Partnership shall assume and undertake to pay all obligations of Mountain West Television Company under any settlement agreements entered into between Mountain West Television Company and any of the other applicants before the FCC for a construction permit for the Station, including without limitation settlement agreements entered into prior to the Effective Date. In addition, Northstar agrees that its significant investor, Allstate Insurance Company (a) shall have agreed to purchase those promissory notes evidencing certain of the obligations under those settlement agreements if the Partnership shall be in default in its performance thereof; (b) shall have agreed in a separate writing not to proceed against any of the individual general partners of Mountain West Television Company to enforce any rights acquired upon its purchase of the notes and in the event it proceeds against Mountain West Television Company or any of its successors and assigns, Allstate's recourse shall be limited to the assets of Mountain West Television Company or its successors or assigns; and (c) shall have agreed in a separate writing unconditionally to indemnify and hold Mountain West Television Company and each of its general partners harmless from any liabilities incurred as a result of Allstate's failure to purchase the notes pursuant to the terms of the note repurchase agreements so long as the holders of such notes have complied with the procedures set forth in such agreements.

Section 10.02 OTHER BUSINESS INTERESTS. Each Partner may have other business interests and may engage in any other business, trade, profession, or employment whatsoever, on its own account or in partnership, or as an employee, officer, director, or stockholder of any other Person, provided that no Partner shall own any equity interest in, directly or indirectly, or be an officer or director of any entity which owns or operates any television or radio station, cable television system, or daily newspaper which, when combined with the interest created hereby, would violate the FCC's attribution or multiple ownership rules.

Section 10.03 NOTICES. Unless otherwise specified in a writing sent to the Partnership, the address of each Partner for all purposes shall be as set forth below. Any notices and demands required to be given hereunder shall be in writing and sent postage prepaid by certified mail, return receipt requested, to such address or addresses and also to Allstate at the address specified in Section 2.06.

Section 10.04 CAPTIONS. The Section titles and captions contained in this Partnership Agreement are for convenience only and shall not be deemed part of this Partnership Agreement.

Section 10.05 PRONOUNS AND PLURAL. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine or neuter forms and the singular form of nouns. pronouns and verbs shall include the plural and the plural shall include the singular.

Section 10.06 ENTIRE AGREEMENT. This Partnership Agreement and the Credit Agreement contain the entire understanding among the Partners and supersede any prior understandings or written or oral agreements between or among any of them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among any of the Partners relating to the subject matter of this Partnership Agreement which are not fully expressed herein or in the Credit Agreement.

Section 10.07 FURTHER ACTION. The Partners shall execute and deliver all documents, provide all information and take or forebear from all such action as may be necessary or appropriate to achieve the purpose of the Partnership.

Section 10.08 BINDING EFFECT. This Partnership Agreement shall be binding on and inure to the benefit of the Partners and their heirs, executors, administrators, successors, legal representatives and assigns.

Section 10.09 VALIDITY. If any provision of this Partnership Agreement is held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Partnership Agreement.

Section 10.10 GOVERNING LAW. This Partnership Agreement shall be governed by the laws of the State of Utah.

Section 10.11 PERSONAL JURISDICTION. The Partners hereby consent to personal jurisdiction in the District of Columbia and waive any and all rights they may have to cause any actions or

proceedings to be brought or tried elsewhere and any and all objections to jurisdiction or venue they might otherwise have to the commencement of any suit in the District of Columbia to construe or enforce the provisions of this Agreement or to remedy any breach thereof.

Section 10.12 ACCOUNTING METHOD. The Partnership shall use the accrual method of accounting for income tax purposes and for general accounting purposes.

Section 10.13 AMENDMENT. This Partnership Agreement may be amended or modified only by the affirmative written consent of all the Partners.

Section 10.14 POWER OF ATTORNEY.

(a) Each Limited Partner hereby irrevocably constitutes and appoints the General Partner as its true and lawful attorney-in-fact, in its name, place and stead, to make, execute, acknowledge and file a certificate of limited partnership reflecting this Partnership Agreement and any amendments thereto reflecting actions properly taken by the Partners.

(b) The power of attorney is coupled with an interest and shall survive an assignment by any Limited Partner of its interest until such time as the General Partner has taken the action necessary or appropriate to effect the substitution of the assignee as a Limited Partner including, without limitation, the execution, acknowledgment and filing of an amendment to the certificate of limited partnership.

(c) The power of attorney shall, to the extent permitted by law, survive any merger, bankruptcy, receivership or dissolution of a Limited Partner.

(d) Each Limited Partner shall execute such instruments as the General Partner may request in order to give evidence of, and to effectuate, the granting of this power of attorney, whether by executing a separate counterpart thereof or otherwise.

IN WITNESS WHEREOF, this Partnership Agreement is signed on the day and year first above written.

MWT Corporation
2257 Texas Street
Salt Lake City, Utah 84109

By:

Title:

Joseph C. Lee
2257 Texas Street
Salt Lake City, Utah 84109

Sidney W. Foulger
241 North Vine Street
Salt Lake City, Utah 84103

Jo-Anne Wong
809 Third Avenue
Salt Lake City, Utah 84103

George L. Gonzales
1278 East North
Ogden, Utah 84404

(c) The power of attorney shall, to the extent permitted by law, survive any merger, bankruptcy, receivership or dissolution of a Limited Partner.

(d) Each Limited Partner shall execute such instruments as the General Partner may request in order to give evidence of, and to effectuate, the granting of this power of attorney, whether by executing a separate counterpart thereof or otherwise.

IN WITNESS WHEREOF, this Partnership Agreement is signed on the day and year first above written.

MWT Corporation
2257 Texas Street
Salt Lake City, Utah 84109

By: *Sidney W. Foulger*
Title: PRESIDENT

Joseph C. Lee
2257 Texas Street
Salt Lake City, Utah 84109

Sidney W. Foulger
Sidney W. Foulger
241 North Vine Street
Salt Lake City, Utah 84103

Jo-Anne Wong
809 Third Avenue
Salt Lake City, Utah 84103

George L. Gonzales
1278 East North
Ogden, Utah 84404

Northstar Communications, Inc.
1776 K Street, N.W.
Suite 900
Washington, D.C. 20006

By: Wm. M. D. Finkel
Title: PRESIDENT

Tab 7

Daniel L. Berman (A0304)
Peggy A. Tomsic (3879)
Jonathan L. Hawkins (5966)
BERMAN, GAUFIN & TOMSIC
50 South Main, Suite 1250
Salt Lake City, UT 84144
Telephone: (801) 328-2200

Attorneys for Defendants

IN THE THIRD JUDICIAL DISTRICT COURT

IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

JO-ANN W. KILPATRICK, GEORGE)
L. GONZALES, JOSEPH C. LEE,)
DAVID B. LEE, MARILYN D. LEE,)
SIDNEY W. FOULGER, CLAYTON F.)
FOULGER, BRYANT F. FOULGER,)
BRENT K. PRATT, MOUNTAIN WEST)
TELEVISION COMPANY, a Utah)
general partnership, and MWT)
CORPORATION, a Utah)
corporation,)

Plaintiffs,)

v.)

WILEY, REIN & FIELDING, a)
professional law partnership,)
and RICHARD E. WILEY,)

Defendants.)

AFFIDAVIT OF
PAUL RENZE
IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT

Civil No. 900901064CV

Honorable Glenn K. Iwasaki

STATE OF ILLINOIS)
: ss.
COUNTY OF COOK)

PAUL RENZE being first duly sworn under oath, deposes and
states as follows:

1. I was employed by Allstate Insurance Company's
("Allstate") Venture Capital Division at the time Allstate invested
in Northstar Communications, Inc. ("Northstar"), a company created

to purchase and operate media properties. After the terms of the investment were worked out by Len Batterson, the head of the Investment Capital Division, until approximately June of 1988 I was responsible for the day-to-day dealings with regard to Northstar. I am not currently employed by Allstate. I make this affidavit based on my own personal knowledge.

2. In late spring or early summer of 1986, William Lincoln, the President of Northstar, informed me there was a new VHF drop-in station, Channel 13, which had been approved for the Salt Lake City, Utah market and there was a comparative proceeding in which five applicants were trying to obtain the construction permit. He also told me the FCC Administrative Law Judge had awarded the permit to the applicant Salt Lake Family Television, Inc. ("Family") and that he had had some preliminary discussions with the second ranked applicant, Mountain West Television Company ("Mountain West"), who had appealed that adverse ruling to the full FCC commission. He asked me to meet with Mountain West to get my input on whether Northstar might want to explore the possibility of entering into an arrangement with Mountain West to obtain the Channel 13 permit by settling with competing applicants and to construct and operate Channel 13.

3. I had one or two meetings with Joseph Lee, Brent Pratt, David Lee, and possibly other people affiliated with Mountain West. After those meetings, William Lincoln and I agreed Northstar should continue to explore the possibility of entering

into an arrangement with Mountain West to acquire the Channel 13 permit by settling with competing applicants and to own and operate Channel 13 (the "MWT, Ltd. transaction").

4. William Lincoln and I, with Katherine Glakas' concurrence, decided to make several written proposals to Mountain West and determined what those written proposals would be. Attached hereto as Exhibits "1" through "4" are true and correct copies of the only written proposals Northstar made to Mountain West before the November, 1986 face-to-face negotiations where an agreement was finally reached. The business terms in each of those proposals were determined by William Lincoln and me. No lawyer at Wiley, Rein & Fielding (the "Wiley Firm"), including Richard E. Wiley, determined or dictated any business term in any of those proposals, including the respective ownership interests of Northstar and the Mountain West partners, the amount and timing of funding or the right to convert.

5. William Lincoln, Katherine Glakas, and I had numerous discussions with Mountain West between our initial introductory meetings in the summer of 1986 and the face-to-face negotiations in November of 1986. We negotiated with Ralph Hardy of Dow, Lohnes & Albertson ("Dow, Lohnes") on behalf of Mountain West, Brent Pratt, Clayton Foulger, Joseph Lee and David Lee. From approximately mid-summer 1986 until the MWT, Ltd. transaction was consummated in November of 1986, Ralph Hardy was present at most, if not all, meetings and discussions to which I was a party.

