

ASSET PURCHASE AGREEMENT

by and between

CHAPARRAL BROADCASTING, INC., BUYER

and

**PACIFIC EMPIRE RADIO CORPORATION AND PACIFIC EMPIRE
HOLDINGS CORP., COLLECTIVELY, SELLERS**

for the sale and purchase of

**Radio Stations KGTM and KRXX, Rexburg, Idaho and Station KBJX,
Shelley, Idaho**

Dated: July 1, 2010

LIST OF EXHIBITS AND SCHEDULES

EXHIBIT A -- Escrow Agreement
EXHIBIT B -- Purchase Money Note
EXHIBIT C -- Security Agreement
SCHEDULE 2.1 -- FCC Licenses
SCHEDULE 2.2 -- Tangible Property
SCHEDULE 2.3 -- Real Property
SCHEDULE 2.4 -- Contracts
SCHEDULE 3 -- Studio Site
SCHEDULE 5.2 - Allocation of Purchase Price
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ASSET PURCHASE AGREEMENT

This Agreement, made and entered into as of the 1st day of July, 2010, by and between **PACIFIC EMPIRE RADIO CORPORATION ("PERC")** and **PACIFIC EMPIRE HOLDINGS CORP. ("PEHC")** (PERC and PEHC are referred to collectively herein as "Sellers") and **CHAPARRAL BROADCASTING, INC. ("Buyer")**

WITNESSETH THAT:

WHEREAS, PERC is the licensee of the following Radio Stations:

KGTM-FM, Facility ID 12664, Rexburg, ID
KBJX-FM, Facility ID 73616, Shelley, ID
KRXX, Facility ID 12665, Rexburg, ID

(the "Stations");

WHEREAS, PEHC owns the real property and building which is used for the studios and offices of the Stations ("the Studio Site");

WHEREAS, the Buyer desires to purchase from Sellers all of the assets owned by them and used or held for use in connection with the operation of the Stations and to acquire from PERC the authorizations issued by the Federal Communications Commission (the "FCC") for the operation of the Stations;

WHEREAS, the authorizations issued by the FCC may not be assigned to Buyer without the FCC's prior consent;

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties, intending to be legally bound, agree as follows:

1. RULES OF CONSTRUCTION

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

- "Assignment Application" means the application on FCC Form 314 that Seller and Buyer shall join in and file with the FCC requesting its consent to the assignment of the FCC Licenses from Seller to Buyer.
- "Closing" means the consummation of the Transaction.

- "Closing Date" means the date on which the Closing takes place, as determined pursuant to Section 11 hereof.
- "Escrow Agent" means David Tillotson, Esq.
- "Escrow Deposit" means the sum Ten Thousand Dollars (\$10,000.00) that Buyer shall deposit with Escrow Agent within five (5) days after execution of this Agreement as security for the performance of Buyer's obligations hereunder.
- "Escrow Agreement" means the Escrow Agreement between Buyer, PERC and Escrow Agent dated as of the date of this Agreement attached as Exhibit A hereto.
- "Final Order" means any FCC action that, by lapse of time or otherwise, is no longer subject to administrative or judicial reconsideration, review, appeal or stay.
- "Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any agency, court or other entity that exercises executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
- "Knowledge" when used in connection with any representation or warranty by a person or entity means the actual knowledge of such person or entity at the time the representation is made without any requirement or expectation that such person or entity has made any investigation or inquiry regarding the matter at issue.
- "Purchase Money Note" means the Purchase Money Note attached as Exhibit B hereto.
- "Security Agreement" means the Security Agreement attached as Exhibit C hereto.
- "Time Brokerage Agreement" means the Time Brokerage Agreement between PERC and Buyer of even date herewith.
- "Transaction" means the sale and purchase and assignments and assumptions contemplated by this Agreement and the respective obligations of Seller and Buyer set forth herein.

1.2. Other Definitions. Other capitalized terms used in this Agreement shall have the meanings ascribed to them herein.

1.3. Number and Gender. Whenever the context so requires, words used in the singular shall be construed to mean or include the plural and vice versa, and pronouns of any gender shall be construed to mean or include any other gender or genders.

1.4. Headings and Cross-References. The headings of the Sections and Paragraphs hereof have been included for convenience of reference only, and shall in no way limit or affect the meaning or interpretation of the specific provisions of this Agreement. All cross-references to Sections or Paragraphs herein shall mean the Sections or Paragraphs of this Agreement unless otherwise stated or clearly required by the context. All references to Schedules herein shall mean the Schedules to this Agreement which have been separately initialed for identification by Seller and Buyer. Words such as "herein" and "hereof" shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement unless otherwise stated or clearly required by the context.

1.5. Computation of Time. Whenever any time period provided for in this Agreement is measured in "business days" there shall be excluded from such time period each day that is a Saturday, Sunday, recognized federal legal holiday, or other day on which the FCC's offices are closed and are not reopened prior to 5:30 p.m. Washington, D.C. time. In all other cases all days shall be counted.

2. ASSETS TO BE CONVEYED BY PERC. On the Closing Date, PERC will sell, assign, transfer, convey and deliver to Buyer, the following assets owned by PERC that are used or held for use by it solely in connection with the operation of the Stations (the "Station Assets") free and clear of all liens and encumbrances whatsoever except for statutory liens for taxes not yet due:

2.1. Licenses. The licenses, permits and other authorizations issued by the FCC for the operation of the Stations listed in Schedule 2.1 hereof (the "FCC Licenses"), and all other transferable licenses, permits and authorizations issued by any other Governmental Authorities that are used in or necessary for the lawful operation of the Stations as presently operated by PERC.

2.2. Tangible Property. All tangible personal property and fixtures owned by PERC used or held for us in the operation of the Stations, including, without limitation, the property listed in Schedule 2.2 hereof, together with replacements thereof and improvements and additions thereto made between the date hereof and the Closing Date and any transferable manufacturer's warranties with respect to such property (the "Tangible Property").

2.3. Real Property. The real property owned by PERC described in Schedule 2.3 hereof (the "Real Property").

2.4. Contracts. All contracts for the sale of advertising time on the Stations for cash which may be cancelled on thirty days' notice and the contracts and agreements listed in Schedule 2.4 hereto (the "Contracts");

2.5. Intangible Property. All PERC's right, title and interest in and to the call signs, slogans, logos, trademarks, copyrights, websites and similar materials and rights and the goodwill and other intangible assets used in or arising from the business of the Stations (the "Intangible Property").

2.6. Business Records. All business records of PERC (including without limitation logs, public file materials, and engineering records) relating to or used in the operation of the Stations.

