

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "*Agreement*"), made as of the 27th day of April, 2005, is by and between HORNE RADIO, LLC, a Tennessee limited liability company ("*Seller*"), and EAST TENNESSEE RADIO GROUP L.P., a Tennessee limited partnership, or its assignee ("*Buyer*").

RECITALS

Seller is the licensee of and operates radio broadcast Stations WMTN (AM), Morristown, Tennessee (Facility ID Number 22338) and WMXK (FM), Morristown, Tennessee (Facility ID Number 48752) (the "*Stations*"), pursuant to licenses issued by the Federal Communications Commission (the "*FCC*").

Seller and Buyer have entered into a Local Marketing Agreement (the "*LMA*"), dated as of April 27, 2005, pursuant to which Buyer will provide programming and certain other services to the Stations in accordance with FCC policies and the terms and conditions of the LMA.

Therefore, the parties agree as follows:

ARTICLE 1

ASSETS TO BE CONVEYED

1.1. Closing. Subject to Section 17.1 hereof and except as otherwise mutually agreed upon by Seller and Buyer, the closing of this transaction (the "*Closing*") shall take place on a date designated by Buyer (the "*Closing Date*") within ten days after all of the conditions specified in Sections 11.2 and 12.2 hereof have been fulfilled (or waived by the party entitled to waive such condition). The Closing shall be held at 10:00 a.m. Eastern time at the offices of M. Coppley Vickers, 301 CNB Plaza, Sevierville, Tennessee, or at such other place and time as the parties may otherwise agree.

1.2. Station Assets. At the Closing, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, substantially all of the assets used or useful in connection with the business and operation of the Stations, including but not limited to the following:

(a) Seller's rights in and to the licenses, permits and other authorizations issued to Seller by any governmental authority and used in the conduct of the business and operation of the Stations, including the Station Licenses listed in Schedule 1.2(a), together with any additions thereto (including renewals or modifications of such licenses, permits and authorizations and applications therefor) between the date hereof and the Closing Date and all of Seller's rights in and to the call letters "WMTN" and "WMXK" (the "*Station Licenses*");

(b) all equipment, office furniture and fixtures, office materials and supplies, inventory, spare parts, motor vehicles and other tangible personal property of every kind and description, owned, leased or held by Seller and used or useful in the conduct of the business and operation of the Stations, including the items listed in Schedule 1.2(b), together with any replacements thereof and additions thereto, made between the date hereof and the Closing Date;

(c) subject to the provisions of Article 3 hereof, all of Seller's rights under and interest in the FM tower lease (the "*Lease*") described in Schedule 1.2(c) hereto, together with all of Seller's rights under and interest in all Contracts entered into by Seller with the prior written consent of Buyer between the date hereof and the Closing Date in accordance with this Agreement (collectively, the "*Assumed Contracts*");

(d) the real property listed in Schedule 1.2(d) (the "*Real Property*");

(e) all of Seller's rights in and to the trademarks, trade names, service marks, franchises, copyrights, Internet domain names, including registrations and applications for registration of any of them, jingles, logos, slogans, licenses, permits and privileges owned by Seller and used in the conduct of the business and operation of the Stations including those listed in Schedule 1.2(e), together with any additions thereto between the date hereof and the Closing Date (the "*Intellectual Property*");

(f) all general intangible assets of Seller and all files, records, books of account, and logs relating to the operation of the Stations, including, without limitation, records relating to the accounts receivable, the Stations' public inspection files, filings with the FCC related to the Stations, invoices, statements, technical information and engineering data, sales correspondence, filings with the FCC and copies of all written Contracts to be assigned hereunder and, to the extent legally assignable, Seller's rights to the use of HTML content located on and publicly accessible from all Seller's Internet Domain sites and the e-mail database for those sites (collectively, the "*Station Records*");

(g) all rights under manufacturers' and vendors' warranties as exist at Closing and which relate to any of the Station Assets, as defined herein;

(h) all owned computer software and programs used solely in the operation of the Stations and all leases and licenses for any leased or licensed computer software and programs used solely in the operation of the Stations; and

(i) all accounts receivable of the Stations in existence as of the Effective Date under the LMA.

The foregoing assets to be transferred to Buyer hereunder are hereinafter collectively referred to as the "*Station Assets*." The Station Assets shall be sold, assigned, conveyed and transferred to Buyer as of the Closing Date with good and marketable title, free

and clear of any and all Liens, claims or encumbrances of any nature whatsoever except for those obligations or liabilities of Seller that Buyer may expressly agree in writing to assume as of the Closing Date.

1.3. Excluded Assets. The Station Assets shall not include the following (the “*Excluded Assets*”):

(a) Seller’s books and records pertaining to the organization, existence or capitalization of Seller, and duplicate copies of such Station Records as are necessary to enable Seller to file tax returns and reports;

(b) all cash, cash equivalents, or similar type investments of Seller, such as certificates of deposit, treasury bills, other marketable securities on hand and/or in banks as of the Closing Date;

(c) all insurance policies, except for any rights that may be assigned pursuant to Article 20 hereof;

(d) all pension, profit sharing or cash or deferred (Section 401(k)) plans and trusts and the assets thereof and any other employee benefit plan or arrangement, and any and all employment contracts or agreements of any nature; and

(e) all Contracts (other than Assumed Contracts) and all other obligations and liabilities of Seller not expressly assumed by Buyer under this Agreement and all employment agreements with the Stations’ employees.

ARTICLE 2

PURCHASE PRICE

2.1. Purchase Price. The total consideration to be paid by Buyer for the Station Assets shall be One Million One Hundred Thousand Dollars (\$1,100,000) (the “*Purchase Price*”).

2.2. Payment of Purchase Price. Subject to adjustment as provided in Article 5 hereof, the Purchase Price shall be payable to Seller as follows:

(a) Within one business day of the execution of this Agreement, Buyer shall deposit the amount of Fifty-Five Thousand Dollars (\$55,000) in cash (the “*Escrow Deposit*”) with Escrow Agent to be held in an account (the “*Escrow Account*”) and distributed pursuant to the terms and conditions of the Escrow Agreement in the form of Exhibit A.

(b) At the Closing, Buyer and Seller shall jointly instruct Escrow Agent to pay the principal of the Escrow Deposit to Seller and all interest and earnings on the Escrow

Deposit to Buyer and Buyer shall pay the balance of the Purchase Price (less any adjustments under Article 5 hereof that the parties agree to prior to Closing) by wire transfer of immediately available federal funds to an account at a bank or financial institution designated by Seller.

ARTICLE 3

ASSUMPTION OF OBLIGATIONS

3.1. Assumption of Obligations. Subject to the provisions of Article 3 and Article 5 of this Agreement and to the provisions of the LMA, Buyer shall assume and undertake to pay, satisfy or discharge the liabilities, obligations and commitments of Seller arising or accruing after the Closing Date under the Lease listed in Schedule 1.2(c) and those Contracts entered into by Seller with the express written consent of Buyer between the date hereof and the Closing Date.