6. Some time in the late summer or early fall of 1986, William Lincoln and I decided that, before Northstar would proceed with any further substantive negotiations with Mountain West, Mountain West had to reach settlements with all the competing applicants. It was our belief that until Mountain West reached settlements with the competing applicants, our discussions were academic because Mountain West could not guarantee it could bring the Channel 13 permit to the negotiating table and we did not know the economic parameters of our negotiations. We told Mountain West that if and when it reached settlements with the competing applicants, we could begin serious negotiations to see if we could work out a deal. Some time in the fall of 1986, Mountain West advised us it had concluded settlements with the number one and number three ranked applicants and was having serious negotiations with the other two applicants. In November of 1986, Mountain West concluded settlements with the two other competing applicants.

7. In November of 1986, there were face-to-face negotiations between William Lincoln and Katherine Glakas for Northstar and the Mountain West partners and their counsel, Dow, Lohnes at the Wiley Firm, the law firm representing Northstar in the MWT, Ltd. transaction. I did not attend those negotiations but William Lincoln was in constant communication with me by telephone during the negotiations.

8. Every decision with regard to the substantive terms on which Northstar and Allstate would enter into an agreement with

Mountain West, including the respective ownership interests of Northstar and Mountain West, the amount and timing of funding and the right and timing for Northstar to convert to general partner, was dictated and determined by William Lincoln and me. No lawyer at the Wiley Firm, including Richard E. Wiley, ever determined or dictated any substantive term on which Northstar and Allstate would enter into an agreement with Mountain West, including the respective ownership interests, the amount and timing of funding and Northstar's conversion rights.

9. I never committed or promised, and to my knowledge no one from Northstar ever committed or promised Mountain West, orally or in writing, that Northstar or Allstate would provide \$10 million in funding. Both William Lincoln and I made it clear from the beginning of our discussions with the Mountain West partners, David Lee, Brent Pratt and Ralph Hardy, that Northstar could not make any commitment to Mountain West without having it formally approved by the head of Allstate's Venture Capital Division, the head of Allstate's Investment Department and the President of Allstate. The only proposals to Mountain West that went through the approval process at Allstate are the Proposed Investment, dated November 6, 1986, attached hereto as Exhibit "5", and the Deal Memo Addendum, dated November 14, 1986, attached hereto as Exhibit "6". Each proposal was approved on or about the date of the proposal.

10. No lawyer at the Wiley Firm, including Barry Wood, ever provided me with any information with regard to Mountain West

or the Mountain West partners. The Mountain West partners, Brent Pratt and David Lee provided me with fairly detailed backgrounds about the Mountain West partners and about their desire to secure financing to obtain Channel 13 through settlements with competing applicants and to construct and operate Channel 13. Additionally, I asked for and received from Sidney Foulger his personal financial statement. All the information I had with regard to Mountain West's settlements with competing applicants came from Ralph Hardy, Brent Pratt and William Lincoln.

11. On approximately November 20, 1986, Northstar and Mountain West consummated the MWT, Ltd. transaction. That agreement is reflected in the Credit Agreement attached hereto as Exhibit "5" and the Partnership Agreement attached hereto as Exhibit "6". The Credit Agreement and Partnership Agreement reflect the terms, provisions and features to which the Mountain West partners, William Lincoln and I had agreed. All the substantive terms, provisions and features of the Credit Agreement and Partnership Agreement, including the respective ownership interests of Northstar and the Mountain West partners, the amount and timing and funding and Northstar's conversion rights, were determined by William Lincoln for Northstar and me for Allstate or by the Mountain West partners. The respective ownership interests of the parties, the amount and timing of Northstar's funding and Northstar's conversion rights reflected in the Credit Agreement and Partnership Agreement were determined by William Lincoln and me and

agreed to by the Mountain West partners. No lawyer at the Wiley Firm, including Richard E. Wiley, determined or dictated any substantive term, provision or feature of the Credit Agreement or Partnership Agreement, including the respective ownership interests of Northstar and the Mountain West partners, the amount and timing of funding and Northstar's conversion rights. Richard E. Wiley did not negotiate and was not involved in the negotiations of the MWT, Ltd. transactions. He did not draft or participate in the drafting of any proposal agreement in the MWT, Ltd. transaction.

12. Under the Credit Agreement and Partnership Agreement, Northstar and the Plaintiffs MWT Corp., Joseph Lee, Sidney Foulger, Jo-Ann Kilpatrick and George Gonzales each owned interest in a newly formed limited partnership, MWT, Ltd., which was to own the Channel 13 permit once it was awarded to Mountain West. The parties' respective interests in MWT, Ltd., as reflected in the Credit and Partnership Agreements, were that Northstar owned 49% and the Mountain West partners and MWT Corp. owned 51%. MWT Corp. initially was the sole general partner, but Northstar had the right to convert to sole general partner after the station began operation.

13. In return for their interests in MWT, Ltd., each of the parties to the agreements had to make certain commitments. Northstar was required to provide the following funding to MWT, Ltd. to finance the settlements with the competing applicants and provide initial start-up capital: (1) a loan in the aggregate

principal amount of \$3,566,667; (2) an initial capital contribution of \$233,333; (3) a capital contribution upon conversion of \$500,000 and (4) Allstate's agreement to purchase promissory notes in the amount of \$1.7 million which evidence part of Mountain West's obligation under the settlement agreements. In the event additional financing was required after conversion, Northstar was required to use its "best efforts" to secure non-recourse financing. Sidney Foulger, in return for his Class A limited partnership interest, was required to provide the following funding to MWT, Ltd.: (1) a loan in the aggregate principal amount of \$2,600,000 and (2) a capital contribution of \$100,000. Sidney Foulger, Joseph Lee, George Gonzales, Jo-Ann Kilpatrick, and MWT Corp. in exchange for their Class B interests were required only to contribute Mountain West's application for Channel 13 to MWT, Ltd.

14. After Mountain West and William Lincoln and I had agreed on the substantive terms, provisions and features of the Credit Agreement and Partnership Agreement, including the respective ownership interests of Northstar and Mountain West, the amount and timing of funding and the right to and timing of conversion, Katherine Glakas and William Lincoln took the agreement to the Northstar board for ratification. Based on William Lincoln's recommendation, the Northstar board unanimously voted to ratify his action in agreeing to the terms of the Credit Agreement and Partnership Agreement on behalf of Northstar.

15. When the MWT, Ltd. transaction closed, Allstate provided Northstar with \$2,000,000 to fund the escrow for the settlement with Family.

16. On December 18, 1986, the FCC approved Mountain West's settlements with the four competing applicants and granted the Channel 13 permit to MWT, Ltd.

17. Some time in late February of 1987, William Lincoln called and advised me Clayton Foulger had announced at an MWT, Ltd. partnership meeting Sidney Foulger was not going to meet his obligation under the Credit Agreement and Partnership Agreement to loan MWT, Ltd. \$2.5 million. That news was totally unexpected and meant MWT, Ltd. did not have the funds to construct Channel 13. At that time Northstar, pursuant to the terms of the Credit Agreement and Partnership Agreement, had made the total equity contribution it was required to make. It had made a capital contribution of \$233,333, loaned MWT, Ltd. \$3,366,667 and Allstate had entered into the Note Repurchase Agreements with the competing applicants to take the Mountain West partners off-the-hook for over \$1 million in payments.

18. Within a couple of days after William Lincoln gave me the news about Sidney Foulger's default, we had a meeting at the offices of Allen, Nelson, Hardy & Evans, Mountain West's lawyers in Salt Lake City, Utah. That meeting was attended by Joseph Lee, Jo-Ann Kilpatrick, George Gonzales, Clayton Foulger, William Lincoln, me and Ralph Hardy. At that meeting there were discussions

regarding the options available to MWT, Ltd. to get on the air. We discussed not having enough money now to build the station, a possible joint venture with Channel 14, a possible purchase of Channel 20, and building the station and selling it. After a discussion of those options and negotiations with the owner of Channel 20 over the phone, everyone at the meeting voted to offer to purchase Channel 20 for \$30 million. Ralph Hardy drafted an offer to purchase Channel 20 and Joseph Lee signed the offer on behalf of MWT Corp., the general partner of MWT, Ltd.

19. Dow, Lohnes represented MWT Corp., MWT, Ltd. and the Mountain West partners in the negotiations to purchase Channel 20. Dow, Lohnes negotiated the letter of intent that was signed with Adams T.V. of Salt Lake City, Inc. ("Adams") in March of 1987 and drafted that letter of intent. Dow, Lohnes negotiated with Adams over the Asset Purchase Agreement and prepared the first draft of that agreement. Dow, Lohnes negotiated with Adams over the Escrow Agreement, Covenant Not to Compete, the Security Agreement and Warranty Deed. MWT Corp., the general partner of MWT, Ltd., authorized MWT, Ltd. to purchase Channel 20 and signed the agreements to purchase Channel 20 on behalf of MWT, Ltd. Notice to MWT Corp. under the Channel 20 purchase agreements were to go to Dow, Lohnes. Dow, Lohnes issued an opinion letter for MWT, Ltd. for that transaction.

20. All the partners of MWT, Ltd., including Plaintiffs and their counsel Ralph Hardy, made extensive efforts to look for

financing to purchase Channel 20. William Lincoln negotiated the basic commitment with Aetna Life Insurance Company ("Aetna") to finance the purchase of Channel 20 with a \$22.5 secured note to Aetna. Once William Lincoln negotiated the basic terms with Aetna and Plaintiffs reviewed and approved those terms, Dow, Lohnes negotiated and finalized the documents with Aetna. MWT Corp., the general partner of MWT, Ltd., authorized MWT, Ltd. to finance the purchase of Channel 20 through Aetna and signed the agreements with Aetna on behalf of MWT, Ltd. Dow, Lohnes issued an opinion letter for MWT, Ltd. for that transaction.

21. The Wiley Firm did not make the decisions to purchase Channel 20, or as to the purchase price MWT, Ltd. would pay to purchase Channel 20, or as to the amount or terms of financing of that purchase through Aetna. The Wiley Firm did not provide any legal services or advice to Northstar with regard to the decisions to purchase Channel 20, or as to the purchase price or as to the amount or terms of financing that purchase through Aetna. The Wiley Firm did not negotiate and was not involved in the negotiations with Adams or Aetna, other than with regard to the collateral agreements Northstar had to approve as a limited partner.

