FCC Form 314
Assignor Portion
Section II, Question 3
September 2000
Exhibit III

Merger Agreements

AGREEMENT AND PLAN OF MERGER

Among

UNITED TELEVISION, INC.,

THE NEWS CORPORATION LIMITED,

NEWS PUBLISHING AUSTRALIA LIMITED

and

FOX TELEVISION HOLDINGS, INC.

Dated as of August 13, 2000

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AGREEMENT AND PLAN OF MERGER dated as of August 13, 2000 (this "Agreement") by and among UNITED TELEVISION, INC., a Delaware corporation (the "Company"), THE NEWS CORPORATION LIMITED, a South Australian corporation ("Buyer"), NEWS PUBLISHING AUSTRALIA LIMITED, a Delaware corporation and a subsidiary of Buyer ("Acquisition Sub") and FOX TELEVISION HOLDINGS, INC., a Delaware corporation and an indirect subsidiary of Buyer ("FTH") (but solely as to Section 6.3 and Section 6.21 of this Agreement).

WHEREAS, in furtherance of the acquisition of the Company by Buyer, the respective Boards of Directors of the Company, Buyer and Acquisition Sub, and Buyer, as the sole stockholder of Acquisition Sub, have each approved this Agreement and the merger of (A) the Company with and into Acquisition Sub (the "Forward Merger") and (B) in the event a Restructuring Trigger (as defined herein) has occurred, the merger of Acquisition Sub with and into the Company (the "Reverse Merger" and, together with the Forward Merger, as applicable, the "Merger"), in each case upon the terms and subject to the conditions and limitations set forth herein and in accordance with the General Corporation Law of the State of Delaware ("Delaware Law");

WHEREAS, each of the Board of Directors of the Company and the special committee of the Board of Directors of the Company (the "Special Committee") (i) has determined that the Merger is fair to, advisable and in the best interests of, the Company and its stockholders and has approved and adopted this Agreement, the Merger and the other transactions contemplated by this Agreement and (ii) has recommended the approval of this Agreement by the stockholders of the Company;

WHEREAS, for Federal income tax purposes, it is intended that the Forward Merger shall qualify as a reorganization under the provisions of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, simultaneously with the execution and delivery of this Agreement, Buyer, Acquisition Sub and Chris-Craft Industries, Inc. ("Chris-Craft"), a Delaware corporation and the indirect parent corporation of the Company, are entering into an agreement and plan of merger (the "Chris-Craft Merger Agreement"), providing for the merger of Chris-Craft with and into Acquisition Sub, or, if a Restructuring Trigger (as defined for purposes of such agreement) has occurred, the merger of a direct or indirect owned subsidiary of Buyer with and into Chris-Craft, in each case upon the terms and subject to the conditions set forth in the Chris-Craft Merger Agreement (the "Chris-Craft Merger");

WHEREAS, simultaneously with the execution and delivery of this Agreement, Buyer, Acquisition Sub and BHC Communications, Inc. ("BHC"), a Delaware corporation and the direct parent of the Company, are entering into an agreement and plan of merger (the "BHC Merger Agreement"), providing for the merger of BHC with and into Acquisition Sub, or, if a Restructuring Trigger (as defined for purposes of such agreement) has occurred, the merger of a direct or indirect owned subsidiary of Buyer (or of Chris-Craft) with and into BHC, in each case

upon the terms and subject to the conditions set forth in the BHC Merger Agreement (the "BHC Merger");

WHEREAS, it is intended that the mergers heretofore referred to shall be completed in the following order: first, the Chris-Craft Merger; second, the BHC Merger; and third, the Merger; and

WHEREAS, as a condition and inducement to Buyer to enter into this Agreement and incur the obligations set forth herein, concurrently with the execution and delivery of this Agreement, Buyer is entering into a Voting Agreement, substantially in the form of Exhibit A attached hereto (the "Voting Agreement"), with BHC pursuant to which, among other things, it has agreed, subject to the terms and conditions contained therein, to vote all shares of Common Stock of the Company, par value $.10 per share (the "Company Common Stock"), owned by it in favor of this Agreement and the Merger and, to the extent provided for therein, against any conflicting transaction.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained and contained in the Voting Agreement and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

THE MERGER

SECTION 1.1 The Merger.

(a) Upon the terms and subject to the conditions of this Agreement, and in accordance with Delaware Law, at the Effective Time (as defined below), in the case of the Forward Merger, the Company shall be merged with and into Acquisition Sub, whereupon the separate existence of the Company shall cease, and Acquisition Sub shall continue as the surviving corporation and, in the case of the Reverse Merger, Acquisition Sub shall be merged with and into the Company, whereupon the separate corporate existence of Acquisition Sub shall cease, and the Company shall continue as the surviving corporation (the surviving corporation in the Merger is sometimes referred to herein as the "Surviving Corporation") and shall continue to be governed by the laws of the State of Delaware and shall continue under the name "News Publishing Australia Limited." Whether the Forward Merger or the Reverse Merger is to be effected shall be determined in accordance with Section 6.19 hereof.

(b) Concurrently with the Closing (as defined in Section 1.10 hereof), the Company, Buyer and Acquisition Sub shall cause a certificate of merger (the "Certificate of Merger") with respect to the Merger to be executed and filed with the Secretary of State of the State of Delaware (the "Secretary of State") as provided under Delaware Law. The Merger shall become effective on the date and time at which the Certificate of Merger has been duly filed with

the Secretary of State or at such other date and time as are agreed between the parties and specified in the Certificate of Merger, and such date and time is hereinafter referred to as the "Effective Time."

(c) From and after the Effective Time, the Surviving Corporation shall possess all rights, privileges, immunities, powers and franchises and be subject to all of the obligations, restrictions, disabilities, liabilities, debts and duties of the Company and Acquisition Sub.

SECTION 1.2 Effect on Securities. At the Effective Time:

(a) Cancellation of Securities. In the case of the Forward Merger, each share of Company Common Stock held by the Company as treasury stock or held by Buyer or its subsidiaries or by BHC (unless the BHC Merger shall not have occurred prior to the Effective Time) immediately prior to the Effective Time shall automatically be cancelled and revert to the status of authorized but unissued shares, and no consideration or payment shall be delivered therefor or in respect thereto. In the case of the Reverse Merger, each share of Company Common Stock held by BHC (unless the BHC Merger shall not have occurred prior to the Effective Time) immediately prior to the Effective Time shall remain outstanding and continue to represent one share of common stock of the Company.

(b) Conversion of Securities. Except as otherwise provided in this Agreement and subject to Section 1.4 hereof, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares cancelled pursuant to Section 1.2(a) hereof and Dissenting Shares (as defined in Section 1.9 hereof)) shall be converted into the following (the "Merger Consideration"):

Either (X) in the case of the Forward Merger:

(i) for each share of Company Common Stock with respect to which an election to receive only cash (to the extent available) has been effectively made and not revoked or lost, pursuant to 1.3 hereof, the right to receive in cash from Buyer the Per Share Amount (as defined below), subject to Sections 1.2(f) and 1.4(f) and to the allocation and proration procedures set forth in Section 1.4 hereof; and

(ii) for each share of Company Common Stock with respect to which an election to receive forty percent (40%) of the Cash Merger Price in cash and the remainder of the Merger Consideration American Depositary Shares of Buyer ("Buyer Shares"), each of which represents four (4) fully paid and nonassessable Preferred Limited Voting Ordinary Shares of Buyer ("Buyer Preferred Stock") has been effectively made and not revoked or lost, pursuant to Section 1.3 hereof (a "Partial Cash Election"), (A) the right to receive from Buyer an amount in cash equal to $60 and (B) 2.0253 (the "Partial Exchange Ratio") Buyer Shares (such shares of Company Common Stock being,

collectively, "Partial Cash Election Shares" and, together with the All Cash Election Shares (as defined herein), "Cash Election Shares"); provided, however, that the foregoing shall be subject to Sections 1.2(f) and 1.4(f) hereof. The Buyer Preferred Stock allotted and issued in accordance with this Agreement shall on and from its date of allotment rank pari passu with all existing Buyer Preferred Stock on issue at that date, including as to all dividend entitlements (in respect of which they shall receive the same entitlement as any previously issued Buyer Preferred Stock); and

(iii) for each other share of Company Common Stock, the right to receive from Buyer, the number of Buyer Shares equal to the Exchange Ratio (as defined below), subject to Sections 1.2(f) and 1.4(f) and to the allocation and proration procedures set forth in Section 1.4 hereof; or,

(Y) in the case of the Reverse Merger, subject to Section 1.2(f), for each share of Company Common Stock, (A) the right to receive from Buyer an amount in cash equal to $63 and (B) 2.1266 Buyer Shares (the "Reverse Merger Exchange Ratio").

(c) Cancellation of Company Common Stock. All shares of Company Common Stock to be converted into the Merger Consideration pursuant to this Section 1.2 shall, by virtue of the Merger and without any action on the part of the holders thereof, cease to be outstanding, be cancelled and retired and cease to exist; and each holder of a certificate representing prior to the Effective Time any such shares of Company Common Stock shall thereafter cease to have any rights with respect to such securities, except the right to receive (i) the Merger Consideration, (ii) any dividends and other distributions in accordance with Section 1.5(c) hereof and (iii) any cash to be paid in lieu of any fractional Buyer Share in accordance with Section 1.5(d) hereof.

(d) [INTENTIONALLY OMITTED]

(e) Capital Stock of Acquisition Sub. In the Forward Merger, no shares of Acquisition Sub stock will be issued directly or indirectly and each share of common stock of Acquisition Sub issued and outstanding immediately prior to the Effective Time shall remain outstanding following the Effective Time. In the case of the Reverse Merger, each share of common stock of Acquisition Sub shall be converted into one fully paid and nonassessable share of the Surviving Corporation.

(f) Adjustments to Exchange Ratio.

(i) Subject to clause (ii) below, in the event that Buyer declares or effects a stock split, stock or cash dividend (other than ordinary course cash dividends declared and paid consistent with past practice) or other reclassification, acquisition, exchange or distribution with respect to the Buyer Shares or Buyer Preferred Stock, in each case with a record or ex-dividend date or effective date occurring after the date

hereof and on or prior to the date of the Effective Time, there will be an appropriate adjustment made to the Merger Consideration so as to provide for the inclusion therein of the cash, property, securities or combination thereof that each holder of Company Common Stock who has the right to receive the Merger Consideration pursuant to Section 1.2 hereof would have received had such Company Common Stock been converted into Buyer Shares or Buyer Preferred Stock as of the date hereof.

(ii) If either (A) in the case of the Forward Merger, the tax opinion to the Company referred to in Section 7.3(c) hereof as to the Merger qualifying as a reorganization cannot be rendered (as reasonably determined by Kaye, Scholer, Fierman, Hays & Handler, LLP), (B) in the case of the Forward Merger, the tax opinion to Buyer referred to in Section 7.2(f) as to the Merger qualifying as a reorganization cannot be rendered (as reasonably determined by Squadron, Ellenoff, Plesent & Sheinfeld LLP), (C) in the case of the Forward Merger, in the reasonable judgment of the Company or Buyer, based on the advice of their respective counsel, there is a meaningful risk that the receipt of the cash, property, securities or combination thereof referred to in clause (i) above would be taxable or have an adverse tax consequence to the holders of Company Common Stock or (D) in the case of either the Forward Merger or the Reverse Merger, the adjustment referred to in clause (i) above is not possible or not possible without materially changing the tax treatment of the transaction referred to in clause (i) in question, then, in each case, Buyer (but only if requested by the Company in the case of clause (C) above) shall make an appropriate adjustment to the Merger Consideration that (x) conveys an equivalent value (taking into account, among other things, the impact of the transaction referred to in clause (i) above on the trading price of Company Common Stock, Buyer Shares, Buyer Preferred Stock and any newly issued securities) to the holders of Company Common Stock as the adjustments contemplated in paragraph (i) above, (y) in the case of the Forward Merger, allows such tax opinions to be delivered and (z) in the case of the Forward Merger, avoids the consequences referred to in clause (C) above; it being understood that, by way of illustration and not limitation, the Company's written agreement that clause (x) is satisfied shall constitute conclusive evidence as to such fact.

