

ION MEDIA NETWORKS INC.  
Form SC 13D/A  
May 08, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13D/A  
Under the Securities Exchange Act of 1934  
(Amendment No. 10)\***

**ION MEDIA NETWORKS, INC.  
(Name of Issuer)**

**Class A Common Stock, Par Value \$0.001 Per Share  
(Title of Class of Securities)**

**46205A103  
(CUSIP Number)**

**Elizabeth A. Newell, Assistant Secretary  
NBC Universal, Inc.  
30 Rockefeller Plaza, New York, NY 10112  
(212) 664-3307  
(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications)**

**May 3, 2007  
(Date of Event Which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of § 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g) check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7(b) for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Exchange Act ) or otherwise subject to the liabilities of that section of the Exchange Act but shall be subject to all other provisions of the Exchange Act (however, *see the Notes*).

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SCHEDULE 13D

CUSIP No. 46205A103

Page 2 of 18 Pages

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

NBC PALM BEACH INVESTMENT I, INC. 13-4078684

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)  x

(b)  o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)

o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

California

7 SOLE VOTING POWER

198,035,000\*

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

0

SOLE DISPOSITIVE POWER

9

198,035,000\*

SHARED DISPOSITIVE POWER

10

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

198,035,000\*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

12

x

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

75.2%\*\*

TYPE OF REPORTING PERSON (See Instructions)

14

CO

\* Represents 198,035,000 shares of Class A Common Stock issuable upon conversion of 39,607 shares of Preferred Stock by NBC Palm Beach I. Shares of Preferred Stock are not currently convertible and the right to convert is subject to material conditions, including, without limitation, those contained in the Certificate of Designation and the applicable FCC regulations. Based on information provided to the Reporting Persons, CLP beneficially owns (i) 262 shares of 9 ¾ Series A Convertible Preferred Stock convertible into 163,960 shares of Class A Common Stock, which represents 1.6% of the issued and outstanding 9 ¾ Series A Convertible Preferred Stock, (ii) 2,724,207 shares of Class A Common Stock, which represents 4.20% of the issued and outstanding shares of Class A Common Stock, (iii) 133,333,333 shares of Class A Common Stock issuable upon conversion of \$100,000,000 aggregate principal amount of the Series B Convertible Subordinated Debt, (iv) 100,000,000 shares of Class A Common Stock issuable upon the exercise of the warrant and (v) 15,455,062 shares of Class A Common Stock and 8,311,639 shares of Class B Common Stock issuable upon the exercise of the Call Right by CM pursuant to the Call Agreement. The Reporting Persons expressly disclaim beneficial ownership of the shares of 9 ¾ Series A Convertible Preferred Stock, shares of Class A Common Stock, shares of Class B Common Stock, the Series B Convertible Subordinated Debt and the warrant owned by CLP.

\*\* Based on 65,377,185 shares of Class A Common Stock outstanding as reported by the Company in the Master Agreement, and 198,035,000 shares of Class A Common Stock issuable upon conversion of 39,607 shares of Preferred Stock by NBC Palm Beach I.

SCHEDULE 13D

CUSIP No. 46205A103

Page 4 of 18 Pages

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

NBC PALM BEACH INVESTMENT II, INC. 13-4078685

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)  x

(b)  o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)

o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

California

7 SOLE VOTING POWER

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

0

SOLE DISPOSITIVE POWER

9

0

SHARED DISPOSITIVE POWER

10

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

0\*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

12

x

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0

TYPE OF REPORTING PERSON (See Instructions)

14

CO

\* Based on information provided to the Reporting Persons, CLP beneficially owns (i) 262 shares of 9 ¾ Series A Convertible Preferred Stock convertible into 163,960 shares of Class A Common Stock, which represents 1.6% of the issued and outstanding 9 ¾ Series A Convertible Preferred Stock, (ii) 2,724,207 shares of Class A Common Stock, which represents 4.20% of the issued and outstanding shares of Class A Common Stock, (iii) 133,333,333 shares of Class A Common Stock issuable upon conversion of \$100,000,000 aggregate principal amount of the Series B Convertible Subordinated Debt, (iv) 100,000,000 shares of Class A Common Stock issuable upon the exercise of the warrant and (v) 15,455,062 shares of Class A Common Stock and 8,311,639 shares of Class B Common Stock issuable upon the exercise of the Call Right by CM pursuant to the Call Agreement. The Reporting Persons expressly disclaim beneficial ownership of the shares of 9 ¾ Series A Convertible Preferred Stock, shares of Class A Common Stock, shares of Class B Common Stock, the Series B Convertible Subordinated Debt and the warrant owned by CLP.

