

## **STOCK PURCHASE AGREEMENT**

This Stock Purchase Agreement made and entered into as of the 27th day of July, 2001 by and among Regent Broadcasting of Grand Rapids, Inc., a Delaware corporation ("Buyer"), those individuals and the corporation identified on the signature page(s) hereto as Sellers (collectively, "Sellers"), who constitute all of the shareholders of Haith Broadcasting Corporation, a Michigan corporation (the "Company"), and Connoisseur Communications of Flint, L.P. ("Connoisseur"), as a ratifying party.

**WHEREAS**, Sellers are the owners and holders of all of the issued and outstanding shares of capital stock of the Company; and

**WHEREAS**, the Company, pursuant to authorizations duly granted and issued by the Federal Communications Commission (hereinafter called the "FCC"), owns and operates radio station WFGR(FM), licensed to Grand Rapids, Michigan (the "Station"); and

**WHEREAS**, on January 30, 1998, the Company entered into an Option Agreement with Connoisseur by which the Company granted to Connoisseur an exclusive option to acquire all of the assets of the Company used or intended for use in the Station's operations (the "Option Agreement"); and

**WHEREAS**, the rights and obligations of the Company and Connoisseur under the referenced Option Agreement are the subject of litigation pending in the United States District Court for the Eastern District of Michigan, Southern Division, in the action styled *Connoisseur Communications of Flint, L.P. v. Haith Broadcasting Corporation*, Case No. 00-75321 (the "Federal Litigation"); and

**WHEREAS**, the Company has filed an Answer to Connoisseur's Complaint in the Federal Litigation in which the Company has denied that Connoisseur has any surviving rights in the option; and

**WHEREAS**, with the consent of Connoisseur, the parties hereto have negotiated this Agreement with the prospect that Buyer would acquire all of the stock of the Company, and the Company would thereupon be released of all obligations to Connoisseur under the referenced Option Agreement and the Federal Litigation would be dismissed with prejudice; and

**WHEREAS**, Sellers and Buyer have reached an understanding with respect to the sale by Sellers and the purchase by Buyer of all of the issued and outstanding shares of capital stock of Company, subject to and upon the terms, provisions and conditions contained herein; and

**WHEREAS**, Connoisseur has agreed to dismiss without prejudice the Federal Litigation pending the consummation or termination of the transactions contemplated by this Agreement and, upon consummation of the transactions contemplated by this Agreement, to release its claims against the Company and dismiss with prejudice the Federal Litigation; and

**WHEREAS**, consummation of this transaction is subject to the prior approval of the FCC.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants and agreements contained herein, Sellers and Buyer hereby agree as follows:

## ARTICLE I

### Purchase and Sale

1.01 Sale of Stock of Company. Subject to and upon the terms, provisions and conditions contained in this Agreement, Sellers shall sell, assign and transfer to Buyer, free and clear of all security interests, liens, encumbrances, equities and claims, all of Sellers' right, title and interest in and to all shares of all classes of common stock and preferred stock of the Company, which are described on Schedule 1.01 and which constitute all of the Company's issued and outstanding shares ("Company Stock"). Buyer's obligation to purchase the shares is contingent upon delivery to Buyer of certificates representing all of the shares of Company Stock at the Closing (as hereinafter defined). Sellers shall deliver to Buyer such certificates representing the Company Stock duly endorsed in appropriate form for transfer, with signatures guaranteed and any necessary stock transfer stamps affixed thereto.

1.02 Basic Purchase Price. The purchase price payable to Sellers for the Company Stock shall be Three Million Nine Hundred Thousand Dollars (\$3,900,000.00) (the "Basic Purchase Price"), to be paid in immediately available federal funds, subject to adjustment as provided in Section 1.03.

1.03 Adjustment of Basic Purchase Price. It is the intent of the parties, and the Basic Purchase Price has been negotiated on the basis, that the Company shall have no Cash and no Liabilities as of the Closing Date. Nevertheless, at the Closing, a computation shall be compiled by the Company setting forth as of the Closing Date the amount, if any, of the Company's Cash (as hereinafter defined) and all Liabilities of the Company as set forth below ("Closing Statement"). The Basic Purchase Price shall be adjusted by (a) an increase by the aggregate amount of Cash and (b) a decrease by the aggregate amount of Liabilities shown on the Closing Statement. Sellers and Buyer hereby agree that those shareholder notes receivable listed on the Company's March 31, 2001 balance sheet in the amounts of \$5,000.00 and \$8,408.40, respectively, shall not be assets of the Company on the Closing Date and will not be an adjustment to the Basic Purchase Price. The amount of consideration determined after making the foregoing adjustments to the Basic Purchase Price is herein referred to as the "Closing Purchase Price."

As used herein, the term "Cash" shall mean cash on hand and in banks, certificates of deposit, treasury bills and marketable securities and other cash equivalents, but excluding accounts and notes receivable and any other current asset listed on the Company's balance sheet.

As used herein, the term "Liabilities" shall mean at the Closing Date the amount of all the liabilities of the Company that would be recorded on a balance sheet or disclosed in the notes to the financial statements at that date computed in accordance with generally accepted accounting

principles applied on a basis consistent with those followed in the preparation of the financial statements described in Section 4.16 and shall include (i) accounts payable, (ii) all indebtedness, (iii) any unpaid bonuses, severance or vacation pay accrued to employees for the period ending on the day prior to the Closing Date, (iv) trade and barter obligations in excess of \$10,000 in the aggregate, and (v) all other items which in accordance with generally accepted accounting principles consistently applied would be included as Liabilities of the Company. For purposes of the determination of Liabilities, all expenses relating to the Company and arising from the conduct of the Company's business and operation of the Station (including without limitation such items as taxes, license fees, utilities, and rents) shall be prorated between Buyer and the Company in accordance with generally accepted accounting principles as of 11:59 p.m. Grand Rapids time, on the date immediately preceding the Closing Date. It is expressly agreed and understood that leasehold and contract payments owed by the Company for any time periods after the Closing Date shall not be considered as "Liabilities."

Within ninety (90) days after the Closing Date, representatives of Buyer's auditors shall examine the computation of the Closing Purchase Price in accordance with this Section 1.03, including an examination of such of the Company's books and records as are deemed necessary or appropriate, to verify the Company's Cash and Liabilities as of the Closing Date in accordance with auditing standards approved and adopted by the American Institute of Certified Public Accountants and otherwise in accordance with generally accepted accounting principles. Based upon such examination, they shall prepare a report setting forth their computation of the Purchase Price pursuant to this Section 1.03 ("Closing Report"), and upon completion of such Closing Report, they shall deliver same to Sellers' Representative and Buyer. If either Buyer or Sellers' Representative shall disagree with the Closing Report, such parties shall, within fifteen (15) days after receipt of such Closing Report, give written notice to the other and Buyer's auditors of its objection to the Closing Report, specifying each item or computation to which objection is taken and the reason for such objection. In such event, Sellers' Representative and Buyer shall use their best efforts to resolve such objections and to agree upon the Closing Report through negotiation. If Sellers' Representative and Buyer are unable to reconcile their differences and to mutually agree upon the Closing Report, within thirty (30) days after such written notice shall have been given as aforesaid, Sellers' Representative and Buyer shall designate a mutually agreeable independent national accounting firm, or if such firm cannot act, another national accounting firm (which has not been retained by either Sellers' Representative, the Company or Buyer within the past ten (10) years) mutually acceptable to such parties to act as arbitrator ("Arbitrator"). The Arbitrator shall determine all issues in disagreement and shall make such adjustments, if any, to the items and computations in the Closing Report as are necessitated by such determinations, and shall within thirty (30) days after their designation as Arbitrator deliver to Sellers' Representative and Buyer a written statement setting forth all adjustments made by the Arbitrator to the Closing Report. Such Closing Report shall be employed to determine any further adjustments required to the Purchase Price pursuant to this Section 1.03 ("Final Purchase Price"), and such Final Purchase Price shall be final, conclusive and binding upon all parties to this Agreement. The fees and expenses of Buyer's auditor and the Arbitrator in connection with the making of the Closing Report and the determinations herein provided for to resolve any differences over the Closing Report shall be paid one-half by Sellers and one-half by Buyer.

Within five (5) business days after the determination of the Final Purchase Price, any adjustment to the Closing Report required thereby shall be paid by Sellers to Buyer (by a distribution from the Indemnification Escrow account) or by Buyer to Sellers, as the case may be, in cash.

1.04 Escrow Deposit. Contemporaneously with the execution of this Agreement, a Deposit Escrow Agreement in the form of Exhibit A attached hereto (the "Deposit Escrow Agreement") has been entered into by Sellers, Buyer and the Escrow Agents specified therein, and Buyer has delivered to Robert W. Healy, Esq., as one of the co-escrow agents (an "Escrow Agent") under the Deposit Escrow Agreement, cash in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) (said cash amount or a letter of credit in like amount permitted to be substituted therefor pursuant to the terms of the Deposit Escrow Agreement being referred to herein as the "Escrow Deposit"). The Escrow Deposit shall be held, invested, substituted, maintained and distributed by Escrow Agent under and in accordance with the terms of the Deposit Escrow Agreement. As more fully described in the Deposit Escrow Agreement:

(a) in the event this Agreement is terminated because of Buyer's material breach of this Agreement and Sellers are not in material breach of this Agreement and all other conditions to Closing are at such time satisfied or waived (other than such conditions as can readily be satisfied by the Closing), the Escrow Deposit shall be delivered to Sellers as their sole remedy and as liquidated damages as provided in Section 13.04 hereof for Buyer's material breach of this Agreement; and

(b) in the event this Agreement is terminated under any circumstances other than those set forth in Section 1.04(a) above, the Escrow Deposit shall be delivered to Buyer.

1.05 Payment of Purchase Price. At the Closing, the Escrow Deposit shall be delivered to Buyer. The Closing Purchase Price shall be paid by wire transfer of immediately available funds, as follows:

(a) Two Hundred Fifty Thousand Dollars (\$250,000.00) to the Escrow Agent, to be held, administered and released in accordance with the terms of an Indemnification Escrow Agreement to be executed by Sellers, Buyer and the Escrow Agent at the Closing in the form of Exhibit B attached hereto (the "Indemnification Escrow Agreement"), which funds shall be held in escrow until the expiration of twelve (12) months after the Closing Date, and will be used to satisfy indemnification claims of Buyer pursuant to Section 12.02 hereof; and

(b) the balance to Sellers in such amounts and to persons as Sellers' Representative may direct in writing.