3. ASSETS TO BE CONVEYED BY PEHC: Schedule 3 hereto contains a description of the real property owned by PEHC which is referred to herein as the Studio Site. PEHC acknowledges and agrees that the Purchase Price, defined below, includes full payment by Buyer for the Studio Site and upon payment by Buyer of the Purchase Price PEHC shall be obligated to convey title to the Studio Site to Buyer, pursuant to the procedures outlined in this Section 3, free and clear of any and all liens and encumbrances except for liens for taxes not yet due and payable, by a general warranty deed (the "Deed"). The parties agree, however, that although PEHC will deliver the Deed to Buyer on the Closing Date, Buyer shall not record the Deed until (i) Buyer has assumed the existing mortgage on the Studio Site held by Banner Bank (the "Mortgage") on terms which are satisfactory to Buyer, (ii) Buyer has obtained new mortgage financing on terms satisfactory to Buyer and used such financing to pay off the Mortgage in full or (iii) thirty (30) days after the date on which the Purchase Money Note has been paid in full. In the event that Buyer either assumes the Mortgage or obtains a new mortgage sufficient to pay off the Mortgage in full, the principal amount of the Mortgage assumed, or paid off with the proceeds of a new Mortgage, shall be applied as a credit against the outstanding principal balance of the Purchase Money Note as of the date such assumption or pay-off occurs, the interest rate on the Purchase Money Note shall be reduced to five percent (5%) as of that date, and the amortization scheduled for the Purchase Money Note shall be recalculated and adjusted so that the monthly amortization payments will be an amount that will amortize the principal balance remaining after applying the credit, with interest, over the remainder of the twenty (20) year period used in the original amortization schedule. In the event that Buyer has not

assumed the Mortgage or paid off the Mortgage by the date on which the Purchase Money Note has been paid in full, within thirty (30) days of that date Sellers shall pay off the remaining balance of the Mortgage, if any. Until such time as one of the conditions precedent to Buyer recording the Deed has been satisfied, PEHC shall be solely responsible for and shall pay all amounts due under the Mortgage, including any late penalties, except for real property taxes with respect to the Studio Site which shall be paid by Buyer.

4. EXCLUDED ASSETS. The following assets are expressly excluded from the Station Assets being conveyed hereunder and shall be retained by Sellers:

(a) PERC's cash and cash equivalents and accounts receivable;

(b) Any and all tangible or intangible assets owned by Sellers which are not listed on Schedule 2.2 hereof and are not used or held for use exclusively in connection with the operation of the Stations.

(c) any claims that Sellers may have under any insurance policies or contracts and any other claims that Sellers may have against third parties;

(d) PERC's corporate books and records which do not relate to the ownership or operation of the Stations;

5. CONSIDERATION.

5.1. Consideration; Method of Payment. As full consideration for the purchase of the Station Assets and the Studio Site, Buyer shall pay to Sellers on the Closing Date the cash sum of One Million Five Hundred Thousand Dollars (\$1,500,00.00). The Purchase Price shall be paid on the Closing Date as follows:

(a) Buyer and PERC shall jointly instruct the Escrow Agent to deliver the Deposit, but not the interest thereon, to PERC by wire transfer of funds;

(b) Buyer shall deliver to PERC the sum of Forty Thousand Dollars (\$40,000.00) by wire transfer or certified or cashier's check;

(c) Buyer shall deliver to Sellers the Purchase Money Note.

5.2. Allocation of Purchase Price. The Purchase Price shall be allocated between the Real Property, the Studio Site, the Tangible Property and the Intangible Property in accordance with the Allocation Schedule set out in Schedule 5.2 hereto. Sellers and

Buyer shall use such allocation for all purposes related to the valuation of the Station Assets and the Studio Site, including, without limitation, in connection with any federal, state, county or local tax returns and, unless required to do so in accordance with a "determination" as defined in Section 1313(a)(1) of the Internal Revenue Code, neither Sellers nor Buyer shall take any position in any tax return, tax proceeding, tax audit or otherwise that is inconsistent with such allocation.

6. SELLERS' LIABILITIES. Buyer does not and shall not assume or be deemed to assume, pursuant to this Agreement or otherwise, any liabilities, obligations, or commitments of Sellers of any nature whatsoever except for obligations under the Contracts and Leases to be assumed by Buyer hereunder.

7. SELLERS' REPRESENTATIONS, WARRANTIES, AND COVENANTS. Sellers hereby make the following representations, warranties, and covenants:

7.1 Existence and Power. Sellers are corporations validly existing and in good standing under the laws of the State of Idaho, and each of Sellers has the full power to enter into, deliver and perform this Agreement.

7.2. Binding Agreement. The execution, delivery, and performance of this Agreement by Sellers has been duly authorized by all necessary corporate action of Sellers. This Agreement has been duly executed and delivered to Buyer by Sellers and constitutes a legal, valid, and binding obligation of Sellers enforceable against Sellers in accordance with its terms, except as may be limited by bankruptcy laws and general principles of equity.

7.3. No Violation. The execution and performance of this Agreement by Sellers will not violate Sellers' articles of incorporation or by-laws or any material order, rule, judgment or decree to which Sellers or their principals or employees are subject, or breach any contract, agreement or other commitment to which Sellers or their principals or employees are a party or are bound.

7.4. Conveyance of Assets. At Closing, PERC shall convey to Buyer good and marketable title to all the Station Assets, free and clear of all liens, pledges, collateral assignments, security interests, leases, easements, covenants, restrictions and encumbrances or other defects of title except for the lien of any personal property or real property taxes that will not become due until after the Closing Date. Upon Buyer recording the Deed after the conditions precedent to such recordation set out in Section 3 hereof have been met, Buyer shall have good and marketable title to the Studio Site free and clear of all liens,

pledges, collateral assignments, security interests, leases, easements, covenants, restrictions and encumbrances or other defects of title except for the lien of any real property taxes that will not become due until after the recordation date

7.5. Governmental Authorizations. Except for the FCC Licenses, PERC is unaware of any material licenses, permits, or authorizations from any Governmental Authority which are required to operate the Stations. The FCC Licenses are all the FCC authorizations held by Seller with respect to the Stations, and are all the FCC authorizations used in or necessary for the lawful operation of the Stations. The FCC Licenses are in full force and effect, are subject to no unusual or materially adverse conditions or restrictions, and are unimpaired by any acts or omissions of PERC or PERC's employees or agents.

7.6 Contracts and Leases. PERC will utilize its reasonable best efforts to ensure that each of the Contracts and Leases, the stated duration of which extends beyond the Closing Date, will be in full force and effect on the Closing Date and unimpaired by any acts or omissions of PERC or its officers, directors, employees or agents. The Contracts and Leases constitute all contracts and leases necessary for the operation of the Stations as they are currently operated by PERC. If any of the Contracts or Leases requires the consent of any third party in order for PERC to assign that contract or lease to Buyer, PERC will use its best efforts to obtain such consent prior to Closing.

7.7. Condition of Tangible Property. To PERC's Knowledge, the Tangible Property is on the date hereof in good operating condition, ordinary wear and tear excepted. Between the date hereof and the Closing Date the Tangible Property will be maintained in accordance with generally accepted standards in the broadcast industry and in material compliance with all applicable rules and regulations of the FCC and all applicable laws, regulations and ordinances issued by any Governmental Authority. Except as stated in this subsection, PERC makes no warranties or representations as to the condition of the Tangible Property and Buyer acknowledges that it is purchasing such property "as is."

7.8. Real Property. The Real Property and the Studio Site comprise all of the real estate currently used or currently necessary for the lawful operation of the Stations as presently operated by PERC. Sellers have, and after Closing Buyer will have, all legal and practical access to the Real Property and the Studio Site. To Sellers' knowledge, neither the Studio Site nor any of the buildings, structures or improvements that are constructed on the Real Property (including without limitation all guy wires and guy anchors) encroaches upon adjoining real estate, and, to Sellers' Knowledge, all such buildings, structures and improvements are constructed in conformity with all "set-back" lines, easements and

other restrictions or rights of record, and all applicable building or safety codes and zoning ordinances. There are not pending or, to Sellers' Knowledge, threatened condemnation or eminent domain proceedings that may have a material adverse effect on Buyer's use of the Real Property or the Studio Site for the operation of the Stations after Closing. Sellers have no knowledge of any structural or other material defects in the Studio Site or the towers, buildings, structures and other improvements located on the Real Property.