SCHEDULE 13D

CUSIP No. 46205A103

Page 6 of 18 Pages

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

NBC UNIVERSAL, INC. 14-1682529

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)  x

(b)  o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)

o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

0

SOLE DISPOSITIVE POWER

9

0

SHARED DISPOSITIVE POWER

10

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

198,035,000\*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

12

x

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

75.2%\*\*

TYPE OF REPORTING PERSON (See Instructions)

14

CO

\* Represents 198,035,000 shares of Class A Common Stock issuable upon conversion of 39,607 shares of Preferred Stock by NBC Palm Beach I. Shares of Preferred Stock are not currently convertible or exercisable and the right to convert or exercise is subject to material conditions, including, without limitation, those contained in the Certificate of Designation and the applicable FCC regulations. Based on information provided to the Reporting Persons, CLP beneficially owns (i) 262 shares of 9 <sup>3</sup>/<sub>4</sub> Series A Convertible Preferred Stock convertible into 163,960 shares of Class A Common Stock, which represents 1.6% of the issued and outstanding 9 <sup>3</sup>/<sub>4</sub> Series A Convertible Preferred Stock, (ii) 2,724,207 shares of Class A Common Stock, which represents 4.20% of the issued and outstanding shares of Class A Common Stock, (iii) 133,333,333 shares of Class A Common Stock issuable upon conversion of \$100,000,000 aggregate principal amount of the Series B Convertible Subordinated Debt, (iv) 100,000,000 shares of Class A Common Stock issuable upon the exercise of the warrant and (v) 15,455,062 shares of Class A Common Stock and 8,311,639 shares of Class B Common Stock issuable upon the exercise of the Call Right by CM pursuant to the Call Agreement. The Reporting Persons expressly disclaim beneficial ownership of the shares of 9 <sup>3</sup>/<sub>4</sub> Series A Convertible Preferred Stock, shares of Class A Common Stock, shares of Class B Common Stock, the Series B Convertible Subordinated Debt and the warrant owned by CLP.

\*\* Based on 65,377,185 shares of Class A Common Stock outstanding as reported by the Company in the Master Agreement and 198,035,000 shares of Class A Common Stock issuable upon conversion of 39,607 shares of Preferred Stock by NBC Palm Beach I.

SCHEDULE 13D

CUSIP No. 46205A103

Page 8 of 18 Pages

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

NATIONAL BROADCASTING COMPANY HOLDING, INC. 13-3448662

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)  x

(b)  o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)

o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

Disclaimed (See 11 below)

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

0



SOLE DISPOSITIVE POWER

9

Disclaimed (See 11 below)

SHARED DISPOSITIVE POWER

10

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

Beneficial ownership of all shares of Class A Common Stock disclaimed by National Broadcasting Company Holding, Inc.\*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

12

x

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

Not Applicable (See 11 above)

TYPE OF REPORTING PERSON (See Instructions)

14

CO

\* NEITHER THE FILING OF THIS SCHEDULE 13D NOR ANY OF ITS CONTENTS SHALL BE DEEMED TO CONSTITUTE AN ADMISSION THAT NATIONAL BROADCASTING COMPANY HOLDING, INC. IS THE BENEFICIAL OWNER OF ANY OF THE CLASS A COMMON STOCK REFERRED TO HEREIN FOR THE PURPOSES OF SECTION 13(D) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, OR FOR ANY OTHER PURPOSE, AND SUCH BENEFICIAL OWNERSHIP IS EXPRESSLY DISCLAIMED.