22. Richard E. Wiley did not make the decisions to purchase Channel 20, or as to the purchase price MWT, Ltd. would pay for Channel 20 or as to the amount or terms of financing that purchase through Aetna. Richard E. Wiley did not provide any legal

services or advice with regard to the decisions to purchase Channel 20, or as to the purchase price or as to the amount or terms of financing that purchase through Aetna. Richard E. Wiley did not negotiate and was not involved in the negotiations with Adams or Aetna.

23. After the agreements in principal with Adams had been reached and agreed to by MWT, Ltd. and MWT Corp., the Northstar board unanimously voted to ratify William Lincoln's consent to MWT, Ltd.'s liability to Adams and later voted to ratify collateral agreements effecting Northstar's interest as a limited partner.

24. The purchase of Channel 20 closed in October of 1987. In November of 1987, Channel 13 went on the air.

25. In December of 1987, Northstar exercised its rights, in accordance with the terms of the Credit Agreement and Partnership Agreements to become the sole general partner of MWT, Ltd., contingent on FCC approval. The FCC approved the conversion in March of 1988 and Northstar became the sole general partner of MWT, Ltd. in May of 1988 when it paid \$500,000, as required. Plaintiffs in this action objected to the timing of conversion and tried to persuade Northstar to delay conversion.

26. William Lincoln and I made the decision that Northstar should exercise its right to convert in December of 1987, as permitted by the Credit Agreement and Partnership Agreement. William Lincoln and I also made the decision Northstar would in

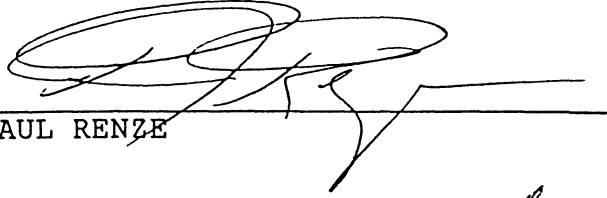
fact convert to general partner if the FCC approved our application. We made that decision over objections from Plaintiffs because we thought it was in the best interest of MWT, Ltd. to do so; Aetna Life Insurance Company, which provided the funding to purchase Channel 20, required that Northstar convert to general partner as soon as possible under the Credit Agreement and Partnership Agreement; and the Mountain West partners did not demonstrate any legitimate business reason to delay conversion. The Northstar directors unanimously voted to ratify William Lincoln's decisions to convert Northstar to general partner and as to the timing of conversion. That ratification occurred after William Lincoln sent notice to Plaintiffs that Northstar was exercising its right to convert to general partner.

27. No lawyer at the Wiley Firm, including Richard E. Wiley, made the decisions for Northstar to exercise its right to convert or as to the timing of conversion.

28. Throughout my dealings with Richard E. Wiley and the Wiley Firm, Allstate represented itself, Richard E. Wiley acted as a director of Farragut and Northstar, and the Wiley Firm represented Farragut and Northstar and where their interest did not conflict with Mountain West, provided FCC services to Mountain West and MWT, Ltd.

29. I know of no conduct by Richard E. Wiley or the Wiley Firm that caused any damage or injury to any Plaintiff in this action.

DATED this 13 day of December, 1993

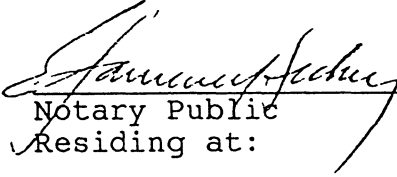


PAUL RENZE

SUBSCRIBED AND SWORN to before me this 13th day of
December, 1993.

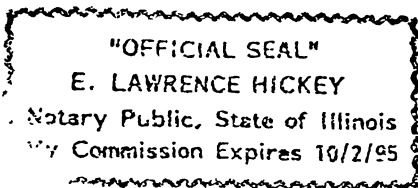
My Commission Expires:

October 2, 1995



Notary Public
Residing at:

9600 SEAS TOWER, CHICAGO 60606



CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a true and correct copy of the foregoing AFFIDAVIT OF PAUL RENZE IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT was hand-delivered, this 15th day of December, 1993, to:

Rex E. Madsen, Esq.
Snow, Christensen & Martineau
10 Exchange Place, #1100
Salt Lake City, Utah 84111

S. afu

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NORTHSTAR

June 25, 1986

Mr. Barry Wood
Wiley & Rein
1776 K St., N.W.
Suite 1100
Washington, D.C. 20006

Dear Barry:

Enclosed for your review is a proposal listing major terms and conditions which could be the basis of a joint venture between Mountain West and Northstar. The proposal reflects several basic considerations:

Timing: There is a window of opportunity for Channel 13; the passage of time will only encourage new competition and thereby jeopardize the potential value of Channel 13. Assuming there is an economic solution to the current legal impasse it is extremely important to act quickly. Equally as important is the ability to build the station as well as manage all the issues of a start-up (e.g. staffing, program acquisition, promotion, sales and marketing...). Given its financial resources and operational expertise, Northstar can expedite the sign-on and insure that the station realizes its full economic potential.

Management: Independent television is a uniquely management intensive business. Consequently, the issue of management control and the decisions which impact station operations will have an enormous effect on Channel 13's competitive market position and ultimate equity appreciation.

Investment at Risk: The total capitalization of Channel 13; including (i) the buy-out (ii) capital investment (iii) operating losses and (iv) working capital will be significantly greater than originally envisioned by Mountain West. Currently we estimate the total capitalization to range from \$13 to \$15 million. As the sole cash investor Northstar will bear the entire economic risk.

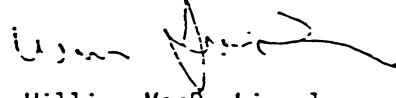
Mr. Barry Wood, 2.

June 25, 1986

Finally it should be noted that the economic provisions of the proposed agreement between Mountain West and Northstar would only come into effect upon the successful buy-out of all the competing applicants for Channel 13 and the FCC grant of the CP to the new Mountain West/Northstar Company.

I look forward to Mountain West's response. If you have any questions and/or comments please do not hesitate to call.

Sincerely,



William MacD. Lincoln

WMacDL/msf

cc: Chuck Kadlec
Katherine Glakas
Paul Renze

X008645

NORTHSTAR

Proposed Term Sheet to Mountain West

A. Structure

The joint venture between Mountain West and Northstar would be set up as a stock held corporation ("NewCo."):

Stock Allocation

- Mountain West would receive 100% of the voting common stock.
- Northstar would receive 100% of voting preferred and non-voting convertible preferred stock.

Voting Rights

- Mountain West will have voting rights equal to 60% of total voting shares.
- Northstar will have voting rights equal to 40%; however after Channel 13 sign-on, Northstar would have the right to convert all or part of its non-voting preferred stock up to 80% of the total voting stock both common and preferred.

Board of Directors

- Northstar's representation on the Board would be in proportion to its voting stock shares.
- Mountain West's representation on the Board would be equal to Northstar's.
- In addition, there would be one outside Director on the Board mutually acceptable to Northstar and Mountain West.

B. Capitalization

The new company formed by Mountain West and Northstar would assume all obligations and liabilities in the course of buying out the other applicants as well as operating the station.

All cash, debt guarantees and/or subordinate guarantees required by the company to buy out the other applicants as well as conduct normal business operations would be provided by Northstar.

C. Management

Pursuant to their FCC application, the principals of Mountain West would participate in the day-to-day management of Channel 13. However, Mountain West would agree to accept a management presence and/or management assistance from Northstar.

Northstar would also provide on-going management consulting and financial monitoring services on behalf of Channel 13. Such services will be paid by Channel 13 in the normal course of business.

The company would produce a Business Plan mutually acceptable to Mountain West and Northstar which would set forth station objectives, operating strategies and financial projections.

D. Buy-Out Provisions

At Closing

Northstar would be willing to purchase any or all of the equity interests in Mountain West. The purchase of such equity interests would be in the form of options exercisable at some point after sign-on.

Five Years After Sign-On

Either party can establish a value for its equity interest in NewCo. whereupon the other party has an obligation exercisable within ninety (90) days to buy or sell respective equity shares from or to the other party as the case may be. If the party who receives the offer to sell can not close both parties agree to sell their combined equity interests to a third party for a price equal to or better than the original value.

E. Cash Distributions

All cash distributions from the net proceeds of Channel 13's business operations and/or sale and/or re-capitalization would be on a preference basis:

The preferred stock shareholder would be paid the following:
o Amounts equaling their cash investment, debt

commitments and/or contingent liabilities less any such debt or note reductions discharged by Channel 13 in the normal course of business.

- o A coupon payable to the preferred stock shareholder equal to 15% per year compounded quarterly on the total cash investment.
- Remaining cash would be distributed per the following percentages:
 - o Mountain West: The value of Mountain West's common stock defined as the cash present value accepted by Family (reduced pro-rata by any options exercised by Northstar); divided by the total capitalization of Channel 13. The total capitalization of Channel 13 will include Northstar's total cash investment, debt commitments and/or contingent liabilities.
 - o Northstar: Northstar will receive the reciprocal percentage allocated to Mountain West.
 - o Management: In the event management other than the principals of Mountain West or Northstar are allocated an equity interest in Channel 13 such an interest will be derived from a pro-rata reduction of both Mountain West and Northstar's cash distribution percentages.

NORTHSTAR

July 14, 1985

Northstar Proposals

Assumptions

1. Northstar cash investment totals \$8 million.
2. PP&E investment totals \$4 million financed over a five year lease.
3. Buy-out totals \$5 million; \$1 million down, balance paid over five years; no carrying charges.
4. All debt secured by the station.

Proposal A

1. Terms

A. Cash Payments

Preference distributions

- (i) Northstar's cash investment.
- (ii) A coupon on that investment equal to 12% compounded annually.
- (iii) Additional cash such that Northstar realizes a 30% annualized rate of return.

Pro-rata distributions

- (i) 50% Northstar
- (ii) 50% Mountain West

- B. Stock Options: If any stock is sold by the Mountain West stockholders, Northstar wants the right to acquire at least 50% of the offered stock per the same terms and conditions.

2. Economic Benefits for Mountain West

	(Dollars in Millions)				
	Re-cap Multiples				
	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Re-cap value: (end of 5th year)	\$61.1	\$68.3	\$75.5	\$82.7	\$89.9
Mountain West pro- rata cash distribution:	15.7	19.3	22.9	26.5	30.1

Proposal 8

1. Terms

A. Cash Payments

Preference distributions

- (i) Northstar's cash investment.
- (ii) A coupon on that investment equal to 12% compounded annually.
- (iii) Additional cash divided 90% Northstar 10% Mountain West; such that Northstar realizes a 30% annualized rate of return.

