

**ASSET PURCHASE AGREEMENT**

This ASSET PURCHASE AGREEMENT, dated as of September 1, 2014 (this "Agreement"), is made by and between GREGORY COMMUNICATIONS, INC., a North Carolina corporation ("GCI"), and GREGORY COMMUNICATIONS LICENSE, INC., a North Carolina corporation ("GC License" and, together with GC License, "Buyer"), and MAX RADIO OF THE CAROLINAS LLC, a Virginia limited liability company ("MRC"), and MAX RADIO OF THE CAROLINAS LICENSES LLC, a Virginia limited liability company ("Max License" and, together with MRC, "Seller").

**RECITALS**

WHEREAS, Max License is the licensee of radio station WGAI-AM, Elizabeth City, North Carolina (560 KHz; Facility ID: 72731) (the "Station") pursuant to authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to acquire substantially all of the assets owned or leased by Seller and used in connection with the operation of the Station; and

WHEREAS, Seller also operates radio stations WCXL-FM 104.1, licensed to Kill Devil Hills, NC, WCMS-FM 94.5, licensed to Hatteras, NC, WQDK-FM 99.3, licensed to Gatesville, NC, WZPR-FM 92.3, licensed to Nags Head, NC, WVOD-FM 99.1, licensed to Manteo, NC and WFMZ-FM 104.9, licensed to Hertford, NC (collectively, the "Excluded Stations") that will not be subject to the terms and conditions of this Agreement; and

WHEREAS, simultaneously with the execution and delivery of this Agreement, GCI and Seller have entered into a Local Marketing Agreement (the "LMA") in the form of Exhibit A.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**1. Assets and Liabilities.**

(a) On the Closing Date (as hereinafter defined), Seller shall sell, assign and transfer, or cause to be delivered, to Buyer and Buyer shall purchase, assume and accept from Seller, the assets, properties, interests and rights of Seller of whatsoever kind and nature, used in connection with the operation of the Station and that are specifically described below (the "Assets") (but excluding the Excluded Assets described in subparagraph (c) below):

(i) Seller's equipment, machinery, furniture and other tangible personal property as identified on Schedule 1(a)(i) hereto (the "Tangible Personal Property"), together with such modifications, improvements and additions thereto and replacements thereof occurring between the date hereof and the Closing Date;

(ii) All of the licenses, permits and other authorizations, including the FCC Authorizations (collectively, the "Licenses"), issued by the FCC, the Federal Aviation Administration (the "FAA"), and any other federal, state or local governmental authorities to Seller in connection with the conduct of the business and the full on-air operations of the Station, identified on Schedule 1(a)(ii) hereto;

(iii) All of Seller's right, title and interest in and to the Lease Agreement dated February 7, 1999 between William S. Ray and Lisa D. Ray, as landlord, and Ray-D-O Biz LLC, as tenant, as amended by a Lease Amendment dated October 18, 2002 between William S. Ray and Lisa D. Ray, as landlord, and Ray-D-O Biz LLC, as tenant, and as amended by a Second Lease Amendment dated September 28, 2006 between William S. Ray and Lisa D. Ray, as landlord, and Max Radio of the Carolinas LLC, formerly known as Ray-D-O Biz LLC, as tenant (as so amended, the "Tower Lease"), copies of which have been provided to Buyer;

(iv) All of Seller's logs, books, files, FCC and other governmental applications, equipment manuals and assignable warranties, and other records relating to the full on-air broadcast operations of the Station, including without limitation all electronic data processing files related thereto, FCC filings and all records required by the FCC to be kept by the Station identified and described on Schedule 1(a)(iv);

(v) All contracts, leases and agreements used in the Stations' business listed and listed on Schedule 1(a)(v) (the "Contracts"), all orders and agreements for advertising now existing, or entered into in the ordinary course of business between the date of this Agreement and the Closing Date, for the sale of advertising time for cash on the Station and all airtime obligations of the Station in exchange for trade and barter merchandise or services to be delivered before, concurrently or subsequent to the broadcast of such airtime. Between the date of this Agreement and the Closing, Seller shall use its commercially reasonable efforts to terminate the Contracts listed on Schedule 1(a)(v) as "Terminating Contracts" without the payment of any fees or expenses to the other parties to such Terminating Contracts resulting from or caused by such termination; and