3.2. Limitation. Except as set forth in Section 3.1 hereof, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Seller of any nature whatsoever. Without limiting the foregoing, Buyer shall have no obligation or liability with respect to any of Seller's present or past employees, or for any employment Contracts involving any of them.

ARTICLE 4

REQUIRED CONSENTS

4.1. FCC Application. The assignment of the Station Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC. Not later than five business days after the date of this Agreement, Buyer and Seller shall file the FCC Application. Seller and Buyer shall thereafter prosecute the FCC Application with all reasonable diligence and otherwise use their best efforts to obtain the grant of the FCC Application as expeditiously as practicable. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; provided, however, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to Article 17 hereof.

4.2. Other Governmental Consents. Promptly after the date of this Agreement, the parties shall prepare and file with the appropriate governmental authorities any other requests for approval or waiver that are required from such governmental authorities in connection with the transactions contemplated hereby and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and waivers.

ARTICLE 5

PRORATIONS

5.1. Proration of Expenses. All expenses arising from the conduct of the business and operation of the Stations shall be prorated between Buyer and Seller as of the Effective Time, except as otherwise provided under the LMA. Such prorations shall be based upon the principle that Seller shall be responsible for all liabilities and obligations incurred or accruing in connection with the operation of the Stations until the Effective Time, and Buyer shall be responsible for such liabilities and obligations incurred by Buyer thereafter, subject to the provisions of Article 3 of this Agreement and to the provisions of the LMA. Such prorations shall include, without limitation, all *ad valorem*, personal property taxes, FCC regulatory fees, business and license fees, utility expenses, liabilities and obligations under the Assumed Contracts and similar prepaid and deferred items, except for real estate taxes and other taxes arising by reason of the transfer of the Station Assets as contemplated by this Agreement which shall be paid in accordance with Section 14.2. To the extent not known at the Closing Date, any real property tax, personal property taxes and the FCC regulatory fees shall be apportioned on the basis of taxes or charges assessed for the preceding year, with a reapportionment as soon as the final rate or amount can be ascertained.

5.2. Payment of Proration Items. Not later than three business days prior to Closing, Seller shall deliver to Buyer a preliminary list of all items to be prorated pursuant to Section 5.1 (the “*Preliminary Proration Schedule*”), and, to the extent feasible, such prorations shall be credited against or added to the Purchase Price at Closing. In the event Buyer and Seller do not reach a final agreement on such prorations and adjustments at Closing, Seller shall deliver to Buyer a schedule of its proposed prorations and adjustments (the “*Proration Schedule*”) no later than 15 days after the Closing Date. The Proration Schedule shall be conclusive and binding upon Buyer unless Buyer provides Seller with written notice of objection (the “*Notice of Disagreement*”) within 10 days after Buyer’s receipt of the Proration Schedule, which notice shall state the prorations of expenses proposed by Buyer (the “*Buyer’s Proration Amount*”). Seller shall have 10 days from receipt of a Notice of Disagreement to accept or reject Buyer’s Proration Amount. If Seller rejects Buyer’s Proration Amount, and the amount in dispute exceeds Two Thousand Dollars (\$2,000.00), the dispute shall be submitted within 10 days to a mutually-agreeable disinterested accounting firm not associated with either party (the “*Referee*”) for resolution, such resolution to be made within 20 days after submission to the Referee and to be final, conclusive and binding on Seller and Buyer. Buyer and Seller agree to share equally the cost and expenses of the Referee, but each party shall bear its own legal and other expenses, if any. If the amount in dispute in good faith is equal to or less than Two Thousand Dollars (\$2,000.00), such amount shall be divided equally between Buyer and Seller. Payment by Buyer or Seller, as the case may be, of the proration amounts determined pursuant to this Section 5.2 shall be due five days after the last to occur of (i) Buyer’s acceptance of the Proration Schedule or failure to give Seller a timely Notice of Disagreement; (ii) Seller’s acceptance of Buyer’s Proration Amount or failure to reject Buyer’s Proration Amount within 10 days of receipt of a Notice of Disagreement; (iii) Seller’s rejection of Buyer’s Proration Amount in the event the

amount in dispute equals or is less than Two Thousand Dollars (\$2,000.00), and (iv) notice to Seller and Buyer of the resolution of the disputed amount by the Referee in the event that the amount in dispute exceeds Two Thousand Dollars (\$2,000.00). Any payment required by Seller to Buyer or by Buyer to Seller, as the case may be, under this Section 5.2 shall be paid by check or wire transfer of immediately available federal funds to the account of the payee with a financial institution in the United States as designated by Seller in the Proration Schedule or by Buyer in the Notice of Disagreement (or by separate notice in the event that Buyer does not send a Notice of Disagreement). If either Buyer or Seller fails to pay when due any amount under this Section 5.2, interest on such amount will accrue from the date payment was due to the date such payment is made at a per annum rate equal to the Prime Rate *plus* two percentage points, and such interest shall be payable upon demand.

5.3 Allocation. For purposes of tax reporting, the parties agree that the Purchase Price shall be allocated among the Station Assets in accordance with Schedule 5.3. Such allocation shall be amended to take into account any adjustment to the Purchase Price hereunder. Seller and Buyer shall jointly complete and separately file Form 8594 with their respective federal income tax returns for the tax year in which the Closing Date occurs in accordance with such allocation, and subject to the requirements of applicable law, each of the parties shall refrain from taking a position on any return report or schedule regarding taxes that is in any manner inconsistent with the terms of any such allocation as so amended.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

6.1. Organization and Standing. Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Tennessee.

6.2. Authorization and Binding Obligation. Buyer has all necessary power and authority to enter into and perform under this Agreement and the transactions contemplated hereby, and Buyer's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting creditors' rights or to the extent that the enforceability of such obligations may be limited by the exercise of judicial discretion in applying principles of equity (whether this Agreement is considered in a proceeding at law or in equity).

6.3. FCC Qualifications. There are no facts known to Buyer which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Buyer as assignee of the Station Licenses or delay the consummation of the transactions contemplated by this Agreement.

6.4. Absence of Conflicting Agreements or Required Consents. Except as set forth in Article 4 with respect to FCC and other governmental consents, and except for the consent of Buyer's lenders, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Buyer: (a) do and will not require the consent of any third party; (b) do and will not violate any provisions of Buyer's organizational documents; (c) do and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which any Buyer is a party; and (d) do and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, instrument, license or permit to which Buyer is now subject.

6.5. Absence of Litigation. Except as set forth on Schedule 6.5, there is no claim, litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer which seeks to enjoin or prohibit, or which otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

6.6. Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Buyer, are pending or, to the best of Buyer's knowledge, threatened, and Buyer has not made any assignment for the benefit of creditors or taken any action in contemplation of or which would constitute the basis for the institution of such insolvency proceedings.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

7.1. Organization and Standing. Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Tennessee, and has all necessary power and authority to own, lease and operate the Station Assets and to carry on the business of the Stations as now being conducted and as proposed to be conducted by Seller between the date of this Agreement and the Closing Date.