(g) Certain Definitions. For purposes of this Agreement, or, in the case of clause (xii) below, solely for purposes of Sections 1.2, 1.3 and 1.4 hereof, the following terms shall have the following meanings:

(i) "Aggregate Buyer Share Amount" means (A) 60% of the product of (x) the number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time, less the number of outstanding shares of Company Common Stock cancelled pursuant to Section 1.2(a) hereof, and (y) 3.3755, less (B) the number of Buyer Shares to be paid in respect of Partial Cash Election Shares, in each case subject to adjustment as described in Section 1.4(f) hereof.

(ii) "Aggregate Cash Amount" means (A) 40% of the product of (x) the number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time, less the number of outstanding shares of Company Common Stock cancelled pursuant to Section 1.2(a) hereof and (y) the Cash Merger Price, less (B) the amount of cash to be paid in respect of Partial Cash Election Shares, in each case subject to adjustment as described in Section 1.4(f) hereof.

(iii) "All Cash Election Number" means (A) that number of shares of Company Common Stock as shall be equal to the quotient obtained by dividing the Aggregate Cash Amount by the Per Share Amount, less (B) the number of Dissenting Shares, subject to adjustment as described in Section 1.4(f) hereof.

(iv) "Cash Merger Price" means $150.

(v) "Closing Buyer Share Value" means the volume weighted average sales price for all trades of Buyer Shares reported on the New York Stock Exchange (the "NYSE") for each of the five trading days immediately preceding but not including the Closing Date (the "Valuation Period"); provided, however, if necessary to comply with any requirements of the Securities and Exchange Commission (the "SEC"), the term Closing Date in this clause (iv) shall be deemed to mean the date which is the closest in time but prior to the Closing Date which complies with such rules and regulations. Buyer agrees that during the Valuation Period neither Buyer nor its affiliates shall (x) purchase or acquire, or offer to purchase or acquire, or announce any intention to purchase or acquire, any Buyer Shares or Buyer Preferred Stock or other outstanding securities of Buyer or its affiliates convertible into Buyer Shares or Buyer Preferred Stock (other than purchases at market value of Buyer Shares (in accordance with all applicable laws) by a broker who has full discretion as to the amount and timing of such purchases pursuant to a pre-existing stock buyback program) or (y) announce or effect any material corporate transaction.

(vi) "Closing Transaction Value" means the sum of (A) the Aggregate Cash Amount and (B) the product obtained by multiplying the Aggregate Buyer Share Amount by the Closing Buyer Share Value.

(vii) "Exchange Ratio" means that number of Buyer Shares as shall be obtained by dividing the Per Share Amount by the Closing Buyer Share Value.

(viii) "Exchangeable Shares" means the aggregate number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time less the number of such shares cancelled pursuant to Section 1.2(a) hereof and less the aggregate number of Partial Cash Election Shares.

(ix) "Exchanged Shares" means the aggregate number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time less the number of such shares (A) cancelled pursuant to Section 1.2(a) hereof and (B) that are Dissenting Shares.

(x) "Per Share Amount" means the amount obtained by dividing the Closing Transaction Value by the number of Exchangeable Shares.

(xi) "Stock Election Number" means that number of shares of Company Common Stock as shall be equal to (A) the number of Exchanged Shares less (B) the sum of (i) the All Cash Election Number and (ii) the aggregate number of Partial Cash Election Shares, subject to adjustment as described in Section 1.4(f) hereof.

(xii) "Dissenting Shares" means shares of Company Common Stock that are Dissenting Shares within the meaning of Section 1.9 hereof in respect of which the holder thereof shall have taken all steps necessary to exercise and perfect properly his or her demand for appraisal under Section 262 of the Delaware Law to the extent that such steps are required to have been taken by the applicable date of determination.

SECTION 1.3 Share Election. In the case of the Forward Merger (and, with respect to clauses (b) and, unless a Restructuring Trigger has theretofore occurred, (c) and (e) below, in the case of the Reverse Merger to the extent applicable):

(a) Each Person (as defined in Section 1.3(b) hereof) who, on or prior to the Election Deadline referred to in subsection (c) below is a record holder of shares of Company Common Stock (collectively, "Holders") shall have the right, with respect to the Merger Consideration, (i) to elect to receive only cash for such shares pursuant to Section 1.2(b)(X)(i) hereof (an "All Cash Election"), (ii) to make a Partial Cash Election, (iii) to elect to receive Buyer Shares for such shares pursuant to Section 1.2(b)(X)(iii) hereof (a "Stock Election"), (iv) to indicate that such record holder has no preference as to the receipt of cash or Buyer Shares for such shares (a "Non-Election") or (v) to make a mixed election, specifying the number of shares of Company Common Stock corresponding with each such Election (the All Cash Election, the Partial Cash Election, the Stock Election, and the Non-Election are collectively referred to as the "Elections"). Holders who hold such shares as nominees, trustees or in other representative capacities may submit multiple Forms of Election (as defined below).

(b) Prior to the mailing of the Proxy Statement (as defined in Section 6.1 hereof), The Bank of New York or such other bank, trust company, Person or Persons shall be designated by Buyer and reasonably acceptable to the Company to act as exchange agent (the "Exchange Agent") for payment of the Merger Consideration. The Exchange Agent shall act as the agent for the Company's stockholders for the purpose of receiving and holding their Forms of Election and Certificates (as defined below) and shall obtain no rights or interests (beneficial or

otherwise) in such shares. For purposes of this Agreement, "Person" means any natural person, firm, individual, corporation, limited liability company, partnership, association, joint venture, company, business trust, trust or any other entity or organization, whether incorporated or unincorporated, including a government or political subdivision or any agency or instrumentality thereof.

(c) All Elections shall be made on a form designed for that purpose, which shall include a letter of transmittal and election form (together, a "Form of Election"). Elections shall be made by Holders by mailing to the Exchange Agent a Form of Election, which shall specify that delivery shall be effected, and risk of loss and title to any Certificates) shall pass, only upon proper delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Buyer, in consultation with the Company, may reasonably specify. Buyer and the Company will announce the Exchange Ratio and the Per Share Amount when known and will announce the anticipated Closing Date at least three business days, but not more than five business days, prior thereto; provided, however, that the Closing Date shall occur immediately following the closing of the BHC Merger. All Certificates so surrendered shall be subject to the exchange procedures set forth in Section 1.5 hereof. To be effective, a Form of Election must be properly completed, signed and submitted to the Exchange Agent and accompanied by the Certificates as to which the election is being made (or by an appropriate guarantee of delivery of such Certificates as set forth in such Form of Election from a firm which is a member of the NYSE or another registered national securities exchange or a commercial bank or trust company having an office or correspondent in the United States, provided such Certificates are in fact delivered to the Exchange Agent within five NYSE trading days after the Election Deadline (as defined below)). Buyer will have the discretion, which it may delegate in whole or in part to the Exchange Agent, to determine whether Forms of Election have been properly completed, signed and submitted or revoked and to disregard immaterial defects in Forms of Election. The decision of Buyer (or the Exchange Agent) in such matters, absent manifest error, shall be conclusive and binding. Neither Buyer nor the Exchange Agent will be under any obligation to notify any person of any defect in a Form of Election submitted to the Exchange Agent. The Exchange Agent and Buyer shall also make all computations contemplated by this Section 1.3 and by Section 1.4 hereof and all such computations shall be conclusive and binding on the Holders absent manifest error. The Form of Election and the accompanying Certificates (or appropriate guarantee of delivery in respect thereof) must be received by the Exchange Agent prior to 10:00 a.m. New York City time on the day on which the Closing occurs (the "Election Deadline") in order to be effective. If the Closing is delayed to a subsequent date, the Election Deadline shall be similarly delayed and Buyer will promptly announce such rescheduled Election Deadline and Closing. An election may be revoked, but only by written notice received by the Exchange Agent prior to the Election Deadline. Upon any such revocation, unless a duly completed Election Form, accompanied by a Certificate, is thereafter submitted in accordance with this paragraph (c), such shares shall be deemed to be Non-Election Shares (as defined in Section 1.4 hereof). If a Form of Election is revoked, or in the event that this Agreement is terminated pursuant to the provisions hereof, and any Certificates (or guarantee(s) of delivery, as appropriate), have been transmitted to the Exchange

Agent pursuant to the provisions hereof, such Certificates (and, in the case of a revoked Form of Election, guarantee(s) of delivery, as appropriate), shall promptly be returned without charge to the Person submitting the same.

(d) For the purposes hereof, Company Common Stock as to which the Holder has not made a valid Election prior to the Election Deadline, including as a result of revocation, shall be deemed to be Non-Election Shares. If Buyer or the Exchange Agent shall determine that any purported All Cash Election, Partial Cash Election or Stock Election was not properly made, such purported All Cash Election, Partial Cash Election or Stock Election shall be deemed to be of no force and effect and the Holder making such purported All Cash Election, Partial Cash Election or Stock Election shall for purposes hereof be deemed to have made a Non-Election. Shares in respect of which a Non-Election shall have been made or deemed made shall be treated as Non-Election Shares.

(e) Concurrently with the mailing of the Proxy Statement, Buyer and the Company shall mail the Form of Election to each person who is a Holder on the record date for the Stockholders' Meeting (as defined in Section 6.2 hereof) and shall each use its reasonable best efforts to mail the Form of Election to all persons who become Holders during the period between (i) such record date and (ii) the date seven calendar days prior to the anticipated Effective Time, and to make the Form of Election available to all persons who become Holders subsequent to the date described in clause (ii) but not later than 5:00 p.m. New York City time on the last business day prior to the Effective Time. The Exchange Agent may, with the mutual agreement of Buyer and the Company, make such rules as are consistent with this Section 1.3 for the implementation of the Elections provided for herein as shall be necessary or desirable to effect such Elections fully.

SECTION 1.4 Allocation and Proration.

(a) Notwithstanding anything in this Agreement to the contrary, the maximum number of shares of Company Common Stock which shall be converted into the right to receive cash in the Merger (other than pursuant to Partial Cash Elections and other than Dissenting Shares) shall be equal to the All Cash Election Number. The maximum number of shares of Company Common Stock to be converted into the right to receive Buyer Shares in the Merger (other than pursuant to Partial Cash Elections) shall be equal to the Stock Election Number.

(b) If the aggregate number of shares of Company Common Stock covered by All Cash Elections (the "All Cash Election Shares") exceeds the All Cash Election Number, all shares of Company Common Stock covered by Stock Elections (the "Stock Election Shares") and all shares of Company Common Stock covered by Non-Elections (the "Non-Election Shares") shall be converted into the right to receive Buyer Shares, and the All Cash Election Shares shall be converted into the right to receive Buyer Shares and cash in the following manner:

each All Cash Election Share shall be converted into the right to receive (i) an amount in cash, without interest, equal to the product of (x) the Per Share Amount and (y) a fraction (the "Cash Fraction"), the numerator of which shall be the All Cash Election Number and the denominator of which shall be the total number of All Cash Election Shares, and (ii) a number of shares of Buyer Shares equal to the product of (x) the Exchange Ratio and (y) a fraction equal to one minus the Cash Fraction.

(c) If the aggregate number of Stock Election Shares exceeds the Stock Election Number, all All Cash Election Shares and all Non-Election Shares shall be converted into the right to receive cash, and the Stock Election Shares shall be converted into the right to receive Buyer Shares and cash in the following manner:

each Stock Election Share shall be converted into the right to receive (i) a number of Buyer Shares equal to the product of (x) the Exchange Ratio and (y) a fraction (the "Stock Fraction"), the numerator of which shall be the Stock Election Number and the denominator of which shall be the total number of Stock Election Shares, and (ii) an amount in cash, without interest, equal to the product of (x) the Per Share Amount and (y) a fraction equal to one minus the Stock Fraction.