(vi) All of Seller's right, title and interest in and to the real estate more fully described on Schedule 1(a)(vi), (the "Owned Real Estate");

(b) The Assets, other than the Owned Real Estate, shall be transferred by Seller to Buyer free and clear of all liens, security interests, mortgages, pledges, conditional sales agreements and other liens, liabilities and encumbrances of every kind and nature ("Liens"), except for Permitted Liens. "Permitted Liens" are (i) Liens for taxes not due and payable or, that are being contested in good faith by appropriate proceedings; and (ii) Liens or mortgages, in each case that will be released on or before the Closing or otherwise satisfied by Seller with Buyer's consent. The Owned Real Estate shall be free of all security interests and mortgages but the Owned Real Estate will be subject to all Permitted Liens and all easements, roadways, rights-of-way, restrictions and encumbrances of record. Buyer is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement unless

otherwise specifically agreed to in this Agreement or in the LMA. All liabilities not specifically assumed by Buyer shall be retained by Seller and are referred to herein as the “Retained Liabilities.” Without limiting the generality of the foregoing, it is understood and agreed that Buyer shall have no obligation to offer employment to any employee of Seller or the Station and Buyer is not agreeing to, and shall not, assume (i) any liability or obligation of Seller to Seller’s employees under any existing written or oral agreements with Seller, including any such liability or obligation in respect of wages, salaries, bonuses, accrued vacation or sick pay or any other matter, or (ii) any liability arising out of any termination by Seller of the employment of any employee of the Station or any liability for any employee benefit plan or arrangement of Seller for Station employees.

(c) All of the Assets shall be sold, assigned and transferred at the Closing to GCI, except the Licenses, which shall be assigned to GC License.

(c) The following assets and obligations relating to the business of the Station shall be retained by Seller and shall not be sold, assigned or transferred to or assumed by Buyer (the “Excluded Assets”):

(i) All cash, cash equivalents, cash deposits to secure contract obligations, all inter-company receivables from any affiliate of Seller and all other accounts receivable, notes receivable, bank deposits and securities held by Seller at the Closing Date;

(ii) All assets of any kind or nature, real or personal, tangible or intangible, of the Excluded Stations;

(iii) All assets not listed on Schedule 1(a)(i), Schedule 1(a)(ii), Schedule 1(a)(iii), Schedule 1(a)(iv) or Schedule 1(a)(v);

(iv) All claims of Seller with respect to transactions before the Closing;

(v) All prepaid expenses;

(vi) All contracts of insurance and claims against insurers;

(vii) All employee benefit plans and the assets thereof and all employment contracts;

(viii) All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired before Closing in the ordinary course of business, and all loans and loan agreements;

(ix) All tangible personal property listed on Schedule 1(a)(i) that is disposed of or consumed between the date hereof and Closing in the ordinary course of business;

(x) Seller’s corporate records;

(xi) All commitments, contracts, leases and agreements except to the extent that they are specifically assumed in this Agreement;

(xii) All of Seller's intellectual property used in the operation of the Station and the Assets provided, however, that Seller and Buyer shall cooperate to designate a new call sign to be effective on commencement of programming;

(xiii) All accounting and reporting software used by Seller for the Station and the Excluded Stations;

(xiv) The traffic system used by the Station and the Excluded Stations;  
and

(xv) The satellite receive dish used by the Station and the Excluded Stations.

## **2. Purchase Price.**

(a) On the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the Assets, on the Closing Date, Buyer shall pay to Seller the aggregate sum of One Hundred Thousand Dollars (\$100,000) less the amount of the Programmer Fees (as defined in the LMA) received by Seller on or before the Closing Date (the "Purchase Price"). Buyer shall pay Seller the Purchase Price by delivering to Seller at the Closing a secured promissory note (the "Note") in form and substance acceptable to Buyer and Seller, which will require payments of One Thousand Five Hundred Eighty-Three Dollars and Thirty-Three Cents (\$1,583.33) per month so long as the Note is not in default.

(b) Subject to the terms and conditions of the LMA, the parties agree to prorate all expenses arising out of the operation of the Station that are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing. The items to be prorated shall include, but not be limited to, power and utilities charges, FCC regulatory fees, personal property taxes on the basis of the most recent tax bills and information available, security deposits and similar prepaid and deferred items. The prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made within sixty (60) days after the Closing Date.

