

## ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement") is dated as of May 22, 2003, by and among FIRST MEDIA RADIO, LLC, a Delaware limited liability company ("Buyer"), and MainQuad Communications, Inc., a North Carolina corporation ("MQC"), MainQuad Broadcasting, Inc., a North Carolina corporation ("MQB"), MainQuad, Inc. a North Carolina corporation ("MQI"), WEQQ, Inc., a North Carolina corporation ("WEQQ") and Carolina Airwaves, Inc., a North Carolina corporation ("Carolina Airwaves" and together with MQC, MQB, MQI and WEQQ sometimes hereinafter collectively referred to as the "Sellers" and individually as a "Seller"), and UNION BANK OF CALIFORNIA, N.A. (the "Escrow Agent").

### RECITALS:

A. Sellers and Buyer have entered into an Asset Purchase Agreement on the date hereof (the "Purchase Agreement"), pursuant to which Sellers have agreed to sell, transfer and deliver to Buyer substantially all of the assets used or useful in the operation of Radio Stations WLGG(FM), Emporia, Virginia, WPTM(FM), Roanoke Rapids, North Carolina, WSMY(AM), Weldon, North Carolina, WSMY-FM, Albemarle, Virginia, WZAX(FM), Nashville, North Carolina, WCBT(AM), Roanoke Rapids, North Carolina, WNVN-LP, Roanoke Rapids, North Carolina, WYTT(FM), Gaston, North Carolina and WKTC(FM), Pinetops, North Carolina.

B. The Purchase Agreement provides that the amount of Five Hundred Sixty Seven Thousand Five Hundred Dollars (\$567,500) (the "Pre-Closing Escrow Deposit") is to be delivered to Escrow Agent by Buyer on the date hereof to be held by Escrow Agent in accordance with the terms of this Agreement.

C. The Purchase Agreement further provides that at the closing of the Purchase Agreement (the "Closing"), Buyer and Sellers shall instruct the Escrow Agent to convert Five Hundred Sixty Seven Thousand Five Hundred Dollars (\$567,500) of the Pre-Closing Escrow Fund into a post closing indemnification fund (the "Post Closing Indemnification Deposit") to be held by the Escrow Agent in accordance with the terms of this Agreement.

### AGREEMENTS:

In consideration of the above recitals and of the covenants and agreements contained herein, Buyer, Sellers and Escrow Agent agree as follows:

#### SECTION 1. ESCROW DEPOSIT

##### 1.1 Delivery.

(a) On the date hereof, Buyer is delivering by wire transfer of immediately available funds the Pre-Closing Escrow Deposit to the Escrow Agent. The Pre-Closing Escrow Deposit and all interest and earnings thereon (collectively, the "Pre-Closing Escrow Fund") shall be held by the Escrow Agent pursuant to the terms of this Agreement.

(b) At the Closing, Buyer and Sellers shall instruct the Escrow Agent to convert Five Hundred Sixty Seven Thousand Five Hundred Dollars (\$567,500) of the Pre-Closing Escrow Fund into the Post-Closing Indemnification Deposit to fund claims by Buyer for indemnification under the Purchase Agreement. The Post-Closing Indemnification Deposit and all interest and earnings thereon (collectively, the "Post-Closing Escrow Fund") shall be held by the Escrow Agent pursuant to the terms of this Agreement.

## 1.2 Receipt.

(a) The Escrow Agent hereby acknowledges receipt of the Pre-Closing Escrow Deposit and agrees to hold and disburse the Pre-Closing Escrow Fund in accordance with the terms and conditions of this Agreement and for the uses and purposes stated herein.

(b) Upon the receipt of the instructions from Buyer and Sellers at Closing, the Escrow Agent will convert the Pre-Closing Escrow Deposit into the Post-Closing Indemnification Deposit. The Escrow Agent agrees to hold and disburse the Post-Closing Escrow Fund in accordance with the terms and conditions of this Agreement and for the uses and purposes stated herein.

## 1.3 Investment and Income.

(a) Upon receipt of the Pre-Closing Escrow Deposit the Escrow Agent shall, pending the disbursement thereof pursuant to this Agreement, invest the Pre-Closing Escrow Fund in accordance with Buyer's written instructions in (a) direct obligations of, or obligations fully guaranteed by, the United States of America or any agency thereof, (b) certificates of deposit issued by commercial banks having a combined capital, surplus and undivided profits of not less than One Hundred Million Dollars (\$100,000,000), (c) repurchase agreements collateralized by securities issued by the United States of America or any agency thereof, or by any private corporation the obligations of which are guaranteed by the full faith and credit of the United States of America, (d) prime banker's acceptances, (e) money market funds investing in any of the above, or (f) other investments of equal or greater security and liquidity. Absent written direction, the Escrow Agent will invest funds in the Provident Cash Management Shares T-Fund, and the parties acknowledge that the Escrow Agent may render administrative services and receive additional fees from the administrator or distributor of said Fund.