7.9. Utilities. All utilities that are necessary for PERC's present operation of the Stations, including without limitation, electric power, water, sewer, and telephone services, have been connected to the Real Property and the Studio Site and are in good working order. To Sellers' Knowledge, none of those utility lines cross the lands of others except where appropriate easements or licenses have been obtained.

7.10. Litigation. Except for proceedings affecting radio broadcasters generally, there is no complaint, investigation, or proceeding pending or, to Sellers' Knowledge, threatened before or by the FCC, any other Governmental Authority, or any other person or entity relating to the business or operations of the Stations. There is no other litigation, action, suit, investigation or proceeding pending or, to Sellers' Knowledge, threatened that may give rise to any claim against any of the Station Assets or the Studio Site or adversely affect Sellers' ability to consummate the Transaction as provided herein. Sellers are not aware of any facts that could reasonably result in any such proceedings.

7.11. Insurance. Schedule 7.11 lists all insurance policies held by Sellers with respect to the Stations and the Studio Site. Such insurance policies shall be kept in full force and effect until the Closing Date.

7.12. Compliance with Law. (a) PERC has in its conduct of the Stations' business, complied in all respects material to this transaction with all applicable statutes, regulations and orders relating to the employment of labor, including those concerning wages, hours, equal employment opportunity, collective bargaining, pension and welfare benefit plans, and the payment of Social Security and similar taxes, and PERC is not liable for any arrears of wages or any tax penalties due to any failure to comply with any of the foregoing.

(b) On or before the Closing Date, PERC will pay and discharge all taxes, assessments, excises and other levies relating to the Station Assets, including all FCC Regulatory Fees, except for such taxes, assessments, and other levies as will not be due until after the Closing Date.

7.13. Environmental Matters. No hazardous or toxic waste, substance or material, as those or similar terms are defined in or for purposes of applicable federal, state and local environmental laws, and including without limitation any asbestos or asbestos-related products, oils or petroleum-derived compounds, CFCs, or PCBs (collectively "Hazardous Substances") are contained in structures or equipment used or useful in the operation of the Stations located on or about Real Property or the Studio Site unless, in the case of equipment containing CFC's and PCB's, such CFC's and PCB's are properly contained and labeled. No "underground storage tank" (as that term is defined in regulations promulgated by the federal Environmental Protection Agency) is used in the operation of the Stations or is located on the Real Property or the Studio Site and no Hazardous Substances are being emitted, discharged or released from the Real Property or the Studio Site directly or indirectly into the environment. To Sellers' Knowledge: (i) neither the Real Property nor the Studio Site or the property on which the Studio Site is situated has previously been used for the manufacture, refining, treatment, storage, or disposal of any Hazardous Substances; (ii) none of the soil, ground water, or surface water of the Real Property or the property on which the Studio Site is located is contaminated by any Hazardous Substances and there is no reasonable potential for such contamination from neighboring real estate; (iii) neither Sellers nor any former owner or operator of the Real Property or the Studio Site is liable for cleanup or response costs with respect to the emission, discharge, or release of any Hazardous Substances due to its ownership, occupation, use or operation of such premises. The present operation of the Stations complies in all applicable federal, state and local laws relating to electrical transformers and human exposure to radio frequency radiation and, to Seller's Knowledge, complies in all material respects with all other applicable federal, state and local environmental laws.

7.14. Employees. No employee of the Stations is represented by a union or other collective bargaining unit, and, to PERC's knowledge, no application for recognition as a collective bargaining unit has been filed with the National Labor Relations Board and no concerted effort to unionize any of the Stations' employees is currently in progress. Except as set forth on Schedule 7.14, PERC has no written or oral retirement, pension, termination pay, hospitalization, vacation, or other employee benefit plan, agreement, or understanding or any fixed or contingent liabilities relating to employees or former employees of the Stations. Schedule 7.14 contains an accurate list of all persons currently employed at the Stations by PERC together with a description of the terms and conditions of their respective employment as of the date of this Agreement.

7.15. Insolvency Proceedings. No insolvency proceedings of any character, including without limitation bankruptcy,

receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Sellers, the Station Assets or the Studio Site are pending or threatened. Neither of Sellers has made an assignment for the benefit of creditors or taken any action with a view to, or that would constitute a valid basis for, the institution of any insolvency proceedings. Upon consummation of the transactions provided for herein, PERC (i) will have sufficient capital to carry on its business and transactions, (ii) will be able to pay its debts as they mature or become due, and (iii) will own assets the fair market value of which will be greater than the sum of all liabilities of PERC not specifically assumed by Buyer pursuant to the terms of this Agreement.

7.16. No Misleading Statements. No statement made by Sellers to Buyer and no information provided or to be provided by Sellers to Buyer pursuant to this Agreement or in connection with the negotiations covering the purchase and sale contemplated herein intentionally contains or will contain any untrue statement of a material fact or intentionally omits or will omit a material fact. There are no facts or circumstances known to Sellers that, either individually or in the aggregate, will materially adversely affect after Closing the Station Assets, the Studio Site or the business or condition (financial or otherwise) of the Stations. All representations and warranties of Sellers set forth in this Agreement shall be true, complete and accurate in all material aspects as of the Closing Date as if made on that date.

8. BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Buyer hereby makes the following representations, warranties and covenants:

8.1 Existence and Power. Buyer is a corporation validly existing and in good standing under the laws of the State of Delaware and is qualified to transact business in the State of Idaho. Buyer has the full power to enter into, deliver and perform this Agreement.

8.2. Binding Agreement. The execution, delivery, and performance of this Agreement by Buyer has been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by Buyer to Sellers and constitutes a legal, valid, and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as may be limited by bankruptcy laws and general principles of equity.

8.3. No Violation. The execution and performance of this Agreement will not violate Buyer's articles of incorporation or by-laws or any material order, rule, judgment or decree to which Buyer or its principals or employees is subject, or breach any contract,

agreement or other commitment to which Buyer or its principals or employees is a party or is bound.

8.4. Licensee Qualifications. Buyer is legally, financially, and otherwise qualified under the Communications Act of 1934, as amended, and the rules and regulations of the FCC to be the licensee of the Stations.

8.5. Litigation. There is no action, suit, investigation or other proceeding pending or to Buyer's Knowledge threatened that may adversely affect Buyer's ability to perform its obligations under this Agreement in accordance with the terms hereof, and Buyer is not aware of any facts that could reasonably result in any such proceeding.

9. PRE-CLOSING RIGHTS AND OBLIGATIONS. The parties covenant and agree as follows with respect to the period prior to Closing:

9.1. Application for FCC Consent. Within five (5) days after PERC gives notice to Buyer that it is prepared to file the Assignment Application, and in all events no later than ninety (90) days after the execution of this Agreement, Buyer and PERC shall jointly file the Assignment Application, and thereafter they shall each diligently take all steps necessary or desirable and proper to expeditiously prosecute the Assignment Application and to obtain the FCC's determination that grant of the Assignment Application will serve the public interest, convenience and necessity.