(c) Seller shall allocate the Purchase Price among the Assets and, within ninety (90) days after the Closing Date, Seller shall provide Buyer an IRS Form 8594 prepared in accordance with Section 1060 of the Internal Revenue Code, as amended. Buyer and Seller agree to file all tax returns with respect to this Agreement in accordance with such IRS Form 8594.

**3. FCC Consent; Assignment Application.** At a date not later than five (5) business days after the execution of this Agreement, Buyer and Seller shall execute, file and prosecute an application with the FCC (the "Assignment Application") requesting its consent to the assignment, from Seller to Buyer, of all FCC Authorizations pertaining to the Station (the "FCC Consent"). Buyer and Seller shall take all reasonable steps to cooperate with each other and with the FCC to secure such FCC Consent without delay and to promptly consummate this Agreement

in full. Buyer and Seller shall each bear 50% of the fees payable to the FCC for the filing of the Assignment Application.

**4. Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur on a date (the "Closing Date") fixed by Buyer that is no later than five (5) business days after the date on which FCC Consent has been granted and the other conditions to closing set forth in Section 8 have either been waived or satisfied. The Closing shall be held by pdf, fax and overnight delivery or, if the parties agree to Closing at which representatives of Buyer and Seller attend, at the offices of Williams Mullen, 222 Central Park Avenue, Suite 1700, Virginia Beach, VA 23462.

**5. Representations and Warranties of Seller.** Seller hereby makes the following representations and warranties to Buyer:

(a) Each of MRC and Max License is a limited liability company duly formed, validly existing and in good standing under the laws of the Commonwealth of Virginia and MRC is qualified to transact business in the State of North Carolina. Each of MRC and Max License has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by each of MRC and Max License and no other proceedings on the part of MRC or Max License are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of MRC and Max License and constitutes the legal, valid and binding obligation of each of MRC and Max License enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) Other than as set forth on Schedule 5(b), the execution, delivery and performance of this Agreement by each of MRC and Max License will not (i) constitute a violation of or conflict with its organizational documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation relating to the business of the Station and to which it or any of the Assets may be subject, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Buyer, (iii) violate any material law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to it or any of the Assets, (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the Assets, or (v) require the consent or approval of any governmental authority or other third party other than the FCC Consent.

(c) Schedule 1(a)(i) hereto contains a list of the tangible personal property owned by Seller for use in connection with the operation of the Station that will be acquired by Buyer. Seller owns and has, and will have on the Closing Date, good and marketable title to the Tangible Personal Property. Seller makes no other representation or warranty with respect to the

condition of the Assets, which Assets shall be transferred to Buyer at Closing "AS IS, WHERE IS" without warranty of any kind or nature.

(d) Schedule 1(a)(ii) hereto contains a true and complete list of the FCC Authorizations and all other licenses, permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Station in the manner and to the full extent it is presently operated. Max License lawfully holds each of the FCC Authorizations and other licenses, permits and authorizations listed on Schedule 1(a)(ii). Seller maintains a public inspection file for the Station and, to Seller's Knowledge, such file complies with the rules, regulations and policies of the FCC (the "Communications Laws"). "Seller's Knowledge" means the actual knowledge of David J. Wilhelm or Michael Smith.

(e) Seller has a valid leasehold interest in the Tower Lease, free and clear of all liens, mortgages, pledges, covenants, restrictions, leases, charges or other claims or encumbrances of any nature whatsoever except for Permitted Liens, and, to Seller's Knowledge, no party is in material breach or default under the Tower Lease. To Seller's Knowledge, there is full legal and practical access to the Premises (as defined in the Tower Lease) and all utilities necessary for Buyer's use of the Premises as a radio tower facility are installed and are in good working order, and are subject to valid easements, where necessary. Except as set forth on Schedule 5(e), to Seller's Knowledge, towers, guys and other fixtures situated on the Premises are free of structural defects and are suitable for their intended uses, and are in good state of maintenance and repair (ordinary wear and tear excepted).

(f) There is no broker or finder or other person who would have any valid claim for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by Seller.

