

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

SCHEDULE 13D/A  
Under the Securities Exchange Act of 1934  
(Amendment No. 3)\*

ION MEDIA NETWORKS, INC.

(Name of Issuer)

Class A Common Stock, Par Value \$0.001 Per Share

(Title of Class of Securities)

704231109

(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)

January 17, 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 ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g) check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See ss. 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 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 704231109

Page 2 of 25 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)   
(b)

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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
California

NUMBER OF SHARES BENEFICIALLY OWNED BY	7	SOLE VOTING POWER 303,035,000*
	8	SHARED VOTING POWER 0

EACH  
REPORTING  
PERSON  
WITH

9 SOLE DISPOSITIVE POWER  
303,035,000\*  
10 SHARED DISPOSITIVE POWER  
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
303,035,000\*

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
82.3%\*\*

14 TYPE OF REPORTING PERSON (See Instructions)  
CO

\* Represents 303,035,000 shares of Class A Common Stock issuable upon conversion of 60,607 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 Agreements and the applicable FCC regulations. Based on information provided to the Reporting Persons, Citadel Limited Partnership (together with its affiliates, "CLP") beneficially owns 262.33603 shares of 9 3/4% 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 3/4% Series A Convertible Preferred Stock, and 2,724,207 shares of Class A Common Stock, which represents 4.18% of the issued and outstanding shares of Class A Common Stock. The Reporting Persons expressly disclaim beneficial ownership of the shares of 9 3/4% Series A Convertible Preferred Stock and Class A Common Stock owned by CLP.

\*\*

Based on 65,041,313 shares of Class A Common Stock outstanding as reported by the Company in its most recent 10-Q Report filed with the Securities and Exchange Commission on November 13, 2006, and 303,035,000 shares of Class A Common Stock issuable upon conversion of 60,607 shares of Preferred Stock by NBC Palm Beach I.

SCHEDULE 13D

CUSIP No. 70423109

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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)  /  
(b)  /x/

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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
California

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	0
	8	SHARED VOTING POWER	0
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
15,455,062\*

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
23.8%\*\*

14 TYPE OF REPORTING PERSON (See Instructions)  
CO

\* Represents 15,455,062 shares of Class A Common Stock issuable upon exercise of the Call Right by NBC Palm Beach II pursuant to the Call Agreement. The Call Right is not currently exercisable and is subject to material conditions, including, without limitation, those contained in the Agreements and the applicable FCC regulations. Based on information provided to the Reporting Persons, CLP beneficially owns 262,33603 shares of 9 3/4% 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 3/4% Series A Convertible Preferred Stock, and 2,724,207 shares of Class A Common Stock, which represents 4.18% of the issued and outstanding shares of Class A Common Stock. The Reporting Persons expressly disclaim beneficial ownership of the shares of 9 3/4% Series A Convertible Preferred Stock and Class A Common Stock owned by CLP.

\*\*

Based on 65,041,313 shares of Class A Common Stock outstanding as reported by the Company in its most recent 10-Q Report filed with the Securities and Exchange Commission on November 13, 2006.

SCHEDULE 13D

CUSIP No. 70423109

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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)  /  
(b)  /x/

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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		0
	8	SHARED VOTING POWER
		0
	9	SOLE DISPOSITIVE POWER
		0
	10	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
318,490,062\*

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
86.5%\*\*

14 TYPE OF REPORTING PERSON (See Instructions)  
CO

\* Represents 303,035,000 shares of Class A Common Stock issuable upon conversion of 60,607 shares of Preferred Stock by NBC Palm Beach I and 15,455,062 shares of Class A Common Stock issuable upon exercise of the Call Right by NBC Palm Beach II. Shares of Preferred Stock and the Call Right 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 Agreements and the applicable FCC regulations. Based on information provided to the Reporting Persons, CLP beneficially owns 262.33603 shares of 9 3/4% 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 3/4% Series A Convertible Preferred Stock, and 2,724,207 shares of Class A Common Stock, which represents 4.18% of the issued and outstanding shares of Class A Common Stock. The Reporting Persons expressly disclaim beneficial ownership of the shares of 9 3/4% Series A Convertible Preferred Stock and Class A Common Stock owned by CLP.

\*\*

Based on 65,041,313 shares of Class A Common Stock outstanding as reported by the Company in its most recent 10-Q Report filed with the Securities and Exchange Commission on November 13, 2006, and 303,035,000 shares of Class A Common Stock issuable upon conversion of 60,607 shares of Preferred Stock by NBC Palm Beach I.

SCHEDULE 13D

CUSIP No. 70423109

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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)  /  
(b)  /x/

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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER Disclaimed (See 11 below)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER Disclaimed (See 11 below)
	10	SHARED DISPOSITIVE POWER 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
Beneficial ownership of all shares of Class A Common Stock disclaimed by National Broadcasting Company Holding, Inc.\*

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
Not Applicable (See 11 above)

14 TYPE OF REPORTING PERSON (See Instructions)  
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. 70423109

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1 NAME OF REPORTING PERSONS  
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)  /  
(b)  /x/

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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
New York

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER Disclaimed (See 11 below)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER Disclaimed (See 11 below)
	10	SHARED DISPOSITIVE POWER 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
Beneficial ownership of all shares of Class A Common Stock disclaimed by General Electric Company.\*

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
Not Applicable (See 11 above)

14 TYPE OF REPORTING PERSON (See Instructions)  
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. 3 to Schedule 13D ("Amendment No. 3") amends the Schedule 13D filed on September 27, 1999 (the "Initial Schedule 13D"), as amended by Amendment No. 1 filed on February 14, 2003 and Amendment No. 2 filed on November 9, 2005 (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., f/k/a/ Paxson Communications Corp. (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 2. Identity and Background.

Paragraph 5 of Item 2 is hereby amended and restated in its entirety to read as follows:

"As of the date hereof, the name, business address, present principal occupation or employment, and citizenship of each director and executive officer of NBC Palm Beach I, NBC Palm Beach II, NBCU, NBC Holding and GE are set forth on Schedules A, B, C, D and E attached hereto, respectively."

Item 4. Purpose of Transaction.

Item 4 is hereby amended and supplemented to read as follows:

"On January 17, 2007, NBCU and Citadel Limited Partnership (together with its affiliates, "CLP") entered into a Letter of Intent (the "Letter of Intent"), pursuant to which NBCU agreed to work together and negotiate exclusively with CLP between January 17, 2007 and May 7, 2007 (the "Exclusivity Period") with respect to a potential transaction involving the Company (the "Proposed Transaction"). If the board of directors of the Company (the "Board") does not approve the Proposed Transaction by March 31, 2007, NBCU will have a right to terminate the Exclusivity Period with respect to NBCU and its representatives. In the event NBCU exercises its termination right, the Exclusivity Period will no longer be applicable to CLP and CLP will have a right of first refusal, until May 7, 2007, regarding any transaction NBCU or its affiliates intend to enter into with respect to the securities of the Company that NBCU and its affiliates currently own. The Letter of Intent also includes certain proposed non-binding terms (the "Term Sheet") of the Potential Transaction. This description of the Letter of Intent is not complete and is subject to the terms of the Letter of Intent, attached hereto as Exhibit 20.

On January 17, 2007, NBCU and CLP submitted a letter (the "Letter") to the Board: (i) proposing the Proposed Transaction set forth in the Term Sheet and (ii) informing the Board that NBCU will propose CIG Media LLC, a newly formed Delaware limited liability company owned by affiliates of CLP, as the permitted transferee pursuant to the Call Agreement. This description of the Letter is not complete and is subject to the terms in the Letter attached hereto as Exhibit 21."

Item 5. Interest in Securities of the Issuer.

Item 5 is amended and supplemented to read as follows:

"(a) As a result of the Letter of Intent and the Letter described in Item 4, NBCU, the NBCU entities and CLP may be deemed to be a group for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended; however, neither the filing of this Schedule 13D nor any of its contents will be deemed to constitute an admission that any of the Reporting Persons are the beneficial owners of any shares of equity securities owned by CLP and/or its affiliates for 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.

(b) As a result of the Letter of Intent and the Letter described in Item 4, NBCU, the NBCU entities and CLP may be deemed to be a group for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended; however, neither the filing of this Schedule 13D nor any of its contents will be deemed to constitute an admission that any of the Reporting Persons have the sole or shared power to vote or direct the vote or dispose or direct the disposition of any shares of equity securities owned by CLP and/or its affiliates for purposes of Section 13(d) of the Securities

Exchange Act of 1934, as amended, or for any other purpose, and such sole or shared power to vote or direct the vote or dispose or direct the disposition of such shares of equity securities is expressly disclaimed."

Item 7. Materials to be Filed as Exhibits.

Exhibit No.	Description
Exhibit 20	Letter of Intent, dated January 17, 2007, between NBC Universal, Inc. and Citadel Limited Partnership.
Exhibit 21	Letter, dated January 17, 2007, from NBC Universal, Inc. and Citadel Limited Partnership to the Company.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GENERAL ELECTRIC COMPANY

By: /s/ Richard Cotton

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Name: Richard Cotton  
Title: Authorized Signatory

NATIONAL BROADCASTING COMPANY HOLDING, INC.

By: /s/ Elizabeth A. Newell

-----  
Name: Elizabeth A. Newell  
Title: Assistant Secretary

NBC UNIVERSAL, INC.

By: /s/ Elizabeth A. Newell

-----  
Name: Elizabeth A. Newell  
Title: Assistant Secretary

NBC PALM BEACH Investment I, INC.

By: /s/ Elizabeth A. Newell

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Name: Elizabeth A. Newell  
Title: Assistant Secretary

NBC PALM BEACH Investment II, INC.

By: /s/ Elizabeth A. Newell

-----  
Name: Elizabeth A. Newell  
Title: Assistant Secretary

Dated: January 17, 2007

SCHEDULE A

Directors and Executive Officers of  
NBC Palm Beach Investment I, Inc.

DIRECTORS

Name	Present Principal Occupation	Present Business Address	Citizenship
Lynn Calpeter	Chief Financial Officer, NBC Universal, Inc.	30 Rockefeller Plaza New York, NY 10112	United States
Richard Cotton	Executive Vice President and General Counsel	30 Rockefeller Plaza New York, NY 10112	United States

EXECUTIVE OFFICERS

Name	Present Principal Occupation	Present Business Address	Citizenship
Robert C. Wright	President	30 Rockefeller Plaza New York, NY 10112	United States
John Apadula	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
J.W. Ireland III	Vice President	30 Rockefeller Plaza New York, NY 10112	United States
Lynn Calpeter	Vice President and Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Richard Cotton	Vice President and Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Todd Davis	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Charles Fournier	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Stephen H. Gordon	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Bill LeBeau	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Jennifer D. Mayhew	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Maricela S. Mozqueda	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States

Elizabeth A. Newell	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Brian O'Leary	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Marc Palotay	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Scott Seeley	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Susan Weiner	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States

SCHEDULE B

Directors and Executive Officers of  
NBC Palm Beach Investment II, Inc.

DIRECTORS

Name	Present Principal Occupation	Present Business Address	Citizenship
Lynn Calpeter	Chief Financial Officer, NBC Universal, Inc.	30 Rockefeller Plaza New York, NY 10112	United States
Richard Cotton	Executive Vice President and General Counsel	30 Rockefeller Plaza New York, NY 10112	United States

EXECUTIVE OFFICERS

Name	Present Principal Occupation	Present Business Address	Citizenship
Robert C. Wright	President	30 Rockefeller Plaza New York, NY 10112	United States
John Apadula	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
J.W. Ireland III	Vice President	30 Rockefeller Plaza New York, NY 10112	United States
Lynn Calpeter	Vice President and Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Richard Cotton	Vice President and Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Todd Davis	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Charles Fournier	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Stephen H. Gordon	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Bill LeBeau	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Jennifer D. Mayhew	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Maricela S. Mozqueda	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States

Elizabeth A. Newell	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Brian O'Leary	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Marc Palotay	Vice President and Assistant Treasurer	30 Rockefeller Plaza New York, NY 10112	United States
Scott Seeley	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States
Susan Weiner	Assistant Secretary	30 Rockefeller Plaza New York, NY 10112	United States



SCHEDULE C

Directors and Executive Officers of  
NBC Universal, Inc.

DIRECTORS

Name	Present Business Address	Present Principal Occupation
J. R. Immelt	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Chairman of the Board and Chief Executive Officer, General Electric Company
R. C. Wright	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman, President and Chief Executive Officer, NBC Universal, Inc.
L. Calpeter	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President and Chief Financial Officer, NBC Universal, Inc.
E. Comstock	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	President, NBCU Digital Media & Market Development, NBC Universal, Inc.
R. De Metz(*)	Vivendi Universal S.A. 42 Avenue de Friedland 75380 Paris Cedex, 08 France	Executive Vice President, Mergers and Acquisitions, Vivendi Universal S.A.
D. Ebersol	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Chairman, NBCU Sports & Olympics, NBC Universal, Inc.
Jean-Rene Fourtou(*)	Vivendi Universal S.A. 42 Avenue de Friedland 75380 Paris Cedex, 08 France	Chairman, Chief Executive Officer, and Director, Vivendi Universal S.A.
J. W. Ireland III	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	President, NBC and Telemundo TV Stations, NBC Universal, Inc.
Jean-Bernard Levy(*)	Vivendi Universal S.A. 42 Avenue de Friedland 75380 Paris Cedex, 08 France	Chief Operating Officer, Vivendi Universal S.A.
R. Meyer	Universal Studios, Inc. 100 Universal City Plaza Universal City, CA 91608	President, Chief Operating Officer, and Director, Universal Studios, Inc. and Vivendi Universal Entertainment LLLP

K. S. Sherin	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Senior Vice President and Chief Financial Officer, General Electric Company
M. Shmuger	Universal Pictures Division 100 Universal City Plaza Universal City, CA 91608	Chairman, Universal Pictures Group
T. L. Williams	Universal Studios Florida 1000 Universal Studios Plaza Orlando, FL 32819	Chairman and Chief Executive Officer, Universal Parks & Resorts Group
J. Zucker	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Chief Executive Officer - NBCU TV Group, NBC Universal, Inc.

Citizenship:

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All: United States, except as noted (\*). Asterisk denotes three individuals as French citizens.

EXECUTIVE OFFICERS

Name	Present Business Address	Present Principal Occupation
R. C. Wright	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman, President and Chief Executive Officer, NBC Universal, Inc.
L. Calpeter	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President, Chief Financial Officer, and Treasurer
B. Campbell	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President,
E. Comstock	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	President
R. Cotton	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President and General Counsel
D. Ebersol	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President
J. W. Eck	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President

J. W. Ireland III	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President
D. Linde	NBC Universal, Inc. NBC Universal Studios 100 Universal City Plaza Universal City, CA 91608	Executive Vice President
R. Meyer	NBC Universal, Inc. NBC Universal Studios 100 Universal City Plaza Universal City, CA 91608	Executive Vice President
M. Saperstein	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President
C. Shields	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President
M. Shmuger	NBC Universal, Inc. NBC Universal Studios 100 Universal City Plaza Universal City, CA 91608	Executive Vice President
P. Smith	NBC Universal, Inc. NBC Universal Studios 80 - 110 New Oxford Street London, WC/A 1HB England	Executive Vice President
T. Williams	NBC Universal, Inc. Universal Studios 1000 Universal Studios Plaza Orlando, FL 32819	Executive Vice President
J. Zucker	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Executive Vice President

Citizenship:  
- - - - -

P. Smith	UK
All Others	U.S.

SCHEDULE D

Directors and Executive Officers of  
National Broadcasting Company Holdings, Inc.

DIRECTORS

Name	Present Business Address	President Principal Occupation
J.I. Cash, Jr.	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Former Professor of Business Administration-Graduate School of Business Administration, Harvard University
Sir William Castell	215 Evston Road London NW1 2BE England (U.K.)	Chairman, The Welcome Trust
A.M. Fudge	Young & Rubicam Brands 285 Madison Avenue New York, NY 10017	Former Chairman and Chief Executive Officer, Young & Rubicam Brands
C.X. Gonzalez	Kimberly-Clark de Mexico, S.A. de C.V. Jose Luis Lagrange 103, Tercero Piso Colonia Los Morales Mexico, D.F. 11510, Mexico	Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V.
S. Hockfield	Massachusetts Institute of Technology 77 Massachusetts Avenue Building 3-208 Cambridge, MA 02139	President, Massachusetts Institute of Technology
Jeffrey R. Immelt	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Chairman of the Board and Chief Executive Officer, General Electric Company
A. Jung	Avon Products 1345 Avenue of the Americas New York, NY 10105	Chairman and Chief Executive Officer, Avon Products, Inc.
A.G. Lafley	The Proctor & Gamble Company 1 Proctor & Gamble Plaza Cincinnati, OH 45202-3315	Chairman of the Board, President and Chief Executive Officer, The Proctor & Gamble Company
R.W. Lane	Deere & Company One John Deere Place Moline, Illinois 61265	Chairman and Chief Executive Officer, Deere & Company
R.S. Larsen	Johnson & Johnson 100 Albany Street Suite 200 New Brunswick, NJ 08901	Former Chairman and Chief Executive Officer, Johnson & Johnson
R.B. Lazarus	Ogilvy & Mather Worldwide 309 West 49th Street New York, NY 10019-7316	Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide
S. Nunn	Sam Nunn School of International Affairs Georgia Institute of Technology 781 Marietta Street, NW Atlanta, Georgia 30318	Retired Partner, King & Spalding
R.S. Penske	Penske Corporation 2555 Telegraph Road Bloomfield Hills, MI 48302-0954	Chairman of the Board and President, Penske Corporation
R.J. Swieringa	S.C. Johnson Graduate School Cornell University 207 Sage Hall Ithaca, NY 14853-6201	Anne and Elmer Lindseth Dean and Professor of Accounting, S.C. Johnson Graduate School Cornell University

D.A. Warner III

J.P. Morgan Chase & Co.,  
The Chase Manhattan Bank and  
Morgan Guaranty Trust Co. of New York  
345 Park Avenue  
New York, NY 10154

Retired Chairman of the  
Board, J.P. Morgan Chase & Co.,  
The Chase Manhattan Bank and  
Morgan Guaranty Trust Co. of New  
York

Robert C. Wright

NBC Universal, Inc.  
30 Rockefeller Plaza  
New York, NY 10112

Vice Chairman of the Board and Executive Officer,  
General Electric Company;  
Chairman & Chief Executive  
Officer, NBC Universal, Inc.