9.2. Access. Between the date hereof and the Closing Date, Sellers shall give Buyer and representatives of Buyer reasonable access during normal business hours to the Station Assets, the Studio Site and to the books and records of PERC relating to the business of the Stations. No inspection or investigation made by or on behalf of Buyer or Buyer's failure to make any inspection or investigation shall affect Sellers' representations, warranties, and covenants hereunder or be deemed to constitute a waiver of any of those representations, warranties, and covenants.

9.3. Administrative Violations. If PERC receives any finding, order, complaint, citation or notice prior to Closing which states that any aspect of the Stations' operations violates any rule, regulation or order of the FCC or of any other Governmental Authority which affects the Station Assets (an "Administrative Violation"), including without limitation any rule, regulation or order concerning environmental protection, the employment of labor, or equal employment opportunity, PERC shall use its best efforts to remove or correct the Administrative Violation and shall be solely responsible for the payment of all

costs associated therewith, including any fines or back pay that may be assessed.

9.4. Risk of Loss. The risk of loss or damage to the Station Assets and to the Studio Site shall be upon Sellers at all times prior to Closing. In the event of material loss or damage, Sellers shall promptly notify Buyer thereof and use their best efforts to repair, replace or restore the lost or damaged property to its former condition as soon as possible. If the cost of repairing, replacing or restoring any lost or damaged property is Twenty Thousand Dollars (\$20,000.00) or less, and Sellers have not repaired, replaced or restored such damaged property prior to the Closing Date, the Closing shall occur as scheduled and the amount necessary to restore the lost or damaged property to its former condition shall be deducted from the cash payment due to Sellers at Closing and shall be paid to Buyer by the Escrow Agent. If the cost to repair, replace, or restore the lost or damaged property exceeds Twenty Thousands Dollars (\$20,000.00), and Sellers have not repaired, replaced or restored such property prior to the Closing Date, Buyer may, at its option:

(a) elect to consummate the Closing in which event Sellers shall assign to Buyer all of Sellers' rights under any applicable insurance policies.

(b) elect to postpone the Closing, with prior consent of the FCC if necessary, for such reasonable period of time (not to exceed sixty (60) days as is necessary for Sellers to repair, replace or restore the lost or damaged property to its former condition. If, after the expiration of that extension period the lost or damaged property has not been fully repaired, replaced or restored, Buyer may, at it option, (i) elect to close and receive an assignment of Sellers' rights under any applicable insurance policies or (ii) terminate this Agreement.

If the parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement, or restoration of any lost or damaged property, or any other matter arising under this Section the disagreement shall be referred to the engineering firm Hatfield & Dawson, the decision of that firm shall be final and binding on the parties, and the fees and expenses of that firm shall be paid one-half by Sellers and one-half by Buyer.

9.5. Operations Prior to Closing. Subject to the Time Brokerage Agreement, between the date of this Agreement and the Closing Date:

(a) PERC shall operate the Stations in the normal and usual manner and conduct the Stations' business in the ordinary course and in material compliance with all applicable laws,

regulations and orders of the FCC and other governmental authorities. To the extent consistent with such operations, Sellers shall use their best efforts to: (i) maintain all of the Station Assets and the Studio Site in good operating condition, ordinary wear and tear excepted; and (ii) comply in all material respects with all laws, rules and regulations of all Governmental Authorities.

(b) PERC shall not: (i) sell or otherwise dispose of any of the Station Assets except in the ordinary course of business and only if any material property disposed of is replaced by property of like or better kind, quality, and utility prior to Closing; (ii) enter into any contract, lease, or agreement that will impose any material obligation on Buyer after Closing except for contracts for the sale of advertising time entered into in the ordinary course of business which may be cancelled on thirty (30) days' notice; (iii) change any of the Stations' current call sign, or (iv) cause or permit any of the FCC Licenses to be revoked, suspended or materially modified.

9.6. Control of Stations. This Agreement shall not be consummated until after the FCC has given its written consent thereto, and between the date of this Agreement and the Closing Date, Buyer shall not directly or indirectly control, supervise or direct, or attempt to control, supervise or direct the operations of the Stations. Such operations shall be the sole responsibility of PERC. Notwithstanding the foregoing, nothing in this Section shall be construed as limiting Buyer's rights to broadcast programming over the Stations and to sell advertising time in such programming for Buyer's own account pursuant to the Time Brokerage Agreement.

10. CONDITIONS PRECEDENT.

10.1. Mutual Conditions. The obligation of both Buyer and Sellers to consummate the Transaction is subject to the satisfaction of each of the following conditions:

(a) Approval of Assignment Application. The FCC shall have granted the Assignment Application and such grant shall be in full force and effect on the Closing Date.

(b) Absence of Litigation. As of the Closing Date, no action, suit or proceeding seeking to enjoin, restrain, or prohibit the consummation of the Transaction shall be pending before any court, the FCC, or any other Governmental Authority; provided, however, that this Paragraph may not be invoked by a party if any such action, suit, or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, such party.

10.2. Conditions to Buyer's Obligation. In addition to satisfaction of the mutual conditions contained in Section 10.1, the obligation of Buyer to consummate the Transaction is subject, at Buyer's option, to the satisfaction of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Sellers to Buyer shall be true, complete, and correct in all material respects as of the Closing Date with the same force and effect as if then made.

(b) Final Order. The FCC's action granting the Assignment Application shall have become a Final Order.

(c) Compliance with Conditions. All of the terms, conditions and covenants to be complied with or performed by Sellers on or before the Closing Date shall have been duly complied with and performed in all material respects.

(d) Third-Party Consents. Insofar as any of the Leases or Contracts are denoted by an asterisk on Schedule 2.4 hereto as being material to this transaction ("Material Contract"), except for the contracts so denoted which may be assigned to and assumed by Buyer without consent of the contracting party, PERC shall have obtained written consent to the assignment to, and assumption by, Buyer of PERC's rights and obligations under each such Material Contract.

(e) Environmental Assessment. Prior to Closing, Buyer shall have received an environmental assessments of the Real Property and the Studio Site conducted by an environmental engineering company, including the certificate of the environmental engineer, stating in substance that, following all appropriate inquiry into the previous ownership and uses of such real estate consistent with good commercial or customary practice, the engineer has concluded that there is no environmental condition on or affecting any of the Real Property or Studio Site that would either (i) materially impair the use of that real estate for the operation of the Stations or (ii) require remedial action to bring the Real Property or the Studio Site into compliance with all applicable environmental laws and regulations. In the event the environmental assessment discloses an environmental problem that can be remedied by the expenditure of Twenty-Five Thousand Dollars (\$25,000.00) or less, Sellers will either remedy the problem, at their expense, prior to the Closing or, failing that, the Purchase Price will be reduced by the amount, as estimated in the environmental assessment, that will be required to remedy the environmental problem (with the reduction being taken out of the cash due at Closing), and the Closing will otherwise take place in the manner,

and at the time, provided for herein. In the event that the cost of remedying the environmental problem will exceed Twenty-Five Thousand Dollars (\$25,000), Sellers shall have the option to agree to reduce the Purchase Price by the full amount of what it will cost to remedy the problem (with the reduction being taken out of the cash due at Closing, and any excess over that amount being deducted from the Purchase Money Note), in which event the Closing will take place at the reduced price, or, if Sellers are not otherwise in default, to terminate this Agreement; provided that, if Buyer agrees to accept a Twenty-Five Thousand Dollar (\$25,000) reduction in the Purchase Price as full compensation for the costs that Buyer will incur to remedy the environmental problem, Sellers shall not have the right to terminate and the Closing will take place with the Purchase Price reduced by Twenty-Five Thousand Dollars (\$25,000), with such amount being taken out of the cash due at Closing. Buyer shall commission and pay the cost of the environmental assessment. Buyer's failure to commission the environmental assessment in time to permit the completion thereof prior to Closing shall be deemed a waiver of this condition and shall not be grounds for terminating this Agreement or for extending the Closing Date.