(b) Upon the conversion of Five Hundred Sixty Seven Thousand Five Hundred Dollars (\$567,500) of the Pre-Closing Escrow Fund into the Post-Closing Indemnification Deposit, the Escrow Agent shall, pending the disbursement thereof pursuant to this Agreement, invest the Post-Closing Escrow Fund in accordance with Sellers' written instructions in (a) direct obligations of, or obligations fully guaranteed by, the United States of America or any agency thereof, (b) certificates of deposit issued by commercial banks having a combined capital, surplus and undivided profits of not less than One Hundred Million Dollars (\$100,000,000), (c) repurchase agreements collateralized by securities issued by the United States of America or any agency thereof, or by any private corporation the obligations of which are guaranteed by the full faith and credit of the United States of America, (d) prime banker's acceptances, (e) money market funds investing in any of the above, or (f) other investments of equal or greater security and liquidity. Absent written direction, the Escrow Agent will invest

funds in the Provident Cash Management Shares T-Fund, and the parties acknowledge that the Escrow Agent may render administrative services and receive additional fees from the administrator or distributor of said Fund.

## SECTION 2. DISBURSEMENT OF ESCROW FUND

2.1 Disbursement of Pre-Closing Escrow Fund. The Escrow Agent shall release the Pre-Closing Escrow Fund only in accordance with this Section 2.1.

(a) Disbursement of Pre-Closing Escrow Fund at Closing. At the Closing under the Purchase Agreement, Buyer and Sellers shall send to the Escrow Agent telecopied instructions authorizing the Escrow Agent to convert Five Hundred Sixty Seven Thousand Five Hundred Dollars (\$567,500) of the Pre-Closing Escrow Fund into the Post-Closing Indemnification Deposit and to release all interest and earnings on the Pre-Closing Escrow Deposit (constituting all remaining amounts in the Pre-Closing Escrow Fund) to or at the direction of Buyer. The Escrow Agent shall promptly comply with such instructions received from Buyer and Sellers jointly.

(b) Entitlement of Sellers to Pre-Closing Escrow Deposit. In the event that Sellers shall give the Escrow Agent written notice stating that Sellers are entitled to the Pre-Closing Escrow Deposit in accordance with Section 9.3 of the Purchase Agreement and that Sellers have sent a copy of such written notice of such claim to Buyer, then the Escrow Agent shall also promptly give Buyer a copy of such written notice. At any time on or before the fifteenth (15th) day after the receipt by Buyer of such notice from the Escrow Agent, Buyer may contest Sellers' claim to the Pre-Closing Escrow Deposit by written notice delivered to Sellers and Escrow Agent setting forth the grounds for such dispute. Promptly after the expiration of the fifteen (15) day period from the date of Buyer's receipt of such notice from the Escrow Agent, if the Escrow Agent shall not have, during such fifteen-day period, received from Buyer written notice disputing Sellers' claim to the Pre-Closing Escrow Deposit, the Escrow Agent shall pay the Pre-Closing Escrow Deposit to Sellers and pay all interest and earnings on the Pre-Closing Escrow Deposit (constituting all remaining amounts in the Pre-Closing Escrow Fund) to or at the direction of Buyer. If Buyer shall give notice disputing Sellers' claim to the Pre-Closing Escrow Deposit, the Escrow Agent shall retain the Pre-Closing Escrow Deposit until the dispute is resolved in accordance with Section 2.3 hereof. All notices to be given or permitted to be given under this Section shall be given as provided in Section 6.1 of this Agreement.