Citizenship:  
-----

W. Castell  
A. Jung  
C.X. Gonzalez  
All Others

U.K.  
Canada  
Mexico  
U.S.A.

EXECUTIVE OFFICERS

Name	Present Business Address	Present Principal Occupation
Robert C. Wright	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Chairman, Chief Executive Officer
Todd Davis	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Assistant Treasurer
Brian O'Leary	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Assistant Treasurer
Eliza Fraser	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	Assistant Secretary
Elizabeth Newell	NBC Universal, Inc. 30 Rockefeller Plaza New York, NY 10112	Assistant Secretary

Citizenship:  
-----

All: U.S.

SCHEDULE E

Directors and Executive Officers of  
General Electric Company

DIRECTORS

Name	Present Principal Occupation	Present Business Address	Citizenship
J.I. Cash, Jr	Former Professor of Business Administration-Graduate School of Business Administration, Harvard University	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
Sir William Castell	Chairman, The Welcome Trust	215 Evston Road London NW1 2BE England (U.K.)	United Kingdom
A.M. Fudge	Chairman and Chief Executive Officer, Young & Rubicam Brands	Young & Rubicam Brands 285 Madison Avenue New York, NY 10017	US
C.X. Gonzalez	Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V.	Kimberly-Clark de Mexico, S.A. de C.V. Jose Luis Lagrange 103, Tercero Piso Colonia Los Morales Mexico, D.F. 11510, Mexico	Mexico
S. Hockfield	President, Massachusetts Institute of Technology	Massachusetts Institute of Technology 77 Massachusetts Avenue Building 3-208 Cambridge, MA 02139	US
J.R. Immelt	Chairman of the Board and Chief Executive Officer, General Electric Company	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
A. Jung	Chairman and Chief Executive Officer, Avon Products, Inc.	Avon Products, Inc. 1345 Avenue of the Americas New York, NY 10105	Canada
A.G. Lafley	Chairman of the Board, President and Chief Executive, The Procter & Gamble Company	The Procter & Gamble Company 1 Procter & Gamble Plaza Cincinnati, Oh 45202-3315	US
R.W. Lane	Chairman and Chief Executive Officer, Deere & Company	Deere & Company One John Deere Place Moline, Illinois 61265	US
R.S. Larsen	Former Chairman and Chief Executive Officer	Johnson & Johnson 100 Albany Street Suite 200 New Brunswick, NJ 08901	US

R.B. Lazarus	Chairman and Chief Executive Officer	Ogilvy & Mather Worldwide 309 West 49th Street New York, NY 10019-7316	US
S. Nunn	Retired Partner, King & Spalding	Sam Nunn School of International Affairs Georgia Institute of Technology 781 Marietta Street, NW Atlanta, Georgia 30318	US
R.S. Penske	Chairman of the Board and President, Penske Corporation	Penske Corporation 2555 Telegraph Road Bloomfield Hills, MI 48302-0954	US
R.J. Swieringa	Anne and Elmer Lindseth Dean and Professor of Accounting	S.C. Johnson Graduate School Cornell University 207 Sage Hall Ithaca, NY 14853-6201	US
D.A. Warner III	Former Chairman of the Board	J. P. Morgan Chase & Co., The Chase Manhattan Bank and Morgan Guaranty Trust Co. of New York 270 Park Avenue New York, NY 10154	US
R.C. Wright	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman, President and CEO, NBC Universal, Inc.	NBC Universal, Inc, 30 Rockefeller Plaza New York, NY 10112	US

EXECUTIVE OFFICERS

Name	Present Principal Occupation	Present Business Address	Citizenship
J.R. Immelt	Chairman of the Board and Chief Executive Officer, General Electric Company	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
P.D. Ameen	Vice President and Comptroller	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
K.A. Cassidy	Vice President and GE Treasurer	General Electric Company 201 High Ridge Road Stamford, CT 06905-3417	US
W.J. Conaty	Senior Vice President - Human Resources	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
P. Daley	Vice President - Corporate Business Development	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
B.B. Denniston III	Senior Vice President and General Counsel	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
J.M. Hogan	Senior Vice President - GE Healthcare	General Electric Company	US

Pollards Wood, Nightingales Lane  
Chalfont St. Giles  
HP8 4SP Great Britain

M.A. Neal	Vice Chairman of General Electric Company; President & CEO, GE Capital Services	General Electric Company 260 Long Ridge Road Stamford, CT 06927	US
D.R. Nissen	Senior Vice President - GE Consumer Finance	General Electric Company 201 High Ridge Road Stamford, CT 06905-3417	US
J.G. Rice	Vice Chairman of General Electric Company; President & CEO, GE Infrastructure	General Electric Company 4200 Wildwood Parkway Atlanta, GA 30339	US
K.S. Sherin	Senior Vice President - Finance and Chief Financial Officer	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
L.G. Trotter	Vice Chairman of General Electric Company; President & CEO, GE Industrial	General Electric Company 3135 Easton Turnpike Fairfield, CT 06828	US
R.C. Wright	Vice Chairman of the Board and Executive Officer, General Electric Company; Chairman and CEO, NBC Universal, Inc.	NBC Universal, Inc 30 Rockefeller Plaza New York, NY 10112	US



EXHIBIT INDEX

Exhibit No.	Description
Exhibit 20	Letter of Intent, dated January 17, 2007, between NBC Universal, Inc. and Citadel Limited Partnership.
Exhibit 21	Letter, dated January 17, 2007, from NBC Universal, Inc. and Citadel Limited Partnership to the Company.

Citadel Limited Partnership  
625 Madison Avenue - 15th Floor  
New York, NY 10022

Gentlemen:

This letter of intent (this "Letter of Intent") sets forth certain binding and nonbinding agreements between NBC Universal, Inc., a Delaware corporation (together with its Affiliates, "NBCU") and Citadel Limited Partnership (together with its Affiliates, "CLP"), concerning a proposed transaction (the "Transaction") involving ION Media Networks, Inc., a Delaware corporation (the "Company").

1. The parties anticipate that the Transaction would be consummated pursuant to a Master Transaction Agreement by and among the Company, NBCU and CLP (the "Transaction Agreement") and various other agreements entered into pursuant to the Transaction Agreement (collectively, the "Other Agreements" and, together with the Transaction Agreement, the "Agreements") and intend to negotiate and enter into Agreements mutually acceptable to the parties as soon as reasonably practicable. It is expected that the Agreements will reflect terms and conditions set forth in Annex I (the "Term Sheet"), together with such customary terms and conditions as the Company, NBCU and CLP may mutually agree.

2. Exclusivity.

a. From the date of this Letter of Intent, subject to the following paragraph, through May 7, 2007 (such period being the "Exclusivity Period"), neither party nor any of its Representatives (as defined below) shall, without the prior written consent of the other party, (a) solicit, initiate, consider, encourage or accept any other proposals or offers from any Person (as defined below), (i) relating to any acquisition or purchase of all or any material portion of the assets of the Company or any of its Affiliates (as defined below), (ii) to enter into any business combination with the Company or any Affiliate of the Company, (iii) to enter into any other extraordinary business transaction involving or otherwise relating to the Company or any Affiliate of the Company, or (iv) relating to any acquisition, purchase, exchange, recapitalization or reorganization of all or any portion of any class of debt or equity securities of the Company or any Affiliate of the Company, or (b) participate in any discussions, conversations, negotiations or other communications regarding, furnish to any other Person, any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do, any of the foregoing. Each party shall immediately cease or cause to be terminated, and shall cause its respective Representatives to immediately cease and cause to be terminated, all existing discussions, conversations, negotiations and other communications with any other Person conducted heretofore with respect to any

of the foregoing. Each party hereby agrees not to, without the prior written consent of the other party, release any Person from, or waive any provision of, any confidentiality agreement to which it is a party concerning the Company or the Transaction. As used in this Letter of Intent, the term "Representative" means, as to any person, such person's Affiliates and its and their directors, officers, employees, agents, advisors (including, without limitation, financial advisors, counsel and accountants) and such person's financing sources. The term "Person" means, any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended. The term "Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

b. Notwithstanding the foregoing, in the event the board of directors of the Company does not approve the Transaction on or prior to March 31, 2007, NBCU shall have the right to terminate the Exclusivity Period with respect to NBCU and its Representatives and if NBCU exercises its right to terminate the Exclusivity Period, the Exclusivity Period shall no longer be applicable to CLP. In the event that NBCU terminates the Exclusivity Period and, on or before May 7, 2007, NBCU or one of its Affiliates intends to enter into a transaction of the type described in clause (a) of paragraph 2 above, NBCU shall provide CLP written notice (the "Offer Notice") at least 10 business days prior to the date of such transaction. The Offer Notice shall (i) include the material terms of the proposed transaction, any draft transaction documents with respect to such proposed transaction, and the identity of the parties to the proposed transaction and (ii) offer to CLP, the right to undertake with NBCU the proposed transaction on substantially the same terms and conditions as set forth in the Offer Notice (the "Offer"). CLP will have 10 business days to accept the Offer (the "Acceptance Period") by delivering to NBCU written notice of its acceptance of the Offer. If CLP fails to accept, or rejects in writing, the Offer prior to the expiration of such 10 business day period, NBCU may then effectuate the transaction set forth in the offer with another party on terms no more favorable to the other party than those set forth in the Offer Notice.

3. Definitive Documentation. The parties shall use their respective commercially reasonable efforts to enter into the Agreements no later than January 31, 2007. Effective as of the execution date of the Agreements, this Letter of Intent shall terminate and have no further force or effect.
4. Termination. Either party may terminate this Letter of Intent at any time upon delivery of a written notice to the other party; provided, however, that Paragraph 2 of this Letter of Intent shall survive the termination of this Letter of Intent and shall continue to remain in effect in accordance with its terms until the expiration of the Exclusivity Period.

5. Intentions of the Parties. Paragraph 1 of this Letter of Intent and the Term Sheet (collectively, the "Nonbinding Provisions") constitute the only non-binding statements of the intentions of the parties, except as provided below, and each party hereto acknowledges that neither the Nonbinding Provisions nor any prior or subsequent course of conduct or dealing between the parties are intended to create or constitute any binding agreement between the parties and neither party shall have any liability to the other party with respect to the Nonbinding Provisions. A binding commitment with respect to the Transaction will result only from the execution of the Agreements. It is understood that (a) this Letter of Intent and the Term Sheet do not constitute an obligation or commitment of any party to enter into the Agreements or any other transaction, (b) any obligations or commitments to proceed with the Transaction shall be contained only in the Agreements and (c) the execution, delivery and performance of the Transaction Agreement will require the approval of the CEO or the Management Committee of Citadel Investment Group, L.L.C.
6. Publicity. Neither party to this Letter of Intent shall make any public announcement concerning the existence or subject of this Letter of Intent without the prior written approval of the other party to this letter agreement, except, and only to the extent, as may be required to comply with the requirements of applicable law or the applicable rules and regulations of any recognized stock exchange, the NASD, or other self-regulatory organization.
7. Miscellaneous. This Letter of Intent shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Letter of Intent. This Letter of Intent and the Confidentiality Agreement, dated as of April 7, 2006, between NBCU and CLP constitute the entire agreement of CLP and NBCU hereto with respect to the subject matter hereof and supersedes all other prior agreements and undertakings, both written and oral, between CLP and NBCU with respect to the subject matter hereof. This Letter of Intent may not be amended or modified except by an instrument in writing signed by, or on behalf of, CLP and NBCU. This Letter of Intent may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.
8. Governing Law. This Letter of Intent shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in New York. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of New York and of the United States, in each case located in the County of New York, for any litigation arising out of or relating to this Letter of Intent (and agrees not to commence any litigation relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in this Letter of Intent shall be effective service of process for any litigation brought against it in any such court. Each of the parties hereto hereby

irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of this Letter of Intent in the courts of the State of New York or the United States, in each case located in the County of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation brought in any such court has been brought in an inconvenient forum.

9. Waiver of Jury Trial. Each of the parties hereto hereby waives to the fullest extent permitted by applicable law any right it may have to a trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Letter of Intent or the transactions contemplated by this Letter of Intent. Each of the parties hereto (a) certifies that no Representative of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce that foregoing waiver and (b) acknowledges that it and the other party hereto have been induced to enter into this Letter of Intent and the transactions contemplated by this Letter of Intent, as applicable, by, among other things, the mutual waivers and certifications in this Paragraph 9.

Please acknowledge your agreement to the foregoing by signing in the space provided below.

Very truly yours,

NBC UNIVERSAL, INC.

By: /s/ Bruce Campbell

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Name: Bruce Campbell  
Title: Executive Vice President,  
Business Development

Accepted as of the date first written above by:

CITADEL LIMITED PARTNERSHIP  
By: Citadel Investment Group, L.L.C., its General Partner

/s/ Matthew Hinerfeld

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Name: Matthew Hinerfeld  
Title: Managing Director and  
Deputy General Counsel

#### TERM SHEET OF PRINCIPAL TRANSACTIONS(1)

Set forth below are the principal terms of the proposed transaction (the "Transaction") with respect to (i) the shares of Class A and Class B Common Stock of ION Media Network, Inc. (the "Company") (respectively, the "Class A Common Stock" and the "Class B Common Stock") and (ii) the Company's 14-1/4% Preferred Stock (the "14-1/4% Preferred"), the Company's 9-3/4% Series A Preferred Stock (the "9-3/4% Preferred") and the Company's 11% Series B Preferred Stock (the "Series B Preferred") owned by NBCU.

#### A. Overview.

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As further described below, as part of the Transaction, among other things, (i) NBCU shall assign that certain Call Agreement, dated November 7, 2005 (the "Call Agreement") to a newly formed entity ("Newco") owned by affiliates of Citadel Limited Partnership (together with its affiliates, "CLP"), (ii) Newco will commence a tender offer in accordance with the Call Agreement and that certain Stockholder Agreement, dated November 7, 2005 (the "Stockholder Agreement"), (iii) the Company will also commence a tender offer for the Class A Common Stock, other than shares of the Class A Common Stock owned by the Call Stockholders (as defined in the Call Agreement) and certain shares of Class A Common Stock issued after November 7, 2005 upon the exercise, grant or vesting of any Stock-Based Compensation Awards (as defined in the Stockholder Agreement) or upon conversion or exchange of convertible or exchangeable securities of the Company (the "Ineligible Shares") and shares held by CLP, (iv) the Company will issue Subordinated Notes and potentially Series A-1 Convertible Preferred to CLP and/or Newco to fund the Company tender offer, (v) the Company will make an exchange offer for the 14-1/4% Preferred and the 9-3/4% Preferred owned by parties other than CLP (the "Exchange Offer"), (vi) the Series D Non-Convertible Preferred (as defined below), the 9,386.46875 shares of 14-1/4% Preferred Stock owned by CLP (the "CLP 14-1/4% Preferred"), and the 262.33603 shares of 9-3/4% Preferred Stock owned by CLP (the "CLP 9-3/4% Preferred") will be exchanged for new securities of the Company, and (vii) Newco will exercise the Call Right (as defined in the Call Agreement) and acquire the Call Shares (as defined in the Call Agreement) from the Call Stockholders, in each case, as more fully described below.

The consummation of the Exchange Offer, the Preliminary Transactions, the transfer of the Call Agreement, and the exercise of the Call Right will be conditioned upon satisfaction of customary terms and

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(1) The proposed terms and conditions set forth in this term sheet are intended merely as an outline of certain material terms of a potential transaction and are provided for discussion purposes only and do not constitute an offer, agreement or binding commitment by or on behalf of any party. This term sheet does not include descriptions of all of the terms, conditions and other provisions that would be contained in definitive documentation relating to the proposed Transaction and is not intended to limit the scope of discussion and negotiation of any matters not consistent with the specific matters set forth herein. This term sheet assumes the accuracy of all information regarding the debt and equity capitalization of the Company that has been publicly disclosed. In addition, this term sheet is subject to tax, accounting and Delaware counsel review by both NBCU and CLP. This term sheet is not a binding obligation to consummate the proposed Transaction. Any such obligation will be created only by definitive agreements, the provisions of which will supersede this term sheet.

conditions, including the execution of definitive transaction documents mutually acceptable to the parties (the "Definitive Transaction Documents"), absence of a MAC, absence of any material litigation seeking to restrain or materially alter the Transaction (which condition shall only be for the benefit of CLP and NBCU), receipt of FCC approval (except as otherwise provided below with respect to the transfer of the Call Agreement), entry into satisfactory arrangements with management, approval, to the reasonable satisfaction of CLP, by the Company's Compensation Committee of any agreements, benefits or payments to be made to management in connection with the Transactions, including the Newco Tender Offer, sufficient to satisfy the safe harbor contained in Rule 14d-10 of the Exchange Act, approval of the Transaction by the board of directors of the Company (the "Board"), including approval of CLP and/or Newco as a permitted transferee, and satisfaction of each of the conditions to, and simultaneous consummation of, all the other transactions contemplated hereby (other than the Company Tender Offer and the Newco Tender Offer). The Company Tender Offer and the Newco Tender Offer will be subject to the satisfaction of the more limited number of conditions described below.