Pro-rata distributions

- (i) 60% Northstar
- (ii) 40% Mountain West

- B. Stock Options: If any stock is sold by the Mountain West stockholders, Northstar wants the right to acquire at least 50% of the offered stock per the same terms and conditions.

2. Economic Benefits for Mountain West

	(Dollars in Millions)				
	Re-cap Multiples				
	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Re-cap value: (end of 5th year)	\$61.1	\$68.3	\$75.5	\$82.7	\$89.9
Mountain West preference and pro-rata distribution:	13.0	15.9	18.8	21.7	24.6

NORTHSTAR

July 31, 1986

Mr. Brent K. Pratt
Vice President
Foulger Pratt Construction, Inc.
Two Research Place
Rockville, MD 20850

Dear Brent:

Enclosed for your review are the following revised schedules:

- o Projected Statement of Earnings
- o Projected Cash Flow/(Loss)
- o Projected Depreciation Schedule
- o Projected Re-capitalization and Cash Distribution Schedules for Years 3, 4 and 5 (i.e. 1990, 1991 and 1992 respectively)

The "Projected Statement of Earnings" and "Projected Cash Flow/Loss" schedules reflect new capitalization assumptions:

\$3.0 million in senior bank borrowing
\$6.6 million of cash equity; the cash equity would be paid-in as follows:

1986/87	\$4.2 million
1988	\$2.4 million

The bank debt figure is based on informal conversations with certain broadcast lenders with whom Frazier, Gross & Kadlec/Northstar have a relationship. The bank debt assumption should not be construed as a firm commitment but, at this time, we believe non-recourse bank financing is possible.

The "Projected Re-capitalization and Cash Distribution" schedules set forth a range of cash payments to Mountain West from \$10.2 million to \$22.1 million depending on what year the station is re-capitalized/sold and at what value. The distribution of cash is based on Northstar's most current offer:

- o Preference payments to Northstar which include its cash investment plus a 15% coupon on that investment compounded annually.
- o Pro-rata payments of the next \$6 million; 50% to Mountain West, 50% to Northstar.
- o Pro-rata payments of remaining cash; 25% to Mountain West, 75% to Northstar.

3718

Mr. Brent K. Pratt, 2

July 31, 1986

This proposal assures that Mountain West begins sharing in the available cash given the station has a re-capitalization/sale value in excess of the following:

Year 3 \$ 9.5 million

Year 4 \$10.9 million

Year 5 \$12.6 million

Futhermore, except for re-capturing its cash investment and a 15% coupon, Northstar has disposed of the preference distribution as a means of guaranteeing a specified rate of return. The unbundling of the preference distribution also, to a large degree, minimizes the compounding problem claiming larger percentages of cash in later years.

If you have any questions please do not hesitate to call.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Wm. Lincoln', with a stylized flourish at the end.

William MacD. Lincoln
President

WMacDL/msf

Enclosures (6)

SC3276

31-Jul-86

Projected Statement of Earnings

	Pre-Op	1987	1988	1989	1990	1991	1992	1993	CAGR 1988-1993
Net Non-Network Revenues	n/a	73,300	82,096	90,306	99,336	109,270	122,382	134,620	10.4%
Audience Share	n/a	n/a	71	91	111	121	121	121	
Market Revenue Share	n/a	31	81	111	131	141	141	141	
Oversell	n/a	n/a	1.15	1.20	1.20	1.20	1.20	1.20	
Station Net Revenues	n/a	2,199	6,609	9,753	13,112	15,735	17,623	19,385	24.0%
Operating Costs									
Programming	250	1,200	2,880	3,456	4,147	4,977	5,972	7,166	20.0%
Gen. & Admin.	750	1,500	3,240	3,499	3,779	4,081	4,408	4,761	8.0%
Sub Total	1,000	2,700	6,120	6,955	7,926	9,058	10,380	11,927	14.1%
Operating Profit/(Loss)	(1,000)	(501)	489	2,798	5,186	6,677	7,243	7,458	72.4%
Profit Margin	n/a	-23%	7%	29%	40%	42%	41%	38%	
Operating Profit/(Loss)	(1,000)	(501)	489	2,798	5,186	6,677	7,243	7,458	
(-) Depreciation	0	(536)	(836)	(866)	(906)	(933)	(979)	(1,023)	
EBIT	(1,000)	(1,037)	(347)	1,932	4,280	5,744	6,265	6,435	
(-) Senior Debt Interest	0	(330)	(330)	(330)	(330)	(220)	(110)	0	
(-) Equipment Lease Interest	0	(272)	(237)	(180)	(115)	(42)	0	0	
(-) Buy-Out Interest	0	0	0	0	0	0	0	0	
EBT	(1,000)	(1,639)	(916)	1,422	3,835	5,477	6,155	6,435	
(-) Taxes	0	0	0	0	(844)	(2,739)	(3,077)	(3,218)	
Net Profit/(Loss)	(1,000)	(1,639)	(916)	1,422	2,991	2,738	3,078	3,217	

S03277

-Jul-86

Projected Cash Flow/(Loss)

	Pre-Op	1987	1988	1989	1990	1991	1992	1993
Net Profit/(Loss)	(1,000)	(1,659)	(916)	1,422	2,997	2,739	3,077	3,218
Cash Adjustments								
(+) Senior Debt	3,000	0	0	0	0	0	0	0
(+) Depreciation	0	536	836	866	900	938	979	1023
(-) Acc'ts. Rec.	0	(550)	(1,102)	(786)	(840)	(656)	(472)	(441)
(-) Capital Reinvestment	0	(0)	(200)	(225)	(250)	(275)	(300)	(325)
(-) Principal Repayments								
Senior Note	0	0	0	0	(1,000)	(1,000)	(1,000)	
Equipment Lease	(1,000)	(482)	(535)	(593)	(659)	(732)	0	0
Buy-Out	(2,500)	(500)	(500)	(500)	(500)	(500)	0	0
Cash Adjustment Total	(500)	(996)	(1,502)	(1,238)	(2,349)	(2,225)	(793)	258
Net Cash Flow/(Loss)	(1,500)	(2,655)	(2,418)	184	648	514	2,284	3,475
Cumulative Cash Flow/(Loss)	(1,500)	(4,155)	(6,572)	(6,389)	(5,741)	(5,227)	(2,943)	532
Debt Outstanding								
Senior Note	3,000	3,000	3,000	3,000	2,000	1,000	0	0
Equipment Lease	3,000	2,518	1,983	1,393	731	0	0	0
Buy-Out	2,500	2,000	1,500	1,000	500	0	0	0
Total Debt	8,500	7,518	6,483	5,393	3,231	1,000	0	0

SC3278

-Jul-96

Projected Depreciation Schedule

	Pre-Op	1987	1988	1989	1990	1991	1992	1993	
	Original Amount	Deprec. Life (Years)	1987	1988	1989	1990	1991	1992	1993
Buy-Out	5,000	20	250	250	250	250	250	250	250
Initial Construction	4,000	7	286	571	571	571	571	571	571
Capital Reinvestment									
1987	0	7	0	0	0	0	0	0	0
1988	200	7	0	14	29	29	29	29	29
1989	225	7	0	0	16	32	32	32	32
1990	250	7	0	0	0	14	36	36	36
1991	275	7	0	0	0	0	20	39	39
1992	300	7	0	0	0	0	0	24	43
1993	325	7	0	0	0	0	0	0	23
Total Depreciation			536	836	866	900	933	979	1023

S03279

1-Jul-86

Projected Re-capitalization and Cash Distribution End of Year 3

	Multiples				
Re-capitalization Multiple	8	9	10	11	12
Operating Profit/(Loss)	5,186	5,186	5,186	5,186	5,186
Re-capitalization Value	41,488	46,674	51,860	57,046	62,232
(+) Accounts Receivable	3,278	3,278	3,278	3,278	3,278
(+) Cumulative Positive Cash Flow	832	832	832	832	832
(-) Outstanding Debt					
Senior Note	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Equipment Lease	(731)	(731)	(731)	(731)	(731)
Buy-out	(500)	(500)	(500)	(500)	(500)
Total Re-capitalization Value	44,367	49,553	54,739	59,925	65,111
Preference Distribution					
Cash Investment	(6,572)	(6,572)	(6,572)	(6,572)	(6,572)
Coupon	(2,944)	(2,944)	(2,944)	(2,944)	(2,944)
Total Preference	(9,516)	(9,516)	(9,516)	(9,516)	(9,516)
Excess Cash	34,851	40,037	45,223	50,409	55,595
No. 1 Pro-Rata Distribution					
Mountain West (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Northstar (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Sub Total	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Remaining Cash	28,851	34,037	39,223	44,409	49,595
No. 2 Pro-Rata Distribution					
Mountain West (25%)	(7,213)	(8,509)	(9,806)	(11,102)	(12,399)
Northstar (75%)	(21,638)	(25,527)	(29,417)	(33,306)	(37,196)
Total Distribution					
Mountain West					

S03280

Projected Re-capitalization and Cash Distribution End of Year 4

	Multiples				
Re-capitalization Multiple	8	9	10	11	12
Operating Profit/(Loss)	6,677	6,677	6,677	6,677	6,677
Re-capitalization Value	53,414	60,091	66,767	73,444	80,121
(+) Accounts Receivable	3,934	3,934	3,934	3,934	3,934
(+) Cumulative Positive Cash Flow	1,345	1,345	1,345	1,345	1,345
(-) Outstanding Debt					
Senior Note	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Equipment Lease	(0)	(0)	(0)	(0)	(0)
Buy-out	(0)	(0)	(0)	(0)	(0)
Total Re-capitalization Value	58,693	65,370	72,047	78,723	85,400
Preference Distribution					
Cash Investment	(6,572)	(6,572)	(6,572)	(6,572)	(6,572)
Coupon	(4,371)	(4,371)	(4,371)	(4,371)	(4,371)
Total Preference	(10,943)	(10,943)	(10,943)	(10,943)	(10,943)
Excess Cash	47,750	54,426	61,103	67,780	74,457
No. 1 Pro-Rata Distribution					
Mountain West (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Northstar (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Sub Total	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Remaining Cash	41,750	48,426	55,103	61,780	68,457
No. 2 Pro-Rata Distribution					
Mountain West (25%)	(10,437)	(12,107)	(13,776)	(15,445)	(17,114)
Northstar (75%)	(31,312)	(36,320)	(41,327)	(46,335)	(51,342)
Total Distribution					
Mountain West	13,437	15,107	16,776	18,445	20,114