7.2. Authorization and Binding Obligation. Seller has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and Seller's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Seller and constitutes its valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting the enforcement of creditors' rights or to the extent that the enforceability of such obligations may be limited by the exercise of judicial discretion in applying principles of equity (whether this Agreement is considered in a proceeding at law or in equity).

7.3. Absence of Conflicting Agreements or Required Consents. Except as set forth in Article 4 with respect to FCC and other governmental consents and/or as disclosed on Schedule 7.3, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Seller (a) do not and will not require the consent of any third party; (b) do not and will not violate any provisions of Seller's organizational documents; (c) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Seller is a party or by which it or the Station Assets are bound; (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under any lease, contract, agreement, instrument, license or permit to which either Seller or the Station Assets are now subject; and (e) do not and will not result in the creation of any lien, charge or encumbrance on any of the Station Assets.

7.4. FCC Authorizations.

(a) Schedule 1.2(a) contains a true and complete list of the Station Licenses, including their expiration dates. Seller has delivered to Buyer true and complete copies of the Station Licenses. The Station Licenses and other licenses, permits and authorizations (including Special Temporary Authorizations) listed in Schedule 1.2(a) are validly held by Seller, and are in full force and effect, and, as of the date hereof, are valid through the remainder of the current full eight year license term expiring August 1, 2012, or such earlier date as set forth on the face of such license, permit or authorization, and except as disclosed in Schedule 1.2(a), none is subject to any restriction or condition which would limit in any respect the full operation of the Stations as now operated. The Station Licenses are all of the licenses necessary for the operation of the Stations as currently operated.

(b) Except as disclosed in Schedule 1.2(a), there are no applications, authorizations (including Special Temporary Authorizations), complaints or proceedings pending or, to the best of Seller's knowledge, threatened before the FCC relating to the operation of the Stations or that may result in the revocation, adverse modification, non-renewal or suspension of any of the Station Licenses, or the imposition of any conditions, fines, forfeitures, or other administrative actions by the FCC with respect to either of the Stations or their operation other than proceedings affecting the broadcasting industry generally. Except as disclosed in Schedule 1.2(a), Seller is not subject to any outstanding unsatisfied judgment or order of the FCC relating to the Stations.

(c) There are no facts known to Seller which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Seller as the assignor of the Station Licenses.

(d) All tower registrations required to be filed with the FCC or any other governmental agency by Seller or by the owner of any transmitting tower used by the Stations

have been filed. All proofs of performance and other measurements required to be made by Seller with respect to the Stations' transmission facilities have been completed and filed as required. All information contained in the foregoing documents is true, complete and accurate in all material respects.

7.5. Title to and Condition of Real Property.

(a) Except as set forth on Schedule 1.2(d), title to the Real Property now is, and, as of the Closing Date shall be, free and clear of all Liens. The Real Property in Schedule 1.2(d) and the Lease described in Schedule 1.2(c) comprise all real property interests currently utilized by Seller to conduct the business or operations of the Stations as now conducted. There are no pending or, to the Seller's knowledge, threatened condemnation or eminent domain proceedings that may have a material adverse effect on Buyer's use of the Real Property for the operation of Station WMTN after Closing. All utilities that are necessary for the present operation of Station WMTN have been connected to the Real Property and are in working order.

(b) To its knowledge, Seller's use and occupancy of the Real Property complies with all regulations, codes, ordinances, and statutes of all Governmental Authorities, including without limitation all zoning, health, environmental protection and sanitary regulations, and all occupational safety and health regulations; all improvements on the Real Property and the present use thereof, comply with all deed restrictions, restrictive covenants, building codes, and federal, state and local laws, regulations and ordinances; and no permits, licenses, or certificates pertaining to ownership or operation of Station WMTN on or from the Real Property, other than those to be transferred to Seller under this Agreement, are required by any governmental authority having jurisdiction over the Real Property.

(c) All towers, guy anchors and buildings and other improvements included in the Station Assets are located entirely upon the Real Property. Seller has full legal and practical access to the Real Property, including all towers located thereon, and all easements, rights-of-way, and real property licenses included in the Real Property have been properly recorded in the appropriate public recording offices.

7.6 Leasehold Interests

(a) Schedule 1.2(c) contains a description of all of Seller's leasehold interests, easements and rights in and agreements with respect to all leased real property used in connection with the operations of the Stations. Seller's operations pursuant to the Lease comply in all material respects with the Lease and, to Seller's knowledge, to all applicable laws, statutes, ordinances, rules and regulations of federal, state and local governmental authorities, including, without limitation, those relating to zoning. All improvements on the leased premises used by Seller in connection with the operations of Station WMXX are in good working condition and repair and are in compliance in all material respects with the rules and regulations of the FCC, the Federal Aviation Administration, and all other applicable governmental authorities. There

are no material structural, electrical, mechanical, plumbing, air conditioning, heating, environmental or other defects in such improvements as used by Seller. The Lease affords Seller full and sufficient access to all utilities necessary for the operations of the Station as currently conducted.

(b) Seller has received no notice of, and Seller is aware of no plan which contemplates, any appropriation, condemnation or like proceeding, or of any violation of any applicable zoning law, regulation or other law, order, regulation or requirement affecting the site leased by Seller under the Lease.

(c) Seller's leasehold interests under the Lease are free and clear of all Liens except as disclosed on Schedule 1.2(c). Seller has delivered to Buyer a true and complete copy the Lease and any title policies, surveys and environmental assessments in Seller's control or possession with respect to the Lease. Seller has full legal and practical access to the real property utilized by it pursuant to the Lease, including to all towers located on the Leased real property.

7.7. Title to and Condition of Personal Property. Schedule 1.2(b) contains a list of the principal items (and a summary description of the other items) of tangible personal property owned or leased by Seller to be assigned hereunder ("*Personal Property*"). The Station Assets, including the Personal Property, constitute all of the assets necessary to conduct the present business and operations of the Stations. Seller has good and marketable title to all Personal Property free and clear of all liabilities and Liens. All of the items of tangible personal property and facilities included in the Station Assets are in good operating condition and repair (reasonable wear and tear excepted), are insurable at standard rates, have been properly maintained in accordance with industry standards, having no known structural defects, are performing satisfactorily and in accordance with standards of good engineering practice, comply in all respects with applicable rules and regulations of the FCC and the terms of the Station Licenses and are available for immediate use in the operation of the Stations. Seller has no knowledge of any defect in the condition or operation of any item of Personal Property which is reasonably likely to have an adverse effect on the operation of the Stations. None of the Personal Property to be sold to Buyer requires, as of the date, and will not as of the Closing Date, requires any repairs other than normal routine maintenance to maintain such Personal Property in good condition and repair.