SCHEDULE 13D

CUSIP No. 46205A103

Page 9 of 18 Pages

NAME OF REPORTING PERSONS

1 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

GENERAL ELECTRIC COMPANY 14-0689340

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)  x

(b)  o

3 SEC USE ONLY

SOURCE OF FUNDS (See Instructions)

4

WC

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)

5

o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

SOLE VOTING POWER

7

Disclaimed (See 11 below)

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8

SHARED VOTING POWER

0

SOLE DISPOSITIVE POWER

9

Disclaimed (See 11 below)

SHARED DISPOSITIVE POWER

10

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

Beneficial ownership of all shares of Class A Common Stock disclaimed by General Electric Company.\*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
(See Instructions)

12

x

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

Not Applicable (See 11 above)

TYPE OF REPORTING PERSON (See Instructions)

14

CO

\* NEITHER THE FILING OF THIS SCHEDULE 13D NOR ANY OF ITS CONTENTS SHALL BE DEEMED TO CONSTITUTE AN ADMISSION THAT GENERAL ELECTRIC COMPANY IS THE BENEFICIAL OWNER OF ANY OF THE CLASS A COMMON STOCK REFERRED TO HEREIN FOR THE PURPOSES OF SECTION 13(D) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, OR FOR ANY OTHER PURPOSE, AND SUCH BENEFICIAL OWNERSHIP IS EXPRESSLY DISCLAIMED.

This Amendment No. 10 to Schedule 13D ( Amendment No. 10 ) amends the Schedule 13D filed on September 27, 1999 (the Initial Schedule 13D ), as amended by Amendment No. 1 filed on February 14, 2003, Amendment No. 2 filed on November 9, 2005, Amendment No. 3 filed on January 18, 2007, Amendment No. 4 filed on February 23, 2007, Amendment No. 5 filed on March 15, 2007, Amendment No. 6 filed on March 30, 2007, Amendment No. 7 filed on April 11, 2007, Amendment No. 8 filed on April 12, 2007 and Amendment No. 9 filed on April 30, 2007 (together with the Initial Schedule 13D, the Schedule 13D ), which relates to shares of Class A Common Stock ( Class A Common Stock ), par value \$0.001 per share, of ION Media Networks, Inc. (the Company ). Capitalized terms used but not defined herein shall have the meanings attributed to them in the Schedule 13D. All items or responses not described herein remain as previously reported in the Schedule 13D.

**Item 4. Purpose of Transaction.**

Item 4 of the Schedule 13D is hereby amended and supplemented by adding the following immediately after the last paragraph thereof:

On May 3, 2007, the NBCU Entities, the Company and CM entered into a Master Transaction Agreement (the Master Agreement ). The following is a summary of material provisions of the Master Agreement. This description of the Master Agreement, including the summary below, is not complete and is subject to the terms of the Master Agreement, attached hereto as Exhibit 29 and incorporated herein by reference.

**Assignment of the Call Right**

As required by the Master Agreement, NBC Palm Beach II assigned to CM, the permitted transferee, all of its rights and obligations under the Call Agreement, among other agreements. Immediately following such assignment, CM exercised the Call Right by delivering a call notice letter to the Paxson Stockholders. The Paxson Stockholders and Paxson Management Corporation intend to file promptly one or more applications with the FCC requesting the FCC consent to CM's acquisition of the 8,311,639 shares of Class B Common Stock and 15,455,062 shares of Class A Common Stock (the Call Shares ) from the Paxson Stockholders.

**The Tender Offer**

In connection with the assignment of the Call Agreement, CM commenced the Tender Offer on May 4, 2007 (the Commencement Date ) for any and all of the outstanding shares of Class A Common Stock at a price per share of \$1.46 (the Offer Price ).

**Delisting and Deregistration**

The Master Agreement provides that, following the closing of the Tender Offer, the Company shall, to the extent permitted by law, delist the shares of Class A Common Stock from the American Stock Exchange and deregister such shares under the Exchange Act.

**New Classes of Preferred Stock and Commencement Date Exchange**

As required by the Master Agreement, the Company has authorized the following new classes of preferred stock (the New Preferred Stock ): (i) 12% Series A-1 Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series A-1 Convertible Preferred Stock ), (ii) 8% Series A-2 Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series A-2 Preferred Stock ), (iii) 12% Series A-3 Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series A-3 Convertible Preferred Stock ), (iv) 12% Series B Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series B Convertible Preferred Stock ), (v) 8% Series C Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series C Preferred Stock ), (vi) 8% Series C Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series C Convertible Preferred Stock ), (vii) 8% Series D Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series D Convertible Preferred Stock ), (viii) Series E-1 Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series E-1 Convertible Preferred Stock ), (ix) Series E-2 Mandatorily Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the

Series E-2 Convertible Preferred Stock ), and (x) 8% Series F Non-Convertible Preferred Stock due 2013, par value \$0.001 per share, of the Company (the Series F Non-Convertible Preferred Stock ). Other than the Series C Convertible Preferred Stock, the Company filed with the Secretary of State of the State of Delaware on the Commencement Date each class of the New Preferred Stock.