S03281

-Jul-86

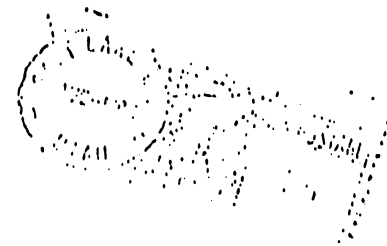
Projected Re-capitalization and Cash Distribution End of Year 5

	Multiples				
Re-capitalization Multiple	8	9	10	11	12
Operating Profit/(Loss)	7,243	7,243	7,243	7,243	7,243
Re-capitalization Value	57,945	65,188	72,431	79,674	86,917
(+) Accounts Receivable	4,406	4,406	4,406	4,406	4,406
(+) Cumulative Positive Cash Flow	3,629	3,629	3,629	3,629	3,629
(-) Outstanding Debt					
Senior Note	(0)	(0)	(0)	(0)	(0)
Equipment Lease	(0)	(0)	(0)	(0)	(0)
Buy-out	(0)	(0)	(0)	(0)	(0)
Total Re-capitalization Value	65,980	73,223	80,466	87,709	94,952
Preference Distribution					
Cash Investment	(6,572)	(6,572)	(6,572)	(6,572)	(6,572)
Coupon	(6,013)	(6,013)	(6,013)	(6,013)	(6,013)
Total Preference	(12,585)	(12,585)	(12,585)	(12,585)	(12,585)
Excess Cash	53,394	60,637	67,880	75,123	82,366
No. 1 Pro-rata Distribution					
Mountain West (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Northstar (50%)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Sub Total	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Remaining Cash	47,394	54,637	61,880	69,123	76,366
No. 2 Pro-Rata Distribution					
Mountain West (25%)	(11,849)	(13,659)	(15,470)	(17,281)	(19,092)
Northstar (75%)	(35,546)	(40,978)	(46,410)	(51,843)	(57,275)

S03282

R JOSEPH C LEE
257 TEXAS ST .
SALT LAKE CITY, UT 84109

Uoe



MRS. JO ANN KILPATRICK
766 EAST 3RD SOUTH
SALT LAKE CITY, UTAH 84102

FIRST CLASS

S03273

DRAFT

October __, 1986

Mountain West
2257 Texas Street
Salt Lake City, Utah 84109
Attn: Joseph Lee

Re: Settlement of Comparative Proceeding at
Salt Lake City, Utah and Investment in
Mountain West

Gentlemen:

This letter sets forth the agreement under which
Northstar Communications, Inc., a Delaware corporation
("Northstar") and Sidney Foulger ("Foulger") will provide to
Mountain West, a Utah partnership ("Mountain West"):

1). financing for settlement of comparative proceedings
before the Federal Communications Commission ("FCC") for the
issuance of a construction permit to establish a VHF
television station to be licensed to Salt Lake City, Utah
(the "Station"); and 2). start-up capital. This agreement
will be further implemented by one or more definitive
agreements, as referred to below, providing, among other
things, for: 1). loans by Northstar and Foulger to Mountain
West, 2). the acquisition by Northstar of certain classes of
partnership units in Mountain West, and 3). the acquisition

or W
2.55/11

1 not
justified
2.1 11/11/86

OLA 03491

Mountain West
October __, 1986
Page 2

by Fougler, now a general partner in Mountain West, of
limited partnership units in Mountain West.

why ltd
jn ts?

1. Northstar agrees to loan Mountain West a maximum of
Seven Million Dollars (\$7,000,000) (the "Northstar Loan") to
fund the settlement with the competing applicants and to
provide start-up capital to Mountain West. Funding of the
Northstar Loan shall occur as follows:

a. One Million Four Hundred Thousand Dollars

1,400,000 → (\$1,400,000) to be paid by deposit of a letter

of credit [or wire transfer of immediately
available funds] with _____ as escrow
agent on or before _____, 1986 (the
"Initial Installment"). Nine Hundred Thousand

Dollars (\$900,000) (the "Second Installment")
to be advanced to Mountain West by deposit of
a letter of credit [or wire transfer of
immediately available funds] on or before

900,000 → December 31, 1986. Both the Initial Instal-
lment and the Second Installment shall be
employed by Mountain West to secure payments
required by the terms of the settlement agree-
ments with competing applicants for the con-

1,400,000
900,000

2,300,000

Mountain West
October __, 1986
Page 3

See date

Personal
guarantee
Contract signed

struction permit to build the Station. The obligation of Mountain West to repay the Initial Installment and the Second Installment shall be evidenced by a promissory note in the form attached hereto as Appendix A and in the original principal amount of \$2,300,000 (the "Northstar Note"). The Northstar Note shall be secured by the personal guarantees of the partners of Mountain West and a pledge of all of the partnership interests of the partners of Mountain West. Forms of the guarantee and pledge are attached hereto as Appendices B and C. Prior to execution of this agreement, the partners of Mountain West have delivered to Northstar copies of their personal financial statements upon which Northstar has relied in making the Initial and Second Installments and in agreeing to the advances set forth in subparagraph (b) hereof. Interest on the unpaid principal balance of the Northstar Note shall accrue at an annual rate of 10%. The Northstar Note would be payable on demand 180 days after the Station has commenced regular operations pursuant to program test authority

10/1/86
pledge
can't
more
than
180
days
pays

Mountain West
October __, 1986
Page 4

for the Station, unless Conversion (as herein-
after defined) has occurred. The Northstar
Note is not prepayable at any time.

why?

- b. A balance of up to Four Million Seven Hundred
Thousand Dollars (\$4,700,000) would be avail-
able for additional advances on substantially
the same terms as the Northstar Note in
accordance with the provisions of the credit
agreement as hereinafter described.

2,300
4,700

7,000

any
dual?

or his design

2. Foulger ^k agrees to loan a maximum of Three Million
Dollars (\$3,000,000) (the "Foulger Loan") to fund the
settlement with the competing applicants and to provide
start-up capital to Mountain West. Funding of the Foulger
Loan would occur as follows:

- a. One Million Dollars (\$1,000,000) to be paid by
deposit of a letter of credit [or wire trans-
fer of immediately available funds] with
_____ as escrow agent on or before
_____, 1986 (the "Initial Installment").

when?

The Initial Installment shall be employed by
Mountain West to secure payments required by

Mountain West
October __, 1986
Page 5

the terms of the settlement agreements with competing applicants for the construction permit to build the Station. The obligation to repay the Initial Installment shall be evidenced by a promisory note in the original principal amount of \$1,000,000 from Mountain West in the form attached hereto as Appendix D (the "Foulger Note"). Interest on the unpaid principal balance of the Foulger Note would accrue at the annual rate of 10%. The Foulger Note shall be payable on demand 180 days after the Station has commenced regular operations pursuant to program test authority for the Station, unless Conversion (as hereinafter defined) has occurred. The Foulger Note is not prepayable at any time.

*NI
Sec. 1A
pre pay*

- b. A balance of up to Two Million Dollars (\$2,000,000) would be available for additional advances on substantially the same terms as the Foulger Note in accordance with the provisions of the credit agreement as hereinafter described.

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October __, 1986
Page 6

3. In consideration of the Northstar Loan and the Foulger Loan, Mountain West shall, on the date of execution of the definitive agreements provided by paragraph 5, reorganize so as to admit Northstar and Foulger as limited partners holding newly issued Class A limited partner units in Mountain West entitling them to (20%) and (6%) respectively of the total equity of Mountain West. In addition, on the Closing Date as provided in paragraph 4 below, Northstar shall become a general partner of Mountain West and Mountain West shall issue Northstar and Foulger (new) Class A limited partner units entitling them to an additional 22% and 12% respectively of the total equity of Mountain West. In consideration of their release from liability as general partners of Mountain West and their release from liability on their personal guarantees as provided in paragraph 1(a) hereof, the general partners of Mountain West, including Foulger would, on the Closing Date, convert their general partner interests to newly created Class B limited partner units entitled to (40%) of the total equity of Mountain West. All of the transactions contemplated by this paragraph 3 shall be hereinafter referred to as the "Conversion".

As a result of the Conversion, Northstar would become the sole general partner of Mountain West and the equity

Mountain West
October __, 1986
Page 7

42
18
42
10

42
18
62

Wheeler
GP holder

interests of the limited partners in Mountain West would be:
Northstar: 42% Class A limited partner; Foulgers: 18%
Class A limited partner; and Remaining Partners of Mountain
West: 40% Class B limited partners.

Wheeler?

If either Northstar or Foulger fails to make any of the
advances required by their respective Loans pursuant to this
agreement, such party shall be obligated to offer for sale to
the other all of its Class A limited partner units at a price
equal to the book value of such units. If the non-defaulting
party fails to purchase the units, then Mountain West shall
purchase them at a price equal to book value.

Les?

The terms of the classes of limited partnership units in
Mountain West shall be as follows:

a. Class A Limited Partner Units:

- | | | | |
|-----|--------------------------------|--|-----------------|
| i. | Cash Distribution Preferences: | Ten Percent (10%) | JD
Lump sum? |
| | | Cumulative Preference per unit on all cash distributions from Mountain West. | |
| ii. | Liquidation Preference: | Ten Percent (10%) | |

Wheeler?

Mountain West
October __, 1986
Page 8

Cumulative Preference per
unit.