B. Transaction Steps

1. As promptly as practicable following agreement on this Term Sheet, NBCU and CLP will propose the Transaction to the Company and seek approval of the Transaction by the Board. As part of approving the Transaction, the Board will also approve CLP as a permitted transferee of the Call Right.
2. CLP and NBCU will work in good faith with the Company to prepare and execute the Definitive Transaction Documents as promptly as practicable.
3. As promptly as practicable upon proposing the Transaction to the Board, Newco and the Call Stockholders will apply for long-form FCC approval.
4. As promptly as practicable following CLP becoming a permitted transferee pursuant to the Call Agreement, CLP and/or Newco will make any necessary HSR filings.
5. Upon Board approval of the Transaction, the Company will seek from its senior lenders (i) an amendment to increase the Restricted Payment basket to \$70,000,000 and (ii) confirmation that the Transaction does not trigger the Change of Control put. If the amendment of the Restricted Payment basket is not obtained, the funding of the Company Tender Offer will be structured as set forth below in section C(3)(d). This term sheet assumes that the Change of Control put does not apply. If confirmation is not obtained, the Transaction may be restructured such that NBCU retains \$250,000,000 of Series B Preferred at all times and NBCU and CLP will enter into an agreement designed to achieve the relative economics between CLP and NBCU with respect to their investment in the Company that would have resulted if NBCU's investment in the Series B Preferred has been restructured in the manner contemplated herein.
6. Upon the earlier of (x) receipt of FCC approval and (y) May 6, 2007 (such date, the "Commencement Date"), the Call Agreement will be transferred to Newco. Simultaneously with such transfer, Newco will exercise the Call Right, the

Company will commence the Company Tender Offer and the Exchange Offer, and Newco will commence the Newco Tender Offer.

7. Upon satisfaction of all conditions, including, if not satisfied prior to the Commencement Date, receipt of FCC approval, the Newco Tender Offer, the Call Right, the Company Tender Offer, the Exchange Offer and the Preliminary Transactions will all close simultaneously (provided the requisite periods for the various offers have been satisfied); provided, however, if FCC approval has not been received by June 15, 2007, the Company Tender Offer and the Newco Tender Offer will close, notwithstanding that FCC approval has not been received, but subject to the satisfaction of the other conditions to the Company Tender Offer and the Newco Tender Offer.

C. The Transactions.

1. Formation of Newco

- a. Newco will be a newly formed entity owned by affiliates of CLP and will be structured to comply with FCC rules. Newco's owners shall provide binding commitments to capitalize Newco with sufficient financing to consummate the purchase of Subordinated Debt (and, to the extent necessary, Series A-1 Convertible Preferred), the Newco Tender Offer, the exercise of the Call Right and the payment of any amounts required to be paid pursuant to the Non-Compete Agreements (as defined below), after application of the Escrow Amount (as described below).

2. The Call Right.

- a. On the Commencement Date, (i) NBCU will exchange with the Company \$200,000,000 in face amount of Series B Preferred for \$200,000,000 in face amount of a new series of Company preferred stock with terms identical to the Series B Preferred but which shall not be convertible (the "Series D Non-Convertible Preferred"), as described on Schedule F, and (ii) NBCU will assign the Call Agreement and transfer \$200,000,000 in face amount of Series D Non-Convertible Preferred to Newco. Newco will agree to issue to NBCU the NBCU Option I (as described in section C(7)(a) below) upon the Call Closing (as defined in the Call Agreement).
- b. On the Commencement Date, NBCU will also irrevocably assign and transfer to Newco, subject to receipt of FCC approval by Newco, the rights to the proceeds of the escrow account (the "Escrow Amount") established pursuant to the Escrow Agreement among the Call Stockholders, NBCU and the Bank of New York, dated November 7, 2005 and, subject to receipt of FCC approval by Newco, Newco will assume the payment obligations of NBCU to the Company, Mr. Paxson and Mr. Goodman under the Paxson Consulting and Noncompetition Agreement between the Company, Mr. Paxson and NBCU, dated as of November 7,



2005 (the "Paxson Non-Compete Agreement"), and the Goodman Noncompetition Agreement between NBCU and Mr. Goodman, dated as of November 7, 2005 (the "Goodman Non-Compete Agreement," and, together with the Paxson Non-Compete Agreement, the "Non-Compete Agreements").

- c. Newco will simultaneously exercise the Call Right.
- d. The Call Right will close upon receipt of FCC and other regulatory approvals (provided the requisite periods for the various offers have expired).
  - i. At the closing of the exercise of the Call Right, Newco will pay \$6,274,141 to the Call Stockholders pursuant to the terms of the Call Agreement, \$2,000,000 to the Company and \$3,000,000 to Mr. Paxson pursuant to the Paxson Non-Compete Agreement, and \$2,250,000 to Mr. Goodman pursuant to the Goodman Non-Compete Agreement. Newco will use the Escrow Amount (including accrued interest) to partially satisfy these amounts.
  - ii. At the closing of the exercise of the Call Right, the Call Stockholders shall immediately transfer all of their Class A Common Stock and Class B Common Stock to Newco.
  - iii. Simultaneously with the closing of the exercise of the Call Right, that certain PMC Management and Proxy Agreement, dated November 7, 2005, shall terminate.

3. Company Tender Offer

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- a. On the Commencement Date, the Company will commence a tender offer (the "Company Tender Offer") for all of the Class A Common Stock. Holders of Ineligible Shares will not tender their Class A Common Stock. CLP will agree not to tender the 2,728,531 shares of Class A Common Stock it currently holds in physical form.
- b. The Company Tender Offer and the financing thereof will be made in compliance with all applicable laws and will be subject only to those conditions contained in the Newco Tender Offer. The Company Tender Offer will be made on economic terms identical to the Newco Tender Offer described in section C(4) below, provided, however, the offer price in the Company Tender Offer will be \$0.01 higher than the offer price in the Newco Tender Offer.
- c. The Company Tender Offer shall expire simultaneously with the Newco Tender Offer (as defined below) (the "Initial Offer Period"), provided, that, the Company Tender Offer may be extended as necessary to obtain any required regulatory approvals. The Company Tender Offer may also be extended with the consent of CLP and NBCU for an unlimited number

of subsequent periods ("Subsequent Periods"). Promptly after the expiration of the Initial Offer Period and during any Subsequent Period, the Company shall unconditionally accept for payment and pay for, in accordance with the terms of the Company Tender Offer, all of the shares of Class A Common Stock validly tendered pursuant to the Company Tender Offer and not validly withdrawn.

- d. On each closing of the Company Tender Offer (whether after the Initial Offer Period or a Subsequent Period), CLP will purchase subordinated debt (the "Subordinated Debt"), as described on Schedule A, in an aggregate principal amount equal to the amount necessary to fund the purchase of shares under the Company Tender Offer; provided, that, (i) if the amendment to increase the senior debt Restricted Payment basket is not obtained, CLP will purchase Series A-1 Convertible Preferred (as defined below) for any amount required to be funded in excess of the amount available in the senior debt Restricted Payment basket, but excluding any amounts required to be purchased pursuant to clause (ii), and (ii) CLP will purchase Series A-1 Convertible Preferred in an amount equal to \$0.01 multiplied by the number of shares accepted for payment in the Company Tender Offer.

4. Newco Tender Offer.

- a. Simultaneous with the Company Tender Offer, Newco will commence a tender offer (the "Newco Tender Offer") for the Class A Common Stock. Holders of Ineligible Shares and CLP will not tender their Class A Common Stock into the Newco Tender Offer.
- b. The Newco Tender Offer and the financing thereof will be made in compliance with all applicable laws and will be conditioned only on those conditions permitted under the Call Agreement and the Stockholder Agreement, including that the consummation of the Newco Tender Offer is not prohibited by applicable law. The Newco Tender Offer will be made on economic terms set forth in section 3.5(c) of the Stockholder Agreement.
- c. The Newco Tender Offer shall expire 20 business days following the commencement of the Newco Tender Offer or such other date as the Company and Newco shall agree and Newco shall, promptly after the expiration of the Newco Tender Offer, unconditionally pay for all of the shares of Class A Common Stock validly tendered pursuant to the Newco Tender Offer and not validly withdrawn. The consummation of the Newco Tender Offer shall satisfy the obligations of NBCU under the Stockholder Agreement and NBCU shall not thereafter be obligated to surrender to the Company any Series B Preferred pursuant to section 3.6 of the Stockholder Agreement.
- d. Upon conclusion of the Newco Tender Offer, the Company will grant Newco a right to put all of the shares of Class A common stock it acquired in the Newco Tender Offer to the Company at a price equal to the Newco Tender Offer price, such price to be paid in cash, funded through the sale

of Subordinated Debt to CLP to the extent permitted under the senior debt Restricted Payment basket, or if not so permitted, through the issuance of Series A-1 Convertible Preferred. Such put shall be exercisable in the event that the EBITDA of the Company for the last twelve months ending December 31, 2007, or each of the 12 quarters thereafter, does not meet or exceed specified EBITDA targets.

- e. If for any reason the Company Tender Offer, the Exchange Offer and the Preliminary Transactions do not close, then NBCU shall grant Newco an option to purchase Series B Preferred with a face amount equal to the product of (1) a fraction, the numerator of which is the aggregate purchase price paid by Newco in the Newco Tender Offer and the denominator of which is the aggregate of the number of shares outstanding prior to the closing of the Newco Tender Offer and Company Tender Offer less the sum of the Ineligible Shares plus 6,126,868 shares multiplied by the Newco Tender Offer price multiplied by (2) \$150,000,000. The exercise price of their option will be equal to (i) the aggregate number of shares of Class A common stock acquired in by Newco in the Newco Tender offer multiplied by (ii) the Newco Tender Offer price. Newco shall be permitted to pay such exercise price in either cash or shares of Class A common stock, at Newco's discretion.

5. The Exchange Offer.

- a. On the Commencement Date, subject to section C(5)(b) and section C(5)(c) below, (i) CLP will exchange \$104,948,971 in the aggregate of CLP 14-1/4% Preferred and CLP 9-3/4% Preferred (face plus all accrued amounts, including amounts accrued thereon through December 31, 2006) for an equal aggregate principal amount of convertible subordinated debt (the "Convertible Subordinated Debt"), (2) as described on Schedule B, and (ii) NBCU will exchange (together with the CLP exchange, the "Contingent Exchange") its \$375,000,000 in face amount of Series B Preferred for an equal principal amount of Convertible Subordinated Debt. In the Contingent Exchange, all of the CLP 14-1/4% Preferred will be exchanged before any of the CLP 9-3/4% Preferred are exchanged and to the extent that the amount of the Contingent Exchange is reduced pursuant to C(5)(c) below, the CLP 9-3/4% Preferred will be excluded from the Contingent Exchange before any CLP 14-1/4% Preferred is excluded from the Contingent Exchange.
- b. Subject to section C(5)(c) below, the Exchange Offer will provide the holders of (i) \$475,252,056 in face amount (3) of 14-1/4% Preferred with the opportunity to exchange such 14-1/4% Preferred for Subordinated Debt in

(2) Total Convertible Subordinated Debt would be approximately \$480,000,000.

(3) As of December 31, 2006, based on May 15, 2006 amounts, the last date dividends were declared by the Board. This amount excludes the CLP 14-1/4% Preferred.

the principal amount of \$332,676,439 and (ii) \$164,292,539 in face amount<sup>(4)</sup> of 9-3/4% Preferred with the opportunity to exchange such 9-3/4% Preferred for Subordinated Debt in the principal amount of \$65,717,016; provided that, to the extent the holders of the 14-1/4% Preferred do not exchange into Subordinated Debt, the amount of Subordinated Debt offered to holders of the 9-3/4% Preferred will increase, on a sliding scale basis, up to \$73,931,643. The holders who validly exchange will consent to, among other things, the amendment of the existing certificates of designation governing the 14-1/4% Preferred and the 9-3/4% Preferred to eliminate all restrictive covenants, change of control rights, and voting rights (with respect to the 9-3/4% Preferred) contained therein.

- c. Should at least 90% of the 14-1/4% Preferred Stock and at least 90% of the 9-3/4% Preferred Stock validly exchange in the Exchange Offer, CLP and NBCU will remain in their existing positions and will not effectuate the Contingent Exchange described in section C(5)(a) above and such existing positions will be restructured as set forth in section C(6) below. If less than 90% of each of the 14-1/4% Preferred and the 9-3/4% Preferred validly exchange in the Exchange Offer, the amount of the Contingent Exchange described in section C(5)(a) above will be reduced pro-rata, on a sliding scale basis, in accordance with the methodology detailed on Schedule G(1).

6. The Preliminary Transactions  
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- a. Immediately following the consummation of the Exchange Offer, to the extent the Contingent Exchange is not effectuated or has been reduced pursuant to section C(5)(c) above, CLP will exchange its remaining (i) CLP 14-1/4% Preferred (face plus all accrued amounts thereon through December 31, 2006) for an equal face amount of 8% Series A-1 Mandatorily Convertible Preferred Stock due 2013 (the "Series A-1 Convertible Preferred") and (ii) CLP 9-3/4% Preferred (face plus all accrued amounts, including amounts accrued thereon through December 31, 2006) for an equal face amount of 8% Series A-2 Mandatorily Convertible Preferred Stock due 2013 (the "Series A-2 Convertible Preferred," and together with the Series A-1 Convertible Preferred, the "Series A Convertible Preferred"), as described on Schedule C.
- b. Immediately following the consummation of the Exchange Offer, regardless of whether the Contingent Exchange occurs, (i) CLP will exchange its \$200,000,000 of Series D Non-Convertible Preferred it received from NBCU as described in section C(2)(a) for \$200,000,000 in face amount of 8% Series C Mandatorily Convertible Preferred Stock due

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(4) As of December 31, 2006, based on September 30, 2006 amounts, the last date dividends were declared by the Board. This amount excludes the CLP 9-3/4% Preferred.

2013 (the "Series C Convertible Preferred"), as described on Schedule E, and (ii) NBCU will exchange \$31,070,000 of Series B Preferred for an equal face amount of Series C Convertible Preferred.

- c. Immediately following the consummation of the Exchange Offer, to the extent that the Contingent Exchange is not effectuated or has been reduced pursuant to section C(5)(c) above, NBCU will exchange its remaining Series B Preferred for an equal face amount of Series B Mandatorily Convertible Preferred Stock due 2013 (the "Series B Convertible Preferred"), as described on Schedule D. Upon consummation of this step of the Transaction, no Series B Preferred will remain outstanding.
- d. Immediately following the consummation of the Exchange Offer, NBCU will transfer Convertible Subordinated Debt to CLP in accordance with the methodology detailed on Schedule G(2).
- e. NBCU and Newco will enter into an agreement under which the relative seniority of Series A Convertible Preferred over Series B Convertible Preferred will be effectively eliminated and the seniority of Series A-1 Convertible Preferred received by CLP for funding the Company Tender Offer or received upon exercise of the put right described in section C(4)(d) will be addressed. Under the agreement, NBCU will transfer to CLP (i) the economic benefit it realizes and (ii) an amount equal to one half of the amount of economic shortfall CLP experiences (after giving effect to clause (i)), in each case as a result of CLP receiving any Series A-1 Convertible Preferred instead of subordinated debt for funding the Company Tender Offer (excluding the \$0.01 premium) or upon exercise of the put right described in section C(4)(d).

7. NBCU Options.

- a. NBCU Option I: As set forth in section C(2)(a) above, Newco will grant NBCU an option (the "NBCU Option I") to purchase the shares of Class A Common Stock and Class B Common Stock owned by Newco (and formerly owned by the Call Shareholders), as described on Schedule H. The Definitive Transaction Documentation shall contain provisions that prohibit (i) the transfer by CLP of the shares of Class A Common Stock and Class B Common Stock underlying the NBCU Option I, (ii) the issuance by the Company of any share of Class B Common Stock other than pursuant to the exercise of the NBCU Option II (as defined below) or (iii) the entry into any agreement or arrangement by CLP or the Company with respect to a change of control or other extraordinary corporate transaction of the Company, in each case, prior to the earlier of the business day following (A) the six (6) month anniversary of the Call Closing or (B) the Delisting Date.
- b. NBCU Option II: NBCU will irrevocably waive its right to any accrued dividends on its Series B Preferred in exchange for an option to acquire shares of Class B Common Stock (the "NBCU Option II") from the Company, as described on Schedule I.

- c. CLP Put Right and NBCU Call Right: If at any time, either (i) NBCU, (ii) a group (as such term defined in Rule 13d-3 under the Exchange Act) comprised of NBCU and a holder of the NBCU Option I, the NBCU Option II, or other Company securities transferred by NBCU or (iii) any third party (other than CLP) that received the Company securities from NBCU acquires securities representing more than 50% of the voting power of the Company outstanding at such time (the "Trigger Event"), Newco will have the right, subject to the receipt of any required FCC approval, to put all its Subject Securities (as defined in Schedule J) to NBCU as described on Schedule J. If CLP does not exercise the put right, NBCU will have a right to call such securities as described on Schedule J.

8. CLP Warrants.  
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- a. The securities held by NBCU will permit and expressly contemplate that the Company will issue to CLP warrants representing 100,000,000 shares of Class A Common Stock, as described on Schedule K.