(d) In the event that neither Section 1.4(b) nor 1.4(c) above is applicable, all Cash Election Shares shall be converted into the right to receive cash, all Stock Election Shares shall be converted into the right to receive Buyer Shares and the Non-Election Shares shall be converted into the right to receive Buyer Shares and cash in the following manner:

each Non-Election Share shall be converted into the right to receive (i) an amount in cash, without interest, equal to the product of (x) the Per Share Amount and (y) a fraction (the "Non-Election Fraction"), the numerator of which shall be the excess of the All Cash Election Number over the total number of All Cash Election Shares and the denominator of which shall be the excess of (A) the number of Exchangeable Shares over (B) the sum of the total number of All Cash Election Shares and the total number of Stock Election Shares and (ii) a number of Buyer Shares equal to the product of (x) the Exchange Ratio and (y) a fraction equal to one minus the Non-Election Fraction.

(e) Partial Election Shares shall not be subject to proration and shall be converted into the right to receive the Merger Consideration pursuant to Section 1.2(b)(X)(ii) hereof, subject to Section 1.4(f) hereof.

(f) If the sum of (i) the Aggregate Cash Amount (without giving effect to the reference therein to this subsection (f)) and (ii) 40% of the Cash Merger Price multiplied by the number of Partial Cash Election Shares (such sum being the "Cash Amount") exceeds 55% of the sum of (x) the Cash Amount and (y) the product of (A) the closing price of Buyer Shares reported on the NYSE Composite Tape on the trading day immediately preceding the Closing Date (the "Closing Price") multiplied by (B) 3.3755 multiplied by (C) 60% of the excess of the number of shares of Company Common Stock outstanding immediately prior to the Effective Time over the number of outstanding shares of Company Common Stock cancelled pursuant to Section 1.2(a) hereof (such sum of (x) and (y) being the "Total Consideration"), then the components of the Merger Consideration shall be modified (1) first, in the case of shares of Company Common Stock (other than Dissenting Shares) as to which All Cash Elections shall have been made, by reducing the cash portion of the Merger Consideration to the minimum extent necessary, and in no event below 40% of the Cash Merger Price, and issuing in lieu thereof additional Buyer Shares in an amount equal to the result obtained by dividing (x) the amount of such per share cash reduction by (y) the Closing Price and (2) second, in the event that the foregoing reduction is not sufficient to result in the Cash Amount not exceeding 55% of the Total Consideration, in the case of shares of Company Common Stock as to which an All Cash Election or a Partial Cash Election shall have been made, by further reducing the amount of the cash portion of the Merger Consideration to the minimum extent necessary to satisfy the 55% limitation referred to above and to issue in lieu thereof additional Buyer Shares, in amount equal to the result obtained by dividing (u) the amount of such per share reduction by (v) the Closing Price. In the case of the Forward Merger, if either (i) the tax opinion referred to in Section 7.3(c) hereof cannot be rendered (as reasonably determined by Kaye, Scholer, Fierman, Hays & Handler, LLP), or (ii) the tax opinion to Buyer referred to in Section 7.2(f) cannot be rendered (as reasonably determined by Squadron, Ellenoff, Plesent & Sheinfeld LLP), then the foregoing adjustments shall be similarly made, in each case to the minimum extent necessary to enable the relevant tax opinion or opinions, as the case may be, to be rendered. For purposes of this Section 1.4(f), holders of Dissenting Shares shall be deemed to be Persons making All Cash Elections notwithstanding, and in lieu of, any election they have or have not made.

SECTION 1.5 Exchange of Certificates.

(a) As of the Effective Time Buyer shall (i) deposit, or cause to be deposited with (A) the Exchange Agent for the benefit of holders of shares of Company Common Stock, cash to the extent it constitutes Merger Consideration and (B) pursuant to the terms of the Deposit Agreement (as defined below) the Custodian (as defined in the Deposit Agreement) certificates representing the Buyer Preferred Stock underlying the Buyer Shares to the extent they constitute Merger Consideration and (ii) pursuant to the terms of the Deposit Agreement, instruct the Depositary to deposit the Buyer Shares to be issued in the Merger with the Exchange Agent for the benefit of the holders of shares of Company Common Stock for exchange in the Merger. For purposes of this Agreement, "Depositary" shall mean Citibank, N.A., as Depositary, pursuant to the Amended and Restated Deposit Agreement, dated as of December 3, 1996, among Buyer, the Depositary and the holders from time to time of Buyer Shares (the "Deposit Agreement"). In

addition, Buyer shall make available to the Exchange Agent on a daily basis sufficient cash to permit prompt payment to all Holders entitled to receive the Merger Consideration in the form of cash. The Buyer shall pay, or cause one of its affiliates to pay, any transfer taxes and all other charges and fees (including all fees for the depositary, registry or custodian for the ADRs).

(b) As of or promptly following the Effective Time, the Surviving Corporation shall cause the Exchange Agent to mail (and to make available for collection by hand) to each holder of record of a certificate or certificates, which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Certificates") (other than in the case of the Forward Merger those who had not previously properly delivered their Certificates to the Exchange Agent along with a Form of Election), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent and which shall be in the form and have such other provisions as Buyer and the Company may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for (A) a certificate or certificates representing that number of whole Buyer Shares, if any, into which the number of shares of Company Common Stock previously represented by such Certificate shall have been converted pursuant to this Agreement and (B) the amount of cash, if any, into which all or a portion of the number of shares of Company Common Stock previously represented by such Certificate shall have been converted pursuant to this Agreement (which instructions shall provide that at the election of the surrendering holder, Certificates may be surrendered, and the Merger Consideration in exchange therefor collected, by hand delivery). Upon surrender of a Certificate for cancellation to the Exchange Agent, together with a letter of transmittal duly completed and validly executed in accordance with the instructions thereto, and such other documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration for each share of Company Common Stock formerly represented by such Certificate, to be mailed (or made available for collection by hand if so elected by the surrendering holder) within five business days following the later to occur of (i) the Effective Time or (ii) the Exchange Agent's receipt of such Certificates, and the Certificate so surrendered shall be forthwith cancelled. The Exchange Agent shall accept such Certificates upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. No interest shall be paid or accrued for the benefit of holders of the Certificates on the Merger Consideration (or the cash pursuant to subsections (c) and (d) below) payable upon the surrender of the Certificates.

(c) Buyer may retain any dividends or other distributions with respect to Buyer Shares with a record date on or after the Effective Time in respect of the holder of any unsurrendered Certificate with respect to the Buyer Shares represented thereby by reason of the conversion of shares of Company Common Stock pursuant to Sections 1.2(b), 1.3 and 1.4 hereof and no cash payment in lieu of fractional Buyer Shares shall be paid to any such holder pursuant to Section 1.5(d) hereof until such Certificate is surrendered in accordance with this Article I. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall

be released and paid, without interest, to the Person in whose name the Buyer Shares representing such securities are registered (i) at the time of such surrender or as promptly as practicable after the sale of the Excess Buyer Shares (as defined in Section 1.5(d) hereof), the amount of any cash payable in lieu of fractional Buyer Shares to which such holder is entitled pursuant to Section 1.5(d) hereof and the proportionate amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Buyer Shares issued upon conversion of Company Common Stock, and (ii) at the appropriate payment date or as promptly as practicable thereafter, the proportionate amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and a payment date subsequent to such surrender payable with respect to such Buyer Shares.

(d) Notwithstanding any other provision of this Agreement, no fraction of a Buyer Share will be issued and no dividend or other distribution, stock split or interest with respect to Buyer Shares shall relate to any fractional Buyer Share, and such fractional interest shall not entitle the owner thereof to vote or to any rights as a security holder of the Buyer Shares. In lieu of any such fractional security, each holder of shares of Company Common Stock otherwise entitled to a fraction of a Buyer Share will be entitled to receive in accordance with the provisions of this Section 1.5 from the Exchange Agent a cash payment representing such holder's proportionate interest in the net proceeds from the sale by the Exchange Agent on behalf of all such holders of the aggregate of the fractions of Buyer Shares which would otherwise be issued (the "Excess Buyer Shares"). The sale of the Excess Buyer Shares by the Exchange Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. Until the net proceeds of such sale or sales have been distributed to the holders of shares of Company Common Stock, the Exchange Agent will, subject to Section 1.5(e) hereof, hold such proceeds in trust for the holders of such shares (the "Buyer Shares Trust"). Subject to its right to withhold for taxes as described in Section 1.6 hereof, the Surviving Corporation shall pay all commissions, transfer taxes (other than those transfer taxes for which the Company's former stockholders are solely liable) and other out-of-pocket transaction costs, including the expenses and compensation of the Exchange Agent incurred in connection with such sale of the Excess Buyer Shares. As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of shares of Company Common Stock in lieu of any fractional Buyer Share interests, the Exchange Agent shall make available such amounts to such holders of shares of Company Common Stock without interest.

(e) Any portion of the Merger Consideration deposited with the Exchange Agent pursuant to this Section 1.5 (the "Exchange Fund") which remains undistributed to the holders of the Certificates for six months after the Effective Time shall be delivered to Buyer, upon demand, and any holders of shares of Company Common Stock prior to the Merger who have not theretofore complied with this Article I shall thereafter look for payment of their claim, as general creditors thereof, only to Buyer for their claim for (1) cash, if any, without interest, (2) Buyer Shares, if any, (3) any cash without interest, to be paid, in lieu of any fractional Buyer Shares and (4) any dividends or other distributions with respect to Buyer Shares to which such holders may be entitled. None of the Buyer, Acquisition Sub, the Company, the

Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any Buyer Shares or cash held in the Exchange Fund (and any cash, dividends and other distributions payable in respect thereof) delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(f) None of Buyer, Acquisition Sub, the Company, the Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any Buyer Shares or cash held in the Exchange Fund (and any cash, dividends and other distributions payable in respect thereof) delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any Certificates shall not have been surrendered prior to one year after the Effective Time (or immediately prior to such earlier date on which (i) any cash, (ii) any Buyer Shares, (iii) any cash in lieu of fractional Buyer Shares or (iv) any dividends or distributions with respect to Buyer Shares in respect of such Certificate would otherwise escheat to or become the property of any Governmental Authority (as defined in Section 9.3 hereof)), any such Buyer Shares, cash, dividends or distributions in respect of such Certificate shall, to the extent permitted by applicable law, become the property of Buyer, free and clear of all claims or interest of any Person previously entitled thereto.

(g) The Exchange Agent shall invest any cash included in the Exchange Fund, as directed by Buyer on a daily basis. Any interest and any other income resulting from such investments shall be paid to Buyer. Nothing contained in this Section 1.5(g) shall relieve Buyer or the Exchange Agent from making the payments required by this Article I to be made to the holders of shares of Company Common Stock.

SECTION 1.6 Transfer Taxes; Withholding. If any certificate for a Buyer Share is to be issued to, or cash is to be remitted to, a Person who holds shares of Company Common Stock (other than the Person in whose name the Certificate surrendered in exchange therefor is registered), it shall be a condition of such exchange that the Company Certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the Person requesting such exchange shall (i) pay to the Exchange Agent any transfer or other Taxes (as defined in Section 3.14 hereof) required by reason of the payment of the Merger Consideration to a Person other than the registered holder of the Certificate so surrendered, or (ii) establish to the satisfaction of the Exchange Agent that such Tax either has been paid or is not applicable. Buyer or the Exchange Agent shall be entitled to deduct and withhold from the Buyer Shares (or cash in lieu of fractional Buyer Shares) otherwise payable pursuant to this Agreement to any holder of shares of Company Common Stock such amounts as Buyer or the Exchange Agent are required to deduct and withhold under the Code, or any provision of state, local or foreign Tax law, with respect to the making of such payment. To the extent that amounts are so withheld by Buyer or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of shares of Company Common Stock in respect of whom such deduction and withholding was made by Buyer or the Exchange Agent.

SECTION 1.7 Stock Options and Other Stock.