(g) Seller is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the business of the Station or the Assets or which restrains or enjoins the transactions contemplated hereby, and, to Seller's Knowledge, no such proceeding is pending. There is no material litigation pending by or against, or to Seller's Knowledge, threatened against Seller affecting the Assets. To Seller's Knowledge, with respect to the Station, Seller has complied in all material respects with all material applicable laws, regulations, orders or decrees. To Seller's Knowledge, the present uses by Seller of the Assets do not violate any such laws, regulations, orders or decrees in any material respect, and to Seller's Knowledge there is no basis for any claim for compensation or damage or other relief from any violation of the foregoing.

(h) With respect to the Assets, to Seller's Knowledge, Seller has complied in all material respects, and currently is in material compliance, with all material applicable laws, statutes, rules, regulations, codes and ordinances of all U.S. federal, state and local government agencies and authorities having jurisdiction over Seller or the Assets.

(i) Seller has duly, timely and in the required manner filed all federal, state and local income, franchise, sales, use, property, excise, payroll and other tax returns and forms

required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid before the Closing Date.

**6. Representations and Warranties of Buyer.** Buyer hereby makes the following representations and warranties to Seller:

(a) Each of GCI and GC License is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina. Each of GCI and GC License has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Each of GCI and GC License has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by each of GCI and GC License and no other proceedings on the part of GCI or GC License are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of GCI and GC License and constitutes the legal, valid and binding agreements of each of GCI and GC License enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(c) The execution, delivery and performance of this Agreement by each of GCI and GC License will not (i) conflict with or result in any breach of any provision of its respective articles of incorporation or by-laws, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Seller, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to each of GCI and GC License, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(d) GC License is legally, financially and technically qualified to acquire and become the FCC licensee of the Station and to operate the Station in the manner contemplated.

(e) There is no litigation, proceeding or governmental investigation pending or to the knowledge of Buyer, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to Buyer including without limitation, any voluntary or involuntary petition under Federal bankruptcy law or any state receivership or similar proceedings, that would prevent or materially impede the consummation by Buyer of the transactions contemplated by this Agreement, nor does Buyer know of, or have any reasonable ground to know of, in view of its present situation or action it now contemplates taking, any basis for such litigation, proceeding or investigation.

(f) There is no broker or finder or other person who would have any valid claim against Buyer for a commission or brokerage in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Buyer.

(g) After giving effect to its investigation of Seller and the Assets, to Buyer's knowledge, the representations and warranties of Seller contained in this Agreement are true and accurate in all material respects and Buyer acknowledges that, except for the representations and warranties contained in Section 4, neither Seller nor any other person on behalf of Seller makes or has made any express or implied representation or warranty at law or in equity, as to any matter whatsoever.

(h) Buyer acknowledges that the Assets do not include and that Seller is not conveying or transferring to Buyer (i) a broadcasting studio, (ii) a satellite receive dish, (iii) any accounting or reporting hardware or software or (iv) a traffic system and that Buyer will not be able to operate the Station after the Closing without some or all of the foregoing. Buyer has inspected the Assets, including the towers and antennas that are on the real property that is subject to the Tower Lease. Buyer acknowledges that the operation of the Station by Buyer after the Closing may require that Buyer to enter into music license agreements with ASCAP, BMI, SESAC and other music license companies that will require the payment of music license fees by Buyer. Buyer acknowledges that Seller has provided Buyer historical financial information regarding the Station and Buyer agrees that the past performance of the Station is not guaranty of future results. Buyer agrees that Seller is not guarantying any level of sales or performance of the Station after the Closing. Buyer agrees that has provided Buyer full access to the Assets, management of the Station and financial information regarding the Station.

## **7. Covenants.**

(a) Seller and Buyer agree that, between the date hereof and the Closing Date, they shall act in accordance with the LMA, unless they otherwise agree in writing.

(b) On or before the Closing Date, Seller shall furnish to Buyer revised Schedules to this Agreement as may be necessary to render such Schedules accurate and complete as of the Closing Date. Seller shall give detailed written notice to Buyer promptly on the occurrence of or becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or would have caused a breach had such event occurred or been known to Seller before the date hereof, of any of Seller's representations or warranties contained in this Agreement or in any Schedule. Seller shall promptly disclose to Buyer any significant problems or developments with respect to the Assets.