1.06 Closing. Except as otherwise mutually agreed upon by Buyer and Sellers, the consummation of the transactions contemplated herein (the "Closing") shall occur within five (5) business days after the later to occur of (a) the satisfaction or waiver of each condition to closing contained herein, other than such conditions as are reasonably anticipated to be satisfied at Closing (provided that each party hereto shall use its reasonable best efforts to cause each condition to closing to be satisfied so that the Closing may occur at the earliest possible date), and (b) the

issuance of the Final Order (as defined below), or such other date as may be mutually agreed by the parties hereto (the "Closing Date"); provided, however, that Buyer may in its sole discretion waive the requirement that a Final Order be issued and elect (subject to clause (a) above) to close at any time (upon not less than five (5) business days' notice to Sellers) after the release of initial FCC approval on public notice that it has consented to the transactions contemplated hereby (the "Initial Approval"). For purposes of the Agreement, "Final Order" (and "Final") means an order or grant by the FCC which is no longer subject to timely reconsideration or review by the FCC or a court of competent jurisdiction and pursuant to which the FCC consents, as the case may be, to the transactions contemplated by this Agreement, such order or grant being without the imposition of any conditions adverse to Buyer or any Affiliate (as hereinafter defined) of Buyer with respect to the transfer of control of the FCC Licenses to Buyer or the continued operation by Buyer of the Station. In the event that the parties close before the Initial Approval has become a Final Order, the parties shall enter into a mutually acceptable Unwind Agreement. The Closing shall be held preferably by exchange of closing documents by overnight deliveries, or otherwise in the offices of Strauss & Troy in Cincinnati, Ohio, or at such place and in such manner as the parties hereto may agree.

1.07 Connoisseur Documents. Within five (5) business days following the date this Agreement is executed by Buyer and Sellers, Connoisseur shall have (i) ratified this Agreement by signing on the last page hereof, (ii) executed and delivered to Buyer an agreement assigning to Buyer, effective upon consummation of this Agreement, any and all rights that Connoisseur may have in and under the Option Agreement, in form and substance satisfactory to Buyer (the "Connoisseur Assignment"); (iii) executed and delivered the Deposit Escrow Agreement; and (iv) deposited with Strauss & Troy, as one of the co-escrow agents (an "Escrow Agent") under the Deposit Escrow Agreement, the Dismissal Without Prejudice, the Mutual Release and the Dismissal With Prejudice (as such terms are defined in the Deposit Escrow Agreement), to be held, delivered and filed by Escrow Agent under and in accordance with the terms of the Deposit Escrow Agreement. For the limited purpose of this Agreement and without prejudice to its defense of the Federal Litigation or any other claims which the Company may have against Connoisseur, the Company consents to the quit claim assignment by Connoisseur to Buyer at Closing under the Connoisseur Assignment of whatever interest Connoisseur may have under the Option Agreement; provided, however, that Buyer hereby agrees that, upon consummation of this Agreement in accordance with its terms, the Option Agreement will terminate and be of no further force and effect.

1.08 Schedules. Sellers hereby agree that, within five (5) business days following the date of this Agreement, Sellers will tender to Buyer definitive Schedules to this Agreement, under cover of written agreement of the Seller's Representative that the said Schedules be attached to the Agreement and incorporated by reference herein. If Buyer does not advise Sellers' Representative in writing within three (3) business days after receipt of the definitive Schedules from Buyer of its unwillingness to accept all or any portion of the Schedules, then Buyer shall be deemed to have accepted the Schedules as delivered by Sellers pursuant to this Section 1.08.

## ARTICLE II

### Governmental Consents

2.01 FCC Consent. It is specifically understood and agreed by Buyer and Sellers that the Closing and the transfer of control of the Station Licenses and the transfer of the Company Stock are expressly conditioned on and are subject to the prior consent and approval of the FCC without the imposition of any conditions adverse to Buyer or any Affiliate of Buyer (the "FCC Consent").

2.02 FCC Application. Within eight (8) business days following the date this Agreement is executed by Buyer and Sellers, Buyer and Sellers shall file an application with the FCC for the FCC Consent (the "FCC Application"), provided that the conditions contained in Section 1.07 hereof are met. Buyer and Sellers shall prosecute the FCC Application with all reasonable diligence and otherwise use their best efforts to obtain the FCC Consent as expeditiously as practicable (but neither Buyer nor Sellers shall have any obligation to satisfy complainants or the FCC by taking any steps which would have a material adverse effect upon Buyer or Sellers or upon any of their respective Affiliates). If the FCC Consent imposes any condition on Buyer or Sellers or any of their respective Affiliates, such party shall use its best efforts to comply with such condition; provided, however, that neither Buyer nor Sellers shall be required hereunder to comply with any condition that would have a material adverse effect upon it or any of its Affiliates. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; provided, however, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to Article 13.01 hereof.

### ARTICLE III

#### Representations and Warranties of Buyer

Buyer hereby makes the following representations and warranties to Sellers, each of which is true and correct on the date hereof, shall survive the Closing and shall be unaffected by any investigation heretofore or hereafter made by Sellers:

3.01 Standing. Buyer is duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own and lease its properties and carry on its business as now being conducted by it.

3.02 Authority. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of Buyer and this Agreement is a valid and binding obligation of Buyer.

3.03 Purchase of Company Stock for Investment. Buyer is acquiring the Company Stock for its own account for investment and with no view to any distribution or resale of all or any part thereof.

3.04 Qualification. Buyer has no knowledge of any facts which would, under present law (including the Communications Act of 1934, as amended), and present rules, regulations, practices and policies of the FCC, disqualify Buyer as the transferee of the licenses, permits and authorizations listed on Schedule 4.08 hereto, or as an owner and/or operator of the Station, and

Buyer will not take, or unreasonably fail to take, any action which Buyer knows or has reason to know would cause such disqualification. Should Buyer become aware of any such facts, it will promptly notify Sellers in writing thereof and use its best efforts to prevent any such disqualification.

3.05 Absence of Conflicting Agreements or Required Consents. Except as set forth in Article II hereof with respect to governmental consents, the execution, delivery and performance of this Agreement by Buyer: (a) do not conflict with the provisions of the articles of incorporation or by-laws of Buyer; (b) except for the alleged rights of Connoisseur as alleged in the Federal Litigation, do not require the consent of any third party not affiliated with Buyer; (c) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Buyer is a party; and (d) will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under, any agreement, instrument, license or permit to which Buyer is now subject.

## ARTICLE IV

### Representations and Warranties of Sellers

Sellers, jointly and severally, make the following representations and warranties to Buyer, each of which is true and correct in all material respects on the date hereof, and shall be and will be true and correct in all material respects as of the Closing Date.

4.01 Corporate Standing. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and has all requisite corporate power and authority to own or lease its properties and to carry on its business as now being conducted. Company is qualified in the State of Michigan to carry on its business as now being conducted.

4.02 Subsidiaries and Investments. The Company has no subsidiaries or affiliates. The Company does not own, directly or indirectly, any capital stock or other equity or ownership or proprietary interest in any other corporation, partnership, association, trust, joint venture or other entity. Since the Financial Statement Date, as defined below, no such investment securities of any kind have been acquired or disposed of by the Company. The business carried on by the Company has not been conducted through any other direct or indirect subsidiary or entity related to any Seller.

4.03 Charter and By-Laws. Sellers have delivered to Buyer true and complete copies of the Articles of Incorporation and By-Laws of Company as in effect on the date of delivery thereof. There has been no change in the Articles of Incorporation or By-Laws of the Company since the delivery of copies thereof to Buyer. No provision of the Articles of Incorporation or the By-Laws of the Company or of any agreement, instrument or undertaking to which the Company is a party or by which the Company is bound, has been or will be violated by the execution and delivery by Sellers of this Agreement or the performance or satisfaction of any obligation or condition herein contained on their part to be performed or satisfied. The Company is not now nor on the Closing Date will it be in default in any respect in the performance, observance or fulfillment of any of the terms or conditions of its Articles of Incorporation or By-Laws. Within twenty (20) days following

the date hereof, Sellers will deliver to Buyer true and complete copies of the stock records and the minute book of the Company for inspection. The stock records truly, accurately and fully account for all transactions in the Company's capital stock, and the minute book contains the up-to-date, complete, and accurate minutes of the actions of the Company's Board of Directors and stockholders from its inception.

4.04 Directors and Officers; Compensation; Banks. Schedule 4.04 represents a true and complete list showing as of the date of delivery thereof the following:

- (a) The names of all of the directors and officers of the Company;
- (b) A payroll roster of the Company for the most recent payroll period ended prior to the date of delivery thereof showing the names, titles, and annualized current rate of pay for each person entitled to receive compensation from the Company;
- (c) Each bank account and safety deposit box of the Company, all authorized signatories to such account and all persons having access to such safety deposit box; and
- (d) The names of all persons, if any, holding a power of attorney from the Company. The information set forth in each such list is true and accurate on the date hereof. Each officer and director or any other person holding authorized signatory powers of the Company will submit his or her written resignation as such to Buyer on the Closing Date, effective with the delivery thereof.

4.05 Capitalization; Company Stock.

(a) The authorized capital stock of the Company (the "Capital Stock") consists of 100,000 shares of common stock. The Capital Stock has a par value of \$ .10 per share. All issued and outstanding shares of Capital Stock constitute the Company Stock. All shares of Company Stock are duly authorized, validly issued in compliance with all applicable laws, fully paid and non-assessable and not subject to preemptive rights created by statute, the Articles of Incorporation or Bylaws of the Company or any agreement to which the Company is a party or by which it is bound. Except as set forth on Schedule 4.05, the Company Stock is owned by Sellers, free and clear of all security interests, liens, pledges, encumbrances, agreements, charges, rights of rescission or claims of any kind (including without limitation any restrictions on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership ("Encumbrances")) by or on the part of any person, firm or corporation. Sellers have good and marketable title to the stock owned by them with full right to enter into this Agreement and to sell, assign, transfer and deliver the same to Buyer. Schedule 4.05 sets forth the addresses of the record and beneficial owners of the Company Stock, and the number of shares owned by each Seller. Sellers are the record and beneficial owners of all shares of Company Stock and the transfer thereof from the Sellers to Buyer will vest Buyer with good and marketable title, free and clear of all Encumbrances to all of the issued and outstanding shares of capital stock of Company.

(b) There are no options, warrants, calls, rights, commitments or agreements of any character, written or oral, to which the Company is a party or by which it is bound obligating



the Company to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of the capital stock of the Company or obligating the Company to grant, extend, accelerate the vesting of, change the price of, otherwise amend or enter into any such option, warrant, call, right, commitment or agreement. There is outstanding no vote, plan, or pending proposal for any redemption of stock of Company or merger or consolidation of Company with or into any other corporation. Except for legends disclosed on Schedule 4.05, no legend or other reference to any purported Encumbrances appears upon any certificate representing shares of Company Stock. The delivery of the certificates to Buyer provided in Section 1.01 of this Agreement and the payment to Sellers provided in Section 1.05 of this Agreement will result in Buyer's immediate acquisition of record and sole beneficial ownership of all the shares of Company Stock and rights to acquire or receive Capital Stock, free and clear of all Encumbrances.