7.8. Contracts. The Lease listed on Schedule 1.2(c) constitutes a valid and binding obligation of Seller and, to the best of Seller's knowledge, of all other parties thereto, and is in full force and effect as of the date of this Agreement. Except as disclosed on Schedule 1.2(c), Seller is not in default under the Lease, and, to the best of Seller's knowledge, none of the other parties to the Lease is in default thereunder. Seller has not received or given written notice of any default under the Lease from or to any of the other parties to the Lease. Except as provided on Schedule 7.3, Seller has all requisite power and authority to assign its rights under the Lease to Buyer in accordance with this Agreement on terms and conditions no less favorable

than those in effect on the date of execution of this Agreement, and such assignment will not affect the validity, enforceability or continuity of the Lease.

7.9. Personnel Information.

(a) Seller is not a party to any collective bargaining agreement covering any of the employees at the Stations. Seller is not a party to any Contract with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of Seller's employees at the Stations. Not later than the Closing Date, Seller shall take such actions as necessary to terminate at its sole expense and liability all Contracts of employment with any of the Stations' employees.

(b) Except as set forth in Schedule 7.9, Seller is not a party to or bound by any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), whether or not such plan is otherwise exempt from the provisions of ERISA, and no present or former employee or spouse of such employee is entitled to any benefits that would be payable pursuant to any such plan. Buyer shall not assume any duty, obligation, or liability under any employment Contract with any present or former employee of Seller, and under no circumstances will Buyer have any duty, obligation, or liability to any of Seller's employees or former employees, or the spouse or family of any such employee, of any nature from and after the Closing deriving from or related to such employment with Seller.

7.10. Intellectual Property. Schedule 1.2(e) lists all Intellectual Property of Seller relating to the Stations, including all registered copyrights, trademarks, trade names, service marks, Internet domain names, licenses, patents, permits, jingles, privileges, and other similar intangible property rights and interests (exclusive of those required to be listed in other Schedules hereto) applied for, issued to or owned by Seller, or under which Seller is licensed or franchised to be assigned hereunder with respect to the Stations and its operation, all of which rights and interests are issued to or owned by Seller, or if licensed or franchised to Seller, are valid and uncontested. Seller has delivered to Buyer copies of all documents, if any, establishing such rights, licenses or other authority. Seller's ownership or use of the Intellectual Property does not violate or infringe upon any copyright, trademark, service mark or other similar rights of others. There is no pending or, to the best of Seller's knowledge, threatened proceeding or litigation affecting or with respect to the Intellectual Property.

7.11. Litigation. Seller is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree affecting the Stations. Except as disclosed on Schedule 7.11, there is no claim, litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against Seller or the Stations in any federal, state or local court, or before any administrative agency, arbitrator or other tribunal authorized to resolve disputes. Except as disclosed on Schedule 7.11, there is no claim, litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against Seller, which might have an adverse effect upon the Station Assets or condition of the Stations or which seeks to enjoin or prohibit, or

otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

7.12. Compliance With Laws. Seller has operated and is operating in material compliance with all laws, regulations and governmental orders applicable to the operation of the Stations, and its present use of the Station Assets does not violate any such laws, regulations or orders in any material respect. Seller has received no notice asserting any noncompliance with any applicable statute, rule or regulation, in connection with the Station Assets, Seller's business or the operation of either Station.

7.13. Taxes. Seller has duly, timely and in the required manner filed all federal, state, local and foreign 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.

7.14. Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of the Station Assets, are pending or, to the best of Seller's knowledge, threatened, and Seller has not made any assignment for the benefit of creditors or taken any action in contemplation of or which would constitute the basis for the institution of such insolvency proceedings.

7.15. Environmental Matters. Seller's use of, and occupation or ownership of, the Sites and the operation of the Stations at the Sites complies in all material respects with all Environmental Laws, including but not limited to the FCC's guidelines regarding RF radiation. No Hazardous Substance is or has been used, treated, stored, disposed of, released, spilled, generated, manufactured, transported or otherwise handled on the real property comprising the Sites by Seller or, to Seller's knowledge, by any third party. Subject to delays for reasons beyond Seller's control, not later than May 31, 2005, and in no event later than the Closing Date, Seller shall at its sole expense remove all PCBs from the Sites and the Personal Property included within the Station Assets, and shall obtain proper environmental certifications with respect to such removal activities in form acceptable to Buyer. Seller has received no notice, and is not aware, of any administrative or judicial investigations, proceedings or actions with respect to violations, alleged or proven, of Environmental Laws by Seller or otherwise involving the Sites or the operations conducted thereon. To Seller's knowledge, there is no asbestos and no underground storage tanks located at, on or under the Sites or within any building located on the Sites. Seller has not and will not knowingly release or waive the liability of any previous owner, lessee or operator of the Sites or of any party who may potentially be responsible for the presence or removal of Hazardous Substance on or about the Sites.

7.16. UCC Financing Statements. All of the Station Assets have been located in the State of Tennessee since the Station Assets were acquired by Seller. No party has filed a financing statement with respect to the Station Assets, except as listed on Schedule 7.16.

7.17. Insurance. There is now in full force and effect with reputable insurance companies fire and extended coverage insurance with respect to all material tangible Station Assets and public liability insurance, all in commercially reasonable amounts. A summary listing of all such policies and coverage limitations is attached as Schedule 7.17.

7.18. Disclosure. No provision of this Agreement relating to Seller, the Stations or the Station Assets, or to any other document, Schedule, Exhibit or other information furnished by Seller to Buyer in connection with the execution, delivery and performance of this Agreement, or the consummation of the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact required to be stated in order to make the statement, in light of the circumstances in which it is made, not misleading.

ARTICLE 8

COVENANTS OF BUYER

8.1. Notification. Buyer shall notify Seller of any litigation, arbitration or administrative proceeding pending or threatened against Buyer which challenges the transactions contemplated hereby, including any challenges to the FCC Application, and shall use reasonable efforts to remove any such impediment to the transactions contemplated by this Agreement.

8.2. No Inconsistent Action. Buyer shall not take any action materially inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement.

ARTICLE 9

COVENANTS OF SELLER

9.1. Interim Operation. Between the date of this Agreement and the Closing Date, except with the prior written consent of Buyer or subject to the provisions of the LMA:

(a) Seller shall conduct the operation of the Stations solely in the ordinary and normal course of operation consistent with past practice, including continuation of the current broadcast hours of the Stations and the carriage of programming during such hours;

(b) Seller shall not sell, assign, lease or otherwise transfer or dispose of any of the Station Assets, except where no longer used or useful in the operation of the Stations or where replaced by an asset of like value and utility;

(c) Seller shall not create, assume or permit to exist any mortgage, lien, pledge, or encumbrance of any nature whatsoever upon the Station Assets, except for those in existence on the date of this Agreement, all of which will be removed on or prior to the Closing Date unless they are to be assumed by Buyer in accordance with Section 3.1 of this Agreement, and for taxes which are not yet due;

(d) Seller shall operate the Stations in compliance with the FCC's rules and regulations and the Station Licenses and with all other applicable laws, regulations, rules and orders;

(e) Seller shall comply in all respects with all Contracts relating to the Stations;

(f) Seller shall promptly notify Buyer of any default by, or claim of default against, any party under any of the Contracts which are material, individually or in the aggregate, to the operation of the Stations, and any event or condition which, with notice or lapse of time or both, would constitute an event of default under any Contract by any party thereto;

(g) Seller shall maintain in effect the insurance policies on the Stations and the Station Assets; and

(h) Seller shall remedy the technical and plant deficiencies listed in Schedule 9.1(h) at Seller's sole cost and expense, and in a manner acceptable to Buyer's satisfaction.