(a) Prior to the Effective Time, Buyer and the Company shall take such action as may be necessary (including, without limitation, enacting such amendments, if any, to the Company stock plans as necessary to comply with the requirements of the Australian Stock Exchange ("ASX") or Australian Law; provided, however, that any such amendments shall not affect in any respect the number of Buyer Shares issuable upon exercise of Substituted Options (as defined below) or the exercise price thereof) to cause each unexpired and unexercised option to purchase shares of Common Stock which is outstanding immediately prior to the Effective Time (collectively, "Company Options"), to be automatically converted at the Effective Time into an option (collectively, a "Substituted Option") to purchase a number of Buyer Shares equal to the number of shares of Common Stock that could have been purchased under such Company Option multiplied by the Exchange Ratio in the case of the Forward Merger and by the product of one and two-thirds and the Reverse Merger Exchange Ratio in the case of the Reverse Merger (in each case, rounded to the nearest whole number of Buyer Shares) at a price per Buyer Share equal to the per-share option exercise price specified in the Company Option divided by the Exchange Ratio in the case of the Forward Merger and by the product of one and two-thirds and the Reverse Merger Exchange Ratio in the case of the Reverse Merger (in each case, rounded down to the nearest whole cent). Except as otherwise provided in this Agreement, such Substituted Option shall otherwise be subject to the same terms and conditions as were applicable to such Company Option, except as mandated by the requirements of the ASX or Australian Law; provided, however, that clarification of the terms of the Substitute Options shall be made so as to make clear that, to the extent permitted by applicable law (without the need for obtaining additional Buyer shareholder approval), the optionee may use shares of capital stock of Buyer that have been held for six months by the option holder (including any period prior to the Effective Time during which such stock was stock of the Company) as payment of the exercise price thereof and in respect of the legally required withholding obligation. The date of the grant of the Substituted Option shall be the date on which the corresponding Company Option was granted and at the Effective Time all references in the related stock option agreements to the Company shall be deemed to refer to Buyer. Except as otherwise provided herein or in the applicable plan or program, employee deferrals and all other equity based compensation that reference Common Stock will, as of and after the Effective Time, be deemed to refer to Buyer Shares (as adjusted to reflect the Exchange Ratio or one and two-thirds multiplied by the Reverse Merger Exchange Ratio, as applicable). The adjustments provided for herein with respect to any options which are "incentive stock options" (as defined in Section 422 of the Code) shall be effected in a manner consistent with the requirements of Section 424(a) of the Code. Nothing contained herein shall alter or affect any provision providing for the accelerated vesting of Company Options in the event of a termination of employment following a "change in control" of the Company contained in any severance plans of the Company in effect as of the date hereof, as such terms are set forth in such plans, and Buyer agrees not to amend such provisions of any such plans following the Closing.

(b) Buyer shall take such corporate action as may be necessary or appropriate within two (2) business days following the Effective Time, file with the SEC a

registration statement on Form S-8 (or any successor or other appropriate form) with respect to the Buyer Shares subject to the Substituted Options to the extent such registration is required under applicable law in order for such Buyer Shares to be sold without restriction in the United States, and Buyer shall use its reasonable best efforts to obtain and maintain the effectiveness of such registration statement for so long as such Substituted Options remain outstanding. Buyer shall promptly prepare and submit to the NYSE applications covering the Buyer Shares subject to the Substituted Options and use commercially reasonable efforts to cause such securities to be approved for listing on the NYSE prior to the Effective Time, subject to official notice of issuance, and within ten days after the Effective Time, prepare and submit to the ASX, pursuant to the applicable listing rules of the ASX, applications covering the Buyer Preferred Stock underlying the Buyer Shares to be issued upon the exercise of Substituted Options.

(c) Prior to the Effective Time, Buyer and the Company shall take all steps reasonably necessary to cause the transactions contemplated hereby and any other dispositions of equity securities of the Company (including derivative securities) or acquisitions of Buyer equity securities (including derivative securities) in connection with this Agreement by each individual who (a) is a director or officer of the Company or (b) at the Effective Time, will become a director or officer of Buyer, to be exempt under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") to the extent Section 16 of the Exchange Act is applicable to such persons.

(d) At the time that a Substituted Option is exercised in accordance with the terms hereof, Buyer shall, pursuant to the terms of the Deposit Agreement, (x) deposit with the Custodian the shares of Buyer Preferred Stock underlying the Buyer Shares to be issued upon such exercise and (y) instruct the Depositary to deliver the Buyer Shares to be issued upon such exercise in accordance with the written instructions of the holder of such Substituted Option so exercised.

SECTION 1.8 Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration to which the holder thereof is entitled pursuant to this Article I.

SECTION 1.9 Dissenting Shares. Notwithstanding Section 1.2 hereof, to the extent that holders thereof are entitled to appraisal rights under Section 262 of Delaware Law, shares of Company Common Stock issued and outstanding immediately prior to the Effective Time and held by a holder who has properly exercised and perfected his or her demand for appraisal rights under Section 262 of Delaware Law (the "Dissenting Shares"), shall not be converted into the right to receive the Merger Consideration, but the holders of Dissenting Shares shall be entitled to receive such consideration as shall be determined pursuant to Section 262 of

Delaware Law; provided, however, that if any such holder shall have failed to perfect or shall have effectively withdrawn or lost his or her right to appraisal and payment under Delaware Law, such holder's shares of Company Common Stock shall thereupon be deemed to have been converted as of the Effective Time into the right to receive the Merger Consideration, without any interest thereon, and such shares shall not be deemed to be Dissenting Shares. Any payments required to be made with respect to the Dissenting Shares shall be made by Buyer (and not the Company or Acquisition Sub).

SECTION 1.10 Merger Closing. Subject to the satisfaction or, if permissible, waiver of the conditions set forth in Article VII hereof, the closing of the Merger (the "Closing") will take place at 9:00 a.m., New York City time, on a date determined in accordance with, in the case of the Forward Merger, the third sentence of Section 1.3(c) hereof and, in the case of the Reverse Merger, the proviso of the third sentence of Section 1.3(c) hereof, and in each case at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, New York, unless another time, date or place is agreed to in writing by the parties hereto (such date being the "Closing Date").

ARTICLE II

THE SURVIVING CORPORATION

SECTION 2.1 Certificate of Incorporation. The certificate of incorporation of Acquisition Sub in the case of the Forward Merger and, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with applicable law. The certificate of incorporation of the Company in the case of the Reverse Merger shall be the certificate of incorporation of the Surviving Corporation, amended at the Effective Time to read in its entirety as the certificate of incorporation of Acquisition Sub as in effect immediately prior to the Effective Time, until thereafter amended in accordance with applicable law.

SECTION 2.2 By-laws. The By-laws of Acquisition Sub in effect at the Effective Time shall be the By-laws of the Surviving Corporation until thereafter amended in accordance with applicable law, the articles of formation of such entity and the By-laws of such entity.

SECTION 2.3 Officers and Board of Directors.

(a) From and after the Effective Time, the officers of the Acquisition Sub at the Effective Time shall be the officers of the Surviving Corporation, until their respective successors are duly elected or appointed and qualified in accordance with applicable law.

(b) The Board of Directors of the Surviving Corporation effective as of, and immediately following, the Effective Time shall consist of the members of the Board of Directors of Acquisition Sub immediately prior to the Effective Time.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except (i) as disclosed in the report on Form 10-K dated March 30, 2000 for the year ended December 31, 1999, the reports on Form 10-Q and Form 8-K filed by the Company since December 31, 1999 or the proxy statement dated April 5, 2000, in each case in the form filed by the Company with the SEC prior to the date of this Agreement or, to the extent it is readily apparent that such disclosure would be applicable hereto, in the disclosure schedules to the Chris-Craft Merger Agreement or the BHC Merger Agreement, and (ii) as disclosed in a separate disclosure schedule which has been delivered by the Company to Buyer prior to the execution of this Agreement (the "Company Disclosure Schedule") (each section of which qualifies the correspondingly numbered representation and warranty or covenant to the extent specified therein and such other representations and warranties or covenants to the extent a matter in such section is disclosed in such a way as to make its relevance to the information called for by such other representation and warranty or covenant readily apparent), the Company hereby represents and warrants to Buyer:

SECTION 3.1 Organization and Qualification; Subsidiaries.

(a) Each of the Company and its subsidiaries is a corporation or entity duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation and has the requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to have such power, authority and governmental approvals would not, individually or in the aggregate, have a Company Material Adverse Effect (as defined below). Each of the Company and its subsidiaries is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so qualified or licensed and in good standing as would not, individually or in the aggregate, have a Company Material Adverse Effect. The term "Company Material Adverse Effect" means any change, effect or circumstance that is or is reasonably likely to be materially adverse to the business, operations, results of operations or financial condition of Chris-Craft and its subsidiaries taken as a whole, other than any change, effect or circumstance relating to or resulting from (i) general changes in the television broadcasting industry, (ii) changes in general economic conditions or securities markets in general, or (iii) this Agreement or the transactions contemplated hereby or the announcement thereof.

(b) All the outstanding shares of capital stock or other equity or voting interests of each subsidiary of the Company are owned by the Company, by another wholly owned subsidiary of the Company or by the Company and another wholly owned subsidiary of the Company, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens"), and are duly authorized, validly issued, fully paid and nonassessable. Except as set forth above or in Section 3.1(b) of the Company Disclosure Schedule and except for the capital stock of, or other equity or voting interests in, its subsidiaries, the Company does not own, directly or indirectly, any capital stock of, or other equity or voting interests in, any corporation, partnership, joint venture, association or other entity.

SECTION 3.2 Restated Certificate of Incorporation and By-Laws. The Company has made available to Buyer a complete and correct copy of the Restated Certificate of Incorporation and the By-laws, each as amended to date, of the Company. The Restated Certificate of Incorporation and By-laws (or equivalent organizational documents) of the Company and its subsidiaries are in full force and effect. None of the Company or its subsidiaries is in material violation of any provision of its Restated Certificate of Incorporation or By-laws (or equivalent organizational documents).

SECTION 3.3 Capitalization. As of the date of this Agreement, the authorized capital stock of the Company consists of 25,000,000 shares of Company Common Stock and 1,000,000 shares of Preferred Stock, par value $1.00 per share ("Company Preferred Stock"). At the close of business on June 30, 2000, (i) 9,486,173 shares of Company Common Stock were issued and outstanding and no shares of Company Preferred Stock were issued and outstanding; (ii) no shares were held by the Company in its treasury; and (iii) 234,570 shares of Company Common Stock were reserved for issuance upon the exercise of outstanding options to purchase such shares. Since January 31, 2000, no shares of capital stock of Company have been issued except pursuant to exercise of options of Company outstanding as of September 30, 1999 in accordance with the terms thereof. As of the date of this Agreement, except as set forth above, no shares of capital stock or other voting securities of the Company are issued, reserved for issuance or outstanding. As of the date of this Agreement, other than the options referred to in clause (iii) above, there are no securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any of its subsidiaries is a party or by which any of them is bound obligating the Company or any of its subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of the Company or of any of its subsidiaries or obligating the Company or any of its subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. All outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. There are no bonds, debentures, notes or other indebtedness of the Company or any of its subsidiaries, and no securities or other instruments or obligations of the Company or any of its subsidiaries the value of which is in any

way based upon or derived from any capital or voting stock of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which stockholders of the Company may vote. Except as set forth in Section 3.3(a) of the Company Disclosure Schedule, to the knowledge of the Company, as of the date of this Agreement, there are no outstanding contractual obligations of the Company or any of its subsidiaries (i) to repurchase, redeem or otherwise acquire any shares of capital stock of the Company or (ii) to vote or to dispose of any shares of the capital stock of any of the Company's subsidiaries.

SECTION 3.4 Authority Relative to Agreement.