9. NBCU Right of First Offer and Last Offer  
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- a. CLP may seek to transfer any of its Subject Securities, at any time subject to the following conditions: CLP shall deliver to NBCU a written notice (the "First Offer Notice"), which shall (i) state CLP's intention to seek to transfer Subject Securities, the amount to be transferred, and the proposed sale price thereof and (ii) offer to NBCU the right to acquire all of such Subject Securities at the proposed purchase price and upon the terms and subject to the conditions of the proposed transfer as set forth in the First Offer Notice (the "First Offer"), provided, that, the First Offer must be accepted on an all or nothing basis. NBCU, or a third party designated by NBCU, shall have a right, for a period of twenty (20) days after delivery of the First Offer Notice (the "Acceptance Period") to accept the First Offer at the purchase price and upon the terms and subject to the conditions as set forth in the First Offer. Upon acceptance of the First Offer during the Acceptance Period, subject to the receipt of any necessary FCC or other regulatory approvals, NBCU or its designee shall have thirty (30) days from the acceptance of the First Offer to consummate the transaction to purchase the Subject Securities. If NBCU or its designee shall fail to accept, or shall reject in writing, the First Offer, then CLP may transfer the Subject Securities at a price and on terms not more favorable to the purchaser thereof than the price and terms stated in the First Offer Notice, at any time within one hundred eighty (180) days from the expiration of the Acceptance Period; provided, that, CLP shall, upon receipt of a bona fide offer (the "Last Offer") from a third party with respect to the Subject Securities, promptly deliver to NBCU a written notice (the "Last Look Notice"), which shall identify such third party making the Last Offer and state the proposed offer price thereof, the form of consideration proposed to be paid and all other material terms and

conditions of the Last Offer, and NBCU or its designee shall have a right, for a period of 10 business days upon receipt of the Last Look Notice (the "Last Acceptance Period"), to offer to purchase the Subject Securities at the proposed offer price and upon the terms and subject to the conditions of the proposed offer as set forth in the Last Offer. Upon acceptance of the Last Offer during the Last Acceptance Period, NBCU or its designee shall have thirty (30) days from the acceptance of the Last Offer to consummate the transaction to purchase the Subject Securities. The Right of First Offer and Last Offer will terminate upon the earlier of (i) the termination or expiration of the NBCU Option I or NBCU Option II, (ii) the transfer of the NBCU Option I or NBCU Option II to a third party, other than any party or parties acting as a part of a group with NBCU, or (iii) the transfer by NBCU to one or more third parties, other than any party or parties acting as a part of a group with NBCU, of securities representing, in the aggregate, more than 10% of the total voting power of the Company on a fully diluted basis immediately following the consummation of the Transaction; provided, that, if NBCU transfers to one or more third parties, other than any party or parties acting as a part of a group with NBCU, securities representing, in the aggregate, in excess of 5%, but not more than 10%, of the total voting power of the Company on a fully diluted basis immediately following the consummation of the Transaction, NBCU shall have the Right of First Offer only. The Right of First Offer and Last Offer shall not bind any transferee of the Subject Security who acquires such securities from CLP after compliance with this paragraph. For the avoidance of doubt, CLP may pledge the Subject Securities without being subject to the Right of First Offer and Last Offer so long as the Right of First Offer and Last Offer shall apply to any transfer of such pledged Subject Securities by the pledgee thereof.

- b. Notwithstanding the foregoing, for any transaction with an aggregate total of \$5,000,000 or less, but in no event exceeding an aggregate total of \$75,000,000 in any calendar year (as measured by face amount of Subject Securities and assuming a value of \$0.75 per share for Class A Common Stock), CLP may seek to transfer any of its Subject Securities at any time subject to the following conditions: CLP shall deliver to NBCU a written notice (the "De Minimis First Offer Notice"), which shall (i) state CLP's intention to seek to transfer Subject Securities, the amount to be transferred, and the proposed sale price thereof and (ii) offer to NBCU the right to acquire all of such Subject Securities at the proposed purchase price and upon the terms and subject to the conditions of the proposed transfer as set forth in the De Minimis First Offer Notice (the "De Minimis First Offer"), provided, that, the De Minimis First Offer must be accepted on an all or nothing basis. NBCU, or a third party designated by NBCU, shall have a right, for a period of five (5) business days after delivery of the De Minimis First Offer Notice (the "De Minimis Acceptance Period") to accept the De Minimis First Offer at the purchase price and upon the

terms and subject to the conditions as set forth in the De Minimis First Offer. Upon acceptance of the De Minimis First Offer during the De Minimis Acceptance Period, NBCU or its designee shall have thirty (30) days from the acceptance of the De Minimis First Offer to consummate the transaction to purchase the Subject Securities. If NBCU or its designee shall fail to accept, or shall reject in writing, the De Minimis First Offer, then CLP may transfer the Subject Securities at a price and on terms not more favorable to the purchaser thereof than the price and terms stated in the De Minimis First Offer Notice, at any time within ninety (90) days from the expiration of the De Minimis Acceptance Period. For the avoidance of doubt, CLP will not be obligated to provide NBCU with a Last Look Notice for Subject Securities that were subject to a De Minimis First Offer Notice.

D. Subsequent Transactions.

1. Delisting

a. If possible, based on the number of shares outstanding and the number of record holders of Class A Common Stock, the Company shall delist and deregister the Class A Common Stock following the consummation of the Company Tender Offer and the Newco Tender Offer.

2. Merger

a. If not all outstanding shares of Class A Common Stock are tendered in the Company Tender Offer and the Newco Tender Offer, the remaining shares of Class A Common Stock (other than the shares owned by CLP) will be acquired through a long-form merger under Delaware law. In the merger, outstanding employee options and restricted stock units will be rolled over into new securities of the surviving entity. The Transaction will be conditioned upon the approval by the current Board of the terms of such merger.

3. New Board

a. As promptly as practicable following the closing of the Call Right, the members of the Board will resign and Newco will elect new members to the Board.

4. Increase of Authorized Shares

a. In connection with the Transaction, the Company's certificate of incorporation will be amended to increase the number of authorized shares of Class A, Class B and Class C Common Stock to allow for the issuance of such stock upon the conversion of Series A Convertible Preferred, Series B Convertible Preferred and Series C Convertible Preferred.



E. Fees and Expenses

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1. If the Board does not approve the Transaction or the Transaction does not close, each of the parties will be responsible for its own expenses.
  2. If the Transaction closes, the Company will pay the reasonable fees and expenses incurred by all of the parties to the Transaction.

F. Due Diligence

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1. The Company will provide CLP and its representatives with an opportunity to (i) meet with the Chief Executive Officer and the Chief Financial Officer of the Company to further understand the Company's current business plan and forecast for 2007, including access to internal financial models and (ii) conduct tax, accounting and legal due diligence of the Company, which CLP expects would be completed not more than two weeks after being provided access by the Company.

## Term Sheet for the Subordinated Debt

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Issuer	ION.
Initial Holders	CLP and the former holders of 14-1/4% Junior Exchangeable Preferred Stock and 9-3/4% Convertible Preferred Stock.
Ranking	Junior to the First Priority Term Loans due 2012, the First Priority Senior Secured Floating Rate Notes due 2012 and the Second Priority Senior Secured Floating Rate Notes due 2013 (the "Senior Debt Securities") and pari passu with the Convertible Subordinated Debt.
Maturity	July 2013.
Interest	12% annual simple interest coupon, payable quarterly in arrears, in cash or additional Subordinated Debt, at ION's option.
Call Protection	Subordinated Debt shall not be callable prior to maturity.
Conversion	Subordinated Debt shall not be convertible.
Transferability	Subordinated Debt shall be freely transferable, subject to applicable securities laws.
Other Terms	The indenture shall contain customary covenants and events of default provisions to be negotiated by the parties and shall be consistent with the indentures for the Senior Debt Securities.

## Term Sheet for the Convertible Subordinated Debt

Issuer	ION.
Initial Holder	CLP and NBCU.
Ranking	Junior to the Senior Debt Securities and pari passu with the Subordinated Debt.
Maturity	July 2013.
Interest	8% annual simple interest coupon, payable quarterly in arrears, in cash or additional Convertible Subordinated Debt, at ION's option.
Call Protection	Convertible Subordinated Debt shall not be callable prior to maturity.
Optional Conversion	Convertible Subordinated Debt shall be convertible at any time, at the holder's option, into shares of Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.
Mandatory Conversion	Convertible Subordinated Debt shall be converted into shares into shares of Class A Common Stock, or, in the case of Convertible Subordinated Debt issued to NBCU, at NBCU's option, an equal number of Class C Common Stock, upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the issuance of Convertible Subordinated Debt through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Registration Rights	The holders of Convertible Subordinated Debt shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Convertible Subordinated Debt into Class A Common Stock.
Transferability	Convertible Subordinated Debt shall be freely transferable, subject to applicable securities laws and in the case of Convertible Subordinated Debt issued to CLP, the NBCU Right of First Offer and Last Offer.

Other Terms

The indenture shall contain customary covenants and events of default provisions to be negotiated by the parties and shall be consistent with the indentures of the Senior Debt Securities. The Convertible Subordinated Debt shall include customary minority protections for the benefit of NBCU and CLP.

Term Sheet for the Series A Convertible Preferred Stock  
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Issuer	ION.
Initial Holder	CLP.
Ranking	The Series A-1 Convertible Preferred Stock and the A-2 Convertible Preferred Stock (collectively, the "Series A Convertible Preferred") will be junior to the Senior Debt Securities, the Subordinated Debt and the Convertible Subordinated Debt, senior to the Series B Convertible Preferred, the Series C Convertible Preferred and the 9-3/4% Preferred, and pari passu with the 14-1/4% Preferred.
Maturity	August 2013.
Liquidation Preference	The liquidation preference for each share of Series A Convertible Preferred shall be the greater of (i) \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation and (ii) the aggregate amount per share payable upon liquidation to the holders of shares of Class A Common Stock multiplied by the number of shares of Class A Common Stock into which each share of Series A Convertible Preferred would be convertible.
Dividend	As and if declared by the Board, the greater of (determined on a cumulative basis from the issuance date of the Series A Convertible Preferred to the date of such determination), (x) 8% annual simple dividend, payable quarterly in arrears, in cash, which amounts shall accrue to the extent not paid in cash, and (y) the aggregate dividends per share paid on Class A Common Stock, multiplied by the number of shares of Class A Common Stock into which each share of Series A Convertible Preferred would be convertible.
Call Protection	Series A Convertible Preferred shall not be callable prior to maturity.
Optional Conversion	Series A Convertible Preferred shall be convertible at any time, at the holder's option, into Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.

Mandatory Conversion	The outstanding shares of Series A Convertible Preferred shall be converted into shares of Class A Common Stock upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the date of the closing of the exchange offer through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Voting	Holders of shares of Series A Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series A Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Series A Convertible Preferred into Class A Common Stock.
Transferability	Series A Convertible Preferred shall be freely transferable, subject to applicable securities laws and the NBCU Right of First Offer and Last Offer.
Other Terms	Except as outlined in this term sheet, the other rights and provisions of Series A Convertible Preferred shall be substantially similar to the Series B Convertible Preferred and the Series A Convertible Preferred shall include customary minority protections for the benefit of CLP.

Term Sheet for the Series B Convertible Preferred Stock  
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Issuer	ION.
Initial Holder	NBCU.
Ranking	Junior to the Senior Debt Securities, the Subordinated Debt, the Convertible Subordinated Debt, the Series A Convertible Preferred, the 14-1/4% Preferred and the 9-3/4% Preferred, but senior to the Series C Convertible Preferred.
Maturity	August 2013.
Liquidation Preference	The liquidation preference for each share of Series B Convertible Preferred shall be the greater of (i) \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation and (ii) the aggregate amount per share payable upon liquidation to the holders of shares of Class A Common Stock multiplied by the number of shares of Class A Common Stock into which each share of Series B Convertible Preferred would be convertible.
Dividend	As and if declared by the Board, the greater of (determined on a cumulative basis from the issuance date of the Series B Convertible Preferred to the date of such determination), (x) 8% annual simple dividend, payable quarterly in arrears, in cash, which amounts shall accrue to the extent not paid in cash, and (y) the aggregate dividends per share paid on Class A Common Stock, multiplied by the number of shares of Class A Common Stock into which each share of Series B Convertible Preferred would be convertible.
Call Protection	Series B Convertible Preferred shall not be callable prior to maturity.
Optional Conversion	Series B Convertible Preferred shall be convertible at any time, at the holder's option, into Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.

Mandatory Conversion	The outstanding shares of Series B Convertible Preferred shall be converted into shares of Class A Common Stock, or, at NBCU's option, an equal number of shares of Class C Common Stock, upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the date of the closing of the exchange offer through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Voting	Holders of shares of Series B Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series B Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Series B Convertible Preferred into Class A Common Stock.
Transferability	Series B Convertible Preferred shall be freely transferable, subject to applicable securities laws.
Other Terms	Except as outlined in this term sheet, the other rights and provisions of the Series B Convertible Preferred shall be substantially similar to the Series A Convertible Preferred and the Series B Convertible Preferred shall include customary minority protections for the benefit of NBCU.



Term Sheet for the Series C Convertible Preferred Stock  
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Issuer	ION.
Holder	CLP and NBCU.
Ranking	Junior to the Senior Debt Securities, the Subordinated Debt, the Convertible Subordinated Debt, the Series A Convertible Preferred, the 14-1/4% Preferred, the 9-3/4% Preferred and the Series B Convertible Preferred.
Maturity	September 2013.
Liquidation Preference	The liquidation preference for each share of Series C Convertible Preferred shall be the greater of (i) \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation and (ii) the aggregate amount per share payable upon liquidation to the holders of shares of Class A Common Stock multiplied by the number of shares of Class A Common Stock into which each share of Series C Convertible Preferred would be convertible.
Dividend	As and if declared by the Board, the greater of (determined on a cumulative basis from the issuance date of the Series C Convertible Preferred to the date of such determination), (x) 8% annual simple dividend, payable quarterly in arrears, in cash, which amounts shall accrue to the extent not paid in cash, and (y) the aggregate dividends per share paid on Class A Common Stock, multiplied by the number of shares of Class A Common Stock into which each share of Series C Convertible Preferred would be convertible.
Call Protection	Series C Convertible Preferred shall not be callable prior to maturity.
Optional Conversion	Series C Convertible Preferred shall be convertible at any time, at the holder's option, into Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.

Mandatory Conversion	The outstanding shares of Series C Convertible Preferred shall be converted into shares of Class A Common Stock or, in the case of Series C Convertible Preferred issued to NBCU, at NBCU's option, an equal number of shares of Class C Common Stock, upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the date of the closing of the exchange offer through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Voting	Holders of shares of Series C Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series C Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Series C Convertible Preferred into Class A Common Stock.
Transferability	Series C Convertible Preferred shall be freely transferable, subject to compliance with securities laws and in the case of Series C Convertible Preferred issued to CLP, the NBCU Right of First Offer and Last Offer.
Other Terms	The Series C Convertible Preferred shall include customary minority protections for the benefit of NBCU and CLP.

## Term Sheet for the Series D Non-Convertible Preferred Stock

Issuer	ION.
Holder	NBCU.
Ranking	Junior to the Senior Debt Securities, the Subordinated Debt, the Convertible Subordinated Debt, the Series A Convertible Preferred, the 14-1/4% Preferred, the 9-3/4% Preferred, the Series B Convertible Preferred but senior to the Series C Convertible Preferred.
Maturity	August 2013.
Liquidation Preference	The liquidation preference for each share of Series D Non-Convertible Preferred shall be the greater of \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation.
Dividend	As and if declared by the Board, 8% annual simple dividend payable quarterly in arrears in cash.
Call Protection	Series D Non-Convertible Preferred shall not be callable prior to maturity.
Conversion	Series D Non-Convertible Preferred shall not be convertible at any time.
Voting	Holders of shares of Series D Non-Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series D Non-Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, piggyback rights and other customary terms to be negotiated by the parties.
Transferability	Series D Non-Convertible Preferred shall be freely transferable, subject to applicable securities laws.
Other Terms	Except as outlined in this term sheet, the other rights and provisions of the Series D Non-Convertible Preferred shall be substantially similar to the Series B Convertible Preferred and the Series D Non-Convertible Preferred shall include customary minority protections for the benefit of CLP.