(f) Title Insurance Commitment. At or prior to the Closing, Sellers shall have caused to be delivered to Buyer: (i) the commitment of a title insurance company reasonably satisfactory to Buyer (the "Title Company") agreeing to issue to Buyer, at standard rates, owner's extended coverage title insurance policies, insuring Buyer's title to the Real Property and Studio Site without a survey exception and (ii) an affidavit or indemnification agreement that shall be sufficient to cause the Title Company to affirmatively insure against the existence of outstanding rights that could form the basis for mechanic's, materialman's or similar liens, unrecorded documents, claims of parties in possession, and judgments, bankruptcies or other charges against any persons whose names are the same as or similar to Sellers' names.

(g) Compliance With Zoning Requirements. At or prior to the Closing, PERC shall have furnished to Buyer evidence establishing to Buyer's reasonable satisfaction that any radio towers erected on the Real Property have been constructed in compliance with all applicable zoning ordinances. A zoning endorsement on the title policy shall meet this requirement.

(h) Closing Documents. Sellers shall have delivered or caused to be delivered to Buyer all of the closing documents specified in Paragraph 11.2.1, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably acceptable to Buyer.

10.3. Conditions to Sellers' Obligation. In addition to satisfaction of the mutual conditions contained in Section 10.1,

the obligation of Sellers to consummate the Transaction is subject, at Sellers' option, to satisfaction of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer to Sellers shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made.

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

(c) Payment. Buyer shall have delivered to Sellers the Purchase Price.

(d) Closing Documents. Buyer shall have delivered to Sellers all the closing documents specified in Paragraph 11.2.2, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably satisfactory to Sellers.

11. CLOSING.

11.1. Closing Date and Method. Unless Sellers and Buyer agree otherwise: (i) the Closing Date shall be the tenth (10th) day after the date on which all of the closing conditions (except for the deliveries that Buyer and Sellers are required to make on the Closing Date) have been satisfied or waived, or if such day is a weekend or holiday, on the next business day and (ii) the Closing shall be accomplished on the Closing Date by exchanging the closing documents required by this Agreement and such other closing documents as the parties may reasonably require in person, by mail or air courier.

11.2. Performance at Closing. The following documents shall be delivered at Closing:

11.2.1. By Sellers. Sellers shall deliver or cause to be delivered to Buyer:

(a) A certificate executed by an officer of PERC attesting to (i) PERC's compliance with the matters set forth in Section 10.2 (a).

(b) Assignments in form and substance reasonably satisfactory to Buyer transferring to Buyer all of the interests of Sellers in and to the FCC Licenses and all other transferable licenses, permits, and authorizations issued by any other Governmental Authorities that are used in or necessary for the lawful operation of the Stations.

(c) Bills of sale in form and substance reasonably satisfactory to Buyer conveying to Buyer all of the Tangible and Intangible Property of the Stations.

(d) General warranty deeds conveying fee simple title in the Real Property to Buyer.

(e) The Deed for the Studio Site Property, which shall be delivered to Escrow Agent to be held by Escrow Agent until such time as the condition precedent to Buyer recording the Deed set out in Section 3 hereof has been satisfied.

(e) One or more assignments assigning to Buyer all of the Contracts.

(f) Reports of the results of lien searches with respect to PERC conducted in the State of Idaho within ten (10) business days prior to the Closing Date establishing that the Station Assets are free and clear of any and all liens and encumbrances.

11.2.2. By Buyer. Buyer shall deliver to Sellers or Sellers' designee(s):

(a) A certificate executed by Buyer attesting to (i) Buyer's compliance with the matters set forth in Section 10.3 (a).

(b) The Cash Portion of the Purchase Price.

(c) The Purchase Money Note.

(d) The Security Agreement.

(e) Mortgages (or Deeds of Trust) in form and substance reasonably satisfactory to Sellers granting Sellers a first position security interest in the Real Property as additional security for the performance of Buyer's obligations under the Purchase Money Note.

(f) Such assumption agreements and other instruments and documents as are required to evidence Buyer's assumption of and obligation to pay, perform, and discharge PERC's obligations under the Contracts and Leases.

12. INDEMNIFICATION. The parties agree as follows with respect to the period subsequent to Closing:

12.1 Buyer's Right to Indemnification. For a period of one (1) year following the Closing, Sellers undertake and agree to indemnify and hold Buyer harmless against (i) any breach, misrepresentation, or violation of any of Sellers'

representations, warranties, covenants, or other obligations contained in this Agreement; (ii) all liabilities of Sellers not assumed by Buyer; (iii) any claims by third parties against Buyer attributable to Sellers' ownership or operation of the Station Assets prior to Closing and not otherwise assumed by Buyer under this Agreement, and (iv) all claims asserted by any third party by virtue of Sellers not having complied with the provisions of any applicable bulk sales law applicable to the Transaction and not otherwise assumed by Buyer under this Agreement. This indemnity is intended by Sellers to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel), arising within said one (1) year period whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

12.3 Sellers' Right to Indemnification. For a period of one (1) year following the Closing, Buyer undertakes and agrees to indemnify and hold Sellers harmless against (i) any breach, misrepresentation, or violation of any of Buyer's representations, warranties, covenants, or other obligations contained in this Agreement; (ii) all liabilities of Buyer; and (iii) any claims by third parties against Sellers attributable to Buyer's operation of the Stations after Closing. This indemnity is intended by Buyer to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel), arising during said one (1) year period whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

12.4 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(1) The party claiming indemnification (the "Claimant") shall give written notice to the party from which indemnification is sought (the "Indemnitor") promptly after the Claimant learns of any claim or proceeding covered by the foregoing agreements to indemnify and hold harmless; provided, however, that the Claimant's failure to give the Indemnitor prompt notice shall not bar the Claimant's right to indemnification unless such failure has materially prejudiced the Indemnitor's ability to investigate or defend against the claim or proceeding.

(2) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have thirty (30) days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purpose of this investigation, the Claimant agrees to make available to the Indemnitor and its authorized

representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 30-day period (or any mutually agreed upon extension hereof), the Claimant may seek appropriate legal remedies.