4.06 Authorization and Binding Obligation. Sellers have the power and authority, and have taken all necessary and proper action to enter into and perform this Agreement and to consummate the actions contemplated hereby. Sellers have agreed among themselves as to the method of allocation of the Closing and Final Purchase Price and authorize Buyer to rely upon the directive of Sellers' Representative pursuant to Section 1.05(b), subject to any adjustment payments pursuant to Section 1.03. This Agreement has been duly authorized, executed and delivered by Sellers and constitutes the legal, valid and binding obligation of Sellers.

4.07 Absence of Conflicting Agreements or Required Consents. Except as set forth in Article II with respect to governmental consents and except for the alleged rights of Connoisseur as alleged in the Federal Litigation, the execution, delivery and performance of this Agreement by Sellers: (a) do not require the consent of any third party (including, without limitation, the consent of any governmental, regulatory, administrative or similar authority); (b) will not conflict with, result in a breach of, or constitute a violation of or default under, the provisions of the Company's Articles of Incorporation or Bylaws (or other charter or organizational documents), or any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which the Company or any Seller is a party or by which the Company or any Seller is bound; (c) will not either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under, any Contract, agreement, instrument, license or permit to which the Company is now subject; and (d) will not result in the creation of any lien, charge or encumbrance on any of the Company Stock or Station Assets.

4.08 Government Authorizations.

(a) Schedule 4.08 hereto contains a true and complete list of the Station Licenses and other licenses, permits or other authorizations from governmental and regulatory authorities which are required for the lawful conduct of the business and operations of the Station in the manner and to the full extent they are presently conducted (including, without limitation, auxiliary licenses associated with the Station). Sellers have delivered to Buyer true and complete copies of the Station Licenses and the other licenses, permits and authorizations listed in Schedule 4.08, including any and all amendments and other modifications thereto.

(b) As specified in Schedule 4.08, the Company is the authorized legal holder of the Station Licenses and other licenses, permits and authorizations listed in Schedule 4.08. None of the Station Licenses and other licenses, permits and authorizations listed in Schedule 4.08 is subject to any restrictions or conditions which would materially limit the full operation of the Station as now operated.

(c) Except for matters affecting the radio broadcast industry generally, there are no complaints, petitions to deny, informal objections, or adjudication proceedings pending or, to the best of Sellers' knowledge, threatened as of the date hereof before the FCC or any other governmental or regulatory authority relating to the business or operations of the Station. The Station Licenses and the other licenses, permits and authorizations listed in Schedule 4.08 are in good standing, are in full force and effect and are unimpaired by any act or omission of the Company or its shareholders, officers, directors or employees. The operations of the Station are in accordance with the Station Licenses and the underlying construction permits and the other licenses, permits and authorizations listed in Schedule 4.08. No proceedings are pending or, to the best of Sellers' knowledge, threatened, and to the best of Sellers' knowledge there has not been any act or omission of the Company or any of its officers, directors, shareholders or employees, which reasonably may result in the revocation, modification, non-renewal or suspension of any of the Station Licenses or the other licenses, permits and authorizations listed in Schedule 4.08, the denial of any pending applications, the issuance of any cease and desist order, the imposition of any administrative sanctions by the FCC or any other governmental or regulatory authority with respect to the Station Licenses or the other licenses, permits and authorizations listed in Schedule 4.08 or which may affect Buyer's ability to continue to operate the Station as they are currently operated.

(d) The Station is operating with the maximum facilities specified in the respective Station License.

(e) To the best of Sellers' knowledge: (i) the Station is not causing objectionable interference to the transmissions of any other broadcast station or communications facility nor has the Station received any complaints with respect thereto; and (ii) no other broadcast station or communications facility is causing objectionable interference to respective transmissions of the Station or the public's reception of such transmissions.

(f) Sellers have no reason to believe that the Station Licenses and the other licenses, permits, or authorizations listed in Schedule 4.08 will not be renewed in their ordinary course.

(g) All reports, forms, and statements required to be filed by the Company with the FCC with respect to the Station since the grant of the last renewals of the Station Licenses have been filed and are substantially complete and accurate.

(h) The operation of the Station and all of the Station Assets are in compliance in all respects with ANSI Radiation Standards C95.1 - 1992.

4.09 Compliance with FCC Regulations. Except with respect to tower lighting and painting requirements pertaining to the tower leased by the Company from Buyer or its affiliate (as

to which Sellers make no representation or warranty), the operation of the Station and all of the Station Assets are in compliance in all material respects with: (a) all applicable engineering standards required to be met under applicable FCC rules; and (b) all other applicable federal, state and local rules, regulations, requirements and policies, including, but not limited to, equal employment opportunity policies of the FCC, and all applicable painting and lighting requirements of the FCC and the Federal Aviation Administration to the extent required to be met under applicable FCC rules and regulations, and to the best of Sellers' knowledge, there are no filed claims to the contrary.

4.10 Taxes. Except as set forth on Schedule 4.10, the Company has filed all federal, state, local and foreign income, franchise, sales, use, property, excise, payroll and other tax returns required by law to be filed by it. All returns identified on Schedule 4.10 to be filed will be filed and all taxes required to be paid in respect of the periods covered by such returns will be paid prior to the Closing Date. Sellers have delivered to Buyer true and complete copies of all federal, state and local tax returns of the Company as filed for the years ended December 31, 1997, 1998, and 1999, and prior to the Closing Date will deliver to Buyer true and complete copies of all federal, state and local tax returns of the Company as filed for the year ended December 31, 2000. The Company has duly paid or accrued all taxes required to be paid by it in respect of the periods covered by all such returns, whether or not shown on such returns, and all interest and penalties thereon, whether disputed or not, and the Company has no liability for taxes in excess of the amounts so paid. All of the tax liabilities of the Company for the current year to date and all prior years, whether or not they have become due and payable, have been paid in full or adequately reserved for, and to the extent tax liabilities have accrued but not become payable, they are reflected on the books of the Company or in the Financial Statements. The Company has not requested any extension of time within which to file any tax returns which have not since been filed, and no deficiencies for any tax, assessment or governmental charge have been claimed, proposed or assessed by any taxing authority and there is no basis for any such deficiency or claim. To the best of Sellers' knowledge, the federal income tax returns of the Company have been examined by the federal tax authorities or closed by applicable statute and satisfied for all periods to and including fiscal year 1997. All deficiencies asserted as a result of any such examinations have been paid or finally settled, and no state of facts exists or has existed which might constitute grounds for the assessment of any further tax liability with respect to the periods which have been audited by the federal, state, local or foreign taxing authorities. There are no present disputes as to taxes of any nature payable by the Company which in any event could adversely affect any of the Station Assets or the operation of the Station. Except as set forth on Schedule 4.10, the Company has not been advised that any of its tax returns, federal, state, local or foreign, have been or are being audited. The Company does not have as of the date hereof any liability, fixed or contingent, for any unpaid federal, state or local taxes or other governmental or regulatory charges whatsoever (including without limitation withholding and payroll taxes). As used herein, the term "tax" includes, without limitation, all federal, state, local and foreign income, profits, sales, use, occupancy, excise, added value, employees' income withholding, social security, franchise, property, and all other governmental taxes, license fees and other charges of every kind and description and related governmental charges imposed by the laws and regulations of any governmental jurisdiction, whether such taxes are due or claimed to be due from them by federal, state, local or foreign taxing authorities.

4.11 Personal Property. Without material omission, Schedule 4.11 hereto contains a list of all items of tangible personal property owned by the Company and used in the conduct of the business and operations of the Station. Schedule 4.11 also separately lists any material tangible personal property leased by the Company pursuant to leases included within the Contracts. The Company has good and marketable title to all of the items of tangible personal property which are included in the Station Assets (other than those subject to lease) and none of such Station Assets is, or at the Closing will be, subject to any security interest, mortgage, pledge, lease, license, lien, encumbrance, title defect or other charge, except those set forth in the notes to the Financial Statements, for liens for taxes not yet due and payable, and liens or encumbrances described in Schedule 4.11. The properties listed in Schedule 4.11, along with those properties subject to leases which are included among the Contracts, constitute all material tangible personal property necessary to operate the Station as the same is now being operated. Except as set forth in Schedule 4.11, all items of tangible personal property included in the Station Assets are in good and technically sound operating condition and repair (ordinary wear and tear excepted), are free from all material defect and damage, are suitable for the purposes for which they are now being used, and have been maintained in a manner consistent with generally accepted standards of good engineering practice.

4.12 Real Property.

(a) No real property is owned by the Company. Schedule 4.12 hereto contains a complete and accurate list and description of all real property (including without limitation, real property relating to the towers, transmitters, studio sites and offices of the Station) used by the Company in connection with the operations of the Station (the "Real Estate") and includes the name of the lessors thereof.

4.13 Contracts. Schedule 4.13 lists all material Contracts to which the Company is a party, or which are binding on the Company, as of the date of this Agreement. All barter and trade agreements are preemptible for cash sales and none is subject to fixed positions (except for those contracts which provide for the delivery of programming to the Station in return for barter advertising). Sellers have delivered to Buyer true and complete copies of all written material Contracts and true and complete memoranda of all oral material Contracts, including any and all amendments and other modifications thereto. All of the material Contracts are in full force and effect and are valid, binding and enforceable in accordance with their respective terms, except as limited by laws affecting creditors' rights or equitable principles generally. The Company has complied in all respects with all material Contracts and is not in default beyond any applicable grace periods, and, to the best of Sellers' knowledge, no other contracting party is in default under any of the terms thereof. For purposes of this Agreement, a Contract shall be deemed material if its remaining term is more than six months in length, if it involves cash expenditures in excess of \$5,000, if it is a capitalized lease, or if its non-existence would adversely affect rights of occupancy or access to leased or owned real estate or building space. Except as listed on Schedule 4.13, the Company is not a party (in its own name or as successor in interest) to any written or oral:

(a) contracts or commitments involving employment, profit sharing, pension, bonus, percentage compensation, incentive compensation, deferred compensation, employee benefits, stock options or warrants or employee stock purchase;

- (b) leases or licenses with respect to any property, real or personal, as lessor, lessee, licensor, or licensee, except leases of personal property with the Company as lessee having a value of less than \$5,000 per annum in the aggregate;
- (c) agreement, contract or commitment for any capital expenditures;
- (d) agreement, indenture or other instrument which contains restrictions with respect to payment of dividends or any other distribution in respect of its capital stock;
- (e) agreement, contract or commitment limiting the freedom of the Company to engage in any line of business or to cooperate with any other person or entity;
- (f) contract or option for the purchase of any real or personal property other than in the ordinary course of business;
- (g) letter of credit or guarantee agreement in respect of any indebtedness or obligation of any other person or entity (other than the endorsement of negotiable instruments for collection in the ordinary course of business);
- (h) contract or commitment to acquire investment securities or to extend credit;
- (i) agreement, contract or commitment which might reasonably be expected to have a potential adverse impact on the business or operations of the Company, except for the alleged rights of Connoisseur as alleged in the Federal Litigation; or
- (j) any other contract for borrowed money either as borrower or lender.