(c) Buyer shall give detailed written notice to Seller promptly on learning of the occurrence of any event that would cause or constitute a breach, or that would have caused a breach had such event occurred or been known to Buyer on or before the date of this Agreement, of any of Buyer's representations or warranties contained in this Agreement or in any Schedule attached hereto. Any such notice to Seller, similar informal notice by Buyer to Seller, or independent investigation, examination, or other source of knowledge by Seller regarding a breach of Buyer's representations and warranties shall not in any way diminish or obviate any



representations or warranties of Buyer made in this Agreement, the Schedules and documents delivered pursuant to this Agreement.

(d) GC License shall maintain its qualifications to be the FCC licensee of the Station.

(e) Subject to the provisions of this Agreement and the LMA, Buyer shall fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and the LMA and to cause the transactions contemplated by this Agreement and the LMA to be fully carried out. If any event should occur that would prevent the consummation of the transactions contemplated hereunder (other than an event proximately caused by Seller), Buyer shall notify Seller of such event and Buyer shall use commercially reasonable efforts to cure such event as expeditiously as possible.

(f) Subject to the terms and conditions of this Agreement, each of the parties hereto will use commercially reasonable efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate and make effective as soon as practicable the transactions contemplated by this Agreement.

#### **8. Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of Seller hereunder is subject to the satisfaction of each of the following express conditions precedent, unless waived in writing by Seller:

(i) Buyer shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement and the LMA to be performed or complied with by Buyer before or as of the Closing Date;

(ii) The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made again on and as of the Closing Date;

(iii) The FCC Consent contemplated by this Agreement shall be effective;

(iv) Buyer shall have delivered to Seller, on the Closing Date, the Purchase Price, and the documents required to be delivered pursuant to Section 9(b); and

(v) Buyer shall not be subject to any voluntary or involuntary petition under Federal bankruptcy law, or any state receivership or similarly proceeding.

(b) The performance of the obligations of Buyer hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) Seller shall have performed and complied in all material respects with all the agreements, obligations and covenants required by this Agreement and the LMA to be performed or complied with by Seller before or as of the Closing Date;

(ii) The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made again on and as of the Closing Date;

(iii) The Station is operating in all material respects in accordance with the FCC Authorizations and the Communications Laws, except as set forth in Schedule 1(a)(ii). There is not pending or, to Seller's Knowledge, threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of the FCC Authorizations and Seller has not received any notice of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the Station or Seller with respect to the Station. Seller shall have filed timely all material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Station and all such reports and filings shall have been accurate in material compliance with the Communications Laws, except as set forth in Schedule 1(a)(ii).

(iv) The FCC Consent contemplated by this Agreement shall be effective;

(v) There shall not be any Liens on the Assets or any financing statements of record other than Permitted Liens and those to be satisfied by Seller on or before the Closing Date; and

(vi) Seller shall have delivered to Buyer, on the Closing Date, the documents required to be delivered pursuant to Section 9(a).

## **9. Closing Deliveries.**

(a) At the Closing, Seller will deliver, or cause to be delivered, to Buyer the following, each of which shall be in form and substance satisfactory to Buyer and its counsel:

(i) A Bill of Sale and other instruments of transfer and conveyance, dated the Closing Date, in form and substance so as to effectively and legally transfer and assign to GCI the personal property Assets and effectively vest in GCI good and marketable title to the personal property Assets;

(ii) An Assignment and Assumption of the Station's FCC Authorizations;

(iii) An Assignment and Assumption of Seller's interest in the Tower Lease and the Contracts, other than those Terminating Contracts that have been terminated before the Closing;

(iv) Certified copies of the resolutions of the Managers of each of MRC and Max License authorizing and approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby;

(v) A certificate, dated the Closing Date, executed by a Manager of each of MRC and Max License, certifying the fulfillment of the conditions set forth in Section 8(b)(i) and (ii) hereof;

(vi) A Closing Statement;

(vii) A quit claim deed for the Owned Real Estate; and

(vii) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Buyer shall reasonably request, each in form and substance satisfactory to Buyer and its counsel.