Exhibit 1. Composition of Subordinated Debt, Convertible Subordinated Debt, 14-1/4% Preferred, 9-3/4% Preferred, Series A Convertible Preferred, and Series B Convertible Preferred, Subject to the Exchange Offer and the Preliminary Transactions

[See attached spreadsheet]

Exhibit 2. Transfer of Convertible Subordinated Debt from NBCU to CLP, Subject to the Exchange Offer and the Preliminary Transactions

[See attached spreadsheet]

Schedule G(1)

% Exchanged		Subordinated Debt					
14.25% Preferred	9.75% Preferred	CIG Tender	CIG Exchange	NBCU	14.25% Preferred	9.75% Preferred	Subtotal
0%	0%	\$61,114,757	\$114,948,971	\$365,000,000	\$0	\$0	\$541,063,728
10%	10%	\$61,114,757	\$106,581,289	\$340,182,185	\$33,267,644	\$7,311,018	\$548,456,892
20%	20%	\$61,114,757	\$96,453,265	\$309,074,377	\$66,535,288	\$14,457,744	\$547,635,430
30%	30%	\$61,114,757	\$86,361,166	\$278,094,936	\$99,802,932	\$21,440,176	\$546,813,967
40%	40%	\$61,114,757	\$76,304,992	\$247,243,862	\$133,070,576	\$28,258,317	\$545,992,504
50%	50%	\$61,114,757	\$66,284,744	\$216,521,156	\$166,338,220	\$34,912,165	\$545,171,042
60%	60%	\$61,114,757	\$56,300,421	\$185,926,817	\$199,605,863	\$41,401,720	\$544,349,579
70%	70%	\$61,114,757	\$46,352,024	\$155,460,845	\$232,873,507	\$47,726,983	\$543,528,116
80%	80%	\$61,114,757	\$36,439,552	\$125,123,240	\$266,141,151	\$53,887,953	\$542,706,653
90%	90%	\$61,114,757	\$0	\$0	\$299,408,795	\$59,884,631	\$420,408,183
100%	100%	\$61,114,757	\$0	\$0	\$332,676,439	\$65,717,016	\$459,508,212

% Exchanged		Preferred Stock				
14.25% Preferred	9.75% Preferred	14.25% Preferred	9.75% Preferred	CIG Series A	NBCU Series B	Subtotal
0%	0%	\$475,252,056	\$164,292,539	\$0	\$0	\$639,544,595
10%	10%	\$427,726,850	\$147,863,285	\$7,256,571	\$25,928,927	\$608,775,633
20%	20%	\$380,201,645	\$131,434,031	\$16,273,484	\$58,147,846	\$586,057,006
30%	30%	\$332,676,439	\$115,004,777	\$25,254,472	\$90,238,397	\$563,174,086
40%	40%	\$285,151,234	\$98,575,523	\$34,199,534	\$122,200,582	\$540,126,873
50%	50%	\$237,626,028	\$82,146,270	\$43,108,671	\$154,034,399	\$516,915,368
60%	60%	\$190,100,822	\$65,717,016	\$51,981,883	\$185,739,850	\$493,539,571
70%	70%	\$142,575,617	\$49,287,762	\$60,819,169	\$217,316,933	\$469,999,481
80%	80%	\$95,050,411	\$32,858,508	\$69,620,530	\$248,765,649	\$446,295,098
90%	90%	\$47,525,206	\$16,429,254	\$104,948,971	\$375,000,000	\$543,903,431
100%	100%	\$0	\$0	\$104,948,971	\$375,000,000	\$479,948,971

## Schedule G(2)

% Exchanged		Mechanical		Economic		Consideration
14.25% Preferred	9.75% Preferred	CIG Convertible Subordinated Debt	NBCU Convertible Subordinated Debt	CIG Convertible Subordinated Debt	NBCU Convertible Subordinated Debt	Transferred From NBCU to CIG
0%	0%	\$104,948,971	\$375,000,000	\$114,948,971	\$365,000,000	\$10,000,000
10%	10%	\$97,692,400	\$349,071,073	\$106,581,289	\$340,182,185	\$8,888,889
20%	20%	\$88,675,487	\$316,852,154	\$96,453,265	\$309,074,377	\$7,777,778
30%	30%	\$79,694,499	\$284,761,603	\$86,361,166	\$278,094,936	\$6,666,667
40%	40%	\$70,749,437	\$252,799,418	\$76,304,992	\$247,243,862	\$5,555,556
50%	50%	\$61,840,300	\$220,965,601	\$66,284,744	\$216,521,156	\$4,444,444
60%	60%	\$52,967,088	\$189,260,150	\$56,300,421	\$185,926,817	\$3,333,333
70%	70%	\$44,129,802	\$157,683,067	\$46,352,024	\$155,460,845	\$2,222,222
80%	80%	\$35,328,441	\$126,234,351	\$36,439,552	\$125,123,240	\$1,111,111
90%	90%	\$0	\$0	\$0	\$0	\$0
100%	100%	\$0	\$0	\$0	\$0	\$0

N.B. - To the extent the amount of subordinated debt received by CLP under the CIG Tender section of this Schedule G(1) is less than \$61,114,757, CLP will be entitled to modify the exchange ratio of its preferred instruments into convertible subordinated debt such that the incremental capacity in the basket represented by the difference between the \$61,114,757 and the amount of subordinated debt received by CLP is filled by the Citadel convertible preferred. Any amount of incremental convertible subordinated debt received by CLP under this provision would reduce the amount of Series A-1 preferred stock otherwise deliverable to CLP in the Transaction.

## Schedule H

## Term Sheet for the NBCU Option I

Issuer	Newco.
Holder	NBCU.
NBCU Option I	NBCU and Newco shall enter into a call agreement providing for the grant by Newco to NBCU of an option (the "NBCU Option I") to acquire 15,455,062 shares of Class A Common Stock and 8,311,639 shares of Class B Common Stock.
Exercise Price	The exercise price of the NBCU Option I shall be \$0.40 per share of Class A Common Stock and \$0.40 per share of Class B Common Stock, payable in cash.
Option Period	The NBCU Option I shall be exercisable at any time during the five-year period beginning on the earlier of the business day following (i) the six (6) month anniversary of the Call Closing and (ii) the Delisting Date (as such date may be extended, the "NBCU Option I Period").  The NBCU Option I shall be renewable by NBCU in five-year increments, provided, that, the CLP Put Right and NBCU Call Right shall automatically be extended to be co-terminus with the NBCU Option I.
Option Exercise	The holder may not exercise the NBCU Option I prior to the later of the business day following (i) the six (6) month anniversary of the date of the grant of the NBCU Option I and (ii) the receipt of FCC approval and any other required Governmental approvals (the "Restricted Period"). After the expiration of the Restricted Period, the holder may exercise the NBCU Option I at any time during the NBCU Option I Period by delivering a notice of exercise to Newco (the "NBCU Option I Exercise Notice").
Option Closing	The closing of the purchase and sale of the shares after the delivery of an NBCU Option I Exercise Notice shall occur as promptly as practicable after the delivery of the NBCU Option I Exercise Notice, subject to the receipt of all requisite third party consents and governmental approvals, including approval of the FCC, provided, that, no option exercise will be valid

if the closing has not occurred within eighteen (18) months following the delivery of the NBCU Option I Exercise Notice.

Transferability

After expiration of the Restricted Period, the NBCU Option I shall be freely transferable, subject to applicable FCC and securities laws and the CLP Put Right. The NBCU Option I shall not be transferable during the Restricted Period.

Transferability of Underlying Shares

CLP may only transfer the shares of Class A Common Stock and Class B Common Stock underlying the NBCU Option I in their entirety in connection with a transfer of all of the Subject Securities owned by CLP or its affiliates at the time of such transfer; provided, however, if shares of Class A Common Stock or Class B Common Stock underlying the NBCU Option I are transferred, such shares shall remain subject to NBCU Option I.

Adjustments to Exercise Price

The exercise price of the NBCU Option I shall be subject to customary adjustments for stock splits, dividends, recapitalizations and similar events.

Representations, Warranties and Covenants

The NBCU Option I Call Agreement shall contain customary representations, warranties and covenants to be negotiated by the parties.



## Term Sheet for the NBCU Option II

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Issuer	ION.
Holder	NBCU.
NBCU Option II	NBCU and ION shall enter into a call agreement providing for the grant by ION to NBCU of an option to acquire 26,688,361 shares of Class B Common Stock (the "NBCU Option II").
Exercise Price	The exercise price of the NBCU Option II shall be \$0.50 per share of Class B Common Stock, payable in cash.
Option Period	The NBCU Option II shall be exercisable at any time during the five-year period beginning on the date of the Call Closing (as such date may be extended, the "NBCU Option II Period").  The NBCU Option II shall be renewable in five-year increments, provided, that, (i) the NBCU Option I is also being renewed and (ii) the CLP Put Right and NBCU Call Right shall automatically be extended to be co-terminus with the NBCU Option II.
Option Exercise	The holder may exercise, subject to FCC regulations and any other required Governmental approvals, the NBCU Option II at any time during the NBCU Option II Option Period by delivering a notice of exercise to ION (the "NBCU Option II Exercise Notice").
Option Closing	The closing of the purchase and sale of the shares underlying the NBCU Option II after the delivery of an NBCU Option II Exercise Notice shall occur as promptly as practicable after the delivery of the NBCU Option II Exercise Notice, subject to the receipt of all requisite third party consents and governmental approvals, including approval of the FCC, provided, that, no option exercise will be valid if the closing has not occurred within eighteen (18) months following the delivery of the NBCU Option II Exercise Notice.
Transferability	The NBCU Option II shall be freely transferable, subject to applicable FCC and securities laws and the CLP Put Right.
Adjustments to Exercise Price	The exercise price of the NBCU Option II shall be subject to customary adjustments for stock splits, dividends, recapitalizations and similar events.
Reservation for Issuance	At all times during the NBCU Option II Period, ION shall maintain a sufficient number of authorized but unissued shares of Class B Common Stock so that ION shareholder approval is not required in connection with the exercise of the NBCU Option II.

Representations,  
Warranties  
and Covenants

The NBCU Option II Call Agreement shall contain customary representations, warranties and covenants to be negotiated by the parties.

## Term Sheet for the CLP Put Right and the NBCU Call Right

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Term	The CLP Put Right and the NBCU Call Right will be effective as long as NBCU Option I or NBCU Option II continues to be outstanding.
CLP Put Right	Upon the occurrence of the Trigger Event, subject to receipt of any required FCC approval, Newco will have the right for 30 days thereafter to put (the "Put Exercise Period") to NBCU all of its (i) Convertible Subordinated Debt, (ii) Series A Convertible Preferred, (iii) Series C Convertible Preferred, (iv) Warrants and (v) Class A Common Stock issued upon conversion or exercise of any of the foregoing securities or currently held by CLP or its affiliates, (excluding, for the avoidance of doubt, shares of Class A Common Stock included in the Call Shares) (collectively, the "Subject Securities") in an amount not to exceed the amount of the Subject Securities owned by CLP immediately following consummation of the Transaction (the "Maximum Amount").
NBCU Call Right	After the Trigger Event, if CLP has not exercised the CLP Put Right during the Put Exercise Period, NBCU will have the right for 30 days after the conclusion of the Put Exercise Period (the "Call Right Period") to call all of the Subject Securities.
Renewable	If CLP does not exercise the CLP Put Right during the Put Exercise Period and NBCU does not exercise the NBCU Call Right during the Call Right Period, the Put Exercise Period and Call Exercise Period will renew on each of the first five (5) anniversaries of the Trigger Event.
Purchase Price	Upon consummation of the CLP Put Right, following receipt of all necessary FCC or other regulatory approvals, NBCU will pay CLP (or its transferee) cash equal to the fair market value of the Subject Securities. Upon exercise of the NBCU Call Right, following receipt of all necessary FCC or other regulatory approvals, NBCU will pay CLP (or its transferee), cash equal to the greater of (x) the accreted amount of the Subject Securities (with no value attributed to the common stock currently held by CLP) plus the conversion price attributed to any common stock obtained by CLP upon conversion or exercise of Subject Securities) and (y) the fair market value of the Subject Securities. The parties will in good faith seek to agree at the time of the put/call on the fair market value of the Subject Securities and if an agreement cannot be reached, the fair market value will be determined by an independent investment banker acceptable to the parties. Fair market value will be determined as of the date of the exercise of the CLP Put Right or the NBCU Call Right, as applicable, and shall accrue interest at LIBOR plus one-hundred (100) basis points as of the date of the exercise of the CLP Put Right or the NBCU Call Right, as applicable, through the closing of the CLP Put Right or NBCU Call Right.

Transferability

If CLP transfers any of its Subject Securities to a non-affiliated party (after compliance with NBCU's Right of First Offer and Last Offer), such securities shall no longer be subject to the CLP Put Right or the NBCU Call Right. In the event CLP transfers all or substantially all of its Subject Securities, CLP may transfer the CLP Put Right to the transferee, subject to the transferee being subject to the NBCU Call Right. Any transferee will be prohibited from putting more than the Maximum Amount of securities to NBCU. For the avoidance of doubt, CLP may only transfer the Call Shares in their entirety in connection with a transfer of all of the Subject Securities owned by CLP or its affiliates at the time of such transfer and the Call Shares shall always be subject to NBCU Control Option I.

Other Terms

The CLP Put Right and the NBCU Call Right shall contain customary terms to be negotiated by the parties.

## Term Sheet for the Warrants

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Issuer	ION.
Holder	Newco.
Term	Seven years beginning on the issuance date (the "Warrant Period").
Underlying Securities	100,000,000 shares of Class A Common Stock.
Warrant Exercise	The holder(s) of the Warrants may exercise the Warrants in whole or in part at any time prior to the expiration of the Warrant Period.
Exercise Price	\$0.75 per share, which must be paid by the holder in cash and not on a net basis.
Adjustments to Exercise Price	The exercise price of the Warrants and number of shares underlying the Warrants shall be subject to customary adjustments for stock splits, dividends, recapitalizations and similar events.
Transferability	The Warrants shall be freely transferable, subject to applicable securities laws and the NBCU Right of First Offer and Last Offer.
Other Terms	The warrants shall contain customary terms to be negotiated by the parties and shall include customary minority protections for the benefit of CLP.

January 17, 2007

The Board of Directors  
ION Media Networks, Inc.  
601 Clearwater Park Road  
West Palm Beach, Florida 33401

Ladies and Gentlemen:

Citadel Limited Partnership ("CLP") and NBC Universal, Inc. ("NBCU") are pleased to present their proposal regarding a transaction (the "Proposed Transaction") designed to provide substantial benefits to ION Media Networks, Inc. ("ION" or the "Company") and its various stakeholders. The Proposed Transaction is the result of extensive negotiations between CLP and NBCU and is designed to balance the objectives of CLP, NBCU and the ION stakeholders by (i) delivering the per share cash consideration to the holders of the Company's Class A common stock contemplated in the November 7, 2005 agreements, (ii) offering new subordinated debt to the holders of 14-1/4% and 9-3/4% preferred stock pursuant to an exchange offer, (iii) significantly reducing fixed claims in the capital structure, and (iv) simplifying the Company's ownership structure.

As you are aware, pursuant to the Call Agreement, dated as of November 7, 2005 (the "Call Agreement"), NBCU holds the right (the "Call Right") to purchase the shares (the "Call Shares") of Class A common stock and Class B common stock of the Company that are beneficially owned by Lowell W. Paxson and certain affiliates.

The Proposed Transaction contemplates, among other things, that NBCU will transfer the Call Right to CIG Media LLC, a newly formed Delaware limited liability company ("Newco") controlled by CLP. In connection with such transfer, NBCU will propose that the Company's Board of Directors (the "Board") approve Newco as a "permitted transferee" of the Call Right in accordance with, and pursuant to, the Call Agreement.

Since its founding in 1990, Citadel Investment Group, L.L.C. ("CIG") and its affiliates have grown into one of the world's most sophisticated alternative investment institutions. Today, affiliates of CIG deploy approximately \$13 billion of investment capital across a highly diversified set of proprietary investment strategies in nearly all major asset classes in all of the world's principal markets. CIG and its affiliates maintain offices in Hong Kong, Chicago, New York, San Francisco, Tokyo and London. Newco is one of the entities for which CLP serves as portfolio manager and CIG provides administrative and investment-related services.

We believe that CLP is particularly well suited to consummate the Proposed Transaction expeditiously and to play an important role in the Company's future. CLP currently manages corporate investments in the media sector aggregating in excess of \$4 billion. Based on the advice of its FCC counsel, CLP does not currently manage any investment that

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causes CLP to have incurred any FCC broadcast license attribution. As a result, we believe that CLP is an ideal long-term sponsor for the Company, given its ability to take control of the Company and desire to work with existing management to reposition and grow the business.

The terms and conditions of the Proposed Transaction are set forth in the term sheet (the "Term Sheet") enclosed with this letter. We wish to highlight for the Board what we believe are the key objectives and benefits of the Proposed Transaction:

- o Holders of Class A common stock who tender would receive \$1.41 per share in cash, as of January 17, 2007, with the exact amount determined by the formula in the Call Agreement. The Proposed Transaction would significantly increase the number of common shares outstanding on a fully diluted basis. However, Class A common holders who tender will not be impacted by this dilution, as they will receive cash consideration representing a 147% premium compared to the closing price of the Class A Common Stock on January 16, 2007.
- o Holders of 14-1/4% and 9-3/4% preferred stock would have the opportunity to exchange their securities at their option for newly issued ION subordinated debt. The new subordinated debt would have a cash maturity in 2013 and would enhance preferred stockholders' current rights through the introduction of debt covenants and non-call features. Holders of 14-1/4% preferred stock would be offered an exchange ratio of 70% of the current face amount of their securities (the accreted value as of May 15, 2006). Holders of 9-3/4% preferred stock would be offered an exchange ratio of 40% of the current face amount of their securities (the accreted value as of September 30, 2006).
- o Assuming a successful exchange of the 14-1/4% and 9-3/4% preferred stock, CLP and NBCU will own convertible preferred stock at the bottom of the pro-forma capital structure, and NBCU would significantly reduce the face plus accrued value of its claims. In this scenario, NBCU would hold securities that are junior to the subordinated debt received by the holders of 14-1/4% and 9-3/4%

preferred stock and that have a face value of \$406 million, representing a 41% discount to the par plus accrued value of NBCU's current preferred stock. Including the \$100 million of preferred stock NBCU forfeited as part of the November 2005 transactions, the implied discount would be 49%. The convertible preferred stock owned by CLP and NBCU would be mandatorily convertible into common stock at an initial conversion price of \$0.75 per Class A common share.

- o Prior to the mandatory conversion of the CLP and NBCU convertible securities, consummation of the Proposed Transaction with a successful exchange would reduce fixed claims in the capital structure by approximately \$300 million; in addition, recurring fixed charges would be reduced by approximately \$50 million per annum.
- o Following the mandatory conversion of the CLP and NBCU convertible securities, fixed charges would be reduced by an aggregate of \$1 billion, and total

recurring fixed charges would be reduced by approximately \$110 million per annum.

- o The Company would retain approximately \$190 million of subordinated debt capacity following consummation of the Proposed Transaction, leaving the Company with flexibility to attract new debt capital.
- o Given an improved capital structure, the stability of a long-term sponsor in CLP and a streamlined governance structure, the Company would be positioned to attract new equity capital.

As further described in the Term Sheet, both entry into, and consummation of, the Proposed Transaction are subject to a number of conditions, including, without limitation, approval of the Board and absence of a material adverse change affecting the Company. We wish to emphasize that CLP and NBCU would proceed with the Proposed Transaction only on a consensual basis, with the approval of the Board.

We and our advisors are ready to meet with you and your advisors at any time. We look forward to scheduling a time to discuss the Proposed Transaction and to answer any questions you or they may have about the Proposed Transaction.

Neither this letter nor the enclosed Term Sheet is intended to be, nor shall either be, a binding contract between us, but is intended only as a formal indication of our proposal as of this date, and the parties will be jointly bound only in accordance with the terms and conditions to be negotiated and contained in mutually executed definitive documentation. The description of the Proposed Transaction above is intended to be a summary of the transactions described in the Term Sheet and is qualified in its entirety by the attached Term Sheet.

We look forward to working with you and the Company's management to consummate the Proposed Transaction in a timely manner.