(3) With respect to any third-party claims as to which the Claimant is entitled to indemnification, the Indemnitor shall have the right to employ counsel reasonably acceptable to the Claimant to defend against any such claim or proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor. The parties will fully cooperate in any such action, and shall make available to each other any books or records useful for the defense of any such claim or proceeding. If the Indemnitor fails to acknowledge in writing its obligation to defend against or settle such claim or proceeding within twenty (20) days after receiving notice thereof from the Claimant (or such shorter time specified in the notice as the circumstances of the matter may dictate) the Claimant shall be free to engage counsel of its choice and defend against or settle the matter, all at the expense of the Indemnitor.

12.5 Indemnification Not Sole Remedy. The right to indemnification hereunder shall not be the exclusive remedy of either party in connection with any breach by the other party of its representations, warranties, or covenants, nor shall such indemnification be deemed to prejudice or operate as a waiver of any remedy to which either party may otherwise be entitled as a result of any such breach by the other party.

13. TERMINATION; REMEDIES IN THE EVENT OF BREACH.

13.1. Failure to Obtain FCC Consent. This Agreement may be terminated at the option of either party upon written notice to the other if the Closing has not occurred by the first anniversary of the date on which the Assignment Application was accepted for filing by the FCC; provided, however, that a party may not terminate this Agreement if such party is in default hereunder, or if a delay in any decision or determination by the FCC respecting the Assignment Application has been caused or materially contributed to (i) by any failure of such party to furnish, file or make available to the FCC information within its control; (ii) by the willful furnishing by such party of incorrect, inaccurate or incomplete information to the FCC; or (iii) by any other action taken by such party for the purpose of delaying the FCC's decision or determination respecting the Assignment Application.

13.2. Termination Due to Breach. If either party believes the other to be in default hereunder, the former party shall provide the other with written notice specifying in reasonable detail the nature of such default. If the default has not been cured by the

earlier of: (i) the Closing Date, or (ii) within ten (10) days after delivery of that notice (or such additional reasonable time as the circumstances may warrant which in no event shall exceed thirty (30) days, provided the party in default undertakes diligent, good faith efforts to cure the default within such ten (10) day period and continues such efforts thereafter), the party not in default may terminate this Agreement and upon such termination, all parties shall be relieved of any further obligation or liability hereunder.

13.3. Buyer's Remedies. Sellers agree that the Station Assets and the Studio Site include unique property that cannot be readily obtained on the open market and that Buyer will be irreparably injured if Sellers fail to fulfill their obligations hereunder. Therefore, Buyer shall have the right, if Buyer is not in material default in its obligations hereunder, as an alternative to terminating this Agreement pursuant to Section 13.2 specifically to enforce Sellers' performance under this Agreement, and Sellers agree to waive the defense in any such suit that Buyer has an adequate remedy at law and to interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy. If Seller is in material breach of its obligations hereunder and Buyer elects to terminate this Agreement rather than exercise its right to specific performance, and if Buyer is not in material default in its obligations hereunder, Buyer shall be entitled to recover from Sellers Twenty-Five Thousand Dollars (\$25,000) as liquidated damages in lieu of any other remedies to which Buyer might otherwise be entitled due to Sellers' breach.

13.4. Sellers' Remedies. Buyer recognizes that if the transaction contemplated by this Agreement is not consummated as a result of Buyer's breach of this Agreement, Sellers would be entitled to compensation, the extent of which is extremely difficult and impractical to ascertain. To avoid this problem, the parties agree that if this Agreement is not consummated due to the default of Buyer, Sellers shall be entitled to recover from Buyer the sum of Twenty-five Thousand Dollars (\$25,000) as liquidated damages in lieu of any other remedies to which Sellers might otherwise be entitled due to Buyer's wrongful failure to consummate the Transaction.

14. ENFORCEMENT OF REMEDIES; DISPUTES. Except for the right of either party to enforce the provisions of or any determination made pursuant to this Section, the parties agree to resolve any disputes arising out of or in connection with this Agreement as provided in this Section.

14.1. Appointment of Dispute Panel. If any dispute is not resolved in the time permitted by this Agreement or, if no time is specified, within five (5) days of the date either party gives the other notice that it intends to invoke the provisions of this Section, each party will immediately name one arbitrator who

shall be a person with one of the following qualifications (a) substantial experience in radio ownership or management, (b) an accountant with experience in radio broadcasting, or (c) a radio broadcasting consultant, and, within five (5) days of their appointment, the two arbitrators so selected shall select a third arbitrator with similar qualifications (the "Dispute Panel"). In the event one party names an arbitrator within the time period specified herein and the other party fails to do so, the Dispute Panel shall be comprised of the sole arbitrator who was timely named who shall have the full power and authority to resolve the dispute pursuant to the provisions of this Section 14.

14.2. Decision Process. Each party may submit such materials as it may elect to the Dispute Panel provided that a copy of such material is delivered by hand or overnight courier to the other party. Neither party will contact any member of the Dispute Panel to discuss the dispute unless the other party is present in person or by conference telephone call or the other party consents. The Dispute Panel will request and review such information as its members deem necessary to resolve the dispute. The Dispute Panel and each party will treat all information received by it as confidential and will destroy such information when the dispute is resolved. The Dispute Panel will resolve the matters presented to it so as to give each Party the benefit of its bargain by applying the provisions of this Agreement and, to the extent the Agreement is not dispositive, the customs and practices which, in the view of Dispute Panel, are common to transactions of this nature. The Dispute Panel will render its decision as soon as possible, but in any event, within thirty (30) days of the appointment of the third expert. The decision will be in writing and signed by each member of the dispute panel. The decision may include an award of damages as permitted by this agreement. Any third party may rely upon an original copy of the written decision or a copy of the decision certified by any member of the Dispute Panel as evidence of the decision.

14.3. Binding Effect. The decision of a majority of the members of the Dispute Panel will be binding and final with respect to both parties and may be enforced by seeking preliminary and permanent injunctive relief or entry of a judgment by a court of competent jurisdiction.

14.4. Costs and Fees. Each party will bear the costs and fees of the expert appointed by it plus half of the costs and expenses of the third expert. If the Dispute Panel determines by majority decision that the position of a party lacks substantial merit or was taken primarily to delay or otherwise impair the business efforts of the other party, then that party will pay the costs and fees of all the members of the panel plus the other party's reasonable attorney's fees.

14.5. Venue. Unless the parties otherwise agree, the venue for sessions of the disputes panel shall be in Idaho Falls, Idaho.

15. PRORATIONS. Subject to the Time Brokerage Agreement, Sellers shall be entitled to all income attributable to, and shall be responsible for all expenses arising out of the operation of the Stations and the ownership of the Studio Site until 11:59 p.m. on the Closing Date and Buyer shall be entitled to all income attributable to, and shall be responsible for all expenses arising out of, the operation of the Stations and the ownership of the Studio Site (except for expenses relating to the Mortgage the responsibility for which shall always remain with PEHC) after 11:59 p.m. on the Closing Date. All overlapping items of income or expense customarily subject to prorations in broadcast station transactions shall be prorated, or reimbursed, as the case may be, as of 11:59 p.m. on the Closing Date (the "Prorations"). In the event that the exact amount of any personal or real property taxes or the Annual FCC Regulatory Fees which are to be prorated are not known on the Closing Date, such taxes or fee shall be prorated on the basis of the most recent tax or fee assessment and such proration shall be final. To the extent practical, the Prorations shall be made on the Closing Date and any net amount due as a result of the Prorations shall be added to, or subtracted from, the Purchase Price. Within 30 days after the Closing Date, Buyer's accountant and Sellers' accountant shall agree to any final Prorations that are necessary to carry out the parties' intentions as reflected in this Section and any final amount due Sellers, or Buyer, shall be paid promptly by check from the party owning the final amount made payable to the party to whom the payment is due.