(c) Buyer's Rights to Return of the Pre-Closing Escrow Fund. In the event that Buyer shall give Escrow Agent written notice stating that Buyer is entitled to the Pre-Closing Escrow Fund in accordance with Section 9.3 of the Purchase Agreement and that Buyer has sent a copy of such written notice to Sellers, then the Escrow Agent shall also promptly give Sellers a copy of such written notice. At any time on or before the fifteenth (15th) day after the receipt by Sellers of such notice from the Escrow Agent, Sellers may contest Buyer's claim to the Pre-Closing Escrow Fund by written notice delivered to Buyer and the Escrow Agent setting forth the grounds for such dispute. Promptly after the expiration of the fifteen (15) day period from the date of Sellers' receipt of such notice from the Escrow Agent, if the Escrow Agent shall not have, during such fifteen-day period, received from Sellers written notice disputing Buyer's claim to the Pre-Closing Escrow Fund, the Escrow Agent shall pay the Pre-Closing Escrow Fund

to Buyer. If Sellers shall give notice disputing Buyer's claim to the Pre-Closing Escrow Fund, the Escrow Agent shall retain the Pre-Closing Escrow Fund until the dispute is resolved in accordance with Section 2.3 hereof. All notices to be given or permitted to be given under this Section shall be given as provided in Section 6.1 of this Agreement.

2.2 Disbursement of Post-Closing Escrow Fund. The Escrow Agent shall release the Post-Closing Escrow Fund only in accordance with this Section 2.2

(a) Payment of Post-Closing Escrow Fund Thirteen Months Following Closing. Thirteen months and one day following the Closing of the Purchase Agreement (the date which is thirteen months following the Closing shall be referred to herein as the "Expiration Date"), Buyer and Sellers shall send to the Escrow Agent joint written instructions authorizing the Escrow Agent to deliver to Sellers an amount equal to the then remaining balance of the Post-Closing Escrow Fund less the aggregate amount of all unresolved claims made by Buyer under Section 2.2(b) of this Agreement, which amount shall remain in escrow until resolved in accordance with Section 2.3.

(b) Entitlement of Buyer to Indemnifiable Damages. In the event that Buyer gives the Escrow Agent written notice stating that Buyer is entitled to all or a portion of the Post-Closing Escrow Fund under the Purchase Agreement and that Buyer has sent a copy of such written notice of such claim to Sellers, then the Escrow Agent shall also promptly give Sellers a copy of such written notice. At any time on or before the fifteenth (15th) day after the receipt by Sellers of such notice from the Escrow Agent, Sellers may contest Buyer's claim to the Post-Closing Escrow Fund by written notice delivered to Buyer and Escrow Agent setting forth the grounds for such dispute. Promptly after the expiration of fifteen (15) days from the date of Sellers' receipt of such notice from the Escrow Agent, if the Escrow Agent shall not have, during such fifteen-day period, received from Sellers written notice disputing Buyer's claim to the Post-Closing Escrow Fund, the Escrow Agent shall pay the undisputed amount of the Post-Closing Escrow Fund to Buyer. If Sellers shall give notice disputing Buyer's claim to the Post-Closing Escrow Fund, the Escrow Agent shall retain the disputed portion of the Post-Closing Escrow Fund until the dispute is resolved in accordance with Section 2.3 hereof. All notices to be given or permitted to be given under this section shall be given as provided in Section 6.1 of this Agreement.

(c) Sellers' Right to the Post-Closing Escrow Fund. In the event that on or after the Expiration Date, Sellers shall give Escrow Agent written notice stating that Sellers are entitled to all or a portion of the Post-Closing Escrow Fund under the Purchase Agreement and that Sellers have sent a copy of such written notice to Buyer, then the Escrow Agent shall also promptly give Buyer a copy of such written notice. At any time on or before the fifteenth (15th) day after the receipt by Buyer of such notice from the Escrow Agent, Buyer may contest Sellers' claim to the Post-Closing Escrow Fund by written notice delivered to Sellers and the Escrow Agent setting forth the grounds for such dispute. Promptly after the expiration of fifteen (15) days from the date of Buyer's receipt of such notice from the Escrow Agent, if the Escrow Agent shall not have, during such fifteen-day period, received from Buyer written notice disputing Sellers' claim to the Post-Closing Escrow Fund, the Escrow Agent shall pay the undisputed amount of the Post Closing Escrow Fund to Sellers. If Buyer shall give notice disputing Sellers' claim to the Post-Closing Escrow Fund, the Escrow Agent shall retain in escrow the disputed

portion of the Post Closing Escrow Fund until the dispute is resolved in accordance with Section 2.3 hereof. All notices to be given or permitted to be given under this Section shall be given as provided in Section 6.1 of this Agreement.

2.3 Dispute. In the event of any dispute among any of the parties to this Agreement with respect to either party's claim to the Pre-Closing Escrow Fund and/or the Post-Closing Escrow Fund, the Escrow Agent shall not comply with any such claims or demands from either Buyer or Sellers as long as any such dispute may continue, and in so refusing, the Escrow Agent shall make no delivery or other disposition of any property then held by it under this Agreement other than to a court of competent jurisdiction in an action for interpleader until it has received a final court order from a court of competent jurisdiction or joint instructions from Buyer and Sellers directing disposition of such property.