Senior to liquidation
preference of all other
classes of partnership
units, but junior to all
other partnership obliga-
tions including capital
expenditures, operating
expenses, senior debt
expenses and return of
capital contributions.

iii. Voting Rights:

Majority vote of Class A ^{LL}
units for:

1. Merger, consolidation,
reorganization or sale of
material assets outside
ordinary course of busi-
ness.

2. Liquidation, dissolu-
tion or recapitalization.

3. Acquisition of stock or
assets.

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October __, 1986
Page 9

4. Issuance of any securities, including any senior equity security.

5. Borrowing, except in ordinary course of business.

6. Repurchase of partnership units (except as authorized by put option agreement (see below)).

b. Class B Limited Partnership Units:

i. Cash Distribution Rights: Rights to cash flow distributions subordinate to preferences of Class A limited partners.

ii. Voting Rights: None, except that the Class B ~~limited~~ ^{put} partners could compel the Class A limited partners to sell the Station beginning with

Mountain West
October __, 1986
Page 10

the eighth full year of
Station operation.

iii. Liquidation Rights: Participation in liquidat-
ing distributions subordi-
nate to payment of all
partnership obligations
and to preference distri-
butions to Class A limited
partners.

c. Pro Rata Reduction of Units:

Both classes of limited partners shall agree to
reduce their percentage interests in Mountain West
pro rata to make available an agreed upon amount of
partnership units for issuance to certain key
employees of the Station.

d. Put Option:

All of the limited partners shall have the option
to put their units back to Mountain West, provided
that such option was exercisable only after the end
of five (5) full years of operation of the Station.

Mountain West
October __, 1986
Page 11

The value of the put shall be determined by appraisal at the time of exercise.

4. The closing (the "Closing") of the Conversion shall occur on the date which is thirty (30) days after the date that the consent of the FCC to the Conversion has become a "Final Order" (the "Closing Date"). A "Final Order" means (i) action by the FCC granting its consent and approval to the Conversion with respect to which no action, request for stay, petition for rehearing or reconsideration or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired and with respect to which the time for agency action taken on its own motion has expired; or (ii) in the event of the filing of such request, petition or appeal, an action which shall have been reaffirmed or upheld and with respect to which the time for seeking further administrative or judicial review shall have expired without the filing of any request for such further review.

5. Within thirty (30) days after the FCC has issued an order granting the construction permit to Mountain West, Northstar, Foulger and Mountain West shall enter into the following agreements:

Mountain West
October __, 1986
Page 12

- i. A definitive credit agreement; and
- ii. An amended and restated partnership agreement for Mountain West.

In the event of the failure of the parties to comply with this paragraph 5 for any reason, the Northstar Note and Foulger Note would become immediately due and payable notwithstanding any other provision of this agreement. Demand for payment by Northstar and Foulger of the Notes in these circumstances would be in addition to any other remedies available to Northstar or Foulger for the breach of this obligation to enter into definitive agreements consistent with the terms hereof.

6. Each party shall pay its own fees and expenses incurred in connection with the negotiations contemplated hereby. Legal fees incurred by Mountain West prior to the Closing Date shall be paid in full prior to the Closing by the then current partners of Mountain West. Initial drafts of the principal documents contemplated by this agreement would be prepared by counsel for Northstar. Included in the definitive credit agreement would be a representation by each of the parties thereto that none of them have employed any.

Mountain West
October __, 1986
Page 13

finder, broker or financial adviser who would be entitled to any fee of any kind in connection with the agreement or any transaction it contemplates.

7. Between the date hereof and the Closing, unless this agreement shall have been terminated prior to that date, neither Mountain West nor any of its partners or its or their affiliates will discuss or negotiate with any other corporation, firm or person or entertain or consider any inquiries or proposals relating to the possible investments in or disposition of the business, assets or partnership units of Mountain West or the Station.

The foregoing is intended as a binding agreement in accordance with its terms. If the foregoing correctly states

Mountain West
October __, 1986
Page 14

our understanding, please sign and promptly return to the undersigned the copy of this agreement enclosed for that purpose.

Very truly yours,

NORTHSTAR COMMUNICATIONS, INC.

By: _____

DRAFT

Accepted and agreed
to this __ day of
_____, 1986.

MOUNTAIN WEST

By: _____

Sidney Foulger

Allstate Insurance Company
November 6, 1986

Proposed Investment

[Handwritten signature]
P. J. P. W. W.
L. D. Patterson

NORTHSTAR COMMUNICATIONS, INC.

Introduction

In July, 1986, Allstate closed on a \$515,000 seed financing to found Northstar Communications. Northstar's mission is to seek and acquire investments in the media industry. The Company has identified a television investment opportunity and is seeking up to \$5 million from Allstate to fund the investment.

The project is to build and operate a VHF television station (Channel 13) in Salt Lake City. Allstate will purchase, on a staged basis, up to \$5 million in demand notes from Northstar, who will in turn invest in a partnership formed to build the station. Northstar will be the general partner and have full management and voting control of the investment. The Foulger family, a wealthy Salt Lake City real estate developer, will invest an additional \$2 million into the partnership as a limited partner. Thus, the partnership will have total committed capital of \$7 million.

Existing Investment

<u>Security</u>	<u>Amount</u>	<u>Pro Forma Ownership</u>
Conv. Pfd.	\$515,000	79%

Proposed Investment

Demand Note	\$5,000,000	79%
-------------	-------------	-----

The Northstar/Mountain West Partnership

Northstar will be the general partner of a partnership comprised of Northstar and Mountain West. Mountain West is currently one of five Federal Communications Commission ("FCC") applicants for a construction permit to build a VHF station in the Salt Lake City market, and will be the sole surviving applicant once a buy out of all competing applicants is achieved.

The license rights to broadcast in a given market are tightly controlled by the Federal Communications Commission, due both to potential signal clutter problems and to the quasi-monopoly nature of the industry. New station licenses are rare, and particularly so with highly desirable VHF (as opposed to UHF) stations, of which there are only four opportunities remaining in the United States. There exists great competition for these VHF licenses, and the license rights are valuable assets.

The FCC authorized a new VHF station in Salt Lake City in 1980, and over the past six years has narrowed the list of legitimate applicants down to five. Selection of a winning application from these five finalists can be a further four year process until all appeals are exhausted. Allstate and Northstar have been working with the Mountain West Group, one of the five finalists, to buy out the other four applicants. Once the buy out is achieved, the five applications can be consolidated into one and the FCC license can be granted without risk of further appeal.

Mountain West has negotiated agreements to buy out the other four applicants for \$5 million, pending arrangement of financing. Northstar has been approached to provide \$5 million equity and part of the capital structure to complete the buy out, build the station and achieve cash flow break even.

In exchange for the \$5 million equity, Northstar will receive 42% of the newly created partnership, and will receive a preference distribution upon liquidation equal to its capital plus a 10% compounded return. Northstar will be the managing general partner, and Mountain West will be limited partners with a 40% junior carry and no voting rights. Thus, Northstar will control the station.

The Sid Foulger family, a wealthy Salt Lake City real estate developer and a principal of Mountain West, will participate in \$2 million (or 30%) of the \$7 million financing round for an 18% equity position.

Profile of Mountain West Group

<u>Ownership</u>	<u>Name</u>	<u>Age</u>	<u>Background</u>
44%	Joe C. Lee	66	News Director, AM/FM Radio in Salt Lake City
34%	Sid W. Foulger	62	Real Estate Developer
12%	JoAnn Wong	40 (Est.)	Reporter, <u>The Desert News</u>
<u>10%</u>	George L. Gonzales	45 (Est.)	AM Radio Talk Show Host
100%			

The Mountain West Group has limited television broadcast experience, and will serve primarily as a public relations bridge into the Salt Lake City Mormon community.

Capital Requirements and Structure

Total capital requirements to take the station to break even, including a \$2 million contingency reserve, is as follows:

Uses:

\$ 5.0	Applicant Buy out
4.0	Plant and Equipment
5.7	Working Capital
<u>\$14.7</u>	

The capital structure is projected as follows:

Sources:

\$ 5.0	Senior Debt
3.0	Equipment Lease
1.7	Subordinated Debt from Applicant Buy outs
3.5	Northstar Equity*
1.5	Foulger Equity*
<u>\$14.7</u>	

* \$2 million of the \$7 million commitment will be a contingency fund

The senior debt projection is based on indications given in conversations with broadcast lenders at three active communications lending banks. The equipment lease is relatively standard in the industry for this type of project, and is based upon a preliminary equipment price quote and financing package.

It is important to note, however, that while these debt financing sources are believed to be attainable, firm commitments do not exist at present for either of these debt sources. Firm commitments cannot be obtained until the buy out is achieved. The senior debt is not expected to be available until the second quarter of 1987. If the senior debt is not available on the projected time schedule, the \$2 million commitment contingency reserve will fund Channel 13 until the fourth quarter of 1987. In a worst case scenario, an additional equity infusion of \$2.0 million (\$1.4 million Allstate's share), would carry the station until mid-1988 at which time availability of senior debt is highly likely.

The Salt Lake City Market and Competition

The Salt Lake City market is one of the fastest growing and most attractive media markets in the U.S. First Boston ranked it as containing among the highest potential of any of the 50 largest media markets (see Exhibit I). It exceeds U.S. growth norms in nearly every key measurement category (see Table I).

Table I
Salt Lake City ADI
1984-1989 Projected Average Annual Growth

	<u>Salt Lake City ADI</u>	<u>Total U.S.</u>
Population	2.6%	1.0%
Households	2.7	1.4
Discretionary Income	12.3	10.7
Retail Sales	9.7	8.7

The population is growing at more than double the national rate, affluence is relatively high and increasing, and the retail sales base, a direct source of advertising, is expanding rapidly. Further, the demographics are skewed young (Table II), an attractive feature to advertisers because consumption is inversely related to age.

Table II
Salt Lake City ADI
Demographic Breakdown

<u>Demographic</u>	<u>% of ADI</u>	<u>% of Total U.S.</u>
Kids (2-11)	25.5%	14.5%
Teens (12-17)	9.8	9.4
Adults		
(18-34)	33.1	30.5
(35-49)	16.6	18.9
(50+)	15.0	26.7

The market's current ADI (Area of Dominant Influence) rank is 41, an improvement of three market rank positions over the past five years. This climb is projected to continue. Given projected growth in population and retail sales, the television market revenues are projected to increase 10-12% over the next five years.

Competitive Configuration

The Salt Lake City ADI is producing \$62.8 million in television advertising revenues in 1986. A typical competitive station configuration for this size market is three affiliates and two independents. There are presently three affiliates and only one independent serving the market. Thus, it is a relatively under served market (see Exhibit II). A second independent has not been built in this market due to the threat of the Channel 13 VHF station coming on the market.

The existing independent is a UHF station, KSTU Channel 20, owned by Adams Communications. Adams holds primarily affiliates in small markets and will not hold an advantage over Channel 13 for source programming or competing for national spot billing.

Further, the market has an unusually low cable penetration at only 36% of television households. Channel 13 will therefore benefit from a technical advantage over UHF competitors and be protected from distant signal (e.g., WTBS, WGN) or pay programming competition.

Programming availability has been reviewed and sufficient quantities of good quality programming is available at reasonable rates.

Financial

(See Exhibits IIIa through IIIc for full projections)

Operating Projection Summary Channel 13 Salt Lake City

	1987	1988	1989	1990	1991
Station Revenues	\$ 2,110	\$ 6,340	\$ 9,357	\$ 12,580	\$ 15,096
Operating Profit	(225)	1,740	3,623	5,971	7,114
Interest	1,000	850	760	660	580
Net Profit	(1,700)	45	1,900	4,400	5,600

The projections are based on conservative assumptions, including a substantial cost contingency in programming and equipment original purchase price and future price escalations. Revenues are based on achieving a 12 percent audience share, conservatively below the 16 percent average share VHF independents in similar markets achieve.

The VHF Competitive Advantage

The element which makes Channel 13 an attractive investment opportunity is the fact that it is a VHF versus a UHF. A VHF enjoys substantial technical advantages over a UHF signal. The geographic area covered is double or more that of a UHF, the signal is much stronger, producing a clearer TV picture, and no UHF receiving antennas are needed in the TV household. TV watchers are more likely to tune in a VHF station due to its low dial position and superior picture quality.

These advantages are borne out in the market share data of VHF versus UHF independents. For VHF independents, the average total day audience is 14.2 percent, significantly higher than the 7.5 percent share gained by UHF independents which went on air in comparable time periods. In markets where only one VHF independent operates (such as Salt Lake City), the average VHF share rises to 16.0 percent.

This indicates that channel 13 stands an excellent chance of becoming the dominant independent in Salt Lake City, despite its entry after Channel 20, the established UHF independent.

Residual Value

Television station values are comprised of two components: the discounted value of cash flows; and the value of the broadcast license. The cash flow present value analysis is self evident; however, the broadcast license is somewhat unusual. Being heavily regulated, the TV industry operates in an oligopoly situation in local markets. Broadcast license availabilities are capped. Thus, licenses which have been granted are valued highly.

Frazier Gross & Kadlec, (FG&K), a leading industry appraisal firm, has appraised the value of Channel 13 at sign on, before a revenue stream is created, at \$35 million, significantly above the \$12 million cash required to build the station. FG&K projects the value of the station after 3 years of operation (1990) at \$63 million. Allstate will receive all of its capital back at valuations as low as \$15 million.

Based on this appraisal and comparable recent sales transactions, even if Channel 13 is mismanaged, Allstate's capital should be fully protected by the residual value of the station, even without giving effect to the present value of discounted cash flows.

Start-up Risks

Channel 13 is a start-up project, and will carry certain risks, such as additional management uncertainty or cash flow timing variability. While these risks exist, they are moderated in the Channel 13 project by several key differences from a more typical venture start-up.

Constructing and starting up a new television station is a common occurrence in the media industry, with 20 to 35 new stations started in each of the past five years. As a consequence, the PERT chart action step sequences, supply relationships, capital requirements and probable performance are relatively known. The process is not quite as routinized as starting up a McDonald's franchise, but many aspects are similar. Because over 250 stations have been started over the past 10 years, a deep pool of management experienced in start-ups is available in the industry, and in fact, Bill Lincoln of Northstar, who will be interim manager of the station, has recently started up an independent station. Finally, the type of problems likely to be experienced can be quickly identified and rectified because variations from the paradigm of a successful start-up will stand out. In summary, the additional investment risk due to the start-up nature of the project is somewhat diminished from more typical levels of start-up risk.

Management

Northstar will manage Channel 13 until a full staff can be recruited. The key participants will be Bill Lincoln, who built and managed WDZL (TV), a UHF independent in Miami, and Tom Bolger, a director of Northstar, who has 30 years experience in broadcasting, primarily as CEO of Foreward Communications. Chuck Kadlec, Chairman of Northstar and of Frazier Gross & Kadlec, and Katy Glakas, a Northstar Vice President will provide additional management strength.

It is anticipated that an on-site general manager will be recruited by April, 1987, and will report directly to Northstar Management.

Summary

Channel 13 offers an excellent opportunity to enter a major TV market at a discounted price. Salt Lake City is one of the most desirable TV markets in the U.S., and the technical advantage of a VHF signal combined with the management expertise of Northstar should position Channel 13 as the dominant independent in this market.

The underlying residual value of the Channel 13 license and station exceeds the total cash required to build the station. Thus, there is a floor under the downside of this investment. Capital gains potential is high, and a current return will be earned when the station reaches break even. Further, debt capacity is rapidly established, and it is likely that Allstate can obtain an early payback (1989) of its principal through leveraging the station without disposing of the 42% carry. The Venture Capital Division recommends a \$5 million investment in Northstar demand notes to enable Northstar to build Channel 13.

Leonard A. Batterson
Donald R. Johnson
Paul J. Renze

Top 50 Television Markets

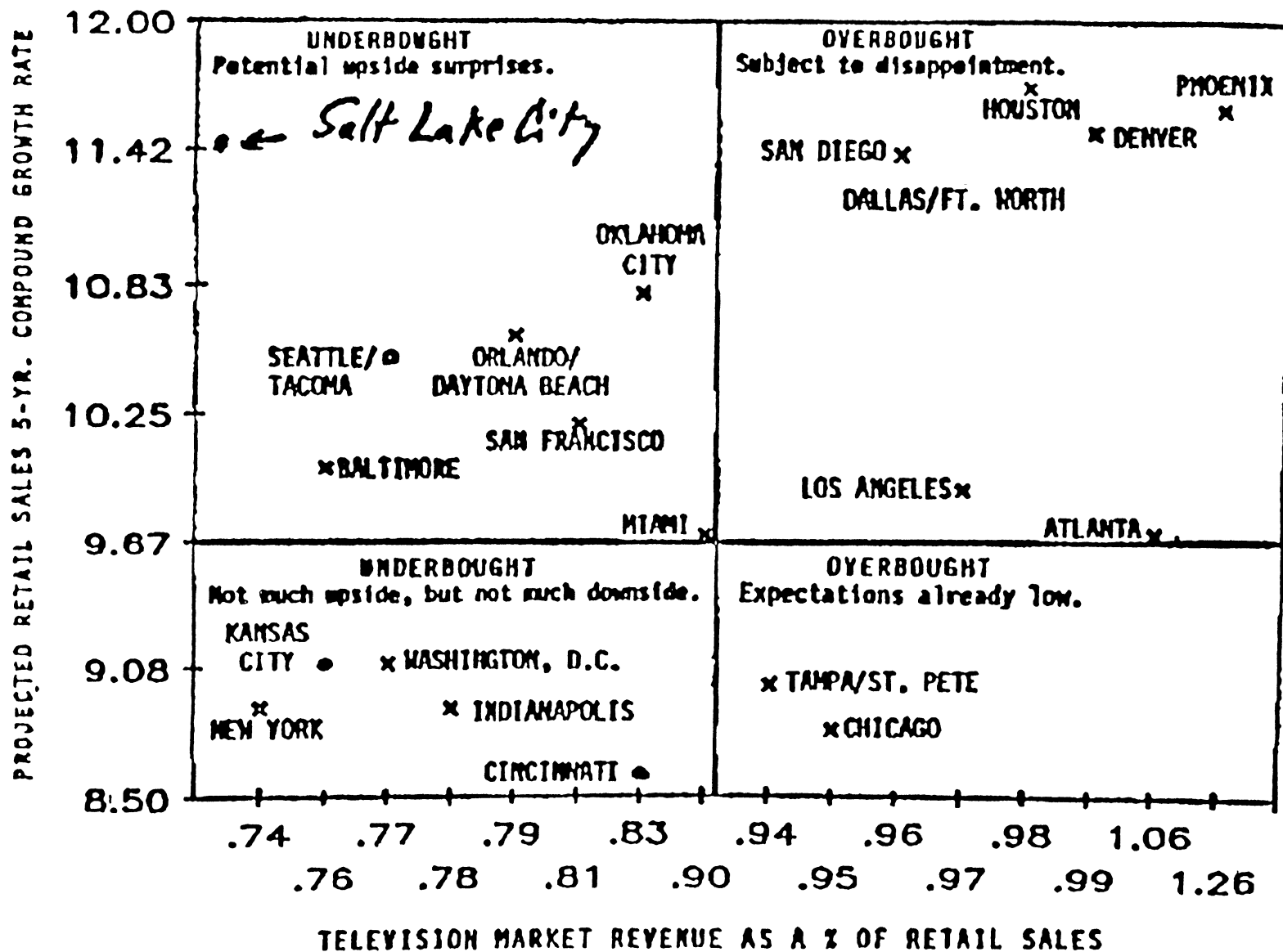


EXHIBIT I

Source: First Boston

EXHIBIT II

Commerical Television Stations Licensed to the Salt Lake City ADI

<u>City of License</u>	<u>Calls</u>	<u>Channel</u>	<u>Affiliation</u>	<u>Year Began Operation</u>	<u>Ownership</u>
Provo	KZAR	16	IND	(a)	Royal Television of Utah
Salt Lake City	KSL	5	CBS	1949	Bonneville International Corp.
	KSTU	20	IND	1978	Adams Communications Corp.
	KTVX	4	ABC	1948	United Television Inc.
	KUTV	2	NBC	1959	George C. and Wilda Hatch
	KAHT	14	IND	(a)	American Television of Utah
Ogden	KOOG	30	IND	1985	Ogden Television Inc.
Logan	KIIU	12	IND	(a)	John R. Powley
Vernal	KOTT	6	IND	(a)	Matlock Communications, Inc.
Cedar City	KCCZ	4	IND	(a)	Michael G. Golden

Application Pending:

Channel 13, Salt Lake City

Allocations Available:

Price, Channel 3
Richfield, Channel 8
Ogden, Channel 24

Source: Broadcasting/Cablecasting Yearbook, 1985.

(a) Not on air, target date unknown.