Very truly yours,

CITADEL LIMITED PARTNERSHIP  
By: Citadel Investment Group, LLC,  
its General Partner

NBC UNIVERSAL, INC.

By: /s/ Matthew Hinerfeld  
-----  
Name: Matthew Hinerfeld  
Title: Managing Director and  
Deputy General Counsel

By: /s/ Bruce Campbell  
-----  
Name: Bruce Campbell  
Title: Executive Vice President,  
Business Development

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TERM SHEET OF PRINCIPAL TRANSACTIONS(1)

Set forth below are the principal terms of the proposed transaction (the "Transaction") with respect to (i) the shares of Class A and Class B Common Stock of ION Media Network, Inc. (the "Company") (respectively, the "Class A Common Stock" and the "Class B Common Stock") and (ii) the Company's 14-1/4% Preferred Stock (the "14-1/4% Preferred"), the Company's 9-3/4% Series A Preferred Stock (the "9-3/4% Preferred") and the Company's 11% Series B Preferred Stock (the "Series B Preferred") owned by NBCU.

A. Overview.  
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As further described below, as part of the Transaction, among other things, (i) NBCU shall assign that certain Call Agreement, dated November 7, 2005 (the "Call Agreement") to a newly formed entity ("Newco") owned by affiliates of Citadel Limited Partnership (together with its affiliates, "CLP"), (ii) Newco will commence a tender offer in accordance with the Call Agreement and that certain Stockholder Agreement, dated November 7, 2005 (the "Stockholder Agreement"), (iii) the Company will also commence a tender offer for the Class A Common Stock, other than shares of the Class A Common Stock owned by the Call Stockholders (as defined in the Call Agreement) and certain shares of Class A Common Stock issued after November 7, 2005 upon the exercise, grant or vesting of any Stock-Based Compensation Awards (as defined in the Stockholder Agreement) or upon conversion or exchange of convertible or exchangeable securities of the Company (the "Ineligible Shares") and shares held by CLP, (iv) the Company will issue Subordinated Notes and potentially Series A-1 Convertible Preferred to CLP and/or Newco to fund the Company tender offer, (v) the Company will make an exchange offer for the 14-1/4% Preferred and the 9-3/4% Preferred owned by parties other than CLP (the "Exchange Offer"), (vi) the Series D Non-Convertible Preferred (as defined below), the 9,386.46875 shares of 14-1/4% Preferred Stock owned by CLP (the "CLP 14-1/4% Preferred"), and the 262.33603 shares of 9-3/4% Preferred Stock owned by CLP (the "CLP 9-3/4% Preferred") will be exchanged for new securities of the Company, and (vii) Newco will exercise the Call Right (as defined in the Call Agreement) and acquire the Call Shares (as defined in the Call Agreement) from the Call Stockholders, in each case, as more fully described below.

The consummation of the Exchange Offer, the Preliminary Transactions, the transfer of the Call Agreement, and the exercise of the Call Right will be conditioned upon satisfaction of customary terms and



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- (1) The proposed terms and conditions set forth in this term sheet are intended merely as an outline of certain material terms of a potential transaction and are provided for discussion purposes only and do not constitute an offer, agreement or binding commitment by or on behalf of any party. This term sheet does not include descriptions of all of the terms, conditions and other provisions that would be contained in definitive documentation relating to the proposed Transaction and is not intended to limit the scope of discussion and negotiation of any matters not consistent with the specific matters set forth herein. This term sheet assumes the accuracy of all information regarding the debt and equity capitalization of the Company that has been publicly disclosed. In addition, this term sheet is subject to tax, accounting and Delaware counsel review by both NBCU and CLP. This term sheet is not a binding obligation to consummate the proposed Transaction. Any such obligation will be created only by definitive agreements, the provisions of which will supersede this term sheet.

conditions, including the execution of definitive transaction documents mutually acceptable to the parties (the "Definitive Transaction Documents"), absence of a MAC, absence of any material litigation seeking to restrain or materially alter the Transaction (which condition shall only be for the benefit of CLP and NBCU), receipt of FCC approval (except as otherwise provided below with respect to the transfer of the Call Agreement), entry into satisfactory arrangements with management, approval, to the reasonable satisfaction of CLP, by the Company's Compensation Committee of any agreements, benefits or payments to be made to management in connection with the Transactions, including the Newco Tender Offer, sufficient to satisfy the safe harbor contained in Rule 14d-10 of the Exchange Act, approval of the Transaction by the board of directors of the Company (the "Board"), including approval of CLP and/or Newco as a permitted transferee, and satisfaction of each of the conditions to, and simultaneous consummation of, all the other transactions contemplated hereby (other than the Company Tender Offer and the Newco Tender Offer). The Company Tender Offer and the Newco Tender Offer will be subject to the satisfaction of the more limited number of conditions described below.

B. Transaction Steps

1. As promptly as practicable following agreement on this Term Sheet, NBCU and CLP will propose the Transaction to the Company and seek approval of the Transaction by the Board. As part of approving the Transaction, the Board will also approve CLP as a permitted transferee of the Call Right.
2. CLP and NBCU will work in good faith with the Company to prepare and execute the Definitive Transaction Documents as promptly as practicable.
3. As promptly as practicable upon proposing the Transaction to the Board, Newco and the Call Stockholders will apply for long-form FCC approval.
4. As promptly as practicable following CLP becoming a permitted transferee pursuant to the Call Agreement, CLP and/or Newco will make any necessary HSR filings.
5. Upon Board approval of the Transaction, the Company will seek from its senior lenders (i) an amendment to increase the Restricted Payment basket to \$70,000,000 and (ii) confirmation that the Transaction does not trigger the Change of Control put. If the amendment of the Restricted Payment basket is not obtained, the funding of the Company Tender Offer will be structured as set forth below in section C(3)(d). This term sheet assumes that the Change of Control put does not apply. If confirmation is not obtained, the Transaction may be restructured such that NBCU retains \$250,000,000 of Series B Preferred at all times and NBCU and CLP will enter into an agreement designed to achieve the relative economics between CLP and NBCU with respect to their investment in the Company that would have resulted if NBCU's investment in the Series B Preferred has been restructured in the manner contemplated herein.
6. Upon the earlier of (x) receipt of FCC approval and (y) May 6, 2007 (such date, the "Commencement Date"), the Call Agreement will be transferred to Newco. Simultaneously with such transfer, Newco will exercise the Call Right, the

Company will commence the Company Tender Offer and the Exchange Offer, and Newco will commence the Newco Tender Offer.

7. Upon satisfaction of all conditions, including, if not satisfied prior to the Commencement Date, receipt of FCC approval, the Newco Tender Offer, the Call Right, the Company Tender Offer, the Exchange Offer and the Preliminary Transactions will all close simultaneously (provided the requisite periods for the various offers have been satisfied); provided, however, if FCC approval has not been received by June 15, 2007, the Company Tender Offer and the Newco Tender Offer will close, notwithstanding that FCC approval has not been received, but subject to the satisfaction of the other conditions to the Company Tender Offer and the Newco Tender Offer.

C. The Transactions.

1. Formation of Newco

- a. Newco will be a newly formed entity owned by affiliates of CLP and will be structured to comply with FCC rules. Newco's owners shall provide binding commitments to capitalize Newco with sufficient financing to consummate the purchase of Subordinated Debt (and, to the extent necessary, Series A-1 Convertible Preferred), the Newco Tender Offer, the exercise of the Call Right and the payment of any amounts required to be paid pursuant to the Non-Compete Agreements (as defined below), after application of the Escrow Amount (as described below).

2. The Call Right.

- a. On the Commencement Date, (i) NBCU will exchange with the Company \$200,000,000 in face amount of Series B Preferred for \$200,000,000 in face amount of a new series of Company preferred stock with terms identical to the Series B Preferred but which shall not be convertible (the "Series D Non-Convertible Preferred"), as described on Schedule F, and (ii) NBCU will assign the Call Agreement and transfer \$200,000,000 in face amount of Series D Non-Convertible Preferred to Newco. Newco will agree to issue to NBCU the NBCU Option I (as described in section C(7)(a) below) upon the Call Closing (as defined in the Call Agreement).
- b. On the Commencement Date, NBCU will also irrevocably assign and transfer to Newco, subject to receipt of FCC approval by Newco, the rights to the proceeds of the escrow account (the "Escrow Amount") established pursuant to the Escrow Agreement among the Call Stockholders, NBCU and the Bank of New York, dated November 7, 2005 and, subject to receipt of FCC approval by Newco, Newco will assume the payment obligations of NBCU to the Company, Mr. Paxson and Mr. Goodman under the Paxson Consulting and Noncompetition Agreement between the Company, Mr. Paxson and NBCU, dated as of November 7,

2005 (the "Paxson Non-Compete Agreement"), and the Goodman Noncompetition Agreement between NBCU and Mr. Goodman, dated as of November 7, 2005 (the "Goodman Non-Compete Agreement," and, together with the Paxson Non-Compete Agreement, the "Non-Compete Agreements").

- c. Newco will simultaneously exercise the Call Right.
- d. The Call Right will close upon receipt of FCC and other regulatory approvals (provided the requisite periods for the various offers have expired).
  - i. At the closing of the exercise of the Call Right, Newco will pay \$6,274,141 to the Call Stockholders pursuant to the terms of the Call Agreement, \$2,000,000 to the Company and \$3,000,000 to Mr. Paxson pursuant to the Paxson Non-Compete Agreement, and \$2,250,000 to Mr. Goodman pursuant to the Goodman Non-Compete Agreement. Newco will use the Escrow Amount (including accrued interest) to partially satisfy these amounts.
  - ii. At the closing of the exercise of the Call Right, the Call Stockholders shall immediately transfer all of their Class A Common Stock and Class B Common Stock to Newco.
  - iii. Simultaneously with the closing of the exercise of the Call Right, that certain PMC Management and Proxy Agreement, dated November 7, 2005, shall terminate.

3. Company Tender Offer

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- a. On the Commencement Date, the Company will commence a tender offer (the "Company Tender Offer") for all of the Class A Common Stock. Holders of Ineligible Shares will not tender their Class A Common Stock. CLP will agree not to tender the 2,728,531 shares of Class A Common Stock it currently holds in physical form.
- b. The Company Tender Offer and the financing thereof will be made in compliance with all applicable laws and will be subject only to those conditions contained in the Newco Tender Offer. The Company Tender Offer will be made on economic terms identical to the Newco Tender Offer described in section C(4) below, provided, however, the offer price in the Company Tender Offer will be \$0.01 higher than the offer price in the Newco Tender Offer.
- c. The Company Tender Offer shall expire simultaneously with the Newco Tender Offer (as defined below) (the "Initial Offer Period"), provided, that, the Company Tender Offer may be extended as necessary to obtain any required regulatory approvals. The Company Tender Offer may also be extended with the consent of CLP and NBCU for an unlimited number

of subsequent periods ("Subsequent Periods"). Promptly after the expiration of the Initial Offer Period and during any Subsequent Period, the Company shall unconditionally accept for payment and pay for, in accordance with the terms of the Company Tender Offer, all of the shares of Class A Common Stock validly tendered pursuant to the Company Tender Offer and not validly withdrawn.

- d. On each closing of the Company Tender Offer (whether after the Initial Offer Period or a Subsequent Period), CLP will purchase subordinated debt (the "Subordinated Debt"), as described on Schedule A, in an aggregate principal amount equal to the amount necessary to fund the purchase of shares under the Company Tender Offer; provided, that, (i) if the amendment to increase the senior debt Restricted Payment basket is not obtained, CLP will purchase Series A-1 Convertible Preferred (as defined below) for any amount required to be funded in excess of the amount available in the senior debt Restricted Payment basket, but excluding any amounts required to be purchased pursuant to clause (ii), and (ii) CLP will purchase Series A-1 Convertible Preferred in an amount equal to \$0.01 multiplied by the number of shares accepted for payment in the Company Tender Offer.

4. Newco Tender Offer.

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- a. Simultaneous with the Company Tender Offer, Newco will commence a tender offer (the "Newco Tender Offer") for the Class A Common Stock. Holders of Ineligible Shares and CLP will not tender their Class A Common Stock into the Newco Tender Offer.
  - b. The Newco Tender Offer and the financing thereof will be made in compliance with all applicable laws and will be conditioned only on those conditions permitted under the Call Agreement and the Stockholder Agreement, including that the consummation of the Newco Tender Offer is not prohibited by applicable law. The Newco Tender Offer will be made on economic terms set forth in section 3.5(c) of the Stockholder Agreement.
  - c. The Newco Tender Offer shall expire 20 business days following the commencement of the Newco Tender Offer or such other date as the Company and Newco shall agree and Newco shall, promptly after the expiration of the Newco Tender Offer, unconditionally pay for all of the shares of Class A Common Stock validly tendered pursuant to the Newco Tender Offer and not validly withdrawn. The consummation of the Newco Tender Offer shall satisfy the obligations of NBCU under the Stockholder Agreement and NBCU shall not thereafter be obligated to surrender to the Company any Series B Preferred pursuant to section 3.6 of the Stockholder Agreement.
  - d. Upon conclusion of the Newco Tender Offer, the Company will grant Newco a right to put all of the shares of Class A common stock it acquired in the Newco Tender Offer to the Company at a price equal to the Newco Tender Offer price, such price to be paid in cash, funded through the sale

of Subordinated Debt to CLP to the extent permitted under the senior debt Restricted Payment basket, or if not so permitted, through the issuance of Series A-1 Convertible Preferred. Such put shall be exercisable in the event that the EBITDA of the Company for the last twelve months ending December 31, 2007, or each of the 12 quarters thereafter, does not meet or exceed specified EBITDA targets.

- e. If for any reason the Company Tender Offer, the Exchange Offer and the Preliminary Transactions do not close, then NBCU shall grant Newco an option to purchase Series B Preferred with a face amount equal to the product of (1) a fraction, the numerator of which is the aggregate purchase price paid by Newco in the Newco Tender Offer and the denominator of which is the aggregate of the number of shares outstanding prior to the closing of the Newco Tender Offer and Company Tender Offer less the sum of the Ineligible Shares plus 6,126,868 shares multiplied by the Newco Tender Offer price multiplied by (2) \$150,000,000. The exercise price of their option will be equal to (i) the aggregate number of shares of Class A common stock acquired in by Newco in the Newco Tender offer multiplied by (ii) the Newco Tender Offer price. Newco shall be permitted to pay such exercise price in either cash or shares of Class A common stock, at Newco's discretion.

5. The Exchange Offer.

- a. On the Commencement Date, subject to section C(5)(b) and section C(5)(c) below, (i) CLP will exchange \$104,948,971 in the aggregate of CLP 14-1/4% Preferred and CLP 9-3/4% Preferred (face plus all accrued amounts, including amounts accrued thereon through December 31, 2006) for an equal aggregate principal amount of convertible subordinated debt (the "Convertible Subordinated Debt"), (2) as described on Schedule B, and (ii) NBCU will exchange (together with the CLP exchange, the "Contingent Exchange") its \$375,000,000 in face amount of Series B Preferred for an equal principal amount of Convertible Subordinated Debt. In the Contingent Exchange, all of the CLP 14-1/4% Preferred will be exchanged before any of the CLP 9-3/4% Preferred are exchanged and to the extent that the amount of the Contingent Exchange is reduced pursuant to C(5)(c) below, the CLP 9-3/4% Preferred will be excluded from the Contingent Exchange before any CLP 14-1/4% Preferred is excluded from the Contingent Exchange.
- b. Subject to section C(5)(c) below, the Exchange Offer will provide the holders of (i) \$475,252,056 in face amount (3) of 14-1/4% Preferred with the opportunity to exchange such 14-1/4% Preferred for Subordinated Debt in

(2) Total Convertible Subordinated Debt would be approximately \$480,000,000.

(3) As of December 31, 2006, based on May 15, 2006 amounts, the last date dividends were declared by the Board. This amount excludes the CLP 14-1/4% Preferred.

the principal amount of \$332,676,439 and (ii) \$164,292,539 in face amount<sup>(4)</sup> of 9-3/4% Preferred with the opportunity to exchange such 9-3/4% Preferred for Subordinated Debt in the principal amount of \$65,717,016; provided that, to the extent the holders of the 14-1/4% Preferred do not exchange into Subordinated Debt, the amount of Subordinated Debt offered to holders of the 9-3/4% Preferred will increase, on a sliding scale basis, up to \$73,931,643. The holders who validly exchange will consent to, among other things, the amendment of the existing certificates of designation governing the 14-1/4% Preferred and the 9-3/4% Preferred to eliminate all restrictive covenants, change of control rights, and voting rights (with respect to the 9-3/4% Preferred) contained therein.

- c. Should at least 90% of the 14-1/4% Preferred Stock and at least 90% of the 9-3/4% Preferred Stock validly exchange in the Exchange Offer, CLP and NBCU will remain in their existing positions and will not effectuate the Contingent Exchange described in section C(5)(a) above and such existing positions will be restructured as set forth in section C(6) below. If less than 90% of each of the 14-1/4% Preferred and the 9-3/4% Preferred validly exchange in the Exchange Offer, the amount of the Contingent Exchange described in section C(5)(a) above will be reduced pro-rata, on a sliding scale basis, in accordance with the methodology detailed on Schedule G(1).