(a) The Company has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger and the other transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the Merger and the other transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement or to consummate the Merger and the other transactions contemplated hereby (other than, with respect to the Merger, the adoption of this Agreement and the approval of the Merger by the affirmative vote of a majority of the votes cast by all stockholders entitled to vote at the Stockholders' Meeting (as defined in Section 6.2 hereof) voting together as a single class. This Agreement has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Buyer, this Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(b) The Special Committee has been duly authorized and constituted. The Special Committee, at a meeting thereof duly called and held on August 13, 2000, (A) determined that this Agreement and the Merger are fair to and in the best interests of the Company and its stockholders (other than Buyer and its affiliates), (B) determined that this Agreement and the Merger should be approved and declared advisable and (C) resolved to recommend that the stockholders of the Company approve the Merger and adopt this Agreement. The Board of Directors of the Company, at a meeting thereof duly called and held on August 13, 2000, in reliance upon the advice of the Special Committee (X) determined that this Agreement and the Merger are fair to and in the best interests of the Company and its stockholders (other than Buyer and its affiliates), (Y) approved and declared the advisability of this Agreement and the Merger and (Z) resolved to recommend that the stockholders of the Company approve the Merger and adopt this Agreement.

SECTION 3.5 No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 3.5 of the Company Disclosure Schedule, the execution and delivery of this Agreement by the Company do not, and the

performance of this Agreement and the consummation of the Merger and the other transactions contemplated hereby by the Company and its subsidiaries will not, (i) conflict with or violate the Restated Certificate of Incorporation or By-Laws (or equivalent organizational documents) of (A) the Company or (B) any of its subsidiaries, (ii) assuming the consents, approvals and authorizations specified in Section 3.5(b) have been received and the waiting periods referred to therein have expired, and any condition precedent to such consent, approval, authorization, or waiver has been satisfied, conflict with or violate any domestic (Federal, state or local) or foreign law, rule, regulation, order, judgment or decree (collectively, "Laws") applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration, or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of the Company or any of its subsidiaries pursuant to, any note, bond, mortgage, indenture or credit agreement, or any other contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any property or asset of the Company or any of its subsidiaries is bound or affected, except, in the case of clauses (ii) and (iii) above, for any such conflicts, violations, breaches, defaults or other occurrences of the type referred to above which would not, individually or in the aggregate, have a Company Material Adverse Effect and would not prevent or materially delay the consummation of the Merger; provided, however, that for purposes of this Section 3.5(a), the definition of"Company Material Adverse Effect" shall be read so as not to include clause (iii) thereof.

(b) Except as set forth in Section 3.5 of the Company Disclosure Schedule, the execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company and the consummation of the Merger and the other transactions contemplated hereby by the Company and its subsidiaries will not, require any consent, approval, authorization, waiver or permit of, or filing with or notification to, any governmental or regulatory authority, domestic, foreign or supranational, except for applicable requirements of the Exchange Act, the Securities Act of 1933, as amended (the "Securities Act"), state securities or "blue sky" laws ("Blue Sky Laws"), the pre-merger notification arrangements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act"), any filings and approvals and waivers of the Federal Communications Commission or any successor entity (the "FCC") as may be required under the Communications Act of 1934, as amended, and the rules, regulations and published orders of the FCC thereunder (collectively, the "Communications Act"), filing and recordation of appropriate merger documents as required by Delaware Law and the rules of the NYSE and except where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, individually or in the aggregate, have a Company Material Adverse Effect and would not prevent or materially delay the consummation of the Merger; provided, however, that for purposes of this Section 3.5(b), the definition of "Company Material Adverse Effect" shall be read so as not to include clause (iii) thereof.

SECTION 3.6 Permits and Licenses; Contracts; Compliance with Laws.

(a) Each of the Company and its subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals and orders necessary for the Company or any of its subsidiaries to own, lease and operate the properties of the Company and its subsidiaries or to carry on its business as it is now being conducted and contemplated to be conducted (the "Company Permits"), and no suspension or cancellation of any of the Company Permits is pending or, to the knowledge of the Company, threatened, except where the failure to have, or the suspension or cancellation of, any of the Company Permits would not, individually or in the aggregate, have a Company Material Adverse Effect. Except as set forth in Section 3.6(a) of the Company Disclosure Schedule, none of the Company or any of its subsidiaries is in conflict with, or in default or violation of, (i) any Laws applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected, (ii) any of the Company Permits or (iii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any property or asset of the Company or any of its subsidiaries is bound or affected, except for any such conflicts, defaults or violations that would not, individually or in the aggregate, have a Company Material Adverse Effect.

(b) Except as set forth in Section 3.6(b) of the Company Disclosure Schedule, none of the Company or any of its subsidiaries is a party to, or to the knowledge of the Company is bound by, any contract or agreement that contains a covenant restricting the ability of the Company or any of its subsidiaries or, after the Effective Time, could restrict the ability of Buyer or any of its subsidiaries or affiliates, to compete in any line of business or with any person or engage in any business in any geographic area.

(c) The Company and its subsidiaries have operated their respective television stations and associated facilities (the "Company Stations"), in compliance with the terms of the Company Permits issued by the FCC to the Company and its subsidiaries ("Company FCC Licenses"), and in compliance with the Communications Act, and the Company and its subsidiaries have timely filed or made all applications, reports and other disclosures required by the FCC to be filed or made with respect to the Company Stations and have timely paid all FCC regulatory fees with respect thereto, in each case except as, individually or in the aggregate, (i) as of the date of this Agreement, would not materially adversely affect the operation of any of the broadcasting facilities of the Company's subsidiaries' San Francisco or Minneapolis television stations and would not have a Company Material Adverse Effect and (ii) would not result in the loss of the Company's subsidiaries' main station license issued by the FCC with respect to the Company's subsidiaries' San Francisco or Minneapolis television stations and would not have a Company Material Adverse Effect. Except as set forth in Section 3.6(c) of the Company Disclosure Schedule, (i) there is not, as of the date of this Agreement, pending or, to the Company's knowledge, threatened before the FCC any material proceeding, notice of

violation, order of forfeiture or complaint or, to the knowledge of the Company, investigation against the Company or any of its subsidiaries, relating to any of the Company Stations or FCC regulated services conducted by the Company or any of its subsidiaries and, (ii) there is not pending or, to the Company's knowledge, threatened before the FCC any proceeding, notice of violation, order of forfeiture or complaint or, to the knowledge of the Company, investigation against the Company or any of its subsidiaries, relating to any of the Company Stations or FCC regulated services conducted by the Company or any of its subsidiaries, except for any such proceedings, notices, orders, complaints or investigations that would not, individually or in the aggregate, have a Company Material Adverse Effect.

(d) Except as disclosed in Section 3.6(d) of the Company Disclosure Schedule, as of the date of this Agreement, there are no contracts or agreements that are material to the business, properties, assets, condition (financial or otherwise) or results of operations of the Company and its subsidiaries taken as a whole. Neither the Company nor any of its subsidiaries is in violation or default of, nor has the Company or, to the knowledge of the Company, any subsidiary or affiliate thereof received written notice from any third party alleging that the Company or any of its subsidiaries is in violation of or in default under, nor, to the knowledge of the Company, does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under any loan or credit agreement, note, bond, mortgage, indenture, lease, permit, concession, franchise, license or any other contract, agreement, arrangement or understanding, to which it is a party or by which it or any of its properties or assets is bound, except for any such violations or defaults which would not, individually or in the aggregate, have a Company Material Adverse Effect and would not prevent or materially delay the consummation of the Merger.

(e) Set forth in Section 3.6(e) of the Company Disclosure Schedule is a list, as of the date of this Agreement, of all (i) network affiliation agreements, (ii) employment agreements involving payments in excess of $100,000 per annum or $300,000 in the aggregate, (iii) talent agreements involving payments in excess of $250,000 per annum or $500,000 in the aggregate, (iv) program or film syndication or license agreements requiring remaining payments after the date hereof of more than $500,000 per annum or $2,500,000 in the aggregate or, in the case of barter agreements, having a term ending more than one year from the date hereof, (v) retransmission consent agreements entered into with any direct satellite providers and each of the top 10 (ranked by number of subscribers) multiple system operators, and (vi) agreements licensing or creating any obligations with respect to the current or future use of the digital data stream of any digital television ("DTV") station owned or to be constructed by the Company or any of its subsidiaries that would be in effect following the Effective Time, to which, in each case, the Company or any of its subsidiaries is a party, and the Company has made available to Buyer true and complete copies of the agreements described in this Section 3.6(e). Also set forth in Section 3.6(e) of the Company Disclosure Schedule are the most recent syndicated program and feature film inventory reports for each of the Company Stations.

(f) Section 3.6(f) of the Company Disclosure Schedules sets forth a list, as of the date of this Agreement, of all material licenses and construction permits held by the Company with respect to the construction and operation of DTV stations in each of the markets in which the Company and its subsidiaries operate broadcast television stations (the "DTV Stations"). Except as set forth in Section 3.6(f) of the Company Disclosure Schedule, to the knowledge of the Company, there are no facts or circumstances existing as of the date of this Agreement that would prevent the construction and operation of the DTV Stations by the relevant deadline established by the FCC.

(g) Set forth in Section 3.6(g) of the Company Disclosure Schedule is a list of all attributable interests, as defined at Note 2 to 47 C.F.R. Section 73.3555, of the Company and its subsidiaries in any broadcast radio or television station, daily English-language newspaper or cable television system.

SECTION 3.7 SEC Reports. The Company has filed with the SEC, and has heretofore made available to Buyer true and complete copies of, all forms, reports, schedules, statements and other documents required to be filed with the SEC by the Company since January 1, 1997 (together with all information incorporated therein by reference, the "Company SEC Reports"). No subsidiary of the Company is required to file any form, report, schedule, statement or other document with the SEC. As of their respective dates, the Company SEC Reports complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Reports, and none of the Company SEC Reports at the time they were filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements (including the related notes) included in the Company SEC Reports comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") (except, in the case of unaudited statements, as permitted by forms or rules of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and their respective consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal and recurring year-end audit adjustments). Except as and to the extent set forth in Section 3.7 of the Company Disclosure Schedule, the Company and its subsidiaries do not have any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) other than liabilities and obligations which would not, individually or in the aggregate, have a Company Material Adverse Effect.

SECTION 3.8 Absence of Certain Changes or Events.

(a) Since December 31, 1999, except as contemplated by this Agreement, there has not been any change, event or circumstance which, when taken individually or together with all other changes, events or circumstances, has had or would have a Company Material Adverse Effect, and (b) since December 31, 1999 to the date of this Agreement, (i) each of the Company and its subsidiaries has conducted its businesses only in the ordinary course and in a manner consistent with past practice and (ii) there has not been (A) any material change by the Company or any of its subsidiaries in its material accounting policies, practices and procedures, (B) any entry by the Company or any of its subsidiaries into any commitment or transaction material to the Company and its subsidiaries taken as a whole other than in the ordinary course of business consistent with past practice, (C) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of the Company or any of its subsidiaries (other than cash dividends payable by any wholly owned subsidiary to another subsidiary or the Company and other than the Company's regular annual cash dividend paid in April 2000), (D) any increase in the compensation payable or to become payable to any corporate officers or heads of divisions of the Company or any of its subsidiaries, except in the ordinary course of business consistent with past practice, or (E) any action, event, occurrence or transaction that would have been prohibited by Section 5.1 hereof if this Agreement had been in effect since December 31, 1999.

SECTION 3.9 Absence of Litigation. Except as disclosed in Section 3.9 of the Company Disclosure Schedule, there is no claim, action, proceeding or investigation pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries, or any property or asset of the Company or any of its subsidiaries, before any court, arbitrator or Governmental Authority, in each case except as would not, individually or in the aggregate, have a Company Material Adverse Effect. None of the Company, any of its subsidiaries nor any property or asset of the Company or any of its subsidiaries is subject to any order, writ, judgment, injunction, decree, determination or award imposed by any court, arbitration or Governmental Authority, in each case except as would not, individually or in the aggregate, have a Company Material Adverse Effect.

SECTION 3.10 Employee Benefit Plans.