16. BUYER'S RIGHT OF FIRST REFUSAL WITH RESPECT TO PERC'S POCATELLO STATIONS. As an inducement to Buyer entering into this Agreement, PERC agrees that if the agreement that it has entered into with Mark Meyer for the sale to him of the assets and licenses of Stations KMGH, Facility ID 51215, and KESI, Facility ID 51216, Pocatello, Idaho, is terminated, in the event that at any time after such termination PERC receives an offer to purchase the Pocatello Stations that PERC is willing to accept (an "Offer"), PERC shall promptly give Buyer written notice of the Offer and Buyer shall then have the right to purchase the Pocatello Stations on the same terms as are set forth in the Offer (the "RFR"), which right must be exercised by Buyer delivering to Owner written notice of its intention to purchase the Pocatello Stations on the terms set out in the Offer, together with a check for the earnest money (if any) specified in the Offer, within thirty (30) days after Buyer receives notice of the Offer. If the RFR is not exercised within this thirty (30) day period, the RFR shall expire and become null and void and PERC shall have the right to sell the Pocatello Stations to the third party on substantially the terms specified in the Offer. Buyer's exercise of the RFR shall constitute the binding obligation of Buyer to purchase the

Pocatello Stations on the terms set forth in the Offer subject to the FCC granting its consent to the assignment of the Stations' FCC Licenses to Buyer.

(b) If Buyer does not exercise the RFR and PERC does not enter into a binding contract to sell the Pocatello Stations to party that made the Offer within sixty (60) days after the RFR has expired, the RFR shall revive and remain in effect as though the notice of the Offer had never been given to Buyer and PERC may not sell the Pocatello Stations to the party that made the Offer or any other party without complying with the provisions of this Section 16.

(c) The RFR will expire on the fifth (5th) anniversary of the Closing.

17. GENERAL PROVISIONS.

17.1. Brokerage. Each party represents to the other that it has not employed any broker or finder in connection with the Transaction and agrees to indemnify the other party and hold it harmless against any claim from any broker or finder based upon any agreement, arrangement, or understanding alleged to have been made by Sellers or Buyer, as the case may be.

17.2. Expenses. The cost of the preparation of the initial draft of this Agreement, the FCC filing fees for the Assignment Application and any sales, use or transfer taxes applicable to this Transaction shall be borne equally by Buyer and Sellers. Except as otherwise provided herein or in the Purchase Option, all other expenses incurred in connection with this Agreement or the Transaction shall be paid by the party incurring those expenses, whether or not the Transaction is consummated.

17.3. Notices. Any notice, demand, or request required or permitted to be given under the provisions of the Agreement shall be deemed effective if made in writing (including telecommunications) and delivered to recipient's address or facsimile number set forth under its name below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage pre-paid, (c) electronic mail with a "read receipt" or similar delivery confirmation, or (d) Federal Express, express mail or like courier service. Notice made in accordance with this Section shall be deemed delivered upon receipt.

To Sellers: Pacific Empire Radio Corp
Pacific Empire Holdings Corp.
403 Capitol Street
Lewiston, ID 83501
Attn: R. John Taylor
Email: jtaylor@cropusainurance.com

To Buyer: Chaparral Broadcasting, Inc.
14 Cockanoe Drive
Westport, CT 06880
Attention: Jerrold Lundquist
Email: jerry_lundquist@mckinsey.com

Either party may change its address for notices by written notice to the other given pursuant to this Section. Any notice purportedly given by a means other than as set forth in this Section shall be deemed ineffective.

17.4. Assignment. Buyer shall have the right to assign its rights and obligations under this Agreement to a corporation or other legal entity wholly-owned by Jerrold T. Lundquist, provided that such assignment shall not relieve Buyer of any of its obligations hereunder. Except as provided in the previous sentence, neither party may assign its rights and obligations hereunder without the written consent of the other party which will not be unreasonably withheld. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assignees.

17.5. Exclusive Dealings. For so long as this Agreement remains in effect, neither Sellers nor any person acting on Sellers' behalf shall solicit, initiate, or accept any offer from, or conduct any negotiations with, any person concerning the acquisition of the Stations, the Station Assets or the Studio Site, directly or indirectly, by any party other than Buyer or Buyer's permitted assignees.

17.6. Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (i) confer any rights or remedies on any person other than Sellers, Buyer, and their respective successors and permitted assignees; (ii) to relieve or discharge the obligations or liability of any third party; or (iii) to give any third party any right of subrogation or action against either Sellers or Buyer.

17.7. Indulgences. Unless otherwise specifically agreed in writing to the contrary: (i) the failure of a party at any time to require performance by another party of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by the another party shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by a party for the performance of any obligation or act by another party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

17.8. Survival of Representations and Warranties. The several representations, warranties, and covenants of the parties

contained herein shall survive the Closing for a period of one (1) year; provided, however, that those specific matters as to which claims for indemnification have been duly made before the expiration of such one-year period shall survive until those claims have been resolved.

17.9. Prior Negotiations. This Agreement supersedes in all respects all prior and contemporaneous oral and written negotiations, understandings and agreements between the parties with respect to the subject matter hereof. All of said prior and contemporaneous negotiations, understandings and agreements are merged herein and superseded hereby.

17.10. Schedules and Exhibits. The Schedules and Exhibits attached hereto or referred to herein are a material part of this Agreement, as if set forth in full herein.

17.11. Entire Agreement; Amendment. This Agreement and the Exhibits and Schedules to this Agreement set forth the entire understanding between the parties in connection with the Transaction, and there are no terms, conditions, warranties or representations other than those contained, referred to or provided for herein and therein. Neither this Agreement nor any term or provision hereof may be waived, altered or amended in any manner except by an instrument in writing signed by the party against whom the enforcement of any such change is sought.

17.12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Idaho without regard to the choice of law rules utilized in that jurisdiction.

17.13. Severability. If any term of this Agreement is illegal or unenforceable at law or in equity, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any illegal or unenforceable term shall be deemed to be void and of no force and effect only to the minimum extent necessary to bring such term within the provisions of applicable law and such term, as so modified, and the balance of this Agreement shall then be fully enforceable.

17.14. Waiver of Jury Trial; Attorney's Fees. If, notwithstanding the provisions of Section 14, any lawsuit is filed to resolve an issue as to the interpretation or enforcement of this agreement and is not dismissed on the basis of Section 14, each party irrevocably waives trial by jury and the right thereto in any and all litigation in any court with respect to, in connection with, or arising out of this Agreement.

17.16 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signature on

each such counterpart were on the same instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, and to evidence their assent to the foregoing, Sellers and Buyer have executed this Asset Purchase Agreement as of the date first written above.

CHAPARRAL BROADCASTING, INC.

By: _____
Jerrold T. Lundquist, President

PACIFIC EMPIRE RADIO CORP

By: _____
R. John Taylor, Chairman

PACIFIC EMPIRE HOLDINGS CORP.