6. The Preliminary Transactions  
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- a. Immediately following the consummation of the Exchange Offer, to the extent the Contingent Exchange is not effectuated or has been reduced pursuant to section C(5)(c) above, CLP will exchange its remaining (i) CLP 14-1/4% Preferred (face plus all accrued amounts thereon through December 31, 2006) for an equal face amount of 8% Series A-1 Mandatorily Convertible Preferred Stock due 2013 (the "Series A-1 Convertible Preferred") and (ii) CLP 9-3/4% Preferred (face plus all accrued amounts, including amounts accrued thereon through December 31, 2006) for an equal face amount of 8% Series A-2 Mandatorily Convertible Preferred Stock due 2013 (the "Series A-2 Convertible Preferred," and together with the Series A-1 Convertible Preferred, the "Series A Convertible Preferred"), as described on Schedule C.
- b. Immediately following the consummation of the Exchange Offer, regardless of whether the Contingent Exchange occurs, (i) CLP will exchange its \$200,000,000 of Series D Non-Convertible Preferred it received from NBCU as described in section C(2)(a) for \$200,000,000 in face amount of 8% Series C Mandatorily Convertible Preferred Stock due

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(4) As of December 31, 2006, based on September 30, 2006 amounts, the last date dividends were declared by the Board. This amount excludes the CLP 9-3/4% Preferred.

2013 (the "Series C Convertible Preferred"), as described on Schedule E, and (ii) NBCU will exchange \$31,070,000 of Series B Preferred for an equal face amount of Series C Convertible Preferred.

- c. Immediately following the consummation of the Exchange Offer, to the extent that the Contingent Exchange is not effectuated or has been reduced pursuant to section C(5)(c) above, NBCU will exchange its remaining Series B Preferred for an equal face amount of Series B Mandatorily Convertible Preferred Stock due 2013 (the "Series B Convertible Preferred"), as described on Schedule D. Upon consummation of this step of the Transaction, no Series B Preferred will remain outstanding.
- d. Immediately following the consummation of the Exchange Offer, NBCU will transfer Convertible Subordinated Debt to CLP in accordance with the methodology detailed on Schedule G(2).
- e. NBCU and Newco will enter into an agreement under which the relative seniority of Series A Convertible Preferred over Series B Convertible Preferred will be effectively eliminated and the seniority of Series A-1 Convertible Preferred received by CLP for funding the Company Tender Offer or received upon exercise of the put right described in section C(4)(d) will be addressed. Under the agreement, NBCU will transfer to CLP (i) the economic benefit it realizes and (ii) an amount equal to one half of the amount of economic shortfall CLP experiences (after giving effect to clause (i)), in each case as a result of CLP receiving any Series A-1 Convertible Preferred instead of subordinated debt for funding the Company Tender Offer (excluding the \$0.01 premium) or upon exercise of the put right described in section C(4)(d).

7. NBCU Options.

- a. NBCU Option I: As set forth in section C(2)(a) above, Newco will grant NBCU an option (the "NBCU Option I") to purchase the shares of Class A Common Stock and Class B Common Stock owned by Newco (and formerly owned by the Call Shareholders), as described on Schedule H. The Definitive Transaction Documentation shall contain provisions that prohibit (i) the transfer by CLP of the shares of Class A Common Stock and Class B Common Stock underlying the NBCU Option I, (ii) the issuance by the Company of any share of Class B Common Stock other than pursuant to the exercise of the NBCU Option II (as defined below) or (iii) the entry into any agreement or arrangement by CLP or the Company with respect to a change of control or other extraordinary corporate transaction of the Company, in each case, prior to the earlier of the business day following (A) the six (6) month anniversary of the Call Closing or (B) the Delisting Date.
- b. NBCU Option II: NBCU will irrevocably waive its right to any accrued dividends on its Series B Preferred in exchange for an option to acquire shares of Class B Common Stock (the "NBCU Option II") from the Company, as described on Schedule I.



- c. CLP Put Right and NBCU Call Right: If at any time, either (i) NBCU, (ii) a group (as such term defined in Rule 13d-3 under the Exchange Act) comprised of NBCU and a holder of the NBCU Option I, the NBCU Option II, or other Company securities transferred by NBCU or (iii) any third party (other than CLP) that received the Company securities from NBCU acquires securities representing more than 50% of the voting power of the Company outstanding at such time (the "Trigger Event"), Newco will have the right, subject to the receipt of any required FCC approval, to put all its Subject Securities (as defined in Schedule J) to NBCU as described on Schedule J. If CLP does not exercise the put right, NBCU will have a right to call such securities as described on Schedule J.

8. CLP Warrants.  
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- a. The securities held by NBCU will permit and expressly contemplate that the Company will issue to CLP warrants representing 100,000,000 shares of Class A Common Stock, as described on Schedule K.

9. NBCU Right of First Offer and Last Offer  
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- a. CLP may seek to transfer any of its Subject Securities, at any time subject to the following conditions: CLP shall deliver to NBCU a written notice (the "First Offer Notice"), which shall (i) state CLP's intention to seek to transfer Subject Securities, the amount to be transferred, and the proposed sale price thereof and (ii) offer to NBCU the right to acquire all of such Subject Securities at the proposed purchase price and upon the terms and subject to the conditions of the proposed transfer as set forth in the First Offer Notice (the "First Offer"), provided, that, the First Offer must be accepted on an all or nothing basis. NBCU, or a third party designated by NBCU, shall have a right, for a period of twenty (20) days after delivery of the First Offer Notice (the "Acceptance Period") to accept the First Offer at the purchase price and upon the terms and subject to the conditions as set forth in the First Offer. Upon acceptance of the First Offer during the Acceptance Period, subject to the receipt of any necessary FCC or other regulatory approvals, NBCU or its designee shall have thirty (30) days from the acceptance of the First Offer to consummate the transaction to purchase the Subject Securities. If NBCU or its designee shall fail to accept, or shall reject in writing, the First Offer, then CLP may transfer the Subject Securities at a price and on terms not more favorable to the purchaser thereof than the price and terms stated in the First Offer Notice, at any time within one hundred eighty (180) days from the expiration of the Acceptance Period; provided, that, CLP shall, upon receipt of a bona fide offer (the "Last Offer") from a third party with respect to the Subject Securities, promptly deliver to NBCU a written notice (the "Last Look Notice"), which shall identify such third party making the Last Offer and state the proposed offer price thereof, the form of consideration proposed to be paid and all other material terms and

conditions of the Last Offer, and NBCU or its designee shall have a right, for a period of 10 business days upon receipt of the Last Look Notice (the "Last Acceptance Period"), to offer to purchase the Subject Securities at the proposed offer price and upon the terms and subject to the conditions of the proposed offer as set forth in the Last Offer. Upon acceptance of the Last Offer during the Last Acceptance Period, NBCU or its designee shall have thirty (30) days from the acceptance of the Last Offer to consummate the transaction to purchase the Subject Securities. The Right of First Offer and Last Offer will terminate upon the earlier of (i) the termination or expiration of the NBCU Option I or NBCU Option II, (ii) the transfer of the NBCU Option I or NBCU Option II to a third party, other than any party or parties acting as a part of a group with NBCU, or (iii) the transfer by NBCU to one or more third parties, other than any party or parties acting as a part of a group with NBCU, of securities representing, in the aggregate, more than 10% of the total voting power of the Company on a fully diluted basis immediately following the consummation of the Transaction; provided, that, if NBCU transfers to one or more third parties, other than any party or parties acting as a part of a group with NBCU, securities representing, in the aggregate, in excess of 5%, but not more than 10%, of the total voting power of the Company on a fully diluted basis immediately following the consummation of the Transaction, NBCU shall have the Right of First Offer only. The Right of First Offer and Last Offer shall not bind any transferee of the Subject Security who acquires such securities from CLP after compliance with this paragraph. For the avoidance of doubt, CLP may pledge the Subject Securities without being subject to the Right of First Offer and Last Offer so long as the Right of First Offer and Last Offer shall apply to any transfer of such pledged Subject Securities by the pledgee thereof.

- b. Notwithstanding the foregoing, for any transaction with an aggregate total of \$5,000,000 or less, but in no event exceeding an aggregate total of \$75,000,000 in any calendar year (as measured by face amount of Subject Securities and assuming a value of \$0.75 per share for Class A Common Stock), CLP may seek to transfer any of its Subject Securities at any time subject to the following conditions: CLP shall deliver to NBCU a written notice (the "De Minimis First Offer Notice"), which shall (i) state CLP's intention to seek to transfer Subject Securities, the amount to be transferred, and the proposed sale price thereof and (ii) offer to NBCU the right to acquire all of such Subject Securities at the proposed purchase price and upon the terms and subject to the conditions of the proposed transfer as set forth in the De Minimis First Offer Notice (the "De Minimis First Offer"), provided, that, the De Minimis First Offer must be accepted on an all or nothing basis. NBCU, or a third party designated by NBCU, shall have a right, for a period of five (5) business days after delivery of the De Minimis First Offer Notice (the "De Minimis Acceptance Period") to accept the De Minimis First Offer at the purchase price and upon the

terms and subject to the conditions as set forth in the De Minimis First Offer. Upon acceptance of the De Minimis First Offer during the De Minimis Acceptance Period, NBCU or its designee shall have thirty (30) days from the acceptance of the De Minimis First Offer to consummate the transaction to purchase the Subject Securities. If NBCU or its designee shall fail to accept, or shall reject in writing, the De Minimis First Offer, then CLP may transfer the Subject Securities at a price and on terms not more favorable to the purchaser thereof than the price and terms stated in the De Minimis First Offer Notice, at any time within ninety (90) days from the expiration of the De Minimis Acceptance Period. For the avoidance of doubt, CLP will not be obligated to provide NBCU with a Last Look Notice for Subject Securities that were subject to a De Minimis First Offer Notice.

D. Subsequent Transactions.

1. Delisting

- a. If possible, based on the number of shares outstanding and the number of record holders of Class A Common Stock, the Company shall delist and deregister the Class A Common Stock following the consummation of the Company Tender Offer and the Newco Tender Offer.

2. Merger

- a. If not all outstanding shares of Class A Common Stock are tendered in the Company Tender Offer and the Newco Tender Offer, the remaining shares of Class A Common Stock (other than the shares owned by CLP) will be acquired through a long-form merger under Delaware law. In the merger, outstanding employee options and restricted stock units will be rolled over into new securities of the surviving entity. The Transaction will be conditioned upon the approval by the current Board of the terms of such merger.

3. New Board

- a. As promptly as practicable following the closing of the Call Right, the members of the Board will resign and Newco will elect new members to the Board.

4. Increase of Authorized Shares

- a. In connection with the Transaction, the Company's certificate of incorporation will be amended to increase the number of authorized shares of Class A, Class B and Class C Common Stock to allow for the issuance of such stock upon the conversion of Series A Convertible Preferred, Series B Convertible Preferred and Series C Convertible Preferred.

E. Fees and Expenses

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1. If the Board does not approve the Transaction or the Transaction does not close, each of the parties will be responsible for its own expenses.
  2. If the Transaction closes, the Company will pay the reasonable fees and expenses incurred by all of the parties to the Transaction.

F. Due Diligence

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1. The Company will provide CLP and its representatives with an opportunity to (i) meet with the Chief Executive Officer and the Chief Financial Officer of the Company to further understand the Company's current business plan and forecast for 2007, including access to internal financial models and (ii) conduct tax, accounting and legal due diligence of the Company, which CLP expects would be completed not more than two weeks after being provided access by the Company.

## Term Sheet for the Subordinated Debt

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Issuer	ION.
Initial Holders	CLP and the former holders of 14-1/4% Junior Exchangeable Preferred Stock and 9-3/4% Convertible Preferred Stock.
Ranking	Junior to the First Priority Term Loans due 2012, the First Priority Senior Secured Floating Rate Notes due 2012 and the Second Priority Senior Secured Floating Rate Notes due 2013 (the "Senior Debt Securities") and pari passu with the Convertible Subordinated Debt.
Maturity	July 2013.
Interest	12% annual simple interest coupon, payable quarterly in arrears, in cash or additional Subordinated Debt, at ION's option.
Call Protection	Subordinated Debt shall not be callable prior to maturity.
Conversion	Subordinated Debt shall not be convertible.
Transferability	Subordinated Debt shall be freely transferable, subject to applicable securities laws.
Other Terms	The indenture shall contain customary covenants and events of default provisions to be negotiated by the parties and shall be consistent with the indentures for the Senior Debt Securities.

## Term Sheet for the Convertible Subordinated Debt

Issuer	ION.
Initial Holder	CLP and NBCU.
Ranking	Junior to the Senior Debt Securities and pari passu with the Subordinated Debt.
Maturity	July 2013.
Interest	8% annual simple interest coupon, payable quarterly in arrears, in cash or additional Convertible Subordinated Debt, at ION's option.
Call Protection	Convertible Subordinated Debt shall not be callable prior to maturity.
Optional Conversion	Convertible Subordinated Debt shall be convertible at any time, at the holder's option, into shares of Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.
Mandatory Conversion	Convertible Subordinated Debt shall be converted into shares into shares of Class A Common Stock, or, in the case of Convertible Subordinated Debt issued to NBCU, at NBCU's option, an equal number of Class C Common Stock, upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the issuance of Convertible Subordinated Debt through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Registration Rights	The holders of Convertible Subordinated Debt shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Convertible Subordinated Debt into Class A Common Stock.
Transferability	Convertible Subordinated Debt shall be freely transferable, subject to applicable securities laws and in the case of Convertible Subordinated Debt issued to CLP, the NBCU Right of First Offer and Last Offer.

Other Terms

The indenture shall contain customary covenants and events of default provisions to be negotiated by the parties and shall be consistent with the indentures of the Senior Debt Securities. The Convertible Subordinated Debt shall include customary minority protections for the benefit of NBCU and CLP.

Term Sheet for the Series A Convertible Preferred Stock  
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Issuer	ION.
Initial Holder	CLP.
Ranking	The Series A-1 Convertible Preferred Stock and the A-2 Convertible Preferred Stock (collectively, the "Series A Convertible Preferred") will be junior to the Senior Debt Securities, the Subordinated Debt and the Convertible Subordinated Debt, senior to the Series B Convertible Preferred, the Series C Convertible Preferred and the 9-3/4% Preferred, and pari passu with the 14-1/4% Preferred.
Maturity	August 2013.
Liquidation Preference	The liquidation preference for each share of Series A Convertible Preferred shall be the greater of (i) \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation and (ii) the aggregate amount per share payable upon liquidation to the holders of shares of Class A Common Stock multiplied by the number of shares of Class A Common Stock into which each share of Series A Convertible Preferred would be convertible.
Dividend	As and if declared by the Board, the greater of (determined on a cumulative basis from the issuance date of the Series A Convertible Preferred to the date of such determination), (x) 8% annual simple dividend, payable quarterly in arrears, in cash, which amounts shall accrue to the extent not paid in cash, and (y) the aggregate dividends per share paid on Class A Common Stock, multiplied by the number of shares of Class A Common Stock into which each share of Series A Convertible Preferred would be convertible.
Call Protection	Series A Convertible Preferred shall not be callable prior to maturity.
Optional Conversion	Series A Convertible Preferred shall be convertible at any time, at the holder's option, into Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.



Mandatory Conversion	The outstanding shares of Series A Convertible Preferred shall be converted into shares of Class A Common Stock upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the date of the closing of the exchange offer through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Voting	Holders of shares of Series A Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series A Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Series A Convertible Preferred into Class A Common Stock.
Transferability	Series A Convertible Preferred shall be freely transferable, subject to applicable securities laws and the NBCU Right of First Offer and Last Offer.
Other Terms	Except as outlined in this term sheet, the other rights and provisions of Series A Convertible Preferred shall be substantially similar to the Series B Convertible Preferred and the Series A Convertible Preferred shall include customary minority protections for the benefit of CLP.

Term Sheet for the Series B Convertible Preferred Stock  
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Issuer	ION.
Initial Holder	NBCU.
Ranking	Junior to the Senior Debt Securities, the Subordinated Debt, the Convertible Subordinated Debt, the Series A Convertible Preferred, the 14-1/4% Preferred and the 9-3/4% Preferred, but senior to the Series C Convertible Preferred.
Maturity	August 2013.
Liquidation Preference	The liquidation preference for each share of Series B Convertible Preferred shall be the greater of (i) \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation and (ii) the aggregate amount per share payable upon liquidation to the holders of shares of Class A Common Stock multiplied by the number of shares of Class A Common Stock into which each share of Series B Convertible Preferred would be convertible.
Dividend	As and if declared by the Board, the greater of (determined on a cumulative basis from the issuance date of the Series B Convertible Preferred to the date of such determination), (x) 8% annual simple dividend, payable quarterly in arrears, in cash, which amounts shall accrue to the extent not paid in cash, and (y) the aggregate dividends per share paid on Class A Common Stock, multiplied by the number of shares of Class A Common Stock into which each share of Series B Convertible Preferred would be convertible.
Call Protection	Series B Convertible Preferred shall not be callable prior to maturity.
Optional Conversion	Series B Convertible Preferred shall be convertible at any time, at the holder's option, into Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.

Mandatory Conversion	The outstanding shares of Series B Convertible Preferred shall be converted into shares of Class A Common Stock, or, at NBCU's option, an equal number of shares of Class C Common Stock, upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the date of the closing of the exchange offer through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Voting	Holders of shares of Series B Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series B Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Series B Convertible Preferred into Class A Common Stock.
Transferability	Series B Convertible Preferred shall be freely transferable, subject to applicable securities laws.
Other Terms	Except as outlined in this term sheet, the other rights and provisions of the Series B Convertible Preferred shall be substantially similar to the Series A Convertible Preferred and the Series B Convertible Preferred shall include customary minority protections for the benefit of NBCU.

Term Sheet for the Series C Convertible Preferred Stock  
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Issuer	ION.
Holder	CLP and NBCU.
Ranking	Junior to the Senior Debt Securities, the Subordinated Debt, the Convertible Subordinated Debt, the Series A Convertible Preferred, the 14-1/4% Preferred, the 9-3/4% Preferred and the Series B Convertible Preferred.
Maturity	September 2013.
Liquidation Preference	The liquidation preference for each share of Series C Convertible Preferred shall be the greater of (i) \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation and (ii) the aggregate amount per share payable upon liquidation to the holders of shares of Class A Common Stock multiplied by the number of shares of Class A Common Stock into which each share of Series C Convertible Preferred would be convertible.
Dividend	As and if declared by the Board, the greater of (determined on a cumulative basis from the issuance date of the Series C Convertible Preferred to the date of such determination), (x) 8% annual simple dividend, payable quarterly in arrears, in cash, which amounts shall accrue to the extent not paid in cash, and (y) the aggregate dividends per share paid on Class A Common Stock, multiplied by the number of shares of Class A Common Stock into which each share of Series C Convertible Preferred would be convertible.
Call Protection	Series C Convertible Preferred shall not be callable prior to maturity.
Optional Conversion	Series C Convertible Preferred shall be convertible at any time, at the holder's option, into Class A Common Stock at a conversion price of \$0.75 per share of Class A Common Stock.