(a) Section 3.10(a) of the Company Disclosure Schedule lists each employee benefit plan, program, arrangement and contract (including, without limitation, any "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and any "multiemployer plans" within the meaning of Section 3(37) of ERISA ("Multiemployer Plans")), maintained, contributed or required to be contributed to by the Company, any of its subsidiaries or any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b), (c), (m) or (o) of the Code ("ERISA Affiliate"), or with respect to which the Company, any of its subsidiaries or any ERISA Affiliate could incur liability under Section 4069 of ERISA (the "Company Benefit Plans"), each, with respect to which current and former employees of the Company and any of its subsidiaries (the "Company Employees") participate. No Company

Benefit Plan has ever been or is currently subject to or governed by the Laws of any jurisdiction other than the United States or any State or Commonwealth of the United States. The Company has provided to Buyer a true and correct copy of each of the following documents, including any amendments thereto, with respect to each Company Benefit Plan, other than Multiemployer Plans: (i) the most recent annual report (Form 5500) filed with the Internal Revenue Service (the "IRS"), (ii) all plan documents for such Company Benefit Plan, (iii) each trust agreement, insurance contract or other funding vehicle relating to such Company Benefit Plan, (iv) the most recent summary plan description for each Company Benefit Plan for which a summary plan description is required, (v) the most recent actuarial report or valuation relating to a Company Benefit Plan subject to Title IV of ERISA, if any, and (vi) the most recent determination letter, if any, issued by the IRS with respect to any Company Benefit Plan qualified under Section 401(a) of the Code or voluntary employees' benefit association ("VEBA") qualified under Section 501(c)(9) of the Code. Except as specifically provided in the foregoing documents delivered to Buyer or except as otherwise contemplated by this Agreement or except as disclosed in Section 3.10(a) of the Company Disclosure Schedule, there are no amendments to any Company Benefit Plan that have been adopted or approved nor has the Company or any of its subsidiaries undertaken to make any such amendments or to adopt or approve any new Plan. The Company will, promptly following the date of this Agreement, request a copy of each Company Benefit Plan that is a multiemployer plan within the meaning of Section 3(37) of ERISA from the trustees of such multiemployer plan and the Company shall deliver such copy of the plan to Buyer promptly upon its receipt thereof.

(b) Each Company Benefit Plan has been administered in accordance with its terms and the terms of any applicable collective bargaining or other labor union contract or agreement, and in compliance with applicable laws. The Company, its subsidiaries and each ERISA Affiliate have performed all obligations required to be performed by them under, are not in any respect in default under or in violation of, and have no knowledge of any default or violation by any party to, any Company Benefit Plans, except for any defaults or violations which would not, individually or in the aggregate, have a Company Material Adverse Effect. With respect to the Company Benefit Plans, no event has occurred and no condition or set of circumstances exists, in connection with which the Company, any of its subsidiaries or any ERISA Affiliate is subject to any liability under the terms of such Company Benefit Plans, ERISA, the Code or any other applicable Law except as would not, individually or in the aggregate, have a Company Material Adverse Effect. No Company Benefit Plan (other than a Multiemployer Plan) is under audit or investigation by any Governmental Authority nor has the Company, any subsidiary or any ERISA Affiliate been notified of any audit or investigation. Neither the Company nor any ERISA Affiliate has any actual or contingent liability under Title IV of ERISA (other than the payment of premiums to the Pension Benefit Guaranty Corporation), including, without limitation, any liability in connection with (i) the termination or reorganization of any employee benefit plan subject to Title IV of ERISA or (ii) the withdrawal from any Multiemployer Plan or Multiple Employer Plan (within the meaning of Section 4001(a)(3) and 4063, respectively, of the Code), and no fact or event exists which is reasonably

likely to give rise to any such liability, in each case except as would not, individually or in the aggregate, have a Company Material Adverse Effect.

(c) The Company has made available to Buyer: (i) copies of all employment agreements with executive officers of the Company and its subsidiaries; (ii) copies of all severance agreements, programs and policies of the Company, any of its subsidiaries or any ERISA Affiliate with or relating to the Company Employees; and (iii) copies of all plans, programs, agreements and other arrangements of the Company, any of its subsidiaries or any ERISA Affiliate with or relating to the Company Employees which contain change in control provisions. Except as disclosed in Section 3.10(c) of the Company Disclosure Schedule, or except as otherwise contemplated by this Agreement neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including, without limitation, severance, unemployment compensation, "golden parachute" or otherwise) becoming due to any director, officer or employee of the Company or any of its subsidiaries from the Company or any of its affiliates under any Company Benefit Plan or otherwise, (ii) materially increase any benefits otherwise payable under any Company Benefit Plan, (iii) result in any acceleration of the time of payment or vesting of any material benefits, (iv) result in a restriction on Buyer's ability to amend, modify or terminate any plan, (v) trigger a requirement for funding or the acceleration of funding of any material benefits, (vi) commence a period during which a subsequent termination of employment by a Company Employee will entitle such Company Employee to benefits in excess of what would otherwise have been required in the absence of the transactions contemplated hereby or (vii) result in a reportable event within the meaning of Section 4043(c) of ERISA for which a notice requirement has not been waived. Except as contemplated hereby, or as otherwise disclosed in Section 3.10(c) of the Company Disclosure Schedule, the Company has taken no action with respect to the Company Options that would result in any acceleration of vesting of the Company Options in connection with the execution and delivery of this Agreement or the consummation of any transactions contemplated hereby or otherwise. Without limiting the generality of the foregoing, except as set forth in Section 3.10(c) of the Company Disclosure Schedule, no amount paid or payable by the Company to any employee of the Company or any of its subsidiaries in connection with the transactions contemplated hereby (either solely as a result thereof or as a result of such transactions in conjunction with any other event) will be an "excess parachute payment" within the meaning of Section 280G of the Code.

(d) Each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code or Section 401(k) of the Code has timely received a favorable determination letter from the IRS covering all of the provisions applicable to the Plan for which determination letters are currently available that the Company Benefit Plan is so qualified and each trust established in connection with any Company Benefit Plan which is intended to be exempt from Federal income taxation under Section 501(a) of the Code has received a determination letter from the IRS that it is so exempt, and no fact or event has occurred since the date of such determination letter or letters from the IRS which is reasonably likely to adversely affect the qualified status of any such Company Benefit Plan or the exempt status of any such

trust. Each Company Benefit Plan that is a VEBA meets the requirements of Section 501(c)(9) of the Code.

(e) The Company and its subsidiaries have no liability for life, health, medical or other welfare benefits to former officers, directors or employees or beneficiaries or dependents thereof, except for health continuation coverage as required by Section 4980B of the Code or Part 6 of Title I of ERISA.

(f) There are no pending or threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations which have been asserted or instituted, or to Company's knowledge, no set of circumstances exists which may reasonably give rise to a claim or lawsuit, against the Company Benefit Plans, any fiduciaries thereof with respect to their duties to the Plans or the assets of any of the trusts under any of the Company Benefit Plans which could reasonably be expected to result in any liability of the Company or any of the ERISA Affiliates to the Pension Benefit Guaranty Corporation, the Department of Treasury, the Department of Labor, any Multiemployer Plan, any Company Benefit Plan or any participant in a Company Benefit Plan.

(g) The Company has taken reasonable steps to ensure that each individual classified by the Company or any subsidiary as an independent contractor has been properly classified as such.

SECTION 3.11 Labor Matters. There is no labor dispute, strike, work stoppage or lockout, or, to the knowledge of the Company, threat thereof, by or with respect to any employee of the Company or any of its subsidiaries, except where such dispute, strike, work stoppage or lockout individually or in the aggregate would not have a Company Material Adverse Effect. None of the Company or any of its subsidiaries has breached or otherwise failed to comply with any provision of any collective bargaining or other labor union contract applicable to any employees of the Company or any of its subsidiaries and there are no grievances or complaints outstanding or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries under any such contract except for any breaches or failures to comply that, individually or in the aggregate, would not have a Company Material Adverse Effect.

SECTION 3.12 Environmental Matters. Except as would not, individually or in the aggregate, have a Company Material Adverse Effect:

(a) the Company and its subsidiaries (i) are in compliance with all, and, to the Company's knowledge, are not subject to any asserted liability or liability (including liability with respect to current or former subsidiaries or operations), in each case with respect to any Environmental Laws (as defined below), (ii) hold or have applied for all Environmental Permits (as defined below) and (iii) are in compliance with their respective Environmental Permits;

(b) neither the Company nor any Company subsidiary has received any written notice, demand, letter, claim or request for information alleging that the Company or any of its subsidiaries or, to the Company's knowledge as of the date of this Agreement, any of their predecessors in interest, is or may be in violation of, or liable under, any Environmental Law;

(c) (i) neither the Company nor any of its subsidiaries has entered into or agreed to any consent decree or order or is subject to any judgment, decree or judicial order relating to compliance with Environmental Laws, Environmental Permits or the investigation, sampling, monitoring, treatment, remediation, removal or cleanup of Hazardous Materials (as defined below) and, to the knowledge of the Company, no investigation, litigation or other proceeding is pending or threatened in writing with respect thereto, and (ii) neither the Company nor any of its subsidiaries nor, to the knowledge of the Company as of the date of this Agreement, any of their predecessors in interest, is an indemnitor in connection with any threatened or asserted claim by any third-party indemnitee or is the subject of a claim for personal injury or property damage for any liability under any Environmental Law or relating to any Hazardous Materials; and

(d) none of the real property owned or leased by the Company or any of its subsidiaries or, to the knowledge of the Company as of the date of this Agreement, any of their predecessors in interest, is listed or, to the knowledge of the Company, proposed for listing on the "National Priorities List" under CERCLA, as updated through the date hereof, or any similar state or foreign list of sites requiring investigation or cleanup.

For purposes of this Agreement:

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date hereof.

"Environmental Laws" means any applicable federal, state, local or foreign statute, law, ordinance, regulation, rule, code, treaty, writ or order and any enforceable judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, judgment, stipulation, injunction, permit, authorization, policy, opinion, or agency requirement, in each case having the force and effect of law, relating to the pollution, protection, investigation or restoration of the environment, health and safety or natural resources, including those relating to the use, handling, presence, transportation, treatment, storage, disposal, release, threatened release or discharge of Hazardous Materials or noise, odor, wetlands, pollution, contamination or any injury or threat of injury to persons or property or to the siting, construction, operation, closure and post-closure care of waste disposal, handling and transfer facilities.

"Environmental Permits" means any permit, approval, identification number, license and other authorization required under any Environmental Law.

"Hazardous Materials" means (i) any petroleum, petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials or polychlorinated biphenyls and (ii) any chemical, material or other substance defined or regulated as toxic or hazardous or as a pollutant or contaminant or waste under any Environmental Law.

SECTION 3.13 Trademarks, Patents and Copyrights.

(a) Except as would not have a Company Material Adverse Effect, (i) the Company and its subsidiaries own, or possess necessary or required licenses, to be used in each case in the manner currently used, or other necessary or required rights to use, all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, domain names, service marks, service mark rights, trade secrets, applications to register, and registrations for, the foregoing trademarks, know-how and other proprietary rights and information (the "Intellectual Property Rights") used in connection with the business of the Company and its subsidiaries as currently conducted (the "Company Intellectual Property Rights"), and (ii) neither the Company nor any of its subsidiaries has received any written charge, complaint, claim, demand or notice challenging the validity of any of the Company Intellectual Property Rights.

(b) To the Company's knowledge, none of the Company or any of its subsidiaries has interfered with, infringed upon, misappropriated or otherwise come into conflict with any Intellectual Property Rights or other proprietary information of any other Person, except for any such interference, infringement, misappropriation or other conflict that, individually or in the aggregate, would not have a Company Material Adverse Effect. None of the Company or any of its subsidiaries has received any written charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or other conflict (including any claim that the Company or any of its subsidiaries must license or refrain from using any Company Intellectual Property Rights or other proprietary information of any other person) that has not been settled or otherwise fully resolved, except for any such interference, infringement, misappropriation or other conflict that, individually or in the aggregate, would not have a Company Material Adverse Effect. To the Company's knowledge, no other person has interfered with, infringed upon, misappropriated or otherwise come into conflict with any Company Intellectual Property Rights, except for any such interference, infringement, misappropriation or other conflict that, individually or in the aggregate, would not have a Company Material Adverse Effect.