4.14 Environmental. Except as set forth in Schedule 4.14, the Company has complied in all material respects with all federal, state and local environmental laws, rules and regulations as in effect on the date hereof applicable to the Station and its operations, including but not limited to the FCC's guidelines regarding RF radiation. To the best of Sellers' knowledge, no hazardous or toxic waste, substance, material or pollutant (as those or similar terms are defined under the Comprehensive Environmental Response, Compensation and Liability, Act of 1980, as amended, 42 U.S.C. §§ 9601 et seq., Toxic Substances Control Act. 15 U.S.C. §§ 2601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901 et seq. or any other applicable federal, state and local environmental law, statute, ordinance, order, judgment rule or regulation relating to the environment or the protection of human health ("Environmental Laws"). including but not limited to, any asbestos or asbestos related products, oils or petroleum-derived compounds, CFCs, PCBs, or underground storage tanks, have been released, emitted or discharged (in violation of applicable laws or regulations), or are currently located (in violation of applicable laws and regulations) in, on, under, or about the real property on which the Station Assets are situated, including without limitation the transmitter sites, or contained in the tangible personal property included in the Station Assets; provided, however, that no representation or warranty is made by Sellers with respect to conditions in, on or about the tower site lease by the Company from Buyer or its affiliate that are not caused by the Company. The Station Assets and the Company's use thereof

are not in violation in any material respect of any Environmental Laws or any occupational, safety and health or other applicable law now in effect.

4.15 Intellectual Property. Schedule 4.15 hereto is a true and complete list of all material Intellectual Property applied for, registered or issued to, or owned by the Company or under which the Company is a licensee and which is used in the conduct of the Company's business and operations. Except as set forth on Schedule 4.15, to the best of Sellers' knowledge: (a) the Company's right, title and interest in the Intellectual Property as owner or licensee, as applicable, is free and clear of all liens, claims, encumbrances, rights, or equities whatsoever of any third party and, to the extent any of the Intellectual Property is licensed to the Company, such interest is valid and uncontested by the licensor thereof or any third party; (b) all computer software located at the Station's facilities or used in the Station's business or operations is properly licensed to the Company, and all of the Company's uses of such computer software are authorized under such licenses; and (c) there are no infringements or unlawful use of such Intellectual Property by the Company in connection with the Company's business or operations.

4.16 Financial Statements. Sellers have delivered to Buyer copies of the Company's financial statements for the fiscal year ended December 31, 2000 (the "Financial Statement Date"), and for the fiscal years ended on December 31 of each of the years 1997, 1998 and 1999, and notes thereto (the "Financial Statements"), all of which are true, complete and correct, have been prepared from the books and records of the Company in accordance with generally accepted accounting principles consistently applied and maintained throughout the periods indicated, and which present fairly the financial position and results of operations of the Company and the Station as of the dates thereof and for the periods covered thereby. The Financial Statements include:

- (a) the balance sheet of the Company as of the Financial Statement Date; and
- (b) the related statements of earnings, and shareholders' equity for the years ended as indicated on each of the Financial Statements.

In such Financial Statements, the statements of earnings do not contain any items of special or nonrecurring income or any other income not earned in the ordinary course of business except as expressly specified therein, and the Financial Statements include all adjustments, which consist only of normal recurring accruals, necessary for such fair presentation. There are no facts known to any of the Sellers or the Company which would alter the information contained in the Financial Statements in any way whatever.

4.17 Absence of Certain Payments. Neither the Company nor any Seller, director, officer, agent, employee or other person associated with or acting on behalf of the Company, has, directly or indirectly, within the past five years, used any funds of the Company for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, or made any direct or indirect unlawful payments to government officials or employees from corporate funds, or made or received any payment, whether direct or indirect, to or from any supplier or customer of the Company, for purposes other than the satisfaction of lawful obligations, or established or maintained any unlawful or unrecorded funds, where any of the foregoing would

have a material adverse affect on the financial condition, results of operations, business or prospects of the Company.

4.18 Receivables. All receivables of the Company (including accounts receivable, loans receivable and advances) which are reflected in the Financial Statements have, and all such receivables which will have arisen since the date thereof shall have, arisen only from bona fide transactions in the ordinary course of the Company's business. Seller's make no representations or warranties as to the collectibility of the accounts receivable.

4.19 Liabilities. Except to the extent reflected, reserved against, or noted on the Financial Statements, the Company had, as of the Financial Statement Date, no debts, liabilities or obligations of any nature whatsoever, whether accrued, absolute, contingent, or otherwise, and whether due or to become due, for any period or arising out of any transaction entered into or any set of facts existing prior thereto, whether or not then known due or payable. Except for the Federal Litigation, there exists no basis for the assertion against the Company of any liability of any nature or in any amount not fully reflected, reserved against, or noted in Financial Statements as of the Financial Statement Date, and on the Closing Date, there will not exist any basis for the assertion against the Company of any liability of any nature or in any amount not fully reflected, reserved against, or taken into account in the Closing Statement. All deposits, accounts and notes payable, and other liabilities of the Company are current and not in default.

4.20 Labor Matters. The Company is not a party to any contract or agreement with any labor organization, nor has the Company agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any employees of the Company at the Station. The Company has no knowledge of any organizational effort currently being made or threatened by or on behalf of any labor union with respect to employees of Seller at the Station. The Company has not consented to any final decree involving any claim of unfair labor practice and has not been held in any final judicial proceeding to have committed any unfair labor practice and there are no material controversies pending or threatened between the Company and any of its employees or any labor union or collective bargaining agent representing or purporting to represent employees of the Company. Since December 31, 1999, there has been no unusual increase in compensation payable by the Company to any of its officers, employees or agents or any bonus payment or similar arrangements made to or with them. To the best of Sellers' knowledge, the Company has complied in all material respects with all federal and state laws relating to the employment of labor, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and those laws relating to wages, hours, collective bargaining, unemployment insurance, workers' compensation, discrimination in employment practices or benefits, family and medical leave, employment of handicapped or disabled individuals, sexual harassment, equal employment opportunity, employment of protected minorities (including women and persons over 40 years of age), and payment and withholding of taxes.

4.21 Litigation. Except as set forth in Schedule 4.21, the Company is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree relating to the conduct of the business or the operation of the Station or any of the Station Assets, and there is no litigation, administrative action, arbitration, proceeding or investigation pending or, to the best knowledge of

Sellers, threatened against the Company in any federal, state or local court, or before any administrative agency or arbitrator (including, without limitation, any proceeding which seeks the forfeiture of, or opposes the renewal of, any of the Station Licenses), or before any other tribunal duly authorized to resolve disputes. In particular, but without limiting the generality of the foregoing, there are no complaints, petitions to deny, informal objections, or adjudication proceedings pending or, to the best knowledge of Sellers, threatened before the FCC or any other governmental organization with respect to the business or operations of the Station.

4.22 Compliance With Laws. Except as set forth in Schedule 4.22, the Company is not in material violation of, nor have Sellers or the Company received any notice asserting any non-compliance by the Company with, any statute, rule or regulation, whether federal, state or local. The Company is not in default with respect to any judgment, order, injunction or decree of any court administrative agency or other governmental authority or any other tribunal duly authorized to resolve disputes which relates to the transactions contemplated hereby. The Company is in compliance in all material respects with all laws, regulations and governmental orders applicable to the conduct of the business and operations of the Station, and its present use of the Station Assets does not violate any of such laws, regulations or orders.

4.23 Employee Benefit Plans.

(a) Schedule 4.23 contains a true and complete list as of the date of this Agreement of all employee benefit plans applicable to the employees of Seller employed at the Station, and a brief description thereof. Except as set forth on Schedule 4.23, the Company does not maintain or have any present or future obligation or liability with respect to, any bonus, deferred compensation, pension, profit-sharing, retirement, severance pay, insurance, stock purchase, stock option, welfare benefit, or other fringe benefit plan, arrangement or practice, or any other employee benefit plan, as defined in Section 3 of the ERISA, whether qualified or unqualified, formal or informal (collectively, the "Plans"). Sellers have delivered to Buyer true and complete copies of: (i) all documents which comprise each of the Plans, including any related trust agreements or insurance contracts (or any other funding instruments), (ii) the most current summary plan description (and any summary of material modifications) for each Plan for which one is required, (iii) the most recent Internal Revenue Service ("IRS") determination letter relating to each Plan intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986 (the "Code") (and none of such Plans has been amended or modified since the date of the latest determination letter relating thereto), (iv) the most recent annual reports (Form 5500 Series) and accompanying schedules filed for each of the Plans for which one is required, and (v) the most recent actuarial report for each of the Plans for which required (which report fairly presents the assets and liabilities of the Plans as of the date thereof). Except as set forth in Schedule 4.23, there have been no material changes in the terms of the Plans, or in the assets or liabilities associated with such Plans, as reflected in the foregoing documents. Each of the Plans has been administered in accordance with its terms, and to the extent applicable, complies with and has been administered in accordance with ERISA and the Code.

(b) The Company has not engaged in, and Sellers do not have knowledge of any person that has engaged in, any transaction in violation of Section 406(a) or (b) of ERISA for which no exemption exists under Section 408 of ERISA, or any "prohibited transaction" as defined in



Section 4975(c)(1) of the Code for which no exemption exists under Section 4975(c)(2) or (d) of the Code, with respect to any Plan.

(c) Neither the Company nor any corporation or other trade or business under common control with the Company (as determined under Section 414(b), (c), or (m) of the Code) has taken any action, and Sellers do not have any knowledge of any action or event that could cause the Company to incur liability under Title IV of ERISA.

(d) The Company has never been and is not now a party to, nor is Company bound by and required to contribute to, a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

(e) The Company has no obligation to provide health benefits to former employees of the Company, except as specifically required by law.

(f) The Company has complied with all requirements of Part 6 of Title I, Subtitle B of ERISA regarding continuation coverage for group health plans.

(g) To Sellers' knowledge, there is no pending or threatened claim which alleges any violations of ERISA or any other law, nor any basis for such a claim by any person, against the Company arising out of Company's maintenance of any Plan.

4.24 Conduct of Business in Ordinary Course: Adverse Change. Since December 31, 2000: (a) the Company has conducted the business of the Station only in the ordinary course consistent with past practices; (b) there has not been any material adverse change in the business, assets, properties, prospects or condition (financial or otherwise) of the Company or the Station, or any damage, destruction, or loss affecting any of the Station Assets, other than that which may result from a departure of one or more employees, consultants or independent contractors from the Station following the date of this Agreement; (c) the Company has not created, assumed, or suffered any mortgage, pledge, lien or encumbrance on any of the Station Assets, and (d) the Company has not disposed or agreed to dispose of any of its assets or properties other than in the ordinary course of business.