EXHIBIT IIIa

Projected Statement of Earnings

	1986	1987	1988	1989	1990	1991	1992	1993
Net Non-Network Revenues	62,788	70,323	78,762	86,638	95,302	104,832	117,412	129,153
% Incr. from Prior Yr.	9.00%	12.00%	12.00%	10.00%	10.00%	10.00%	12.00%	10.00%
Audience Share	n/a	n/a	7%	9%	11%	12%	12%	12%
Market Revenue Share	n/a	3.00%	8.05%	10.80%	13.20%	14.40%	14.40%	14.40%
Oversell	n/a	n/a	1.15	1.20	1.20	1.20	1.20	1.20
Station Net Revenues	n/a	2,110	6,340	9,357	12,580	15,096	16,907	18,598
% Incr. from Prior Yr.	n/a	n/a	200.53%	47.58%	34.44%	20.00%	12.00%	10.00%
Operating Costs								
Program Amortization	0	335	1,360	2,235	2,830	3,900	5,160	5,715
Departmentals	0	2,000	3,240	3,499	3,779	4,081	4,408	4,761
Sub Total	0	2,335	4,600	5,734	6,609	7,981	9,568	10,476
% Incr. from Prior Yr.	n/a	n/a	97.90%	24.66%	15.26%	20.76%	19.88%	9.49%
Operating Profit/(Loss)	0	(225)	1,740	3,623	5,971	7,114	7,339	8,122
% Incr. from Prior Yr.	n/a	n/a	872.41%	108.16%	64.81%	19.15%	3.16%	10.67%
Profit Margin	n/a	-11%	27%	39%	47%	47%	43%	44%
Operating Profit/(Loss)	0	(225)	1,740	3,623	5,971	7,114	7,339	8,122
(-) Depreciation	0	(536)	(836)	(866)	(900)	(938)	(979)	(1,023)
EBIT	0	(761)	905	2,757	5,071	6,177	6,361	7,099
(-) Equipment Lease Interest	0	(292)	(239)	(180)	(115)	(42)	0	0
(-) Buy-Out Interest	0	(153)	(120)	(87)	(54)	(22)	(0)	(0)
Net Profit/(Loss)	0	(1,206)	545	2,489	4,901	6,113	6,361	7,099

EXHIBIT IIIb

Projected Cash Flow/(Loss)

	1986	1987	1988	1989	1990	1991	1992	1993
Net Profit/(Loss)	0	(1,206)	545	2,489	4,901	6,113	6,361	7,099
Cash Adjustments								
(+) Program Amortization	0	335	1,360	2,235	2,830	3,900	5,160	5,715
(+) Depreciation	0	536	836	866	900	938	979	1023
(-) Acc'ts. Receivable	0	(527)	(1,058)	(754)	(806)	(629)	(453)	(423)
(-) Capital Reinvestment	0	(0)	(200)	(225)	(250)	(275)	(300)	(325)
(-) Program Payments	0	(1,450)	(2,880)	(3,456)	(4,147)	(4,977)	(5,972)	(7,166)
(-) Principal Payments								
Equipment Lease	(1,000)	(482)	(535)	(593)	(659)	(732)	0	0
Buy-Out	(3,300)	(365)	(365)	(365)	(365)	(240)	0	0
Cash Adjustment Total	(4,300)	(1,954)	(2,842)	(2,292)	(2,497)	(2,015)	(586)	(1,175)
Net Cash Flow/(Loss)	(4,300)	(3,160)	(2,296)	197	2,405	4,098	5,774	5,924
Cumulative Cash Flow/(Loss)	(4,300)	(7,460)	(9,756)	(9,559)	(7,154)	(3,057)	2,718	8,641
Debt Outstanding								
Equipment Lease	3,000	2,518	1,983	1,390	731	0	0	0
Buy-Out	1,700	1,335	970	605	240	0	0	0
Total Debt	4,700	3,853	2,953	1,995	971	0	0	0

EXHIBIT IIIc

Projected Balance Sheet

	Sign-On	1987	1988	1989	1990	1991
Assets						
Current						
Cash	0	0	0	197	2,602	6,699
Receivables	0	527	1,585	2,339	3,145	3,774
Programming	335	1,360	2,235	2,830	3,900	5,160
Sub Total	<u>335</u>	<u>1,887</u>	<u>3,820</u>	<u>5,366</u>	<u>9,647</u>	<u>15,633</u>
Non-Current						
Programming	4,665	9,005	10,540	14,045	20,870	27,750
(-) Accum. Amort.	0	(335)	(1,695)	(3,930)	(6,760)	(10,660)
Net Programming	<u>4,665</u>	<u>8,670</u>	<u>8,845</u>	<u>10,115</u>	<u>14,110</u>	<u>17,090</u>
P.P. & E.	4,000	4,000	4,200	4,425	4,675	4,950
(-) Accum. Dep.	0	(286)	(871)	(1,487)	(2,137)	(2,825)
Net P.P. & E.	<u>4,000</u>	<u>3,715</u>	<u>3,329</u>	<u>2,938</u>	<u>2,538</u>	<u>2,125</u>
License	5,000	4,750	4,500	4,250	4,000	3,750
Sub Total	<u>13,665</u>	<u>17,135</u>	<u>16,674</u>	<u>17,303</u>	<u>20,648</u>	<u>22,965</u>
Total Assets	<u>14,000</u>	<u>19,022</u>	<u>20,494</u>	<u>22,669</u>	<u>30,294</u>	<u>38,599</u>
Liabilities						
Current						
Note Payable: Equipment	482	535	593	659	732	(0)
Notes Payable: Buy-out	365	365	365	365	240	(0)
Programming	1,450	2,880	3,456	4,147	4,977	5,972
Sub Total	<u>2,297</u>	<u>3,780</u>	<u>4,414</u>	<u>5,171</u>	<u>5,949</u>	<u>5,972</u>
Non-Current						
Programming	3,550	7,485	9,319	12,728	19,793	26,938
(-) Accum. Payments	0	(1,450)	(4,330)	(7,786)	(11,933)	(16,910)
Net Programming	<u>3,550</u>	<u>6,035</u>	<u>4,989</u>	<u>4,942</u>	<u>7,860</u>	<u>10,028</u>
Note Payable: Equipment	2,518	1,983	1,390	731	0	0
Notes Payable: Buy-out	1,335	970	605	240	0	0
Sub Total	<u>7,403</u>	<u>8,988</u>	<u>6,984</u>	<u>5,913</u>	<u>7,860</u>	<u>10,028</u>
Total Liabilities	<u>9,700</u>	<u>12,768</u>	<u>11,398</u>	<u>11,084</u>	<u>13,809</u>	<u>16,000</u>
Partners Equity						
Paid in Cash	4,300	7,460	9,756	9,756	9,756	9,756
Retained Earnings	0	(1,206)	(660)	1,829	6,730	12,843

NORTHSTAR/SALT LAKE CITY CHANNEL 13

TERM SHEET

Amount: \$5 million Allstate/Northstar
\$2 million Foulger Family
\$7 million Total

Security:

Prior to FCC Approval of the Applicant Settlement Agreement, Northstar will receive Class A Limited Partnership Interests and Demand Notes in Mountain West L.P. Following FCC approval, the Class A Limited Partnership interest will be mandatorily converted into limited partnership interest with Northstar as the sole general partner, and with the Demand Notes converted into limited partnership interests.

Escrow Account:

Terms of the buyout of the competing applicants provide for a total of \$3.3 million cash to be deposited into an escrow account on November 17, and December 31, 1986, pending approval by the FCC of all Applicant Settlement Agreements. No cash will be deposited into the escrow account until settlement agreement of all competing applicants have been executed. Terms of the Escrow Agreement will provide that there can be no release of funds from the escrow account until a determination has been made that: 1) all settlement agreements are valid and enforceable; 2) that FCC has granted the Channel 13 Construction Permit to Mountain West; and 3) that the FCC Ruling is not subject to further appeal by the applicant.

Equity Distribution:

Northstar will hold 42% of the partnership interest, the Foulger family will hold 18%, and Mountain West will hold 40%.

Preference:

Northstar and the Foulgers will hold a liquidation preference equal to their total capital contributed, plus a 10% return, after which a pro rata distribution will be established.

Control Issues:

Following the FCC Grant of the License Transfer, estimated to occur in October, 1987, Northstar will be the sole general partner, with all limited partners holding non-voting partnership interests. Prior to the FCC Transfer Ruling, Mountain West will be the general partner with Northstar as a creditor and limited partner. Comprehensive affirmative and negative covenants will protect Northstar during the interim time period, including holding all of the partnership interest of Mountain West as collateral. Conversion of Northstar to general partner is mandatory and will occur instantaneously with the license transfer ruling by the FCC.

Liquidity Issues:

Northstar can, in its sole discretion, sell, or cause Channel 13 to incur indebtedness at anytime following conversion of Northstar to general partner. The minority limited partners have a put option at cost plus 10% expiring December, 1987. A second put option exists at seven (7) years after sign-on.

Louis G. Lower, II

Control No. 86-137

Leonard A. Batterson

Allstate Insurance Company
November 14, 1986

Special Approval

NORTHSTAR COMMUNICATIONS, INC.
DEAL MEMO ADDENDUM

PROPOSED INVESTMENT

Attached is a deal memo related to a \$5,000,000 investment by Allstate in Northstar. Several components of the deal have changed, as outlined below, and approval is requested of these changes.

Existing Investment:

<u>Security</u>	<u>Amount</u>	<u>Pro Forma Ownership</u>
Conv. Pfd.	\$515,000	79%

Proposed Investment:

Demand Note	\$4,300,000	79%
Guaranty	2,000,000	
	<u>\$6,300,000</u>	

Changed Items:

The Applicant Buy Out:

The cost of the applicant buy out remains \$5 million; however, rather than \$3.3 million cash and \$1.7 million in non-recourse subordinated notes, the note holders are now requiring an Allstate guarantee on principal and interest.

Financing Amount: (in millions)

Allstate's commitment has increased by \$1.3 million to \$6.3 million.

<u>Original</u>	<u>New</u>	
\$5.0	\$4.3	Allstate Cash
--	2.0	Allstate Guarantee
2.0	2.7	Foulger Cash
<u>\$7.0</u>	<u>\$9.0</u>	

The Foulgers will provide a written commitment for their participation.

Equity Split:

In consideration for the extra \$2.0 million of exposure, the providers of the \$9.0 million will receive 70% of the equity as opposed to the original 60%. The Allstate/Northstar pro rata share will be 49% of the equity versus 42% previously.

Summary:

Approval of the investment on the new terms is recommended by the Venture Capital Division.

Leonard A. Batterson
Paul J. Renze