SECTION 3.14 Taxes.

(a) For purposes of this Agreement, (i) "Tax" or "Taxes" means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any governmental or taxing authority including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation,

unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs' duties, tariffs, and similar charges; and liability for the payment of any of the foregoing as a result of (x) being a member of an affiliated, consolidated, combined or unitary group, (y) being party to any tax sharing agreement and (z) any express or implied obligation to indemnify any other person with respect to the payment of any of the foregoing; and (ii) "Tax Returns" means returns, reports and information statements, including any schedule or attachment thereto, with respect to Taxes required to be filed with the IRS or any other governmental or taxing authority or agency, domestic or foreign, including consolidated, combined and unitary tax returns.

(b) Except as set forth in Section 3.14(b) of the Company Disclosure Schedule and except as would not, individually or in the aggregate, have a Company Material Adverse Effect (unless stated otherwise below): (i) each of the Company and each of its subsidiaries has timely filed all U.S. Federal, state, local and non-U.S. Tax Returns required to be filed by it, and all such Tax Returns are true, correct and complete, and has paid and discharged all Taxes shown as due thereon and has paid all of such other Taxes as are due, other than such payments as are being contested in good faith by appropriate proceedings; (ii) neither the IRS nor any other taxing authority or agency, domestic or foreign, is now asserting in writing or, to the knowledge of the Company or its subsidiaries after due inquiry, threatening in writing to assert against the Company or any of its subsidiaries any deficiency or claim with respect to Taxes of the Company or any of its subsidiaries; (iii) no waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax has been granted by the Company or any of its subsidiaries without regard to whether such waiver or extension could have a Company Material Adverse Effect in connection with Federal, New York State and California Taxes; (iv) the accruals and reserves for Taxes reflected in the Company's audited consolidated balance sheet as of December 31, 1999 (and the notes thereto) (the "1999 Balance Sheet") and the most recent quarterly financial statements (and the notes thereto) are adequate to cover all Taxes accruable through the date thereof in accordance with generally accepted accounting principles; (v) no election under Section 341(f) of the Code has been made by the Company or any of its subsidiaries; (vi) the Company and each of its subsidiaries has withheld or collected and paid over to the appropriate governmental authorities or is properly holding for such payment all Taxes required by law to be withheld or collected; (vii) there are no liens for Taxes upon the assets of the Company or any of its subsidiaries, other than liens for Taxes that are being contested in good faith by appropriate proceedings or are not yet due, (viii) neither the Company nor any of its subsidiaries have constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code in the two years prior to the date of this Agreement; (ix) the Federal income Tax Returns for the Company and each of its subsidiaries have been examined and settled with the IRS (or the applicable statutes of limitation for the assessment of Federal income Taxes for such periods have expired) for all years through 1996; (x) the Company and its subsidiaries have given or otherwise made available to Buyer correct and complete copies of (A) all Federal income Tax Returns of the Company filed for

periods ending after December 31, 1993 and (B) income Tax returns filed on behalf of KCOP Television, Inc. and affiliates for California for tax years 1997 and 1998; (xi) neither the Company nor any of its subsidiaries is a party to any agreement relating to the sharing, allocation, or indemnification of Taxes or any similar contract or arrangement without regard to whether any such agreement could have a Company Material Adverse Effect other than agreements between members of the affiliated group of which the Company is the common parent under Section 1504 of the Code; (xii) neither the Company nor any of its subsidiaries have agreed, or is required to make, any adjustment under Section 481 of the Code; (xiii) the Company and each of its subsidiaries were not, at any time during the period specified in Section 897(c)(1)(A)(ii) of the Code, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code without regard to whether such status could give rise to a Company Material Adverse Effect; and (xiv) there have been no redemptions by the Company or any of its subsidiaries since March 31, 1998 without regard to whether such redemptions could give rise to a Company Material Adverse Effect.

SECTION 3.15 Tax Matters. None of the Company or any of its affiliates has taken or agreed to take any action, has failed to take any action or knows of any fact, agreement, plan or other circumstance that is reasonably likely to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; provided, however, that the foregoing representation is made only as of the date hereof in the case of the Reverse Merger. The preceding sentence excludes all transactions contemplated by this Agreement.

SECTION 3.16 Title to Properties; Assets. Neither the Company nor any of its subsidiaries owns, or has any material interest in, (i) any material assets in Australia or (ii) any television, media or other broadcasting assets in Australia. Except in each case as, individually or in the aggregate, (i) as of the date of this Agreement, would not materially adversely affect the operation of the broadcasting facilities of the Company's subsidiaries' San Francisco or Minneapolis television stations and (ii) would not have a Company Material Adverse Effect:

(a) Each of the Company and its subsidiaries has good, marketable fee simple title to its owned properties and assets or good and valid leasehold interests in all of its leasehold properties and assets together with full legal and practical access to all of its properties except for such as are no longer used or useful in the conduct of its businesses or as have been disposed of in the ordinary course of business. All such properties and assets, other than properties and assets in which the Company or any of its subsidiaries has a leasehold interest, are free and clear of all Liens.

(b) Each of the Company and its subsidiaries has complied with the terms of all leases to which it is a party and under which it is in occupancy, and all deeds in respect of property which it owns, and all such leases and deeds are in full force and effect. Section 3.16(b) of the Company Disclosure Schedule sets forth a description of (i) each lease to which it is a party relating to its television broadcasting, (ii) all other leases to which it is a party in which the annual rental payments exceed $250,000 or which contemplate aggregate payments

in excess of $500,000 and (iii) each deed under which it is the owner; and a copy of each such lease or deed, as applicable, has previously been provided to Buyer. The Company and its subsidiaries enjoy peaceful and undisturbed possession under all such leases. There are no facts that would prevent Buyer or any of its subsidiaries from using or occupying all of the leased and owned property referred to in clauses (i), (ii) and (iii) above, after the Effective Time, in the same manner such leased and owned property is used or occupied by the Company or its subsidiaries immediately prior to the Effective Time.

(c) The assets of the Company and each of its subsidiaries constitute all of the properties, assets and rights forming a part of, used, held or intended to be used in, and all such properties, assets and rights as are necessary in, the conduct of the business as it is now being conducted and contemplated to be conducted by the Company and its subsidiaries. At all times since December 31, 1999, each of the Company and its subsidiaries has caused such assets to be maintained in accordance with good business practice, and all of such assets are in good operating condition and repair and are suitable for the purposes for which they are used and intended.

SECTION 3.17 Year 2000 Compliance.

(a) The Company has adopted a plan that it believes will cause Company Systems (as defined below) to be Company Year 2000 Compliant (as defined below) (such plan, as it may be amended, modified or supplemented from time to time being, the "Company Year 2000 Plan") in all material respects. The Company has taken, and between the date of this Agreement and the Effective Time will continue to take, all reasonable steps to implement the Company Year 2000 Plan with respect to the Company Systems.

(b) For purposes of this Section 3.17, (i) "Company Systems" shall mean all computer, hardware, software, systems, and equipment (including embedded microcontrollers in non-computer equipment) embedded within or required to operate the current products of the Company and its subsidiaries, and/or material to or necessary for the Company and its subsidiaries to carry on their respective businesses as currently conducted; and (ii) "Company Year 2000 Compliant" means that Company Systems will (A) manage, accept, process, store and output data involving dates reasonably expected to be encountered in the foreseeable future and (B) accurately process date data from, into and between the 20th and 21st centuries and each date during the year 2000.

SECTION 3.18 Opinion of Financial Advisors. The Special Committee has received the written opinion of Bear, Stearns & Co. Inc. (the "Company Financial Advisor") on or prior to the date of this Agreement, to the effect that, as of the date of such opinion, the Merger Consideration is fair to the stockholders of the Company (other than BHC) from a financial point of view, and the Company will deliver a copy of such opinion to Buyer promptly after the date of this Agreement.

SECTION 3.19 Vote Required. At the Stockholders' Meeting, the affirmative vote of the holders of a majority of the outstanding Common Stock voting together as a single class are the only votes of the holders of any class or series of capital stock of the Company necessary to adopt this Agreement.

SECTION 3.20 Brokers. The Company Financial Advisor has entered into a letter of engagement with the Special Committee in connection with the Merger, a copy of which has previously been provided to Buyer. Except as disclosed in Section 3.20 of the Company Disclosure Schedule, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Merger based upon arrangements made by or on behalf of the Company other than as provided in a letter of engagement previously provided to Buyer.

SECTION 3.21 State Takeover Statutes. The Board of Directors of the Company has taken all action necessary to render inapplicable to the Merger and the Voting Agreement and the transactions contemplated hereby and thereby (including the proxy with respect to the Common Stock delivered by BHC concurrently with the delivery of the Voting Agreement) the provisions of Section 203 of Delaware Law. To the knowledge of the Company, no other state takeover statute or similar statute or regulation applies or purports to apply to the Merger.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as disclosed in its Annual Report on Form 20-F filed with the SEC on October 27, 1999 and the reports on Form 6-K filed with the SEC on November 3, 1999, February 15, 2000 and May 12, 2000, or in a separate disclosure schedule which has been delivered by Buyer to the Company prior to the execution of this Agreement (the "Buyer Disclosure Schedule") (each section of which qualifies the correspondingly numbered representation and warranty or covenant to the extent specified therein and such other representations and warranties or covenants to the extent a matter in such section is disclosed in such a way as to make its relevance to the information called for by such other representation and warranty or covenant readily apparent), Buyer hereby represents and warrants to the Company that:

SECTION 4.1 Organization and Qualification; Subsidiaries. Each of Buyer and its subsidiaries is a corporation or entity duly incorporated or formed, validly existing and, as applicable, in good standing, under the laws of its jurisdiction of incorporation or formation, and has the requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted, except where the failure to have such power, authority and governmental approvals would not,

individually or in the aggregate, have a Buyer Material Adverse Effect (as defined below). Each of Buyer and its subsidiaries is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so qualified or licensed and in good standing that would not, individually or in the aggregate, have a Buyer Material Adverse Effect. The term "Buyer Material Adverse Effect" means any change, effect or circumstance that is or is reasonably likely to be materially adverse to the business, operations, results of operations or financial condition of Buyer and its subsidiaries taken as a whole, other than any change, effect or circumstance relating to or resulting from (i) general changes in the industry in which Buyer conducts business, (ii) changes in general economic conditions or securities markets in general or (iii) this Agreement or the transactions contemplated hereby or the announcement thereof.

SECTION 4.2 Charter Documents. Buyer has made available to the Company a complete and correct copy of the constitution, as amended to date, of Buyer. The constitution (or equivalent organizational documents) of Buyer and its subsidiaries are in full force and effect. Except as would not have a Buyer Material Adverse Effect, none of Buyer or its subsidiaries is in violation of any provision of its corporate charter documents (or equivalent organizational documents).

SECTION 4.3 Capitalization. (a) No shares of capital stock of Buyer are owned by any subsidiary of Buyer. All outstanding shares of capital stock of Buyer are, when issued in accordance with the terms thereof, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. There are no bonds, debentures, notes or other indebtedness of Buyer or any of its subsidiaries, and no securities or other instruments or obligations of Buyer or any of its subsidiaries the value of which is in any way based upon or derived from any capital or voting stock of Buyer, having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which stockholders of Buyer may vote. Except as set forth above, there are no contracts of any kind to which Buyer or any of its subsidiaries is a party or by which Buyer or any of its subsidiaries is bound obligating Buyer or any of its subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock of, or other equity or voting interests in, or securities convertible into, or exchangeable or exercisable for, shares of capital stock of, or other equity or voting interests in, Buyer or any of its subsidiaries or obligating Buyer or any of its subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right or contract. There are not any outstanding contractual obligations of Buyer or any of its subsidiaries to (i) repurchase, redeem or otherwise acquire any shares of capital stock of, or other equity or voting interests in, Buyer or any of its subsidiaries or (ii) vote or dispose of any shares of the capital stock of, or other equity or voting interests in, any of its subsidiaries. To the knowledge of Buyer as of the date of this Agreement, there are no irrevocable proxies and no voting agreements with respect to any shares of the capital stock or other voting securities of Buyer or any of its subsidiaries.

(b) All shares of Buyer Preferred Stock underlying the Buyer Shares to be issued in the Merger, when deposited with the Custodian in accordance with Section 1.5(a) hereof and the terms of the Deposit Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free and clear of all Liens. Upon the due issuance by the Depositary of Buyer Shares evidencing Buyer Preferred Stock against the deposit of Buyer Preferred Stock in accordance with the terms of the Deposit Agreement, the Buyer Shares to be issued in the Merger will be duly authorized, validly issued, fully paid and nonassessable and free and clear of all Liens, and the persons in whose names the Buyer Shares are registered will be entitled to the rights of registered holders of Buyer Shares specified in the Deposit Agreement, and the Buyer Shares will conform in all material respects to the description of the Buyer Shares set forth in the proxy statement dated July 10, 1997 of Heritage Media Corporation, which proxy statement was incorporated by reference into the Registration Statement on Form F-4 of Buyer. The Deposit Agreement has been duly and validly authorized by all necessary corporate action of Buyer, has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights generally and by equitable principles to which the remedies of specific performance and injunctive and similar forms of relief are subject.

SECTION 4.4 Authority Relative to Agreement. Buyer and its subsidiaries have all necessary power and authority to execute and deliver this Agreement, to perform their obligations hereunder and to consummate the Merger and the other transactions contemplated hereby. The execution and delivery of this Agreement by Buyer and the consummation by Buyer and certain of its subsidiaries of the Merger and the other transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of Buyer or any of its subsidiaries are necessary to authorize the execution and delivery of this Agreement or to consummate the Merger and the other transactions contemplated hereby (other than any necessary stockholder approval of Buyer (as provided in Section 4.5(b) hereof) or of any publicly owned subsidiaries of Buyer in connection with Section 6.18 hereof, which shall be obtained in accordance with Section 6.2(b) hereof). This Agreement has been duly and validly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by the Company, this Agreement constitutes a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. The Newco-FTH Agreement (as hereinafter defined), when executed and delivered by the parties thereto, will have been duly and validly executed and delivered by such parties and will constitute a legal, valid and binding obligation of such parties, enforceable against such parties in accordance with its terms.

SECTION 4.5 No Conflict; Required Filings and Consents.

(a) The execution and delivery of this Agreement by Buyer does not, and the performance of this Agreement and the consummation of the Merger and the other transactions contemplated hereby by Buyer and its subsidiaries will not, (i) conflict with or

violate the corporate charter documents (or equivalent organizational documents) of (A) Buyer or (B) any of its subsidiaries, (ii) assuming the consents, approvals and authorizations specified in Section 4.5(b) have been received and the waiting periods referred to therein have expired, and any condition precedent to such consent, approval, authorization, or waiver has been satisfied, conflict with or violate any Law or the Listing Rules (the "ASX Listing Rules") of the Australian Stock Exchange Limited ("ASX") applicable to Buyer or any of its subsidiaries or by which any property or asset of Buyer or any of its subsidiaries is bound or affected or (iii) result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or other encumbrance on any property or asset of Buyer or any of its subsidiaries pursuant to, any note, bond, mortgage, indenture or credit agreement, or, to Buyer's knowledge as of the date of this Agreement, any other, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Buyer or any of its subsidiaries is a party or by which Buyer or any of its subsidiaries or any property or asset of Buyer or any of its subsidiaries is bound or affected, except, in the case of clauses (i)(B), (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences of the type referred to above which would not have a Buyer Material Adverse Effect and would not prevent or materially delay the consummation of the Merger; provided, however, that for purposes of this Section 4.5(a), the definition of Buyer Material Adverse Effect shall be read so as not to include clause (iii) of the definition thereof.

(b) The execution and delivery of this Agreement by Buyer do not, and the performance of this Agreement by Buyer and the consummation of the Merger and the other transactions contemplated hereby by Buyer and its subsidiaries will not, require any consent, approval, authorization, waiver or permit of, or filing with or notification to, any Governmental Authority, except for applicable requirements of the Exchange Act, the Securities Act, Blue Sky Laws, the HSR Act, such filings and approvals as may be required under the Communications Act, filing and recordation of appropriate merger documents as required by Delaware Law, the rules of the NYSE filings and recordings of appropriate documents with, and announcements to, the Australian Securities and Investment Commission and the ASX, and a waiver from the ASX (or, if not obtained, the approval of Buyer's shareholders at a special meeting of Buyer shareholders (the "Buyer Shareholder Approval")) with respect to Listing Rule 10.1 of the ASX Listing Rules (the "ASX Waiver") and except where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not have a Buyer Material Adverse Effect and would not prevent or materially delay the consummation of the Merger; provided, however, that for purposes of this Section 4.5(b), the definition of Buyer Material Adverse Effect shall be read so as not to include clause (iii) of the definition thereof.

SECTION 4.6 Permits and Licenses. Buyer or its subsidiaries have (i) operated the television stations and associated facilities for which Buyer or any of its subsidiaries holds licenses from the FCC, in each case which are owned or operated by Buyer or its subsidiaries (the "Buyer Licensed Facilities"), in compliance with the terms of the permits issued by the FCC to Buyer or its subsidiaries ("Buyer FCC Licenses"), and in compliance with the

Communications Act, and (ii) timely filed or made all applications, reports and other disclosures required by the FCC to be filed or made with respect to the Buyer Licensed Facilities and have timely paid all FCC regulatory fees with respect thereto, in each case except as would not have a Buyer Material Adverse Effect. As of the date hereof, to Buyer's knowledge, there is not pending or threatened before the FCC any material investigation, proceeding, notice of violation, order of forfeiture or complaint against Buyer or any of its subsidiaries, relating to any of the Buyer Licensed Facilities or FCC regulated services conducted by Buyer or its subsidiaries that, if adversely decided, would have a Buyer Material Adverse Effect.

SECTION 4.7 Buyer SEC/ASX Reports. Buyer has filed with the SEC and ASX all forms, reports, schedules, statements and other documents required to be filed with the SEC by Buyer since January 1, 1997 (together with all information incorporated therein by reference, the "Buyer Reports"). As of their respective dates, the Buyer Reports complied in all material respects with the requirements of the Securities Act or the Exchange Act or the ASX Listing Rules, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Buyer Reports, and none of the Buyer Reports at the time they were filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements (including the related notes) of Buyer included in the Buyer Reports comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC or the ASX with respect thereto, have been prepared in accordance with Australian generally accepted accounting principles with appropriate reconciliation to GAAP as required by SEC rules (except, in the case of unaudited statements, as permitted by forms or rules of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of Buyer and its consolidated subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal and recurring year-end audit adjustments). Buyer and its subsidiaries do not have any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) other than liabilities and obligations which, individually or in the aggregate, would not have a Buyer Material Adverse Effect.

SECTION 4.8 Absence of Certain Changes or Events.

(a) Since December 31, 1999, except as contemplated by this Agreement, there has not been any change, event or circumstance which, when taken individually or together with all other changes, events or circumstances, has had or would have a Buyer Material Adverse Effect, and

(b) since December 31, 1999 to the date of this Agreement, each of Buyer and its subsidiaries has conducted its businesses only in the ordinary course and in a manner consistent with past practice.

SECTION 4.9 Tax Matters. None of Buyer or any of its affiliates has taken or agreed to take any action, has failed to take any action or knows of any fact, agreement, plan or other circumstance that is reasonably likely to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; provided, however, that the foregoing representation is made only as of the date hereof in the case of the Reverse Merger. The preceding sentence excludes all transactions contemplated by this Agreement.

SECTION 4.10 Brokers. No broker, finder or investment banker (other than Donaldson, Lufkin & Jenrette, Inc. is entitled to any brokerage, finder's or other fee or commission in connection with the Merger based upon arrangements made by or on behalf of Buyer.

SECTION 4.11 Interim Operations of Acquisition Sub. In the case of the Reverse Merger, Acquisition Sub will be a newly formed indirect subsidiary of Buyer or a newly formed subsidiary of BHC (unless the BHC Merger has not occurred prior to the Effective Time of the Merger), will be a Delaware corporation and, when formed, will have been formed solely for the purpose of engaging in the transactions contemplated hereby, the Chris-Craft Merger and the BHC Merger, as applicable, and will have engaged in no business other than in connection with such transactions and the transactions contemplated by this Agreement. In the case of the Forward Merger, Acquisition Sub will be News Publishing Australia Limited, a Delaware corporation, of which Buyer directly owns and will continue to own at least 80% of the total combined voting power of all classes of stock entitled to vote and 80% of the total number of shares of each other class of stock of such corporation.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

SECTION 5.1 Conduct of Business by the Company Pending the Merger. The Company covenants and agrees that, between the date of this Agreement and the Effective Time, except (x) as expressly contemplated by this Agreement (including, without limitation, as set forth in Section 5.1 of the Company Disclosure Schedule or as set forth as an exception or qualification to paragraphs (a) through (n) of this Section 5.1), (y) as expressly authorized pursuant to the Chris-Craft Merger Agreement and (z) as Buyer shall otherwise agree in advance in writing, the business of the Company and its subsidiaries shall be conducted only in, and the Company shall not take any action except in, the ordinary course of business and in a manner consistent with past practice; and the Company and its subsidiaries shall use their reasonable best efforts to preserve substantially intact the Company's business organization, to keep available the services of the current officers, employees and consultants of the Company and its subsidiaries (provided that the foregoing covenant to use reasonable best efforts shall not require or permit the Company to offer retention bonuses or other non-ordinary course compensation to such

individuals without Buyer's written consent) and to preserve the current relationships of the Company and its subsidiaries with customers, distributors, dealers, suppliers and other persons with which the Company and its subsidiaries have significant business relations. By way of amplification and not limitation, between the date of this Agreement and the Effective Time, the Company will not do, and shall not permit any of its subsidiaries to do, directly or indirectly, any of the following except in compliance with the exceptions listed above:

(a) amend or otherwise change the Restated Certificate of Incorporation or By-laws of the Company or, in any material respect, that of any of its subsidiaries;

(b) issue, sell, pledge, dispose of, grant, encumber, or authorize the issuance, sale, pledge, disposition, grant or encumbrance of, (i) any shares of its or its subsidiaries' capital stock, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of its or its subsidiaries' capital stock or any other ownership interest (including any phantom interest), of the Company or any of its subsidiaries (except for the issuance of shares issuable pursuant to any Company Options outstanding as of the date hereof), (ii) any assets except for sales of marketable securities and investment assets for their fair value and except for sales of other assets in the ordinary course of business consistent with past practice not in excess of $500,000 in the aggregate (including, for purposes of calculating such $500,000 aggregate limitation, any action taken by or on behalf of Chris-Craft, BHC or the Company pursuant to Section 5.1(b) of the Chris-Craft Merger Agreement or by or on behalf of BHC pursuant to Section 5.1(b) of the BHC Merger Agreement);

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to the Company's or any of its subsidiaries' capital stock (other than cash dividends payable by any wholly owned subsidiary with respect to ordinary course dividends, including dividends designated as special dividends, in a manner consistent with past practice);

(d) in the case of the Company, reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock;

(e) (i) except in connection with acquisitions or investments which are made in the ordinary cause of business consistent with past practice not in excess of $10,000,000 individually or $25,000,000 in the aggregate (including for purposes of calculating such $25,000,000 aggregate limitation, any action taken by or on behalf of Chris-Craft, BHC or the Company pursuant to Section 5.1(e) of the Chris-Craft Merger Agreement or by or on behalf of BHC pursuant to Section 5.1(e) of the BHC Merger Agreement) and which the Buyer has not reasonably objected to as presenting any meaningful risk of resulting in the FCC Consent (with no Adverse Condition) not being obtained or delayed for more than an immaterial period of time and except with respect to the reinvestment of marketable securities or investment assets, and the investment of cash generated by the operations of the Company and its subsidiaries in marketable