4.25 Instruments of Conveyance; Good Title. The instruments to be executed by Sellers and delivered to Buyer at the Closing, conveying the Company Stock to Buyer, will transfer good and marketable title to the Company Stock free and clear of all liabilities (absolute or contingent), security interests, mortgages, pledges, liens, obligations and encumbrances of any nature.

4.26 Transactions with Certain Persons. The Company does not owe any amount to, or have any contract with or commitment to any of the Company's shareholders, directors, officers, employees or consultants, and none of such persons owes any amount to the Company except as set forth on the Financial Statements.

4.27 Insurance. All of the real and tangible personal property and other assets of the Company which are of an insurable character are insured by financially sound and responsible insurance companies against fire and other risks usually insured against by persons operating similar

businesses. A true and complete list showing all policies of insurance maintained by the Company, including types of coverage, policy expiration dates, and policy limits, is set forth in Schedule 4.27 hereto. There has been no change in the information set forth in such Schedule since the delivery thereof to Buyer. If any of the Company's property is damaged or destroyed prior to Closing, the proceeds of the insurance therefor will be sufficient to replace, restore or repair the same to its former condition and utility, except for applicable deductible amounts. The Company will maintain the insurance set forth in Schedule 4.27 in full force and effect until Closing.

4.28 Full Disclosure. No representation or warranty made by Sellers contained in this Agreement nor any certificate, document or other instrument furnished or to be furnished by Sellers pursuant hereto contains or will contain any untrue statement of a material fact, or omits or shall omit to state any material fact required to make any statement contained herein or therein not misleading. Sellers are not aware of any impending or contemplated event or occurrence that would cause any of the foregoing representations not to be true and complete on the date of such event or occurrence as if made on that date.

\* \* \* \* \*

Whenever in this Article IV a warranty or representation is qualified by a word or phrase referring to Sellers' knowledge or awareness, it shall mean to the actual knowledge of Thomas J. Beauvais, the Company's Vice President, and/or Gregory P. Theokas, the Company's Secretary/Treasurer and Vice President, after due inquiry and investigation to be completed by them, with notice given to Buyer of any material fact or condition that causes such representation or warranty to be inaccurate or incomplete when made within thirty (30) days following the date of this Agreement.

## ARTICLE V

### Covenants of Buyer

5.01 Notification. Buyer will provide Sellers prompt written notice of any change in any of the information contained in the representations and warranties made in Article III. Buyer shall also notify Sellers of any litigation, arbitration or administrative proceeding pending or, to its knowledge, threatened against Buyer which challenges the transactions contemplated hereby.

5.02 No Inconsistent Action. Buyer shall not take any action which is materially inconsistent with its obligations under this Agreement or take any action which would cause any representation or warranty of Buyer contained herein to be or become false or invalid or which could hinder or delay the consummation of the transactions contemplated by this Agreement.

## ARTICLE VI

### Covenants of Sellers

Sellers covenant and agree with respect to the Company and the Station that, between the date hereof and the Closing Date or the earlier termination of this Agreement in accordance with its terms, except as expressly permitted by this Agreement or with the prior written consent of Buyer, Sellers shall, and cause the Company to, act in accordance with the following:

6.01 Conduct of Business. The Company shall conduct the business and operations of the Station only in the ordinary and prudent course of business consistent with past practice and with the intent of maintaining the condition of the Station Assets and preserving the ongoing operations and assets of the Station, including but not limited to maintaining the independent identity of the Station, retaining the current format and programming (including the content thereof) of the Station, continuing at historical levels and frequencies spending for promotions, advertising, and survey testing, and using its reasonable best efforts to retain at the Station the services of the key employees, consultants and agents of the Station.

6.02 Compliance with Laws. The Company shall operate the Station in all material respects in accordance with FCC rules and regulations and the Station Licenses and with all other laws, regulations, rules and orders, and shall not cause or permit by any act, or failure to act, any of the Station Licenses or other licenses, permits or authorizations listed in Schedule 4.08 to expire, be surrendered, adversely modified, or otherwise terminated, or cause the FCC to institute any proceedings for the suspension, revocation or adverse modification of any of the Station Licenses, or fail to prosecute with due diligence any pending applications to the FCC. Should any fact relating to the Company or Sellers which would cause the FCC to deny its consent to the transactions contemplated by this Agreement come to Sellers' attention, Sellers will promptly notify Buyer thereof and will use their reasonable best efforts to take such steps as may be necessary to remove any such impediment to the FCC's consent to the transactions contemplated by this Agreement.

6.03 Station Operations. Except for changes or actions in the ordinary course of business consistent with past practices, the Company shall not: (a) sell broadcast time on a prepaid basis (other than in the course of existing credit practices); (b) except as required by the applicable law or written agreements currently in effect, grant or agree to grant any general increases in the rates of salaries or compensation payable to employees of the Company (provided that no such increases to any employee shall in the aggregate exceed 5% of such employee's compensation as set forth on Schedule 4.04 hereto), (c) provide for any new pension, retirement or other employment benefits for employees of the Company or any increases in any existing benefits, (d) modify, change or terminate any Contract; or (e) change the advertising rates in effect as of the date hereof.

6.04 Access. The Company shall give or cause the Station to give Buyer and Buyer's counsel, accountants, engineers and other representatives, at Buyer's reasonable request and upon reasonable notice, full and reasonable access during normal business hours to all of the Company's personnel, properties, books, Contracts, reports and records (including, without limitation, financial information and environmental audits in existence with respect to the Station Assets), Real Estate, and buildings and equipment, and to furnish Buyer with information and copies of all documents and agreements relating to the Station and the operation thereof (including but not limited to

financial and operating data and other information concerning the financial condition, results of operations and business of the Company or the Station) that Buyer may reasonably request. The rights of Buyer under this Section 6.04 shall not be exercised in such a manner as to interfere unreasonably with the business of the Station.

6.05 Consents. Each Seller shall give all consents and take all other actions, and Sellers shall use their reasonable best efforts to obtain any third party consents, necessary for the transfer of the Company Stock or the assignment of any Contract.

6.06 Notification. Sellers will provide Buyer prompt written notice of any change in any of the information contained in the representations and warranties made in Article IV or any Schedule. Sellers agree to notify Buyer of any litigation, arbitration or administrative proceeding pending or, to the best of their knowledge, threatened, which challenges the transactions contemplated hereby. Sellers shall promptly notify Buyer if any of the normal broadcast transmissions of the Station are interrupted, interfered with or impaired for more than forty-eight (48) hours, and shall provide Buyer with prompt written notice of the problem and the measures being taken to correct such problem. If the Station is not restored so that operation is resumed to full licensed power and antenna height within five (5) days of such event, or if more than five (5) such events occur within any thirty (30) day period, or if the Station shall be off the air for more than ninety-six (96) consecutive hours, then Buyer shall have the right to terminate this Agreement.

6.07 No Inconsistent Action. Sellers shall not take any action which is materially inconsistent with their obligations under this Agreement nor take any action which would cause any representation or warranty of Sellers contained herein to be or become false or invalid or which could hinder or delay the consummation of the transactions contemplated by this Agreement

6.08 Closing. Subject to Article IX hereof, on the Closing Date, Sellers shall transfer, convey, assign and deliver to Buyer the Company Stock as provided in Article I of this Agreement.

6.09 Negative Covenants. Except as may be required by the other provisions of this Agreement, neither Sellers nor the Company shall: (a) waive or release any right relating to the business or operations of the Station, except for adjustments or settlements made in the ordinary course of business consistent with past practices; (b) transfer or grant any rights under any of the Station Licenses; (c) enter into any commitment for capital expenditures; (d) introduce any material changes in the broadcast hours or in the format of the Station or any other material change in the Station's programming policies; (e) change the call letters of the Station; (f) dispose of, sell or encumber, or agree to dispose of, sell or encumber, any of the Station's Assets, except in the ordinary course of business, or any shares of Company Stock except as contemplated hereby; (g) suffer or permit the creation of any lien, mortgage, pledge, encumbrance or charge of any kind on the Company Stock or Station Assets except as specifically referred to on Schedules 4.11 or 4.12 hereto, except liens for taxes not yet due and payable; (h) fail to repair, maintain or replace the Company's transmitting, studio and other technical equipment or fail to maintain reasonable and customary inventory of equipment, supplies and other tangible personal property used or useful in the operation of the Station; (i) enter into, extend or renew any trade deals or sales of broadcast time on the Station except as same are approved by Buyer and except for time sales for cash at the Station's prevailing rates; (j) assume, guarantee, endorse or otherwise become responsible for the

indebtedness of any other person, firm or corporation except endorsement of negotiable instruments in the ordinary course of collection; (k) incur any indebtedness for borrowed money, or make any loans except in the ordinary course of business, or make any advances; (l) issue, sell, or contract to sell any of its securities or sell, contract to sell or grant any right or option to purchase or otherwise acquire, directly or indirectly, any securities, or redeem, purchase or otherwise acquire any outstanding shares of capital stock; (m) change, amend or modify the Articles of Incorporation or By-Laws of the Company; (n) allow to occur or exist any event of default by the Company under any contract, agreement, arrangement, license, permit, commitment or understanding, which event of default would have a material adverse affect upon the business, operations or financial position of the Company; or (o) enter into any transaction or make or enter into any contract or commitment with respect to the Station or the Station Assets which involves an expenditure after the Closing Date of in excess of \$5,000.00 or otherwise is not in the ordinary course of business consistent with past practices.

6.10 Exclusivity. Sellers agree that, commencing on the date hereof through the Closing or earlier termination of this Agreement, Buyer shall have the exclusive right to consummate the transactions contemplated herein, except for the alleged rights of Connoisseur as alleged in the Federal Litigation, and during such exclusive period, Sellers agree that neither Sellers, nor any director, officer, employee or other representative of Sellers: (a) will initiate, solicit or encourage, directly or indirectly, any inquiries, or the making or implementation of any proposal or offer with respect to a merger, acquisition, consolidation or similar transaction involving, or any purchase of, all or any portion of the Company Stock or Station Assets (any such inquiry, proposal or offer being hereinafter referred to as an "Acquisition Proposal" and any such transaction being hereinafter referred to as an "Acquisition"); (b) will engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal; or (c) will continue any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal or Acquisition and will take the necessary steps to inform the individuals or entities referred to above of the obligations undertaken by them in this Section 6.10. Notwithstanding the foregoing, in the event that Buyer defaults in any material respect in the observance or in the due and timely performance of any of its covenant or agreements herein contained and such default shall not be cured within forty-five (45) business days of notice of default served by Sellers, Sellers' obligations under this Section 6.10 shall be null and void.