(b) Before or at the Closing, Buyer will deliver to Seller the following, each of which shall be in form and substance satisfactory to Seller and its counsel:

(i) The Purchase Price;

(ii) An Assignment and Assumption of the Station's FCC Authorizations;

(iii) A certificate, dated the Closing Date, executed by an officer of Buyer, certifying the fulfillment of the conditions set forth in Section 8(a)(i) and (ii) hereof;

(iv) An Assignment and Assumption of Seller's interest in the Tower Lease and the Contracts, other than those Terminating Contracts that have been terminated before the Closing;

(v) The original Note duly executed by Buyer;

(vi) A duly executed security agreement in form and substance acceptable to Buyer and Seller granting Seller a security interest in all of the Assets, other than the FCC Licenses;

(vii) A duly executed Stock Pledge Agreement in in form and substance acceptable to Buyer and Seller pledging the shares of GCI and GC License.;

(viii) The Closing Statement;

(ix) [Reserved];

(xi) GCI shall be in compliance with all material terms of the LMA and all amounts due Seller under the LMA shall have been paid in full;

(x) Certified copies of the resolutions of Board of Directors of each of GCI and GC License authorizing and approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby; and

(x) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Seller shall reasonably request, each in form and substance satisfactory to Seller and its counsel.

**10. Indemnification.**

(a) Following the Closing, Seller shall indemnify, defend and hold harmless Buyer with respect to all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including, without limitation, interest, penalties, court costs and reasonable attorneys' fees) ("Damages") asserted against, resulting from, imposed on or incurred by Buyer directly or indirectly relating to or arising out of all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station before the Closing, including the Retained Liabilities and with respect to the Excluded Assets; provided, however, Seller shall have no obligation to indemnify with respect any obligation assumed by GCI under the LMA. Seller shall have no liability to Buyer with respect to Damages arising from the breach by Seller of any of its representations or warranties or from the failure by Seller to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing.

(b) Following the Closing, Buyer shall indemnify, defend and hold Seller harmless with respect to all Damages asserted against, resulting from, imposed on or incurred by Seller directly or indirectly relating to or arising out of: (i) the breach by Buyer of any of its representations, warranties, that survive Closing or failure by Buyer to perform any of its covenants, conditions or agreements set forth in this Agreement that survive Closing, under the LMA or under the Contracts that are assigned to Buyer at the Closing; and (ii) all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station, as conducted by Buyer, subsequent to the Closing.

**11. Termination.** This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, on written notice to the other on the occurrence of any of the following: (a) if, on or before the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party, provided however that such opportunity to cure shall not apply to the failure of a party to perform its obligations set forth in Section 4 or Section 9, hereof; or (b) if the Assignment Application is denied by the FCC; or (c) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement; or (d) if the Closing has not occurred by December 31, 2015. This Agreement shall terminate automatically if the LMA is terminated other than in connection with the Closing. On the termination of this Agreement, other than in connection with a Closing, Buyer will return to Seller all property that is owned by Seller in Buyer's possession or control and Seller will return to Buyer all property that is owned by Buyer in Seller's possession or control.

**12. Specific Performance.** Seller acknowledges that the Station is a unique asset not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that, in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, as Buyer's sole and exclusive remedy, Buyer shall be entitled to specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer to specifically enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law.

**13. Confidentiality.**

(a) Each party shall hold, and shall cause its officers, employees, agents and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain such information to hold, in confidence, and not use for any purpose other than evaluating the transactions contemplated by this Agreement, any confidential information of another party obtained through the investigations permitted hereunder, which for the purposes hereof shall not include any information which (i) is or becomes generally available to the public other than as a result of disclosure by the party which alleges the information is confidential or its affiliates, (ii) becomes available to a party on a non-confidential basis from a source, other than the party which alleges the information is confidential or its affiliates, which has represented that such source is entitled to disclose it, or (iii) was known to a party on a non-confidential basis before its disclosure to such party hereunder. If this Agreement is terminated, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution.

(b) If a party or a person to whom a party transmits confidential information of another party is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of such confidential information, such party or person will provide the other applicable party with prompt written notice so that such party may seek a protective order or other appropriate remedy or waive compliance with Section 13(a). If such protective order or other remedy is not obtained, or if the applicable party waives compliance with Section 13(a), the party subject to the request will furnish only that portion of such confidential information which it is legally required to provide and will exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such confidential information.

(c) In the event that either party determines in good faith that a press release or other public announcement is desirable under any circumstances, the parties shall consult with each other to determine the appropriate timing, form and content of such release or announcement.

**14. Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered on personal delivery (or refusal thereof), or the second business day after delivery to a courier service which guarantees delivery on the next business day, or ten (10) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Seller, to:

MRC License LLC  
900 Laskin Road  
Virginia Beach, VA 23451  
Attention: David J. Wilhelm

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

Stephen W. Burke  
Williams Mullen  
222 Central Park Avenue, Suite 1700  
Virginia Beach, VA 23462

If to Buyer, to:

Harold Barnes  
2121 Partridge Place  
Suffolk, VA 23433

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

Howard Weiss  
Fletcher, Heald, and Hildreth, PLC  
1300 North 17<sup>th</sup> Street, Suite 1100  
Arlington, VA 22209

**15. Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia, without giving effect to the choice of law principles thereof.

**16. Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision contained herein shall, for any reason, be held to be invalid or unenforceable, such provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of such provision or any other provisions hereof, unless such a construction would be unreasonable.

17. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement may be executed and exchanged by facsimile or other electronic transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or email as a defense to the formation of a contract and each such party forever waives any such defense.

18. **Expenses.** Except as otherwise set forth in this Section, 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. All federal, state, local and other transfer and sales taxes applicable to, imposed on or arising out of the transfer to Buyer of the Assets as contemplated hereby shall be paid by the party responsible for such amounts under applicable law.

19. **Risk of Loss.** The risk of loss to any of the Assets on or before the Closing Date shall be on Seller.

20. **Assignment.** This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Before the Closing, Buyer may not voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of Seller, which consent may be withheld in the sole discretion of Seller.

21. **Entire Agreement.** This Agreement, and the exhibits attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.

22. **Schedules and Exhibits.** Unless otherwise specified herein, each Schedule and Exhibit referred to in this Agreement is attached hereto, and each such Schedule and Exhibit is hereby incorporated by reference and made a part hereof as if fully set forth herein.

23. **Gregory Indebtedness.** As of the date of this Agreement, George Gregory, a shareholder, officer and director of GCI ("GG"), owes Seller \$5,625.00 (the "GG Debt"). GG and Buyer agree that the GG Debt will be paid to Seller as follows: \$1,312.50 on the execution of this Agreement. The remaining balance of the GG Debt will be reduced dollar-for-dollar by amounts received by Seller on or after September 1, 2014 under the IMG College Radio Affiliate Agreement between IMG College, LLC and Max Broadcast Group Holdings, LLC dated July 15, 2013 (the "IMG Agreement"), which IMG Agreement shall be assumed by Buyer at the Closing. At the Closing, Buyer and Seller shall send joint instructions to IMG College, LLC to make all future payments under the IMG Agreement to Seller. If Buyer receives any amount under the IMG Agreement before the GG Debt has been paid in full, Buyer shall hold such amount in trust

for Seller and pay such amount to Seller within ten (10) days after Buyer receives such amount under the IMG Agreement. If Seller receives any amount under the IMG Agreement relating to the Station after the GG Debt has been paid in full, Seller shall apply such amounts to the Note. Notwithstanding the foregoing, Buyer and GG agree that, if there is any amount of the GG Debt unpaid on December 31, 2015, such unpaid amount shall be then added to the principal balance due on the Note.

**24. MRN Agreement.** Seller is a party to a Broadcast Agreement between it and Motor Racing Networking, Inc. dated January 1, 2014 (the “MRN Agreement”). Buyer agrees that, if Closing occurs before December 31, 2014, Buyer will air the Network Programming (as defined in the MRN Agreement) on the Station through December 31, 2014.

[THE NEXT PAGE IS THE SIGNATURE PAGE]





**GREGORY COMMUNICATIONS, INC.**

George A Gregory

By: ITS, President

1/George A Gregory P

**MAX RADIO OF THE CAROLINAS LLC**

By: David J. Wilhelm, Treasurer

**MAX RADIO OF THE CAROLINAS  
LICENSE, LLC**

By: David J. Wilhelm, Vice President/Assistant Secretary

George Gregory agrees to be bound by the terms and conditions of Section 23 of this Agreement.

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George Gregory