Mandatory Conversion	The outstanding shares of Series C Convertible Preferred shall be converted into shares of Class A Common Stock or, in the case of Series C Convertible Preferred issued to NBCU, at NBCU's option, an equal number of shares of Class C Common Stock, upon the earliest of: (i) in the event shares of Class A Common Stock are traded on a national stock exchange, the trading price for fifteen (15) consecutive trading days of Class A Common Stock on such exchange is equal to or greater than \$0.75 per share, increasing at a rate per annum of 8% from the date of the closing of the exchange offer through the date of conversion (the "Mandatory Conversion Price"), (ii) the issuance by ION of Class A Common Stock at an issue price per share equal to or greater than the Mandatory Conversion Price with an aggregate consideration of no less than \$100,000,000 in such issuance, or (iii) a nationally recognized investment bank chosen by the Company pursuant to Board action values a share of Class A Common Stock at an amount equal to or greater than the Mandatory Conversion Price.
Adjustments to Conversion Price	The conversion prices shall be subject to customary adjustments for stock splits, dividends, recapitalizations, below market issues and similar events.
Voting	Holders of shares of Series C Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series C Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, and piggyback rights and other customary terms to be negotiated by the parties in the event of a conversion of Series C Convertible Preferred into Class A Common Stock.
Transferability	Series C Convertible Preferred shall be freely transferable, subject to compliance with securities laws and in the case of Series C Convertible Preferred issued to CLP, the NBCU Right of First Offer and Last Offer.
Other Terms	The Series C Convertible Preferred shall include customary minority protections for the benefit of NBCU and CLP.

## Term Sheet for the Series D Non-Convertible Preferred Stock

Issuer	ION.
Holder	NBCU.
Ranking	Junior to the Senior Debt Securities, the Subordinated Debt, the Convertible Subordinated Debt, the Series A Convertible Preferred, the 14-1/4% Preferred, the 9-3/4% Preferred, the Series B Convertible Preferred but senior to the Series C Convertible Preferred.
Maturity	August 2013.
Liquidation Preference	The liquidation preference for each share of Series D Non-Convertible Preferred shall be the greater of \$10,000 per share plus any accumulated and unpaid dividends from the issue date through and including the date of liquidation.
Dividend	As and if declared by the Board, 8% annual simple dividend payable quarterly in arrears in cash.
Call Protection	Series D Non-Convertible Preferred shall not be callable prior to maturity.
Conversion	Series D Non-Convertible Preferred shall not be convertible at any time.
Voting	Holders of shares of Series D Non-Convertible Preferred shall not be entitled to voting rights.
Registration Rights	The holders of Series D Non-Convertible Preferred shall enter into a registration rights agreement with ION, pursuant to which the holders shall have demand rights, piggyback rights and other customary terms to be negotiated by the parties.
Transferability	Series D Non-Convertible Preferred shall be freely transferable, subject to applicable securities laws.
Other Terms	Except as outlined in this term sheet, the other rights and provisions of the Series D Non-Convertible Preferred shall be substantially similar to the Series B Convertible Preferred and the Series D Non-Convertible Preferred shall include customary minority protections for the benefit of CLP.

Exhibit 1. Composition of Subordinated Debt, Convertible Subordinated Debt, 14-1/4% Preferred, 9-3/4% Preferred, Series A Convertible Preferred, and Series B Convertible Preferred, Subject to the Exchange Offer and the Preliminary Transactions

[See attached spreadsheet]

Exhibit 2. Transfer of Convertible Subordinated Debt from NBCU to CLP, Subject to the Exchange Offer and the Preliminary Transactions

[See attached spreadsheet]

Schedule G(1)

% Exchanged		Subordinated Debt					
14.25% Preferred	9.75% Preferred	CIG Tender	CIG Exchange	NBCU	14.25% Preferred	9.75% Preferred	Subtotal
0%	0%	\$61,114,757	\$114,948,971	\$365,000,000	\$0	\$0	\$541,063,728
10%	10%	\$61,114,757	\$106,581,289	\$340,182,185	\$33,267,644	\$7,311,018	\$548,456,892
20%	20%	\$61,114,757	\$96,453,265	\$309,074,377	\$66,535,288	\$14,457,744	\$547,635,430
30%	30%	\$61,114,757	\$86,361,166	\$278,094,936	\$99,802,932	\$21,440,176	\$546,813,967
40%	40%	\$61,114,757	\$76,304,992	\$247,243,862	\$133,070,576	\$28,258,317	\$545,992,504
50%	50%	\$61,114,757	\$66,284,744	\$216,521,156	\$166,338,220	\$34,912,165	\$545,171,042
60%	60%	\$61,114,757	\$56,300,421	\$185,926,817	\$199,605,863	\$41,401,720	\$544,349,579
70%	70%	\$61,114,757	\$46,352,024	\$155,460,845	\$232,873,507	\$47,726,983	\$543,528,116
80%	80%	\$61,114,757	\$36,439,552	\$125,123,240	\$266,141,151	\$53,887,953	\$542,706,653
90%	90%	\$61,114,757	\$0	\$0	\$299,408,795	\$59,884,631	\$420,408,183
100%	100%	\$61,114,757	\$0	\$0	\$332,676,439	\$65,717,016	\$459,508,212

% Exchanged		Preferred Stock				
14.25% Preferred	9.75% Preferred	14.25% Preferred	9.75% Preferred	CIG Series A	NBCU Series B	Subtotal
0%	0%	\$475,252,056	\$164,292,539	\$0	\$0	\$639,544,595
10%	10%	\$427,726,850	\$147,863,285	\$7,256,571	\$25,928,927	\$608,775,633
20%	20%	\$380,201,645	\$131,434,031	\$16,273,484	\$58,147,846	\$586,057,006
30%	30%	\$332,676,439	\$115,004,777	\$25,254,472	\$90,238,397	\$563,174,086
40%	40%	\$285,151,234	\$98,575,523	\$34,199,534	\$122,200,582	\$540,126,873
50%	50%	\$237,626,028	\$82,146,270	\$43,108,671	\$154,034,399	\$516,915,368
60%	60%	\$190,100,822	\$65,717,016	\$51,981,883	\$185,739,850	\$493,539,571
70%	70%	\$142,575,617	\$49,287,762	\$60,819,169	\$217,316,933	\$469,999,481
80%	80%	\$95,050,411	\$32,858,508	\$69,620,530	\$248,765,649	\$446,295,098
90%	90%	\$47,525,206	\$16,429,254	\$104,948,971	\$375,000,000	\$543,903,431
100%	100%	\$0	\$0	\$104,948,971	\$375,000,000	\$479,948,971



## Schedule G(2)

% Exchanged		Mechanical		Economic		Consideration
14.25% Preferred	9.75% Preferred	CIG Convertible Subordinated Debt	NBCU Convertible Subordinated Debt	CIG Convertible Subordinated Debt	NBCU Convertible Subordinated Debt	Transferred From NBCU to CIG
0%	0%	\$104,948,971	\$375,000,000	\$114,948,971	\$365,000,000	\$10,000,000
10%	10%	\$97,692,400	\$349,071,073	\$106,581,289	\$340,182,185	\$8,888,889
20%	20%	\$88,675,487	\$316,852,154	\$96,453,265	\$309,074,377	\$7,777,778
30%	30%	\$79,694,499	\$284,761,603	\$86,361,166	\$278,094,936	\$6,666,667
40%	40%	\$70,749,437	\$252,799,418	\$76,304,992	\$247,243,862	\$5,555,556
50%	50%	\$61,840,300	\$220,965,601	\$66,284,744	\$216,521,156	\$4,444,444
60%	60%	\$52,967,088	\$189,260,150	\$56,300,421	\$185,926,817	\$3,333,333
70%	70%	\$44,129,802	\$157,683,067	\$46,352,024	\$155,460,845	\$2,222,222
80%	80%	\$35,328,441	\$126,234,351	\$36,439,552	\$125,123,240	\$1,111,111
90%	90%	\$0	\$0	\$0	\$0	\$0
100%	100%	\$0	\$0	\$0	\$0	\$0

N.B. - To the extent the amount of subordinated debt received by CLP under the CIG Tender section of this Schedule G(1) is less than \$61,114,757, CLP will be entitled to modify the exchange ratio of its preferred instruments into convertible subordinated debt such that the incremental capacity in the basket represented by the difference between the \$61,114,757 and the amount of subordinated debt received by CLP is filled by the Citadel convertible preferred. Any amount of incremental convertible subordinated debt received by CLP under this provision would reduce the amount of Series A-1 preferred stock otherwise deliverable to CLP in the Transaction.

## Schedule H

## Term Sheet for the NBCU Option I

Issuer	Newco.
Holder	NBCU.
NBCU Option I	NBCU and Newco shall enter into a call agreement providing for the grant by Newco to NBCU of an option (the "NBCU Option I") to acquire 15,455,062 shares of Class A Common Stock and 8,311,639 shares of Class B Common Stock.
Exercise Price	The exercise price of the NBCU Option I shall be \$0.40 per share of Class A Common Stock and \$0.40 per share of Class B Common Stock, payable in cash.
Option Period	The NBCU Option I shall be exercisable at any time during the five-year period beginning on the earlier of the business day following (i) the six (6) month anniversary of the Call Closing and (ii) the Delisting Date (as such date may be extended, the "NBCU Option I Period").  The NBCU Option I shall be renewable by NBCU in five-year increments, provided, that, the CLP Put Right and NBCU Call Right shall automatically be extended to be co-terminus with the NBCU Option I.
Option Exercise	The holder may not exercise the NBCU Option I prior to the later of the business day following (i) the six (6) month anniversary of the date of the grant of the NBCU Option I and (ii) the receipt of FCC approval and any other required Governmental approvals (the "Restricted Period"). After the expiration of the Restricted Period, the holder may exercise the NBCU Option I at any time during the NBCU Option I Period by delivering a notice of exercise to Newco (the "NBCU Option I Exercise Notice").
Option Closing	The closing of the purchase and sale of the shares after the delivery of an NBCU Option I Exercise Notice shall occur as promptly as practicable after the delivery of the NBCU Option I Exercise Notice, subject to the receipt of all requisite third party consents and governmental approvals, including approval of the FCC, provided, that, no option exercise will be valid

if the closing has not occurred within eighteen (18) months following the delivery of the NBCU Option I Exercise Notice.

Transferability

After expiration of the Restricted Period, the NBCU Option I shall be freely transferable, subject to applicable FCC and securities laws and the CLP Put Right. The NBCU Option I shall not be transferable during the Restricted Period.

Transferability of Underlying Shares

CLP may only transfer the shares of Class A Common Stock and Class B Common Stock underlying the NBCU Option I in their entirety in connection with a transfer of all of the Subject Securities owned by CLP or its affiliates at the time of such transfer; provided, however, if shares of Class A Common Stock or Class B Common Stock underlying the NBCU Option I are transferred, such shares shall remain subject to NBCU Option I.

Adjustments to Exercise Price

The exercise price of the NBCU Option I shall be subject to customary adjustments for stock splits, dividends, recapitalizations and similar events.

Representations, Warranties and Covenants

The NBCU Option I Call Agreement shall contain customary representations, warranties and covenants to be negotiated by the parties.

## Term Sheet for the NBCU Option II

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Issuer	ION.
Holder	NBCU.
NBCU Option II	NBCU and ION shall enter into a call agreement providing for the grant by ION to NBCU of an option to acquire 26,688,361 shares of Class B Common Stock (the "NBCU Option II").
Exercise Price	The exercise price of the NBCU Option II shall be \$0.50 per share of Class B Common Stock, payable in cash.
Option Period	The NBCU Option II shall be exercisable at any time during the five-year period beginning on the date of the Call Closing (as such date may be extended, the "NBCU Option II Period").  The NBCU Option II shall be renewable in five-year increments, provided, that, (i) the NBCU Option I is also being renewed and (ii) the CLP Put Right and NBCU Call Right shall automatically be extended to be co-terminus with the NBCU Option II.
Option Exercise	The holder may exercise, subject to FCC regulations and any other required Governmental approvals, the NBCU Option II at any time during the NBCU Option II Option Period by delivering a notice of exercise to ION (the "NBCU Option II Exercise Notice").
Option Closing	The closing of the purchase and sale of the shares underlying the NBCU Option II after the delivery of an NBCU Option II Exercise Notice shall occur as promptly as practicable after the delivery of the NBCU Option II Exercise Notice, subject to the receipt of all requisite third party consents and governmental approvals, including approval of the FCC, provided, that, no option exercise will be valid if the closing has not occurred within eighteen (18) months following the delivery of the NBCU Option II Exercise Notice.
Transferability	The NBCU Option II shall be freely transferable, subject to applicable FCC and securities laws and the CLP Put Right.
Adjustments to Exercise Price	The exercise price of the NBCU Option II shall be subject to customary adjustments for stock splits, dividends, recapitalizations and similar events.
Reservation for Issuance	At all times during the NBCU Option II Period, ION shall maintain a sufficient number of authorized but unissued shares of Class B Common Stock so that ION shareholder approval is not required in connection with the exercise of the NBCU Option II.

Representations,  
Warranties  
and Covenants

The NBCU Option II Call Agreement shall contain  
customary representations, warranties and covenants to  
be negotiated by the parties.

## Term Sheet for the CLP Put Right and the NBCU Call Right

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Term	The CLP Put Right and the NBCU Call Right will be effective as long as NBCU Option I or NBCU Option II continues to be outstanding.
CLP Put Right	Upon the occurrence of the Trigger Event, subject to receipt of any required FCC approval, Newco will have the right for 30 days thereafter to put (the "Put Exercise Period") to NBCU all of its (i) Convertible Subordinated Debt, (ii) Series A Convertible Preferred, (iii) Series C Convertible Preferred, (iv) Warrants and (v) Class A Common Stock issued upon conversion or exercise of any of the foregoing securities or currently held by CLP or its affiliates, (excluding, for the avoidance of doubt, shares of Class A Common Stock included in the Call Shares) (collectively, the "Subject Securities") in an amount not to exceed the amount of the Subject Securities owned by CLP immediately following consummation of the Transaction (the "Maximum Amount").
NBCU Call Right	After the Trigger Event, if CLP has not exercised the CLP Put Right during the Put Exercise Period, NBCU will have the right for 30 days after the conclusion of the Put Exercise Period (the "Call Right Period") to call all of the Subject Securities.
Renewable	If CLP does not exercise the CLP Put Right during the Put Exercise Period and NBCU does not exercise the NBCU Call Right during the Call Right Period, the Put Exercise Period and Call Exercise Period will renew on each of the first five (5) anniversaries of the Trigger Event.
Purchase Price	Upon consummation of the CLP Put Right, following receipt of all necessary FCC or other regulatory approvals, NBCU will pay CLP (or its transferee) cash equal to the fair market value of the Subject Securities. Upon exercise of the NBCU Call Right, following receipt of all necessary FCC or other regulatory approvals, NBCU will pay CLP (or its transferee), cash equal to the greater of (x) the accreted amount of the Subject Securities (with no value attributed to the common stock currently held by CLP) plus the conversion price attributed to any common stock obtained by CLP upon conversion or exercise of Subject Securities) and (y) the fair market value of the Subject Securities. The parties will in good faith seek to agree at the time of the put/call on the fair market value of the Subject Securities and if an agreement cannot be reached, the fair market value will be determined by an independent investment banker acceptable to the parties. Fair market value will be determined as of the date of the exercise of the CLP Put Right or the NBCU Call Right, as applicable, and shall accrue interest at LIBOR plus one-hundred (100) basis points as of the date of the exercise of the CLP Put Right or the NBCU Call Right, as applicable, through the closing of the CLP Put Right or NBCU Call Right.

Transferability

If CLP transfers any of its Subject Securities to a non-affiliated party (after compliance with NBCU's Right of First Offer and Last Offer), such securities shall no longer be subject to the CLP Put Right or the NBCU Call Right. In the event CLP transfers all or substantially all of its Subject Securities, CLP may transfer the CLP Put Right to the transferee, subject to the transferee being subject to the NBCU Call Right. Any transferee will be prohibited from putting more than the Maximum Amount of securities to NBCU. For the avoidance of doubt, CLP may only transfer the Call Shares in their entirety in connection with a transfer of all of the Subject Securities owned by CLP or its affiliates at the time of such transfer and the Call Shares shall always be subject to NBCU Control Option I.

Other Terms

The CLP Put Right and the NBCU Call Right shall contain customary terms to be negotiated by the parties.

## Term Sheet for the Warrants

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Issuer	ION.
Holder	Newco.
Term	Seven years beginning on the issuance date (the "Warrant Period").
Underlying Securities	100,000,000 shares of Class A Common Stock.
Warrant Exercise	The holder(s) of the Warrants may exercise the Warrants in whole or in part at any time prior to the expiration of the Warrant Period.
Exercise Price	\$0.75 per share, which must be paid by the holder in cash and not on a net basis.
Adjustments to Exercise Price	The exercise price of the Warrants and number of shares underlying the Warrants shall be subject to customary adjustments for stock splits, dividends, recapitalizations and similar events.
Transferability	The Warrants shall be freely transferable, subject to applicable securities laws and the NBCU Right of First Offer and Last Offer.
Other Terms	The warrants shall contain customary terms to be negotiated by the parties and shall include customary minority protections for the benefit of CLP.