9.2. Access to Stations. Between the date of this Agreement and the Closing Date, Seller shall give Buyer and Buyer's counsel, accountants, engineers and other representatives, reasonable access during normal business hours to all of Seller's properties, records and employees relating to the Stations, and shall furnish Buyer with all information related to the Stations that Buyer reasonably requests. The rights of Buyer under this Section 9.2 shall not be exercised in such a manner as to interfere unreasonably with or disrupt the business or operation of the Stations.

9.3. Notification. Seller shall notify Buyer of any litigation, arbitration or administrative proceeding pending or threatened against Seller which Seller knows of, or learns of and which challenges the transactions contemplated hereby, including any challenges to the FCC Application, and shall use its reasonable efforts to take such steps as may be necessary to remove any such impediment to the transactions contemplated by this Agreement.

9.4. Third-Party Consents. Seller shall use its best efforts to obtain the consent of any third party necessary for the assignment to Buyer of the Assumed Contracts to be assigned to Buyer under this Agreement.

9.5. Closing Covenant. On the Closing Date, Seller shall transfer, convey, assign and deliver to Buyer the Station Assets as provided in Article 1 of this Agreement.

9.6. Payment of Indebtedness; Financing Statements. Seller shall secure the release of all Liens or encumbrances on the Station Assets that secure the payment of any indebtedness and shall deliver to Buyer at the Closing releases or terminations under the

Uniform Commercial Code and any other applicable federal, state or local statutes or regulations of any financing or similar statements filed against any Station Assets in the jurisdictions in which the Station Assets are and have been located since such Station Assets were acquired by Seller, and any other location specified or required by applicable federal, state or local statutes or regulations.

9.7. No Inconsistent Action. Seller shall not take any action which is materially inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement.

9.8. Estoppel Certificates. Seller shall obtain estoppel certificates from any lessor with respect to any Assumed Contract. Each estoppel certificate shall identify with specificity the lease and the term thereof, and any amendments or modifications thereto, and the amount of the monthly payment due thereunder, and shall contain the lessor's certification for the benefit of Buyer that such lease is in full force and effect, that there are no uncured defaults with respect to such lease and that Seller has been and is in full compliance with all of Seller's obligations thereunder.

ARTICLE 10

JOINT COVENANTS

10.1. Conditions. If any event should occur between the date hereof and the Closing, either within or without the control of any party hereto, which would prevent fulfillment of the conditions upon the obligations of any party to consummate the transactions contemplated by this Agreement, the parties shall use their reasonable efforts to cure the event as expeditiously as possible.

10.2. Commercially Reasonable Efforts. Between the date of this Agreement and the Closing, each party shall use commercially reasonable efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of the other party to consummate the sale and purchase under this Agreement.

10.3. Control of Stations. Between the date of this Agreement and the Closing, Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Stations, except to the extent permitted under the LMA and applicable FCC policies. Such operations shall be the sole responsibility of Seller and, subject to the provisions of Article 9 and the provisions of the LMA, shall be in its complete discretion.

10.4. Confidentiality. Buyer and Seller shall each keep confidential all information obtained by it with respect to the other in connection with this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to the other, without retaining a copy thereof, any schedules, documents or other written information, including all financial information, obtained from the other in connection with this Agreement and the transactions contemplated hereby, except where such information is known or available

through other lawful sources or where such party is advised by counsel that its disclosure is required in accordance with applicable law.

10.5. Access to Records. For a period of four years from the Closing Date, each party to this Agreement shall provide to the other party access during normal business hours to such financial records as may be necessary for either party to prepare any required tax filings.

ARTICLE 11

CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

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

11.1. Representations, Warranties and Covenants.

(a) All representations and warranties of Seller made in this Agreement shall be true and complete in all material respects on and as of the Closing Date as if made on and as of that date.

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

11.2. Governmental Consents. The conditions specified in Article 4 of this Agreement shall have been satisfied, and the FCC Consent shall have been granted and become a Final Order.

11.3. Governmental Authorizations. Seller shall be the lawful holder of the Station Licenses and all other material licenses, permits and other authorizations listed in Schedule 1.2(a), and there shall not have been any modification of any of such licenses, permits and other authorizations which would have a material adverse effect on the operation of the Stations. No proceeding shall be pending which seeks or the effect of which reasonably could be to revoke, cancel, fail to renew, suspend or modify adversely any of the Station Licenses or any other material licenses, permits or other authorizations relating to the Stations.

11.4. Third-Party Consents. Seller shall have delivered to Buyer all required third-party consents that have been obtained for assignment of the Assumed Contracts.

11.5. Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

11.6. Adverse Change. There shall have occurred no material adverse change in the condition of the Stations or the Station Assets between the date of this Agreement and the Closing Date, other than changes permitted under the LMA or any change that does not have a Material Adverse Effect. “*Material Adverse Effect*” shall be defined as a material adverse effect on the Station Assets taken as a whole.

11.7. Deliveries. Seller shall have made or stand willing to make all the deliveries required under Section 13.1.

ARTICLE 12

CONDITIONS PRECEDENT TO SELLER’S OBLIGATION TO CLOSE

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

12.1. Representations, Warranties and Covenants.

(a) All representations and warranties made by Buyer in this Agreement shall be true and complete in all material respects on and as of the Closing Date as if made on and as of that date.

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

12.2. Governmental Consents. The conditions specified in Article 4 of this Agreement shall have been satisfied, and the FCC Consent shall have been granted.

12.3. Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

12.4. Deliveries. Buyer shall have made or stand willing to make all the deliveries required under Section 13.2.

ARTICLE 13

DOCUMENTS TO BE DELIVERED AT THE CLOSING

13.1. Documents to be Delivered by Seller. At the Closing, Seller shall deliver to Buyer the Station Assets and the following documents:

(a) a certificate of an officer of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying to the fulfillment of the conditions set forth in Sections 11.1 through 11.7 hereof;

(b) instruments of conveyance and transfer, in form and substance reasonably satisfactory to counsel to Buyer, effecting the sale, transfer, assignment and conveyance of the Station Assets to Buyer, including, but not limited to, the following:

(i) assignment of the Station Licenses;

(ii) a bill of sale for all Personal Property, the Station Records and other intangible property related to the Stations and its operation;

(iii) assignment of the Intellectual Property; and

(iv) a general warranty deed for each parcel of the Real Property, together with a commitment for a title insurance policy for each parcel of the Real Property insuring title thereto as good and marketable and free and clear of all Liens, and a certification of non-foreign status pursuant to Section 1445 of the Internal Revenue Code.

(c) resolutions of Seller authorizing the execution, delivery and performance of this Agreement, certified by the managing member of Seller.

(d) a Lien search with respect to the Seller and the Station Assets, dated not more than 15 days prior to the Closing, and UCC Termination Statements with respect to any Liens which have been placed of record on the Station Assets;

(e) a consent to assignment and estoppel certificate for the Lease listed in Schedule 1.2(e) and any lease of Personal Property included within the Assumed Contracts;

(f) an opinion of Seller's counsel, dated the Closing Date, substantially in the form of Exhibit B hereto; and

(g) such other documents as may reasonably be requested by Buyer's counsel.

13.2. Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver to Seller the following:

(a) a certificate of an officer of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, certifying to the fulfillment of the conditions specified in Sections 12.1 through 12.4 hereof;

(b) payment of the Purchase Price as provided in Section 2.2;

(c) instruments, in form and substance reasonably satisfactory to Seller and its counsel, pursuant to which Buyer assumes the obligations, liabilities and commitments of Seller as provided in Article 3;

(d) a resolution of Buyer authorizing the execution, delivery and performance of this Agreement; and

(e) such other documents as may reasonably be requested by Seller's counsel.

ARTICLE 14 **FEES AND EXPENSES; TRANSFER TAXES**

14.1. Governmental Filing or Grant Fees. Any filing or grant fees imposed by any governmental authority, the consent of which is required for the transactions contemplated hereby, including all filing fees incurred pursuant to Article 4, shall be borne equally by Buyer and Seller.

14.2. Transfer Taxes. Any other taxes or assessments, if any, arising by reason of the transfer of the Station Assets as contemplated by this Agreement will be paid by the party generally responsible for such payment by local convention.

14.3. Expenses. Each party hereto shall be solely responsible for and shall pay all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

ARTICLE 15 **BROKER'S COMMISSION OR FINDER'S FEE**

15.1. Buyer's Representation and Agreement to Indemnify. Buyer represents and warrants to Seller that neither it nor any person or entity acting on its behalf has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, nor has it or any person or entity acting on its behalf taken any action on which a claim for any such payment could be based. Buyer further agrees to indemnify and hold Seller harmless from and against any and all claims, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of a claim by any person or entity based on any such arrangement or agreement made or alleged to have been made by Buyer.

15.2. Seller's Representation and Agreement to Indemnify. Seller represents and warrants to Buyer that, other than American Media Services, the fees and commissions of which shall be paid solely by Seller, neither Seller nor any person or entity acting on its behalf has agreed to pay any commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, nor has it or any person or entity

acting on its behalf taken any action on which a claim for any such payment could be based. Seller agrees to indemnify and hold Buyer harmless from and against any and all claims, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of a claim by any person or entity based on any such arrangement or agreement made or alleged to have been made by Seller.

15.3. Payment of Brokerage Fee of American Media Services. Seller has entered into its own agreement with American Media Services, and shall be exclusively liable for the payment of commissions with respect to this transaction.

ARTICLE 16

INDEMNIFICATION

16.1. Indemnification by Seller. Notwithstanding the Closing, and except for matters otherwise covered under the LMA, Seller hereby agrees to indemnify, defend and hold Buyer harmless against and with respect to, and shall reimburse Buyer for:

(a) Any and all losses, direct or indirect, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or obligation by Seller contained herein or in any certificate, document or instrument delivered to Buyer hereunder;

(b) Any and all obligations of Seller not assumed by Buyer pursuant to the terms of this Agreement;

(c) Any and all losses, liabilities or damages resulting from the operation or ownership of the Stations and/or the Station Assets prior to the Effective Time, including but not limited to any and all liabilities arising under the Station Licenses, the Leases and the Assumed Contracts which relate to events occurring prior to the Effective Time;

(d) Any and all losses, liabilities or damages resulting from any litigation listed on Schedule 7.10;

(e) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to or incurred in connection with any of the matters subject to this indemnity, including any investigation by the party indemnified, subject to the terms of Section 16.3 of this Agreement; and

(f) Interest at the Prime Rate plus two percentage points on any reimbursable expense or loss incurred by Buyer from the date of payment, in the case of a reimbursable expense, and from the date of incurrence, in the case of any other losses, until the date of reimbursement by Seller.

16.2. Indemnification by Buyer. Notwithstanding the Closing, and except for matters otherwise covered under the LMA, Buyer hereby agrees to indemnify and hold the Seller harmless against and with respect to, and shall reimburse the Seller for:

(a) Any and all losses, direct or indirect, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or obligation by Buyer contained herein or in any certificate, document or instrument delivered to Seller hereunder;

(b) Any and all obligations of Seller assumed by Buyer pursuant to the terms of this Agreement;

(c) Any and all losses, liabilities or damages resulting from the operation or ownership of the Stations and/or the Station Assets by Buyer from and after the Effective Time, including but not limited to any and all liabilities arising under the Station Licenses, or the Assumed Contracts assigned to Buyer which relate to events occurring after the Effective Time;

(d) Any and all losses, liabilities or damages resulting from the litigation listed on Schedule 6.5;

(e) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to or incurred in connection with any of the matters subject to this indemnity, including any investigation by the party indemnified, subject to the terms of Section 16.3 of this Agreement; and

(f) Interest at the Prime Rate plus two percentage points on any reimbursable expense or loss incurred by Seller from the date of payment, in the case of a reimbursable expense, and from the date of incurrence, in the case of any other losses, until the date of reimbursement by Buyer.

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

(a) The party seeking indemnification under this Article 16 (the “*Claimant*”) shall give notice to the party from whom indemnification is sought (the “*Indemnitor*”) of any claim, whether solely between the parties or brought by a third party, specifying (i) the factual basis for the claim, and (ii) the amount of the claim. If the claim relates to an action, suit or proceeding filed by a third party against Claimant, notice shall be given by Claimant within 15 days after written notice of the action, suit or proceeding was given to Claimant. In all other circumstances, notice shall be given by Claimant within 30 days after Claimant becomes, or should have become, aware of the facts giving rise to the claim. Notwithstanding the foregoing, Claimant’s failure to give Indemnitor timely notice shall not preclude Claimant from seeking indemnification from Indemnitor except to the extent that

Claimant's failure has materially prejudiced Indemnitor's ability to defend the claim or litigation.

(b) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have 30 days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purposes of this investigation, the Claimant agrees to make available to the Indemnitor and/or 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 thereof), the Claimant may seek appropriate legal remedy.

(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification hereunder, the Indemnitor shall have the right at its own expense to participate in or assume control of the defense of the claim, and the Claimant shall cooperate fully with the Indemnitor, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnitor. If the Indemnitor elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of the claim as its own expense. If the Indemnitor does not elect to assume control or otherwise participate in the defense of any third party claim, Claimant may, but shall have no obligation to, defend or settle such claim or litigation in such manner as it deems appropriate, and in any event Indemnitor shall be bound by the results obtained by the Claimant with respect to the claim (by default or otherwise) and shall promptly reimburse Claimant for the amount of all expenses (including the amount of any judgment rendered), legal or otherwise, incurred in connection with such claim or litigation. The Indemnitor shall be subrogated to all rights of the Claimant against any third party with respect to any claim for which indemnity was paid.