On the Commencement Date, NBC Palm Beach I surrendered and delivered to the Company 21,000 shares of Preferred Stock, representing \$210,000,000 aggregate stated liquidation preference, in exchange for 21,000 shares of Series F Non-Convertible Preferred Stock, representing \$210,000,000 aggregate stated liquidation preference. NBC Palm Beach I, in turn, transferred such 21,000 shares of Series F Non-Convertible Preferred Stock to CM.

#### **Additional CM Investment.**

As required by the Master Agreement, CM has invested, on the Commencement Date, \$100,000,000 in the Company's 11% Series B Mandatorily Convertible Subordinated Debt due 2013 of the Company (the Series B Convertible Subordinated Debt ). Upon the closing or expiration of the Exchange Offer (as defined below), as applicable, CM will invest an additional amount of up to \$15,000,000 or such lesser amount as permitted under the Company's existing debt covenants in the Series B Convertible Subordinated Debt, not to exceed the amount of expenses incurred by the Company in connection with the transactions contemplated by the Master Agreement.

In addition, CM received a warrant for 100,000,000 shares of Class A Common Stock on the Commencement Date. The exercise price for the warrant is \$0.75 per share, payable in cash. The term of the warrant is seven years beginning on the date of the closing of the Exchange Offer.

#### **Board Representation**

The Master Agreement provides that between the closing of the Tender Offer and the Call Closing, CM will have the right to designate two members of the Board. In addition, in the event that any member of the Board (other than members appointed by the holders of Senior Preferred Stock) ceases for any reason to serve as a director of the Company, CM will have the right to designate a director to fill any such vacancy.

#### **The Reverse Stock Split**

Under the Master Agreement, promptly following the closing of the exercise of the Call Right (the Call Closing ) the Company is required to combine its outstanding shares of Class A Common Stock into a lesser number of shares of Class A Common Stock (the Reverse Stock Split ). The consummation of the Reverse Stock Split is conditioned, among other things, upon (i) the Tender Offer being completed, (ii) the approval of the Reverse Stock Split by the requisite vote of the holders of the Company's common stock outstanding and entitled to vote on the matter, (iii) receipt of FCC approval for CM's acquisition of the Call Shares, (iv) no law, regulation or other requirement of any governmental authority making the Reverse Stock Split illegal being in effect and (v) the Call Closing having occurred. In the Reverse Stock Split, each share of Class A Common Stock issued and outstanding shall be converted into and become such fraction of a fully paid and nonassessable share as shall be determined by the Company, CM and the NBCU Entities such that each holder of shares of Class A Common Stock, other than CM, would be eligible to receive, in respect of all its shares, less than a whole share upon completion of the Reverse Stock Split (the Reverse Stock Split Ratio ). However, if CM does not own the greatest number of shares of Class A Common Stock immediately prior to the Reverse Stock Split, the applicable Reverse Stock Split Ratio for converting the shares of Class A Common Stock will be such that every holder of shares (including CM) would be entitled to receive, in respect of all its shares, less than a whole share upon completion of the Reverse Stock Split. No fractional shares will be issued in connection with the Reverse Stock Split. Instead, any holder of shares who would otherwise be entitled to receive less than a whole share will be paid in cash the dollar amount (rounded to the nearest cent), without interest, determined by multiplying the number of shares of Class A Common Stock (prior to the Reverse Stock Split) of such holder by \$1.46. Immediately prior to the Reverse Stock Split, CM shall make a capital contribution to the Company in the amount necessary to make any payments required to be made to security holders of the Company in connection with the Reverse Stock Split.

Each share of Class B Common Stock issued and outstanding at the time of the Reverse Stock Split will be converted into and become a fractional number of fully paid and nonassessable shares of Class B Common Stock

pursuant to the Reverse Stock Split Ratio. Fractional shares of Class B Common Stock will remain outstanding after the Reverse Stock Split and the Company will issue new stock certificates for such fractional shares.