2.4 Disbursement of Proceeds In Accordance with Joint Instructions. Notwithstanding the provisions of Sections 2.1 through 2.3 above, the Escrow Agent, upon receipt of written instructions signed by both Buyer and Sellers with respect to the delivery of the Pre-Closing Escrow Fund and/or the Post-Closing Escrow Fund, shall deliver such amount in accordance with such instructions.

### SECTION 3. ESCROW AGENT

3.1 Appointment and Duties. Buyer and Sellers hereby appoint Escrow Agent to serve hereunder and the Escrow Agent hereby accepts such appointment and agrees to perform all duties which are expressly set forth in this Agreement.

3.2 Compensation. The Escrow Agent's compensation shall be set forth on Exhibit A hereto. Such compensation shall be equally shared by Sellers on the one hand and Buyer on the other hand. Sellers and Buyer will jointly and severally indemnify the Escrow Agent and hold it harmless from any and all claims, expenses and costs arising out of or because of this Agreement except as such may arise because of the Escrow Agent's gross negligence or willful misconduct in performing its specified duties as Escrow Agent. As between Buyer and Sellers, such indemnification obligations shall be equally shared.

3.3 Resignation. Escrow Agent may resign at any time by giving the other parties hereto thirty (30) days' prior written notice to that effect. In such event, the successor shall be such person, firm or corporation as shall be mutually selected by Buyer and Sellers. It is understood and agreed that such resignation shall not be effective until a successor agrees to act hereunder; provided, however, if no successor is appointed and acting hereunder within thirty (30) days after such notice is given, Escrow Agent may pay and deliver the Pre-Closing Escrow Fund and/or the Post-Closing Escrow Fund into a court of competent jurisdiction.

### SECTION 4. LIABILITIES OF ESCROW AGENT

4.1 Limitations. The Escrow Agent shall be liable only to accept, hold and deliver the Pre-Closing Escrow Fund and the Post-Closing Escrow Fund in accordance with the provisions of this Agreement and amendments thereto, provided, however, that the Escrow Agent shall not incur any liability with respect to (a) any action taken or omitted in good faith upon the advice of its counsel given with respect to any questions relating to its duties and responsibilities as

Escrow Agent under this Agreement, or (b) any action taken or omitted in reliance upon any instrument which the Escrow Agent shall in good faith believe to be genuine (including the execution, the identity or authority of any person executing such instrument, its validity and effectiveness, and the truth and accuracy of any information contained therein), to have been signed by a proper person or persons, and to conform to the provisions of this Agreement.

4.2 Collateral Agreements. Other than this Escrow Agreement, the Escrow Agent shall not be bound in any way by any contract or agreement between the other parties hereto, whether or not it has knowledge of any such contract or agreement or of its terms or conditions.

## SECTION 5. TERMINATION

This Agreement shall be terminated (a) upon disbursement or release of the Pre-Closing Escrow Fund and the Post-Closing Escrow Fund by the Escrow Agent in accordance with the provisions hereof, (b) by written mutual consent signed by all parties, or (c) upon delivery of the Pre-Closing Escrow Fund and the Post-Closing Escrow Fund into a court of competent jurisdiction in accordance with Section 2.3 or 3.3 hereof. This Agreement shall not be otherwise terminated.

## SECTION 6. OTHER PROVISIONS

6.1 Notices. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be (i) in writing, by telecopy (with receipt personally confirmed by telephone), delivered by personal delivery or sent by commercial delivery service or certified mail, return receipt requested, (iii) deemed to have been given on the date telecopied with receipt confirmed, the date of personal delivery, or the date set forth in the records of the delivery service or on the return receipt, and (iv) addressed as follows:

If to Sellers:                      MainQuad Communications, Inc.  
   10228 Governors Drive  
   Chapel Hill, NC 27517  
   Attention: Daniel Berman  
   Telecopier: (919) 968-8047  
   Telephone: (919) 968-8041

MainQuad Broadcasting, Inc.  
10228 Governors Drive  
Chapel Hill, NC 27517  
Attention: Daniel Berman  
Telecopier: (919) 968-8047  
Telephone: (919) 968-8041

MainQuad, Inc.  
10228 Governors Drive  
Chapel Hill, NC 27517  
Attention: Daniel Berman  
Telecopier: (919) 968-8047