16.4. Limitations. Neither Seller nor Buyer shall have any obligation to the other party for any matter described in Section 16.1 or Section 16.2, as the case may be, except upon compliance by the other party with the provisions of this Article 16, particularly Section 16.3. Neither party shall be required to indemnify the other party under this Article 16 for any breach of any representation or warranty contained in this Agreement unless written notice of a claim under this Article 16 was received by the party within the pertinent survival period specified in Article 18 of this Agreement.

16.5. Sole Remedy. After the Closing, the right to indemnification under this Article 16 shall be the exclusive remedy of any party in connection with any breach by another party of its representations, warranties and covenants.

ARTICLE 17
TERMINATION RIGHTS

17.1. Termination.

This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in material default or breach of this Agreement, upon written notice to the other upon the occurrence of any of the following:

- (a) if, on or prior to the Closing Date, the other party defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements contained herein and such default has not been cured within ten 10 days from receipt of written notice of default from the non-defaulting party;
- (b) if the FCC denies the FCC Application or designates it for a hearing;
- (c) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing;
- (d) if the Closing has not occurred within 12 months of the date the FCC Application is accepted for filing; or
- (e) by Buyer, pursuant to the terms of Article 20 of this Agreement.

17.2. Liability. The termination of this Agreement under Section 17.1 shall not relieve any party of any liability for breach of this Agreement prior to the date of termination.

ARTICLE 18
**SURVIVAL OF REPRESENTATIONS,
WARRANTIES AND COVENANTS**

The representations, warranties, covenants, indemnities and agreements contained in this Agreement or in any certificate, document or instrument delivered pursuant to this Agreement are and will be deemed and construed to be continuing representations, warranties, covenants, indemnities and agreements and shall survive the Closing for a period of two years after the Closing Date unless a longer survival period is expressly set forth in any such document or instrument. No claim may be brought under this Agreement or any other certificate, document or instrument delivered pursuant to this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the applicable survival period. In the event such a notice is given, the right to indemnification with respect thereto shall survive the applicable survival period until such claim is finally resolved and any obligations thereto are fully satisfied. Any investigation by or on behalf of any party hereto shall not constitute a waiver as to enforcement of any representation, warranty, covenant or agreement contained herein.

ARTICLE 19

REMEDIES UPON DEFAULT

19.1. Default by Seller. Seller recognizes that, in the event Seller defaults in the performance of its obligations under this Agreement, monetary damages alone will not be adequate. Buyer shall therefore be entitled in such event, in addition to any other remedy which Buyer may be entitled, to obtain specific performance of the terms of this Agreement. In any action to enforce the provisions of this Agreement, Seller shall waive the defense that there is an adequate remedy at law or equity and agree that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security. In addition, Buyer shall be entitled to obtain from Seller court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder, plus interest at the Prime Rate plus two percentage points on the amount of any judgment obtained against Seller from the date of default until the date of payment of the judgment. As a condition to seeking specific performance, Buyer shall not be required to have tendered the Purchase Price specified in Section 2.1 of this Agreement, but shall be required to demonstrate that it is willing and able to do so and to perform its other closing obligations in all respects.

19.2. Default by Buyer. If the transactions contemplated by this Agreement are not consummated as a result of Buyer's material breach of this Agreement or wrongful failure to close hereunder, and Seller is not also in material breach hereunder, Seller shall be entitled payment of the principal amount of the Escrow Deposit as liquidated damages in full settlement of any damages of any nature or kind that Seller may suffer or allege to suffer as the result thereof. It is understood and agreed that the amount of liquidated damages represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. Recovery of liquidated damages under this Section 19.2 shall be the sole and exclusive remedy of Seller against Buyer for breach of or failure to consummate this Agreement and shall be applicable regardless of the actual amount of damages sustained. Seller shall be entitled to obtain from Buyer court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder, plus interest at the Prime Rate plus two percentage points on the amount of any judgment obtained against Buyer from the date of default until the date of payment of the judgment. As a condition to obtaining liquidated damages, Seller shall not be required to have tendered the Station Assets but shall be required to demonstrate that it is willing and able to do so and to perform its other closing obligations in all material respects. In the event of any payment from the Escrow Deposit to Seller hereunder, all interest earned on the Escrow Deposit prior to the date of such payment shall be paid to Buyer.

ARTICLE 20

RISK OF LOSS

The risk of loss or damage to the Station Assets prior to the Effective Time shall be upon Seller. Seller shall repair, replace and restore any damaged or lost material Station Asset to its prior condition as soon as possible and in no event later than the Effective Time

unless such item was obsolete and unnecessary for the continued operation of the Stations consistent with past practice. If Seller is unable or fails to repair, restore or replace a lost or damaged item required to be repaired or replaced by Seller prior to the Closing, (a) and replacement of such loss or damage is covered in full by insurance, Seller shall pay or authorize payment of all insurance payments in connection therewith to Buyer and shall pay the cost of any deductible thereunder; or (b), if such loss or damage is not so covered by insurance, Seller shall reimburse Buyer for the cost of the repair, restoration or replacement of such loss or damage, or, at Buyer's election, it shall be entitled to a reduction of the Purchase Price in such amount.

In the event that either Station fails to operate with its maximum licensed power and antenna height at its main antenna site for a period in excess of 72 consecutive hours, or for a period of four or more hours on more than three occasions between the date of execution of this Agreement and the Closing Date, at Buyer's option, Buyer may postpone the Closing until both Stations are functioning at maximum license height and power from their respective main antenna sites, or Buyer may terminate this Agreement without further obligation to Seller, and obtain the Escrow Deposit and all interest earned thereon.

ARTICLE 21

OTHER PROVISIONS

21.1. Publicity. Except as required by applicable law or with the other party's express written consent, no party to this Agreement nor any affiliate of any party shall issue any press release or similar public statement regarding the transactions contemplated by this Agreement.

21.2. Benefit and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

21.3. Entire Agreement. The LMA and this Agreement and the exhibits and schedules attached to each embody the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No amendment, waiver of compliance with any provision or condition hereof, or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought. Any matter that is disclosed in a Schedule hereto in such a way as to make its relevance to the information called for by another Schedule readily apparent shall be deemed to have been included in such other Schedule, notwithstanding the omission of an appropriate cross-reference.

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

21.5. Computation of Time. If after making computations of time provided for in this Agreement, a time for action or notice falls on Saturday, Sunday or a Federal holiday, then such time shall be extended to the next business day.

21.6. Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Tennessee without regard to its principles of conflict of law.

21.7. Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, addressed to the following addresses, or to such other address as any party may request in writing.