## ARTICLE VII

### Joint Covenants

Buyer and Sellers covenant and agree that between the date hereof and the Closing Date, they shall act in accordance with the following:

7.01 Confidentiality. Subject to the requirements of applicable law, Buyer and Sellers shall each keep confidential all information obtained by them in connection with this Agreement and the negotiations preceding this Agreement, and will use such information solely in connection

with the transactions contemplated by this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to each other party hereto, without retaining a copy thereof, any schedules, documents or other written information obtained from such other party in connection with this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, no party shall be required to keep confidential or return any information which: (a) is known or available through other lawful sources, not bound by a confidentiality agreement with the disclosing party; (b) is or becomes publicly known through no fault of the receiving party or its agents; (c) is required to be disclosed pursuant to an order or request of a judicial or governmental authority (provided the disclosing party is given reasonable prior notice of the order or request and the purpose of the disclosure); or (d) is developed by the receiving party independently of the disclosure by the disclosing party. Notwithstanding anything to the contrary herein, either party may in accordance with its legal obligations, including but not limited to filings permitted or required by the Securities Act of 1933 and the Securities and Exchange Act of 1934, the NASDAQ National Market and other similar regulatory bodies, make such press releases and other public statements and announcements as it deems necessary and appropriate in connection with this Agreement and the transactions contemplated hereby; provided, however, that prior to making any such unilateral press release or announcement, such party shall first communicate the same in writing to the other.

7.02 Cooperation. Subject to express limitations contained elsewhere herein, Buyer and Sellers agree to cooperate fully in taking any reasonable actions (including without limitation, reasonable actions to obtain the required consent of any governmental instrumentality or any third party) necessary or helpful to accomplish the transactions contemplated by this Agreement, including but not limited to the satisfaction of any condition to closing set forth herein.

7.03 Control of Station. Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Station prior to the Closing. Such operations, including complete control and supervision of all Station programs, employees and policies, shall be the sole responsibility of Sellers and the Company.

## ARTICLE VIII

### Conditions of Closing by Buyer

The obligations of Buyer hereunder are, at its option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

#### 8.01 Representations, Warranties and Covenants.

(a) All representations and warranties of Sellers made in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, shall be true and complete in all material respects as of the date hereof and on and as of the Closing Date as if made on and as of that date, except for changes expressly permitted or contemplated by the terms of this Agreement or in the ordinary course of business which are not, either in individually or in the aggregate, material and adverse.

(b) All of the terms, covenants, agreements, and conditions to be complied with and performed by Seller or the Company on or prior to the Closing Date shall have been complied with or performed in all material respects.

(c) Buyer shall have received a certificate, dated as of the Closing Date, from the Company, executed by the President of the Company to the effect that: (a) the representations and warranties of Sellers contained in this Agreement as they pertain to the Company are true and complete in all material respects on and as of the Closing Date as if made on and as of that date; and (b) Sellers and the Company have complied with or performed in all material respects all terms, covenants, agreements, and conditions to be complied with or performed by them on or prior to the Closing Date.

8.02 Governmental Consents. The FCC Consent shall have been obtained and, subject to the provisions of Section 1.06 hereof, shall have become a Final Order.

8.03 Governmental Authorizations. The Company shall be the holder of the Station Licenses and all other licenses, permits and other authorizations listed in Schedule 4.08, and there shall not have been any modification of any of such licenses, permits and other authorizations which has a material adverse effect on the Station or the operations thereof. No proceeding shall be pending which seeks, or the effect of which reasonably could be, to revoke, cancel, fail to renew, suspend or adversely modify any of the Station Licenses or any other licenses, permits or other authorizations listed in Schedule 4.08. The Station shall not be operating under any special temporary authority from the FCC.

8.04 Adverse Proceedings. Upon dismissal of the Federal Litigation, no suit, action, claim or governmental proceeding shall be pending or threatened against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered (and remain in effect) against, any party hereto which: (a) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (b) questions the validity or legality of any transaction contemplated hereby; (c) seeks to enjoin any transaction contemplated hereby; (d) seeks material damages on account of the consummation of any transaction contemplated hereby; or (e) is a petition of bankruptcy by or against the Company, an assignment by the Company for the benefit of its creditors, or other similar proceeding.

8.05 Third-Party Consents. All material Contracts shall be in full force and effect on the Closing Date, and Seller shall have obtained and shall have delivered to Buyer all appropriate third-party consents in form and substance acceptable to Buyer (including estoppel certificates reasonably requested by Buyer) in connection with any material Contracts, compliance with requirements of Buyer's senior lender, or the transfer of the Company Stock to Buyer.

8.06 Closing Documents. Sellers shall have delivered or caused to be delivered to Buyer, on the Closing Date, all stock powers, endorsements, assignments and other instruments of conveyance reasonably satisfactory in form and substance to Buyer, effecting the sale, transfer, assignment and conveyance of, and release of all claims to dividends or other distributions, whether

declared or undeclared, on the Company Stock to Buyer, including, without limitation, each of the documents required to be delivered by them pursuant to Article XI.

8.07 Consummation of Connoisseur Assignment. The transactions contemplated by the Connoisseur Assignment shall have been consummated simultaneously with the closing of this Agreement.

8.08 No Adverse Change. No material adverse change in condition of the Company or the Station Assets, which change is not caused by or does not arise out of, any breach by Buyer of any of its representations, warranties, covenants or agreements hereunder, shall have occurred since December 31, 2000, be threatened or be reasonably likely to occur. Any adverse change in the condition of the Company due to material changes in competitive conditions, material changes in market economics, changes in ratings, changes in market values for radio stations or changes caused by a departure of one or more employees, consultants or independent contractors from the Station following the date of this Agreement generally shall not constitute a "material adverse change" as used in this Section 8.08.

8.09 Satisfactory Investigation of Station Facilities. Buyer shall have conducted such examination and investigation of the Real Estate, studios, transmitter facilities, and other Station Assets and personnel on matters covered by or generally within the scope of Sellers' warranties and representations as Buyer deems advisable or appropriate pursuant to Section 6.04 and shall have determined that the findings and results of such examination and investigation are satisfactory. If Buyer does not advise Sellers' Representative in writing within thirty (30) days after the date of this Agreement of any unsatisfactory findings or results, this condition shall be deemed waived. If Buyer does advise Sellers' Representative of any unsatisfactory findings or results, and such are capable of being cured by Sellers, Sellers shall cause the same to be cured at the Company's expense prior to a Final Order. Buyer recognizes that the station's facilities largely consist of equipment that is several years old and other than for ordinary repair, nothing herein shall obligate Sellers to replace equipment that is in good working order.

8.10 Consummation of the Frankenmuth Transaction. The transactions contemplated by that certain Agreement of Merger dated as of even date herewith by and among The Frankenmuth Radio Co., Inc., the shareholders of The Frankenmuth Radio Co., Inc., Regent Broadcasting, Inc. and Regent Communications, Inc., together with the assets purchase and lease transactions with MT&E Corporation contemplated thereby (collectively, the "Frankenmuth Transaction") shall have been consummated simultaneously with the closing of this Agreement.

## ARTICLE IX

### Conditions of Closing by Sellers

The obligations of Sellers hereunder are, at their option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

9.01 Representations, Warranties and Covenants.



(a) All representations and warranties of Buyer made in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, shall be true and complete in all material respects as of the date hereof and on and as of the Closing Date as if made on and as of that date, except for changes expressly permitted or contemplated by the terms of this Agreement.

(b) All the terms, covenants, agreements, and conditions to be complied with and performed by Buyer on or prior to the Closing Date shall have been complied with or performed in all material respects.

(c) Seller shall have received a certificate, dated as of the Closing Date, executed by the President of Buyer, to the effect that: (i) the representations and warranties of Buyer contained in this Agreement are true and complete in all material respects on and as of the Closing Date as if made on and as of that date; and (ii) Buyer has complied with or performed in all material respects all terms, covenants, agreements and conditions to be complied with or performed by it on or prior to the Closing Date.

9.02 Governmental Consents. The FCC Consent shall have been obtained and, subject to the provisions of Section 1.06 hereof, shall have become a Final Order.

9.03 Adverse Proceedings. Except for the Federal Litigation, no suit, action, claim or governmental proceeding shall be pending or threatened against, and no other decree or judgment of any court, agency or other governmental authority shall have been rendered (and remain in effect) against, any party hereto which: (a) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (b) questions the validity or legality of any transaction contemplated hereby; (c) seeks to enjoin any transaction contemplated hereby; or (d) seeks material damages on account of the consummation of any transaction contemplated hereby.

9.04 Closing Documents. Buyer shall have delivered or caused to be delivered to Sellers, on the Closing Date, the Purchase Price and each of the documents required to be delivered by it pursuant to Article XI.

## ARTICLE X

### Transfer Taxes: Fees and Expenses

10.01 Expenses. Except as set forth in Section 10.02 hereof or otherwise expressly set forth in this Agreement, each party hereto shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement including, but not limited to, the costs and expenses incurred pursuant to Article II hereof and the fees and disbursements of counsel and other advisors.

10.02 Specific Charges. All costs of transferring the Company Stock in accordance with this Agreement, including any transfer and documentary taxes and fees, shall be paid by Sellers.

Any filing or grant fees imposed by any governmental authority, the consent of which or the filing with which is required for the consummation of the transactions contemplated hereby, shall be shared equally by Buyer on the one hand and Sellers on the other.

## ARTICLE XI

### Documents To Be Delivered At Closing

11.01 Sellers' Documents. At the Closing, Sellers shall deliver or cause to be delivered to Buyer the following:

(a) Resignation of all directors and officers of the Company effective on the Closing Date;

(b) A certificate of the Company, dated the Closing Date, in the form described in Section 8.01(c);

(c) Governmental certificates, to the extent readily available, showing that the Company: (i) is duly incorporated and in good standing in the state of its incorporation; and (ii) has filed all returns, paid all taxes due thereon and is currently subject to no assessment and is in good standing as a foreign corporation in each state where such qualification is necessary, each certified as of a date not more than thirty (30) days before the Closing Date;

(d) Such certificates, stock powers (executed in blank with signatures guaranteed), assignments, documents of title and other instruments of conveyance, assignment and transfer (including without limitation any necessary consents to conveyance, assignment or transfer), and lien releases, if any, all in form satisfactory to Buyer and Buyer's counsel, as shall be effective to vest in Buyer title in and to the Company Stock, free, clear and unencumbered in accordance with the terms of this Agreement;

(e) The Indemnification Escrow Agreement;

(f) A written opinion of Sellers' counsel, on which Buyer's lenders and affiliates shall be reasonably entitled to rely, in the form of Exhibit C, dated as of the Closing Date;

(g) A written opinion of the Company's FCC counsel, on which Buyer's lenders and affiliates shall be reasonably entitled to rely, in form and substance reasonably satisfactory to Buyer covering the matters set forth on Exhibit D, dated as of the Closing Date; and

(h) Instructions to Escrow Agent signed by Sellers directing Escrow Agent to return the Escrow Deposit to Buyer, deliver duplicate original Mutual Releases to the Company and Connoisseur and file the Dismissal With Prejudice with the proper court.

(i) Such additional information, materials, agreements, documents and instruments as Buyer, its counsel, or its senior lender may reasonably request in order to consummate the Closing.