By: _____
R. John Taylor, President

SCHEDULE 2.1

FCC LICENSES AND AUTHORIZATIONS

License for Station KBJX, Shelley, Idaho, Facility ID 73616
License for Station KGTM, Rexburg, Idaho, Facility ID 12644
License for Station KRXX, Rexburg, Idaho, Facility ID 12665

EXHIBIT B
PURCHASE MONEY NOTE

\$1,450,000.00

[date]

The undersigned (the "Maker") promises to pay to the order of PACIFIC EMPIRE RADIO CORPORATION (the "Seller"), in lawful money of the United States, the principal sum of ONE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$1,450,000.00), plus simple interest on the unpaid principal the "Principal Balance") at the rate of five and one-quarter percent (5.25%) per annum from the date hereof until the Principal Balance has been paid in full.

Section 1. Payment Terms.

Beginning on the date which is six (6) months after the date of this Note, this Note shall be amortized over a period of seven (7) years by the payment of level monthly installments of principal and interest each in the amount of Nine Thousand Seven Hundred Seventy Dollars and Seventy-Four Cents (\$9,770.74), the first of which amortization payments shall be due on [date 6 months after date of note] with subsequent amortization payments being due on the same day of each succeeding month until the seventh (7th) anniversary of this Note, on which date the entire unpaid Principal Balance and any accrued and unpaid interest thereon shall be immediately due and payable.

Maker may pre-pay this Note in whole or in part at any time and from time to time at its sole option without premium or penalty; provided, that except in the event that the Principal Balance is reduced pursuant to Article 3 of the Asset Purchase Agreement between Maker, Seller and Pacific Empire Holding Corp. dated as of June __, 2010 (the "Purchase Agreement") (in which event the interest rate and amortization schedule shall be adjusted as provided in said Article), the making of a pre-payments shall not relieve the Maker of its obligation to make scheduled amortization payments when due.

Section 2. Security.

The obligations of the Maker evidenced by this Note are secured by a perfected first priority security interest filed against the assets owned by Maker and used in the operation of Radio Stations KGTM, Facility ID 12664, Rexburg, ID, KBJX, Facility ID 73616, Shelley, ID, KRXX, Facility ID 12665, Rexburg, ID (the "Stations") pursuant to a Security Agreement of even date herewith.

Section 3. No Offset.

Except as expressly provided at the end of this Section, all payments due under this Note shall be made when due without any set-off or deduction whatsoever. The Maker agrees that it will not interpose any plea of recoupment, counterclaim, offset, or claim for deduction in any action to enforce collection of this Note. Any claim which the Maker may have against the Seller under any agreement between the Maker and the Seller, or that arises out of a dispute or controversy of any nature whatsoever between the Maker and the Seller, shall be pursued by the Maker in a separate and independent action, and shall not be asserted against any other holder, it being the express intent of this provision that the Maker's covenant to pay this Note is independent of any other agreements or obligations of the Seller, and any alleged or asserted claims or right of the Maker against the Seller which are unrelated to this Note shall not excuse the Maker from its obligation to pay all sums due under this Note when such sums become due. Notwithstanding the foregoing (i) Maker may offset against any payments due hereunder any award of indemnification under the Purchase Agreement or any other amount that Seller agrees, in writing, is owed to Maker by Seller.

Section 4 Default.

(a) The occurrence of any one or more of the following events shall constitute a default under this Note (a "Default"):

- (i) the failure of the Maker to make any payment of interest or principal when due and the continuation of such failure for five business (5) days after written notice of such failure is given to Maker by the holder of this Note;
- (ii) the failure of the Maker to perform any of its other obligations under this Note when such performance is due and the continuation of such failure for ten business (10) days after written notice of such failure is given to the Maker by the holder of this Note;
- (iii) an Event of Default shall have occurred under the Security Agreement;
- (iv) the sale by Maker of all or substantially all of the assets used or useful in the operation of the Stations; or
- (v) the sale, transfer, or other conveyance of the controlling interest in Maker to any third party, other than pursuant to a transaction for which the consent of the FCC may properly be requested and obtained on a "short form" (FCC Form 316) application.

(b) Whenever there is a Default under this Note, Seller, at its option, may declare all amounts payable under this Note not previously paid immediately due and payable, and exercise any and all rights and remedies available to it hereunder, and under the Security Agreement.

Section 5. Place of Payment and Notices.

(a) Place of Payment. All payments on this Note shall be

paid at the address of the Seller set forth for notices in subsection (b), or such other place as may be provided by other provisions of this Note.

(b) Notices. Any notice, demand, or request required or permitted to be given under the provisions of the Agreement shall be deemed effective if made in writing (including telecommunications) and delivered to recipient's address or facsimile number set forth under its name below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage pre-paid, (c) electronic mail with a "read receipt" or similar delivery confirmation, or (c) Federal Express, express mail or like courier service. Notice made in accordance with this section shall be deemed delivered upon receipt.

To Seller: Pacific Empire Radio Corp
403 C Street
Lewiston, ID 83501
Attn: R. John Taylor
Email: jtaylor@AIAInsurance.com

To Buyer: Chaparral Broadcasting, Inc.
14 Cockanoe Drive
Westport, CT 06880
Attention: Jerrold T. Lundquist
Email: jerry_lundquist@mckinsey.com

Section 6: Miscellaneous.

(a) Each right, power and remedy of the holder under this Note or under applicable laws shall be cumulative and concurrent, and the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the holder of any or all such other rights, powers or remedies. No failure or delay by the holder to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof, or preclude the holder from exercising any such right, power or remedy. No modification, change, waiver or amendment of this Note shall be deemed to be made unless in writing signed by the party to be charged. Except as otherwise expressly provided, the Maker and each endorser, guarantor, accommodation party and surety of this Note hereby waives demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or unenforceability of any provision of this Note shall not affect or impair the validity, legality or enforceability of any other provision. This Note shall be deemed to be made in and shall be

governed by the laws of the State of Idaho without reference to that State's conflict of law principles.

(b) The Maker shall be liable to the holder of this Note for all reasonable costs and expenses of every kind incurred in the collection of this Note, including, without limitation, reasonable attorneys' fees and court costs actually incurred.

(c) If any dispute arises as to the interpretation or enforcement of this Note, the Maker and Seller agree to use their best, good faith, efforts to resolve the dispute between themselves. If, despite such efforts, the dispute is not resolved within thirty (30) days, the Maker and Seller agree to resolve the dispute pursuant to the procedures set out in Section 14 of the Purchase Agreement and they further agree that any decision arrived at under those procedures shall be binding upon them and enforceable in a court of law.

IN WITNESS WHEREOF, CHAPARRAL BROADCASTING, INC. has caused this Purchase Money Note to be executed and delivered by its duly authorized corporate officers this __ day of _____, 201__.

CHAPARRAL BROADCASTING, INC.

By: _____
Jerrold T. Lundquist, President

SCHEDULE 5.2

Allocation of Purchase Price

Idaho Falls Studio/Business Offices	\$300,000
Studio Production Equipment	84,000
KBJX/KGTM Tower Site	7,000
KGTM Transmitter Equipment	75,000
KBJX Transmitter Equipment	100,000
Ione Towers	100,000
KRXX Transmitter Equipment	50,000
KRXX Tower	75,000
KRXX Tower Site	135,000
Trademarks, Intangibles and Goodwill	574,000

Total \$1,500,000