If to Buyer:

East Tennessee Radio Group, L.P.
P.O. Box 9170
5312 Ringgold Road, Suite 201
Chattanooga, TN 37412
Attn: Mr. Paul G. Fink
Telephone: (423) 485-8994
Facsimile: (423) 485-8946

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

Leventhal Senter & Lerman PLLC
2000 K Street, N.W.
Suite 600
Washington, D.C. 20006-1809
Attention: Brian M. Madden, Esq.
Telephone: (202) 429-8970
Facsimile: (202) 293-7783

If to Seller:

Horne Radio LLC
11863 Kingston Pike
Knoxville, TN 37922
Attn: Nick W. Drewry
Telephone: (865) 675-6397
Facsimile: (865) 675-0675

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

Young, Williams, Kirk & Stone, PC
2021 First Tennessee Plaza
Knoxville, Tennessee 37901-0550
Attn: Robert S. Stone, Esq.
Telephone: (865) 637-1440
Facsimile: (865) 546-9808

Any such notice, demand or request shall be deemed to have been duly delivered and received on the date of personal delivery or on the date of a signed receipt, if sent by an overnight delivery service, but only if sent in the same manner to all persons entitled to receive notice or a copy.

21.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument. Facsimile signatures shall be deemed to have the same force and effect as original signatures.

21.9. Further Assurances. Seller shall at any time and from time to time after the Closing execute and deliver to Buyer such further conveyances, assignments and other written assurances as Buyer may reasonably request in order to vest and confirm in Buyer (or its assignees) the title and rights to and in all of the Station Assets to be and intended to be transferred, assigned and conveyed hereunder.

ARTICLE 22 **DEFINITIONS**

Unless otherwise stated in this Agreement, the following terms when used herein shall have the meanings assigned to them below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"Agreement" shall mean this Asset Purchase Agreement, including the exhibits and schedules hereto.

"Assumed Contracts" shall have the meaning set forth in Section 1.2(c).

"Buyer" shall mean East Tennessee Radio Group, L.P., a Tennessee limited liability company, or its assignee.

"Buyer's Proration Amount" shall have the meaning set forth in Section 5.2.

"Business Day," whether or not capitalized, shall mean every day of the week excluding Saturdays, Sundays and Federal holidays.

"Claimant" shall have the meaning set forth in Section 16.3(a).

“Closing” shall have the meaning set forth in Section 1.1.

“Closing Date” shall mean the date on which the Closing is completed.

“Contracts” shall mean the contracts, agreements, including employment agreements, commitments and understandings of Seller or to which Seller is a party, relating to the conduct of the business and operation of the Stations.

“Effective Time” shall mean 12:01 a.m., local time in Morristown, Tennessee, on the Closing Date.

“Environmental Laws” shall mean any applicable federal, state or local law, statute, charter, ordinance, rule or regulation or any governmental agency interpretation, policy or guidance, and any permit, order, directive, court ruling or order or consent decree applicable to or affecting the protection of human health, safety or the environment, including the FCC’s regulations concerning radio frequency radiation.

“Escrow Account” shall have the meaning set forth in Section 2.2(a).

“Escrow Deposit” shall have the meaning set forth in Section 2.2(a).

“ERISA” shall have the meaning set forth in Section 7.8(c).

“Excluded Assets” shall have the meaning set forth in Section 1.3.

“FCC” shall mean the Federal Communications Commission.

“FCC Application” shall mean the application or applications that Seller and Buyer must file with the FCC requesting its consent to the assignment of the Station Licenses.

“FCC Consent” shall mean the action by the FCC granting the FCC Application.

“Final Order” shall mean action by the FCC (i) which has not been vacated, reversed, stayed, set aside, annulled or suspended, (ii) with respect to which no timely appeal, request for stay or petition for rehearing, reconsideration or review by any party or by the FCC on its own motion, is pending, and (iii) as to which the time for filing any such appeal, request, petition, or similar document or for the reconsideration or review by the FCC on its own motion under the Communications Act of 1934, as amended, and the rules and regulations of the Commission, has expired.

“Hazardous Material” means any substance or waste containing any hazardous substance, pollutant or contaminant as those terms are defined, in any applicable Environmental Laws.

“Indemnitor” shall have the meaning set forth in Section 16.3(a).

“Intellectual Property” shall have the meaning set forth in Section 1.2(e).

“Liens” shall mean mortgages, deeds of trust, liens, pledges, collateral assignments, security interests, leases, subleases, conditional sales agreements, easements, covenants, encroachments, encumbrances or other defects of title.

“LMA” shall have the meaning set forth in the preamble to this Agreement.

“Notice of Disagreement” shall have the meaning set forth in Section 5.2.

“Personal Property” shall have the meaning set forth in Section 7.6.

“Preliminary Proration Schedule” shall have the meaning set forth in Section 5.2.

“Prime Rate” shall mean a per annum rate equal to the “prime rate” as published in the Money Rates column of the Eastern Edition of *The Wall Street Journal* (or the average of such rates if more than one rate is indicated).

“Proration Schedule” shall have the meaning set forth in Section 5.2.

“Purchase Price” shall have the meaning set forth in Section 2.1(a).

“Referee” shall have the meaning set forth in Section 5.2.

“Seller” shall mean Horne Radio, LLC, a Tennessee limited liability company.

“Sites” shall mean the real property and related improvements and buildings used by the Seller as the transmitter sites of the Stations.

“Stations” shall mean radio broadcast Stations WMTN (AM), Morristown, Tennessee, and WMXK (FM), Morristown, Tennessee.

“Station Assets” shall have the meaning set forth in Section 1.2.

“Station Licenses” shall mean the licenses, permits and other authorizations, including any temporary waiver or special temporary authorization, issued by the FCC to Seller in connection with the operation of the Stations.

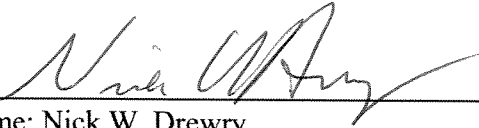
“Station Records” shall mean the meaning set forth in Section 1.2(f).

“Accounts Receivable” shall have the meaning set forth in Section 1.2.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

HORNE RADIO LLC

By: 
Name: Nick W. Drewry
Title: Chief Manager

EAST TENNESSEE RADIO GROUP, L.P.

By Whitfield Communications, Inc.
Its General Partner

By: _____
Paul G. Fink
President


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HORNE RADIO LLC

By: _____
Name: Nick W. Drewry
Title: Chief Manager

EAST TENNESSEE RADIO GROUP, L.P.

By Whitfield Communications, Inc.
Its General Partner

By:  _____
Paul G. Fink
President

SCHEDULES AND EXHIBITS

Schedules

1.2(a)	Station Licenses and Authorizations
1.2(b)	Tangible Personal Property
1.2(c)	Contracts
1.2(d)	Real Property
1.2(e)	Intellectual Property
1.3	Excluded Assets
5.3	Allocation
6.5	Buyer Litigation
7.3	Required Consents
7.9	Employee Benefit Plans
7.11	Seller Litigation
7.12	Compliance with Laws
7.16	UCC Financing Statements
7.17	Insurance
9.1(h)	Additional Covenants of Seller

Exhibits

A	Escrow Agreement
B	Form of Opinion of Seller's Counsel