11.02 Buyer's Documents. At the Closing, Buyer shall deliver or cause to be delivered

(a) Certified resolutions of the Board of Directors of Buyer approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby;

(b) A certificate of Buyer, dated the Closing Date, in the form described in Section 9.01(c);

(c) The Indemnification Escrow Agreement;

(d) A written opinion of Strauss & Troy, counsel for the Buyer, in the form of Exhibit E, dated as of the Closing Date;

(e) The Purchase Price in accordance with Section 1.05 hereof; and

(f) Instructions to Escrow Agent signed by Buyer directing Escrow Agent to return the Escrow Deposit to Buyer, deliver duplicate original Mutual Releases to the Company and Connoisseur and file the Dismissal With Prejudice with the proper court.

(g) Such additional information, materials, agreements, documents and instruments as Seller and its counsel may reasonably request in order to consummate the Closing.

## ARTICLE XII

### Survival; Indemnification; Etc.

12.01 Survival of Representations, Etc. It is the express intention and agreement of the parties to this Agreement that all covenants in Articles V, VI, and VII ("Covenants") and all representations and warranties (together, "Warranties") made by Buyer and Sellers in this Agreement shall survive the Closing (regardless of any knowledge, investigation, audit or inspection at any time made by or on behalf of Buyer or Sellers) as follows:

(a) The Covenants in Sections 6.08, 7.01 and 7.02 and any other agreements not specifically addressed in this Section 12.01 shall survive the Closing for a period from the Closing Date equal to the statute of limitations for written contracts in Michigan.

(b) The Warranties in Sections 3.02, 4.01, 4.02, 4.05, and 4.06 shall survive the Closing without limitation.

(c) The Warranties in Section 4.10 or otherwise relating to the federal, state, local or foreign tax obligations of Seller and in Section 4.14 shall survive the Closing for the period of the applicable statute of limitations plus any extensions or waivers granted or imposed with respect thereto.

(d) All other Covenants and Warranties shall survive for a period of twelve (12) months after the Closing Date.

(e) The right of any party to recover Damages (as defined in Section 12.02(a)) pursuant to Section 12.02 shall not be affected by the expiration of any Covenants or Warranties as set forth herein, provided that notice of the existence of any damages (but not necessarily the fixed amount of any such damages) has been given by the indemnified party to the indemnifying party prior to such expiration. The survival of a Covenant shall not extend the period to which the Covenant applies, but merely establishes the time by which notice of a claim of breach may be given.

(f) Notwithstanding any provision hereof to the contrary, there shall be no contractual time limit in which Buyer or Sellers may bring any action for actual fraud (a "Fraud Action"), regardless of whether such actual fraud also included a breach of any Covenant or Warranty; provided, however, that any Fraud Action must be brought within the period of the applicable statute of limitations plus any extensions or waivers granted or imposed with respect thereto.

#### 12.02 Indemnification.

(a) Sellers shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, liabilities and expenses, including reasonable attorneys' fees and expenses ('Damages') incurred by Buyer arising out of or related to: (i) any breach of the Warranties given or made by Sellers in this Agreement; (ii) any breach of the Covenants or other agreements made by Sellers in the Agreement; (iii) Liabilities of the Company incurred as a result of the operation of the Company and Station for the period ended on the day preceding the Closing Date to the extent not adjusted for pursuant to Section 1.03 hereof; and (iv) income taxes of the Company for the period ended on the day prior to the Closing Date.

Notwithstanding the foregoing provisions of this Section 12.02(a), Sellers shall have no obligation to defend, indemnify and hold harmless Buyer for Damages arising out of any matter described in clause (a)(i) of the immediately preceding paragraph unless the aggregate Damages on account thereof exceed \$15,000, the maximum aggregate liability of Sellers hereunder for Damages shall be equal to the Final Purchase Price, and the maximum liability of each Seller hereunder for Damages shall not exceed the following:

| <u>Shareholder</u> | <u>Maximum Obligation</u>       |
|--------------------|---------------------------------|
| Thomas J. Beauvais | 40% of the Final Purchase Price |
| Gregory P. Theokas | 40% of the Final Purchase Price |
| Lynda Haith        | 20% of the Final Purchase Price |

(b) Buyer shall defend, indemnify and hold harmless Sellers from and against any and all Damages incurred by Sellers arising out of or related to: (i) any breach of the Covenants, other agreements, and Warranties given or made by Buyer in this Agreement; (ii) all federal, state and local tax liabilities of the Company arising on and after the Closing Date; and (iii) any loss or damage arising out of any Liability of Company incurred or the result of the operation of the Company and Station on and after the Closing Date or which have been included in the Closing Report and as to which Buyer has received an adjustment of the Purchase Price in its favor hereunder in accordance with Section 1.03.

(c) Procedures: Third Party and Direct Indemnification Claims. The indemnified party agrees to give written notice within ten (10) business days to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or other circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party, providing a description of the nature and amount of the claim (hereinafter collectively 'Claims,' and individually a 'Claim'), it being understood that the failure to give such notice shall not affect the indemnified party's right to indemnification and the indemnifying party's obligation to indemnify as set forth in this Agreement, unless the indemnifying party's ability to contest, defend or settle with respect to such Claim is thereby demonstrably and materially prejudiced. The parties agree that any claim for Damages arising directly between the parties relating to this Agreement may be brought at any time within the applicable survival period specified in Section 12.01, and that the only notice required with respect thereto shall be as specified in Section 12.01(c). Each Seller hereby irrevocably designates and appoints Sellers' Representative as its agent for service of process and agrees that service of process on Sellers' Representative in any such action shall be effective service upon each Seller, the need for direct service of process on each Seller being hereby waived.

The obligations and liabilities of the parties hereto with respect to their respective indemnities pursuant to this Section 12.02 resulting from any Claim shall be subject to the following additional terms and conditions:

(i) The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim.

(ii) In the event that the indemnifying party shall elect not to undertake such defense or opposition, or within ten (10) days after notice of any such Claim from the indemnified party shall fail to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the indemnifying party (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereto).

(d) Anything this Section 12.02 to the contrary notwithstanding: (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim; (ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the indemnified party of a release from all liability in respect of such Claim, and (iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel or other representatives concerning such Claim and the indemnifying party and the indemnified party, and their respective counsel or other representatives, shall cooperate in good faith with respect to such Claim.

(e) No undertaking of defense or opposition to a Claim shall be construed as an acknowledgment by such party that it is liable to the party claiming indemnification with respect to the Claim at issue or other similar Claims.

## ARTICLE XIII

### Termination Rights

13.01 Termination. This Agreement may be terminated at any time prior to Closing as follows:

(a) Upon the mutual written consent of Buyer and Sellers' Representative, this Agreement may be terminated on such terms and conditions as so agreed; or

(b) By written notice of Buyer to Sellers if Sellers' breach in any material respect any of their representations or warranties or default in any material respect in the observance or in the due and timely performance of any of their covenants or agreements herein contained and such breach or default shall not be cured within forty-five (45) days of the date of notice of breach or default served by Buyer; or

(c) By written notice of Sellers' Representative to Buyer if Buyer breaches in any material respect any of its representations or warranties or defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements herein contained and such breach or default shall not be cured within forty-five (45) days of the date of notice of breach or default served by Sellers' Representative; or

(d) By written notice of either party if any condition to the obligation to perform this Agreement of the party seeking to terminate has not been satisfied or complied with by the Closing Date or the date specified herein for such satisfaction or compliance, and such inaccuracy, failure of performance or non-satisfaction of or compliance with a condition, if capable of being cured, has not been cured within forty-five (45) days after written demand therefor, or has not been waived by the party seeking to terminate this Agreement; or

(e) By written notice of Buyer to Sellers, or by Sellers' Representative to Buyer, if the FCC denies the FCC Application; or

(f) By written notice of Buyer to Sellers, or by Sellers' Representative to Buyer, if any court of competent jurisdiction shall have issued an order, decree or ruling (which then remains in effect) or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, or by Buyer, if any court, legislative body or governmental or regulatory authority has taken, or is reasonably expected to take, action that would prohibit the consummation of the transactions contemplated hereby in accordance with the terms of the this Agreement, as determined by Buyer in its sole discretion reasonably exercised; or

(g) By written notice of Buyer to Sellers, or by Sellers' Representative to Buyer, if the Closing shall not have been consummated on or before June 30, 2002; or

(h) By written notice of Buyer to Sellers if it shall become apparent in the judgment of Buyer and Sellers' Representative reasonably exercised that any condition to Buyer's obligation to close as set forth in Article VIII hereof will not be satisfied on or before June 30, 2002; or

(i) By written notice of Buyer to Sellers under the conditions set forth in Sections 6.06 or 14.13 hereof.

(j) By written notice of either party to the other at any time if Connoisseur shall not have timely executed and delivered the documents provided under Section 1.07 of this Agreement to be executed and delivered by Connoisseur in accordance with the provisions thereof.

(k) By written notice of Buyer to Sellers' Representative if Sellers have not tendered definitive Schedules to Buyer in the manner and within the time period provided therefor in Section 1.08 hereof or by written notice of Buyer to Sellers' Representative, given within three (3) business days following the date definitive Schedules were tendered by Sellers in accordance with the provisions of Section 1.08, that the Schedules or a portion thereof are not acceptable to Buyer.

Notwithstanding the foregoing, no party hereto may effect a termination hereof if such party is in material default or breach of this Agreement. If this Agreement is terminated, Buyer shall not solicit or attempt to employ any person who is an officer or employee of the Company as of the date of this Agreement for a period of six (6) months after the effective date of such termination.

13.02 Liability. Except as set forth in Section 13.04 below, the termination of this Agreement under Section 13.01 shall not relieve any party of any liability for breach of this Agreement prior to the date of termination.

13.03 Specific Performance. The parties recognize that if Sellers refuse to perform under the provisions of this Agreement, monetary damages will not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled to obtain specific performance of the terms of this Agreement. If any action is brought by Buyer to enforce this Agreement, Sellers shall waive the defense that there is an adequate remedy at law. In the event of a default by Sellers, which results in the filing of a lawsuit for specific performance, the prevailing party in such action shall be entitled to reimbursement by the other of reasonable legal fees and expenses incurred by the prevailing party. Specific Performance shall be Buyer's sole remedy for a failure of the transactions contemplated hereby to occur as a result of the material breach of the terms of this Agreement by the Sellers; provided that nothing contained in this Section 13.03 shall limit Buyer's rights to damages under Section 12.02 hereof.

13.04 Sellers' Liquidated Damages. As more fully described in the Deposit Escrow Agreement, in the event this Agreement is terminated because of Buyer's material breach of this Agreement, and all other conditions to Closing are at such time satisfied or waived (other than such conditions as can readily be satisfied by Closing), then the Escrow Deposit shall be delivered to Sellers and shall constitute liquidated damages. It is understood and agreed that such liquidated damages amount represents Buyer's and Sellers' reasonable estimate of actual damages and does not constitute a penalty. Recovery of liquidated damages shall be the sole and exclusive remedy of Sellers against Buyer for failing to consummate this Agreement as a result of Buyer's material breach hereof, and shall be applicable regardless of the actual amount of damages sustained and all other remedies are deemed waived by Sellers.

## ARTICLE XIV

### Miscellaneous Provisions

14.01 Brokerage. Sellers and Buyer represent and warrant to the other that no broker or finder was employed, appointed or authorized by either of them in connection with the transactions contemplated by this Agreement. Buyer and Sellers hereby indemnify and hold each other harmless from and against any and all other liabilities with respect thereto.

14.02 Certain Interpretive Matters and Definitions. Unless the context otherwise requires: (a) all references to Sections, Articles, Schedules or Exhibits are to Sections, Articles, Schedules or Exhibits of or to this Agreement; (b) each term defined in this Agreement has the meaning assigned to it; (c) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with generally accepted accounting principles as in effect on the date hereof, (d) "or" is disjunctive but not necessarily exclusive; (e) words in the singular include the plural and vice versa; (f) the term "affiliate" has the meaning given it in Rule 12b-2 of Regulation 12B under the Securities Exchange Act of 1934, as amended; and (g) all references to "\$" or dollar amounts will be to lawful currency of the United States of America.



14.03 Further Assurances. After the Closing, Sellers shall from time to time, at the request of and without further cost or expense to Buyer, execute and deliver such other instruments of conveyance and transfer and take such other actions as may reasonably be requested in order more effectively to consummate the transactions contemplated hereby to vest in Buyer good title to the Company Stock being transferred hereunder in accordance with the terms hereof, and Buyer shall from time to time, at the request of and without further cost or expense to Sellers, execute and deliver such other instruments and take such other actions as may reasonably be requested in order to more effectively consummate the transaction contemplated hereby for the benefit of Sellers.

14.04 Benefit and Assignment. Except as otherwise provided herein, the Agreement shall inure to the benefit of the parties hereto and their respective, heirs, executors, administrators, successors and permitted assigns. Neither Buyer nor Sellers may voluntarily or involuntarily assign their interest under this Agreement without the prior written consent of the other, which shall not be unreasonably withheld; provided that Buyer shall have the right, without the consent of Seller, to assign and/or delegate to Buyer's parent or a wholly-owned subsidiary or to its lender as a collateral assignment all or any portion of its rights and obligations under this Agreement. No such assignment and/or delegation shall relieve Buyer of its obligations hereunder in the event that its assignee fails to perform the obligations delegated. All covenants, agreements, statements, representations, warranties and indemnities in this Agreement by and on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors and permitted assigns of the parties hereto. In the event Buyer finds it necessary or is required to provide to a third party a collateral assignment of the Buyer's interest in this Agreement and/or any related documents, Sellers shall cooperate with the Buyer and any third party requesting such assignment including but not limited to signing or delivering a consent and acknowledgment of such assignment.

14.05 Amendments. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought.

14.06 Headings. The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

14.07 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Michigan without giving effect to the choice of law provisions thereof.

14.08 Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, including by facsimile, and shall be deemed to have been duly delivered and received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery or when dispatched by facsimile transmission (with the facsimile transmission confirmation being deemed conclusive evidence of such dispatch)

and shall be addressed to the following addresses, or to such other address as any party may request, in the case of Sellers, by notifying Buyer, and in the case of Buyer, by notifying Sellers:

To Sellers: Thomas J. Beauvais  
c/o Michigania  
100 South Washington Avenue  
Lansing, MI 48933  
Fax: (517) 485-9030

Copy to: Robert W. Healy, Esq.  
2175 K Street N.W.  
Suite 350  
Washington, DC 2003-1845  
Fax: (202) 659-5711

To Buyer: Terry S. Jacobs, Chairman  
Regent Communications, Inc.  
100 East RiverCenter Blvd. Ninth Floor  
Covington, KY 41011  
Fax: (859) 292-0352

Copy to: Strauss & Troy  
The Federal Reserve Building  
150 East Fourth Street  
Cincinnati, OH 45202  
Attn: James G. Heldman, Esq.  
Fax: (513) 241-8259

14.09 Counterparts. This Agreement may be executed in one or more counterparts and by facsimile, each of which will be deemed an original and all of which together will constitute one and the same instrument.

14.10 No Third Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns any rights or remedies under or by reason of this Agreement.

14.11 Severability. The parties agree that if one or more provisions contained in this Agreement shall be deemed or held to be invalid, illegal or unenforceable in any respect under any, applicable law, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

4.12 Entire Agreement. This Agreement and the schedules and exhibits hereto embody the entire agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein.

14.13 Risk of Loss. The risk of any loss, damage or destruction to any of the Station Assets from fire or other casualty or cause shall be borne by the Sellers and the Company at all times prior to the Closing hereunder. Upon the occurrence of any loss or damage to any material property or assets of the Company as a result of fire, casualty or other causes prior to Closing, Sellers shall notify Buyer of same in writing immediately stating with particularity the extent of such loss or damage incurred, the cause thereof if known and the extent to which restoration, replacement and repair of the Station Assets lost or destroyed will be reimbursed under and insurance policy with respect thereto. In the event that the property is not substantially repaired, replaced or restored prior to the Closing Date, the Closing Date shall be extended for a period of up to ninety (90) days to permit the repair, replacement or restoration of the property by Sellers and Company, and in the further event that it is not so repaired, replaced or restored within such ninety (90) day period, Buyer, at its option, may, upon written notice to Sellers:

- (a) terminate this Agreement; or
- (b) postpone the Closing Date for an additional period of up to sixty (60) days until such time that the property has been substantially repaired, replaced or restored; or
- (c) elect to consummate the Closing and accept the property in its "then" condition, and Sellers shall reimburse Buyer for any deductible portion of the insurance coverage of Company. In the event of postponement of Closing hereunder, Sellers, Company and Buyer shall join in any necessary requests of the FCC to extend the time of the effective period of the FCC's consent. Buyer may also at its option elect to consummate the Closing pursuant to Subsection (c) hereof prior to the initial ninety (90) day extension of the Closing Date.

14.14 Definitions. The following capitalized terms used in this Agreement shall have the following meanings:

- (a) "Contracts" means all contracts, agreements, leases and legally binding contractual rights of the Company of any kind, written or oral, relating to the Company or the operations of the Station, other than time sales agreements for cash entered into in the ordinary course of business ("Time Sales Agreements");
- (b) "Station Licenses" means all licenses, permits and other authorizations issued to the Company by any governmental or regulatory authority including without limitation those issued by the FCC used or useful in connection with the operation of the Station, including but not limited to those described in Schedule 4.08, along with renewals, modifications, or applications relating to such items between the date hereof and the Closing Date;
- (c) "Station Assets" means all of the assets, properties, interests and rights of the Company of whatsoever kind and nature, real and personal, tangible and intangible, owned or leased (to the extent of the Company's leasehold interest) by the Company as the case may be, wherever situated, which are used or held for use in the operation of the Station, including but not limited to all of the Company's right, title and interest in and to:

- (i) the Station Licenses;

(ii) all equipment, electrical devices, antennae, cables, tools, hardware, office furniture and fixtures, office materials and supplies, inventory, motor vehicles, spare parts and all other tangible personal property of every kind and description, and the Company's rights therein, owned, leased (to the extent of the Company's leasehold interest) or held by the Company and used or useful in connection with the operations of the Station, including but not limited to those items described or listed in Schedule 4.11, together with any replacements thereof and additions thereto, made between the date hereof and the Closing Date, and less any retirements or dispositions thereof made between the date hereof and the Closing Date in the ordinary course of business and consistent with past practices of the Company; provided, however, the Company agrees that the value of all such assets retired or disposed of and not replaced with an asset of like kind and quality shall not exceed \$5,000 in the aggregate unless Sellers have obtained the prior written approval of Buyer which shall not be unreasonably withheld;

(iii) the Contracts and all Time Sales Agreements;

(iv) all of the Company's rights in and to the call letters listed on Schedule 4.15, and any variation thereof, as well as all of the Company's rights in and to all trademarks, trade names, service marks, franchises, copyrights, including registrations and applications for registration of any of them, computer software programs and programming material of whatever form or nature, jingles, slogans, the Station's logos and all other logos or licenses to use same and all other intangible property rights of the Company, which are used or useful in connection with the operation of the Station, including but not limited to those listed in Schedule 4.15 (collectively, the "Intellectual Property") together with any associated goodwill and any additions thereto between the date hereof and the Closing Date;

(v) all programming materials and elements of whatever form or nature owned by the Company, whether recorded on tape or other medium or intended for live performance, and all copyrights owned by or licensed to the Company that are used or useful in connection with the operation of the Station, including all such programs, materials, elements and copyrights acquired by the Company between the date hereof and the Closing Date;

(vi) all of the Company's rights in and to all the files, documents, records, and books of account relating to the operation of the Station or to the Station Assets, including, without limitation, the Station's local public files, programming information and studies, blueprints, technical information and engineering data, news and advertising studies or consulting reports, marketing and demographic data, sales correspondence, lists of advertisers, promotional materials, credit and sales reports and filings with the FCC, logs, software programs and books and records relating to employees, financial, accounting and operation matters.

(vii) the Company's corporate minute books and records, corporate stock record books and such other books and records as pertain to the organization, existence or share capitalization of the Company; and

(viii) all claims and causes of action, including all contracts of insurance, and insurance process or claims made by, the Company relating to property or equipment repaired, replaced or restored by the Company prior to the Closing Date.

14.15 Appointment of Sellers' Representative. Sellers hereby appoint Thomas Beauvais to act as the representative of each of them in taking any action permitted or required to be taken by Sellers in connection with the performance of this Agreement. Buyer may conclusively rely on any actions taken by Thomas Beauvais as constituting the actions of all Sellers in connection with the performance of this Agreement, and Buyer shall not be liable for, and no claim or cause of action shall be asserted against Buyer for, the errors, acts, or omissions of Thomas Beauvais with respect to Sellers or this Agreement.

**[The remainder of this page is intentionally left blank]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

**BUYER:**

**REGENT BROADCASTING OF GRAND  
RAPIDS, INC.**

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

**SELLERS:**

\_\_\_\_\_  
Thomas J. Beauvais

\_\_\_\_\_  
Gregory P. Theokas

\_\_\_\_\_  
Lynda Haith

GT Leasing, Inc.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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## **RATIFICATION**

In consideration of the benefits accruing to Connoisseur Communications of Flint, L.P., under an agreement executed simultaneously herewith Buyer Connoisseur hereby ratifies this Stock Purchase Agreement and further agrees to comply with the provisions hereof.

**CONNOISSEUR COMMUNICATIONS  
OF FLINT, L.P.,**  
a Delaware limited partnership

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

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