At the time of the Reverse Stock Split, the Company will also take all necessary actions to adjust the Company's stock-based awards under its stock plans so as to give effect to the Reverse Stock Split. In the event the number of shares of Class A Common Stock subject to such stock plans become a fractional share, unless otherwise agreed by the Company and the respective holder, such stock-based awards will be cancelled immediately following the Reverse Stock Split and each holder who will receive a fractional share under the stock plans as a result of the Reverse Stock Split will be paid in cash the dollar amount (rounded to the nearest cent), without interest, determined by multiplying the number of shares of Class A Common Stock subject to such stock plans prior to the Reverse Stock Split by \$1.46. Stock-based awards issued on or after November 7, 2005 to any current full-time employee of the Company will nevertheless remain outstanding after the Reverse Stock Split and such holder will not be entitled to receive any cash payments in connection with the Reverse Stock Split.

Under the Master Agreement, a stockholders' meeting of the Company shall be held as promptly as practicable following the Call Closing to approve the Reverse Stock Split. At the meeting, CM is required to vote (or cause to be voted) all shares of Class A Common Stock that it and its subsidiaries have the power to vote in favor of the Reverse Stock Split.

### **Exclusivity**

The Master Agreement provides that the Company, its subsidiaries and their respective directors, officers, employees and representatives cannot (i) solicit, initiate, encourage, or take any action to facilitate any inquiries or the making of any proposal or offer that may reasonably be expected to lead to any transaction that, *inter alia*, would reasonably be expected to interfere with the transactions contemplated by the Master Agreement and the related documents (a Competing Transaction ), (ii) negotiate or obtain a proposal or offer for a Competing Transaction, (iii) agree to, approval or endorse any Competing Transaction or (iv) enter into any agreement relating to a Competing Transaction. The Company further agrees promptly to notify the NBCU Entities of the existence of, material terms of, and the identity of the person making, any proposal or contact regarding a Competing Transaction. The Company also undertakes immediately to cease any existing discussions or negotiations regarding a Competing Transaction, and not to release any person from any confidentiality or standstill agreement. However, on certain conditions, the Board may furnish information to or enter into discussions with a person who has made an unsolicited, written, bona fide proposal or offer regarding a Competing Transaction if the Board determines that this is required to comply with its fiduciary obligations.

Except as otherwise provided in the Master Agreement, the Board cannot withdraw or modify the approval or recommendation relating to the transactions contemplated by the Master Agreement and the related documents, or approve or recommend any Competing Transaction.

### **The Company Exchange Offer**

Under the Master Agreement, as soon as reasonably practicable following the Commencement Date, the Company is required to launch an exchange offer (the Exchange Offer ) for the outstanding shares of 14¼% Preferred Stock and 9¾% Preferred Stock of the Company (together, the Senior Preferred Stock ). A holder cannot validly tender less than all of the Senior Preferred Stock it owns on the Commencement Date.

Under the Exchange Offer, if holders of more than 50% of each class of Senior Preferred Stock tender in the Exchange Offer, then:

For each tendered share of 14¼% Preferred Stock, the holder will receive \$7,000 principal amount of newly issued 11% Series A Mandatorily Convertible Subordinated Debt due 2013 (the Series A Convertible Subordinated Debt ) and \$1,000 initial liquidation preference of Series A-1 Convertible Preferred Stock (which would rank senior to all currently outstanding preferred stock); and

For each tendered share of 9¾% Preferred Stock, the holder will receive \$4,000 principal amount of the Series A Convertible Subordinated Debt and \$1,000 initial liquidation preference of Series A-1 Convertible Preferred Stock.

If holders of 50% or less of either class of the Senior Preferred Stock tender in the Exchange Offer (a Minority Exchange ), then:

For each tendered share of 14¼% Preferred Stock, the holder will receive \$7,500 principal amount of the Series A Convertible Subordinated Debt and \$500 initial liquidation preference of Series B Convertible Preferred Stock; and

For each tendered share of 9¾% Preferred Stock, the holder will receive \$4,500 principal amount of the Series A Convertible Subordinated Debt and \$500 initial liquidation preference of Series B Convertible Preferred Stock.

The Series A Convertible Subordinated Debt and Series A-1 Convertible Preferred Stock or Series B Convertible Preferred Stock, as the case may be, to be issued to holders of Senior Preferred Stock in the Exchange Offer will be convertible into non-voting and newly issued shares of Class D Common Stock of the Company at a conversion price of \$0.90 per share, each increasing at their respective interest rate or dividend rate, as the case may be.

CM is required to exchange its entire position of Senior Preferred Stock in the Exchange Offer.

#### **Post-Exchange Offer Transactions**