Telephone: (919) 968-8041

WEQQ, Inc.  
3012 Highwoods Blvd., Suite 201  
Raleigh, NC 27604  
Attention: Donald Curtis  
Telecopier: (919) 790-6654  
Telephone: (919) 876-6464

Carolina Airwaves, Inc.  
10228 Governors Drive  
Chapel Hill, NC 27517  
Attention: Daniel Berman  
Telecopier: (919) 968-8047  
Telephone: (919) 968-8041

With a copy (which shall  
not constitute notice) to:

Garvey, Schubert & Barer, LLP  
Fifth Floor, Flour Mill Building  
Washington, DC 20007  
Telecopier: (202) 965-1729  
Telephone: (202) 298-2528

and

Brooks, Pierce, McLendon, Humphrey & Leonard, LLP  
Suite 1600  
First Union Capital Center  
Raleigh, NC 27601  
Attention: Wade Hargrove  
Telecopier: (919) 839-0304  
Telephone: (919) 839-0300

If to Buyer:

First Media Radio, LLC  
306 Port Street  
Easton, MD 21601  
Attention: Alex Kolobielski  
Telecopier: (302) 422-2739  
Telephone: (410) 822-3301

With a copy (which shall not constitute notice) to:

William E. Prettyman, Jr.  
5393 Royal Mile Boulevard  
Salisbury, MD 21801  
Telecopier: (410) 546-9901  
Telephone: (410) 742-6026

and

First Media Radio Holdings, LLC  
11400 Skipwith Lane  
Potomac, Maryland 20854  
Attention: Ralph W. Hardy, Jr.  
Telecopier: (301) 983-2425  
Telephone: (301) 983-2424

and

Dow, Lohnes & Albertson, PLLC  
1200 New Hampshire Avenue, N.W.  
Suite 800  
Washington, D.C. 20036-6802  
Attention: Patricia A. Francis  
Telecopier: (202) 776-2222  
Telephone: (202) 776-2509

To Escrow Agent: Union Bank of California, N.A.  
120 S. San Pedro Street, Suite 400  
Los Angeles, California 90012  
Attention: Andrew Ball, Corporate Trust Department  
Telecopier: (213) 972-5694  
Telephone: (213) 972-5676

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section 6.1.

6.2 Benefit and Assignment. The rights and obligations of each party under this Agreement may not be assigned without the prior written consent of all other parties, except to the same extent assignment of the rights and obligations of the parties under the Purchase Agreement is permitted without consent of the other parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6.3 Entire Agreement; Amendment. This Agreement contains all the terms agreed upon by the parties with respect to the subject matter hereof. This Agreement may be amended or modified only by written agreement executed by Sellers and Buyer and if the amendment in any way affects the compensation, duties and/or responsibilities of the Escrow Agent, by a duly authorized representative of the Escrow Agent. No waiver of any provision hereof or rights hereunder shall be binding upon a party unless evidenced by a writing signed by such party.



6.4 Headings. The headings of the sections and subsections of this Agreement are for ease of reference only and do not evidence the intentions of the parties.

6.5 Governing Law. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF NORTH CAROLINA (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF) PROVIDED THAT THE RIGHTS AND DUTIES OF THE ESCROW AGENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF CALIFORNIA.

6.6 Counterparts. This Agreement may be signed upon any number of counterparts with the same effect as if the signatures on all counterparts are upon the same instrument.

6.7 Earnings. All income and earnings upon the Pre-Closing Escrow Deposit shall be deemed for tax reporting purposes to have accrued for the account of Buyer. All income and earnings upon the Post-Closing Escrow Fund shall be deemed for tax reporting purposes to have accrued for the account of Sellers.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

Buyer:

FIRST MEDIA RADIO, LLC

By: \_\_\_\_\_  
Alex Kolobielski  
President and Chief Executive Officer

Sellers:

MAINQUAD COMMUNICATIONS, INC.

By: \_\_\_\_\_  
Name:  
Title:

MAINQUAD BROADCASTING, INC.

By: \_\_\_\_\_  
Name:  
Title:

MAINQUAD, INC.

By: \_\_\_\_\_  
Name:  
Title:

WEQQ, INC.

By: \_\_\_\_\_  
Name:  
Title:

CAROLINA AIRWAVES, INC.

By: \_\_\_\_\_  
Name:  
Title:

Escrow Agent:

UNION BANK OF CALIFORNIA, N.A.

By: \_\_\_\_\_  
Name:  
Title: