

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of the 8th day of February, 2002, by and among **TRI-CITIES COMMUNICATIONS, INC.**, a Washington corporation (the "Seller"), **COMMONWEALTH COMMUNICATIONS, LLC ("CC")**, a Delaware limited liability company ("CC"), **COMMONWEALTH LICENSEE SUBSIDIARY, LLC ("CLS")**, a Delaware limited liability company (CC and CLS shall sometimes collectively be referred to as the "Purchasers"), and DEAN MITCHELL and HELEN MITCHELL (sometimes hereinafter collectively referred to as "Principals" and sometimes individually referred to as "Principal").

WITNESSETH:

WHEREAS, Seller owns and operates radio broadcast stations KONA-AM and KONA-FM, both licensed to Kennewick, Washington (hereinafter collectively referred to as the "Stations" and each individually a "Station"), under commercial radio broadcast licenses granted by the Federal Communications Commission, together with its staff acting under delegated authority (the "FCC"); and

WHEREAS, subject to and conditioned upon the consent of the FCC, Seller desires to sell and assign and Purchasers desires to purchase and accept certain of the assets, rights and properties of Seller used or held for use in connection with the ownership and operation of the Stations, upon the terms and conditions hereinafter set forth; and

WHEREAS, in order to induce Purchasers to enter into this Agreement, the **Principals** is willing to enter into this Agreement and make certain representations and warranties to, and covenants and agreements with Purchasers.

NOW, THEREFORE, in consideration of the representations, warranties, provisions, covenants and conditions contained herein, the parties intending to be legally bound hereby agree as follows:

1. **Definitions.**

"Accounts Receivable" means all accounts receivable arising from the operations of the Stations prior to the Closing Date, whether or not billed.

"Acquisition" has the meaning set forth in Section 8(h).

"Acquisition Proposal" has the meaning set forth in Section 8(h).

"Act" has the meaning set forth in Section 6(k).

"Adjustment Date" means ten (10) business days after the end of the Collection Period.

"Affiliates" means any person which or who directly or indirectly owns or controls, or is controlled by or is under common ownership or control with Seller or Purchasers.

"Application" means the application to the FCC contemplated in Section 13.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Assumed Contracts" has the meaning set forth in Section 2(a)(1)(v).

"Broker" has the meaning set forth in Section 22.

"Business Day" means a day which is neither a Saturday nor Sunday, nor another day on which banks are authorized or required by law to be closed in the State of Washington under its laws or the laws of the United States (a "Holiday").

"Closing" has the meaning set forth in Section 5.

"Closing Date" means the tenth business day after Final Approval of the Application for the transfer of the Licenses for the Stations have occurred, or such other date on which the Closing shall occur as shall be mutually agreeable to the parties hereto.

"Closing Date Time Sales Report" has the meaning set forth in Section 3(c).

"Closing Date Trade Report" has the meaning set forth in Section 3(c).

"Collection Period" means ninety (90) days following the Closing Date.

"Consent" means the grant of the Application, whether by the FCC's Mass Media Bureau or otherwise.

"Deposit" means the sum of Two Hundred Thousand Dollars (\$200,000.00) which has been deposited by Purchasers with the Escrow Agent on the date hereof to secure the obligation of Purchasers to close under this Agreement, such deposit being held by the Escrow Agent in accordance with the Deposit Escrow Agreement executed among Purchasers, Seller and the Escrow Agent on the date hereof.

"Deposit Escrow Agreement" means an agreement in the form of Exhibit "A."

"Effective Time" has the meaning set forth in Section 3(c).

"Environmental Audit" has the meaning set forth in Section 10(f).

"Environmental Laws" means all federal, state and local laws, regulations, rules and ordinances in effect on or before the Closing Date relating to Hazardous Substances.

"ERISA" has the meaning set forth in Section 4(b).

"Escrow Agent" means the Broker.

"Excluded Assets" has the meaning set forth in Section 2(b).

"FCC" has the meaning set forth in the recitals to this Agreement.

"Final Approval" means the date on which the Consent no longer is subject to administrative or judicial reconsideration, review, appeal or stay. The parties hereby agree and stipulate that, absent the pendency of any petition, application or motion seeking reconsideration, review, appeal or stay of the Consent, and absent any FCC action reconsidering, reviewing, staying or modifying the Consent, such Consent shall be treated as final as of 12:01 AM on the forty-first day after the date of public notice issued by the FCC approving the assignment of the Licenses to Purchasers.

"Financial Statements" has the meaning set forth in Section 6 (g).

"Fraud Action" has the meaning set forth in Section 14(e)

"Hazardous Substances" means reportable quantities under environmental laws ("Reportable Quantities") of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste" or "toxic substances", or words of similar

import, under any applicable Environmental Laws, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, *et seq.*; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, *et seq.*; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, *et seq.* as defined in each case as in effect on or before the Closing Date.

"Intellectual Property" means all call letters of the Stations and any variations thereof, trademarks, trade names, service marks, slogans, logos, service names, imprints, colophons, copyrights, patents, software, all similar intellectual property rights and all applications, renewals and other rights relating to any of the foregoing, to the extent used or held for use by Seller in the conduct of the business of the Stations.

"Interim Financial Statements" has the meaning set forth in Section 8(h).

"Leased Real Estate" has the meaning set forth in Section 6(d).

"Licenses" means the main transmitter license for the Stations, together with the other licenses, permits, authorizations, consents or rights granted by the FCC, or granted by any other governmental authority and listed in Schedule 2(d)(1)(i) and all applications filed with the FCC prior to the Closing Date with respect to the operation of the Stations or the conduct of the business of the Stations, together with any renewals or extensions thereof, including any pending applications, on the Closing Date, before any governmental authority, which pertain to the Stations.

"Liens" means liens, pledges, claims, charges, mortgages, other security interests or other encumbrances.

"Losses" has the meaning set forth in Section 15(a).

"Miscellaneous Agreements" has the meaning set forth in Section 2(a)(1)(v).

"Non-Competition Agreement" has the meaning set forth in Section 5(a)(5).

"Note" has the meaning set forth in Section 3(b)(iii).

"Notice of Disagreement" has the meaning set forth in Section 3(c).

"Operating Agreements" has the meaning set forth in Section 2(a)(1)(v).

"Owned Real Estate" has the meaning set forth in Section 6(d).

"Permitted Encumbrances" means: (i) liens against property for current taxes and assessments not yet due and payable; (ii) liens disclosed in Schedule 6(d) or 6(e); and (iii) such other minor defects, encumbrances and irregularities in the title, which defects, encumbrances and irregularities individually and in the aggregate do not impair the insurability or use of the property for the purposes currently used.

"Prepaid Time" has the meaning set forth in Section 3(c).

"Principal" and "Principals" has the meaning set forth in the recitals to this Agreement.

"Proration Schedule" has the meaning set forth in Section 3(c).

"Purchasers" has the meaning set forth in the preamble to this Agreement.

"Purchasers Indemnitees" has the meaning set forth in Section 15(a).

"Purchasers Indemnified Claim" has the meaning set forth in Section 15(a).

"Purchase Price" has the meaning given in Section 3(b), subject to adjustment as provided herein.

"Purchased Assets" means each of the rights and properties described in Section 2(a).

"Real Estate" has the meaning set forth in Section 6(d).

"Referee" has the meaning set forth in Section 3(c).

"Reportable Quantities" has the meaning set forth in the definition of Hazardous Substances.

"Schedule" has the meaning set forth in Section 3(e).

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Indemnitee" has the meaning set forth in Section 15(b).

"Seller Indemnified Claims" has the meaning set forth in Section 15(b).

"Seller Indemnitors" has the meaning set forth in Section 15(a).

"Seller's Proration Amount" has the meaning set forth in Section 3(c).

"September Balance Sheet" has the meaning set forth in Section 6(g).

"Software" means any source codes, object codes, program, program applications, data base documentation, specifications, operating system or other similar set of instructions (including all updates and revisions) which relate to or direct the operations of any computer or machine used by Seller at any of the Stations and which are included in the Purchased Assets.

"Station" or "Stations" has the meaning set forth in the recitals to this Agreement.

"Tangible Personal Property" has the meaning given in Section 2(a)(3).

"Tax" or "Taxes" means any or all federal, state, local, Foreign or other income, franchise, capital stock, employees income withholding, back-up withholding, social security, unemployment, disability, real property, personal property, sales use, excise transfer, customs and other taxes or governmental fees or charges, including any interest, penalties or additions on or to the foregoing whether earned or not.

"Time Sales Report" has the meaning set forth in Section 3(c).

"Upset Date" has the meaning set forth in Section 2(c).

2. Sale and Purchase of Stations Assets.

(a) **Purchased Assets.** On the Closing Date, Seller shall sell and assign to Purchasers, if the conditions set forth in Section 11 are satisfied or waived, and Purchasers shall purchase and accept from Seller, if the conditions set forth in Section 12 are satisfied or waived, the assets, properties, interest and rights of Seller of whatsoever kind and nature, real and personal, tangible and intangible, owned or leased by Seller as the case may be, wherever situated, to the extent used or held for use in the conduct of the business and the operation of the Stations (excluding the Excluded Assets), including, but not limited to, the following:

- (1) (i) the Licenses listed on Schedule (2)(a)(1)(i), including the call letters for each of the Stations;
- (ii) all Intellectual Property;
- (iii) prepaid expenses relating to the Stations, subject to pro-rata as set forth in Section 3(c);

- (iv) each contract for broadcast time relating to the Stations, in cash or in trade, which is in effect as of the date hereof or which is entered into on or prior to the Closing Date and which has not expired by its express terms on or prior to the Closing Date, provided that Purchasers shall not, without its written consent, accept liability under any agreement that is not disclosed in a Schedule which: (a) entails any barter or trade as payment in whole or in part for the broadcast of advertising to the extent that Purchasers' liability for all such barter or trade agreements exceed, in the aggregate, the gross amount of Five Thousand Dollars (\$5,000.00), unless an off-setting adjustment, dollar-for-dollar, in favor of Purchasers, is made under Section 3 hereof; or (b) is for the sale of broadcast time which is not cancelable on thirty (30) days' notice or is for a period in excess of thirteen (13) weeks; and
- (v) (A) the contracts listed in Schedule 2(a)(1)(v) (the "Operating Agreements"); (B) contracts entered into in the ordinary course of business of the Stations requiring payment by Seller of no more than One Thousand Five Hundred Dollars (\$1,500.00) in any one case and no more than Ten Thousand Dollars (\$10,000.00) in the aggregate; (C) contracts entered into between the date hereof and the Closing in accordance with Section 8 of this Agreement with the consent of Purchasers, which consent will not be unreasonably withheld; and (D) contracts assigned pursuant to Sections 2(a)(1)(iv) 2(a)(1)(v)(A)(B)(C)(D) and 2(a)(2) (sometimes collectively referred to herein as the "Assumed Contracts").

(2) Real property relating to towers, transmitters, studio sites and offices of the Stations described in Section 6(d) together with any additions thereto between the date hereof and the Closing Date, which are necessary to the operation of the Stations; and

(3) All the tangible personal property used or held for use in the operation of the Stations (the "Tangible Personal Property"), including but not limited to furniture, machinery, equipment, transmitters, antennas, phonographic records, cartridges, tapes and discs and Software, including, but not limited to, the items of personal property listed on the attached Schedule 2(a)(3) and any Tangible Personal Property acquired between the date hereof and the Closing Date including any accretions or replacements made in the ordinary

course of business and consistent with past practices of Seller, but less any supplies depleted prior to the Closing Date, which in the ordinary course of business would not have been replaced prior to the Closing Date;

(4) Seller's files, business records, customer lists, trade secrets, books and records relating to sales and the operations of the Stations including the public inspection file the FCC requires to be maintained and any other files governmentally required to be maintained (the business records to be conveyed shall include copies of all records, if any, relating to operating, engineering and financial condition of the Stations and all logs and a comprehensive and detailed listing of all sponsors and commercial users of the Stations;

(5) Seller's rights under manufacturer's and vendor's warranties relating to Purchased Assets and all similar rights against third parties relating to Purchased Assets; and

(6) all intangible assets of the Stations, including formats, customer lists and good will, if any.

The Purchased Assets shall be transferred to CC (except for the Stations' Licenses which shall be transferred to CLS) free and clear of all Liens, except for Permitted Encumbrances.

(b) **Excluded Assets.** The following assets are excluded from the Purchased Assets (the "Excluded Assets"):

(1) all cash, cash equivalents, investment securities, notes receivable and Accounts Receivable and any amounts due from stockholders;

(2) all corporate books, including, without limitation, Seller's minute books, corporate seal, treasury stock and similar items relating to the corporate status and affairs of Seller and all tax returns and underlying financial records; provided, however, that for a period of two (2) years following the Closing Date, Seller shall retain such books, records and documents, and if they are required by Purchasers with respect to the Purchased Assets or the operation of the Stations, such books, records or documents shall on five (5)

Business Days' advance written notice be made available for inspection by Purchasers at Purchasers' expense;

(3) all right, title and interest under all insurance policies or contracts of insurance and all claims or rights to payment thereunder, including cash surrender values and insurance refunds;

(4) any and all causes of action and claims of Seller arising out of or relating to transactions prior to the Closing Date, including, without limitation, claims for Tax refunds;

(5) any contracts entered into by Seller or to which Seller is bound, not included in the Purchased Assets; and

(6) personal effects of Principal and items of memorabilia, e.g., photographs, plaques and awards.

(c) **Place and Time of Closing.** Delivery and presentation of all documents to complete the Closing contemplated herein shall be made at the offices of Purchasers' Counsel, 205 Lexington Avenue, New York, New York 10016, at approximately 9:30 A.M., local time, on the Closing Date or at such other place, time and date as may be agreed upon by Seller and Purchasers. Notwithstanding anything contained in this Section 2(c) to the contrary, if the Closing Date does not occur within twelve (12) months of filing the Application (the "Upset Date") due to reasons other than a default by any of the parties hereto, then either Seller or Purchasers shall, have the right to terminate this Agreement, subject to Sections 17 and 18 hereof, and the Deposit shall be refunded to Purchasers.

3. Purchase Price.

(a) **Deposit.** To evidence its good faith intention to complete the transaction contemplated herein, Purchasers contemporaneously herewith, pursuant to the Deposit Escrow Agreement, has delivered the Deposit to the Escrow Agent.

(b) **Purchase Price and Payment.** Provided the conditions set forth in Sections 5 and 12 have been satisfied or waived the Purchasers shall pay the sum of Four Million One Hundred Twenty Five Thousand Dollars (\$4,125,000.00) (the "Purchase Price") payable as follows:

(i) the sum of Three Million Three Hundred Thousand Dollars (\$3,300,000.00) by immediately available federal funds wire transfer to an account designated by Seller;

(ii) the sum of Two Hundred Thousand Dollars (\$200,000.00) by the Escrow Agent's delivery of the Deposit to Seller by immediately available federal funds wire transfer to an account designated by Seller; and

(iii) the sum of Six Hundred Twenty Five Thousand Dollars (\$625,000.00) to be evidenced by a subordinated promissory note (the "Note") in the form annexed hereto as Exhibit "B," bearing interest at the rate of four percent (4.00%). Interest shall be paid annually commencing with the first anniversary following the Closing Date and annually thereafter. Principal and the balance of accrued interest shall be due and payable upon the fifth anniversary following the Closing Date.

(c) **Prepaid Amounts; Proration.** The Purchase Price has been established on the assumption that all of the expenses and obligations incurred in the operation of the Stations, including, without limitation, salaries, vacations, employee benefits, rent, maintenance, power and utility costs and insurance, which correspond to periods prior to the Closing Date have been paid and that none of such expenses as to periods subsequent to the Closing Date have been prepaid by deposit or otherwise, and that Seller is not in arrears with respect to payments required under the Operating Agreements or otherwise. To the extent practicable, on the Closing Date, Seller shall deliver to Purchasers a detailed accounting prepared by Seller's accountant, of any unpaid obligations or any prepayments or deposits made or received, prorated as between Seller and Purchasers as of 11:59 P.M. on the day prior to the Closing Date (the "Effective Time"). If such proration results in a credit to Purchasers, Seller shall pay to Purchasers the amount thereof on the Closing Date. If such proration results in an additional payment due to Seller, Purchasers shall pay

Seller the amount thereof on the Closing Date. In addition, within five (5) calendar days of the Closing Date, Seller shall deliver to Purchasers a report, dated as of the Closing Date (the "Closing Date Time Sales Report"), which report shall list any prepayments for advertising time received by Seller ("Prepaid Time"), pursuant to the broadcast time sales agreements. To the extent that the aggregate Prepaid Time is greater than zero, Purchasers shall be entitled to receive said amount and Seller shall pay said amount to Purchasers upon delivery of the Closing Date Time Sales Report. Within five (5) calendar days of the Closing Date, Seller shall deliver to Purchasers a report dated as of the Closing Date (the "Closing Date Trade Report"), which report shall list all barter agreements included in the Purchased Assets and the contract end date for each barter agreement together with an itemized statement, determined in accordance with generally accepted accounting principles, of the aggregate value of barter payable and barter receivable pursuant to each of the barter agreements. To the extent that the aggregate value as reflected on the Closing Date Trade Report of the Stations' barter payables is greater than Five Thousand Dollars (\$5,000.00) of the aggregate value as reflected on the Closing Date Trade Report of the barter receivables, Purchasers shall be entitled to receive the difference and Seller shall pay such difference to Purchasers upon delivery of the Closing Date Trade Report.

In the event the Purchasers and Seller do not reach a final agreement on such prorations and adjustments at the Closing, Purchasers shall deliver to Seller a schedule of its proposed prorations and adjustments (which shall set forth in reasonable detail the basis for those determinations) (the "Proration Schedule") no later than forty-five (45) days after the Closing. The Proration Schedule shall be conclusive and binding upon Seller unless Seller provides Purchasers with written notice of objection (the "Notice of Disagreement") within thirty (30) days after Seller's receipt of the Proration Schedule, which notice shall state the prorations of expenses proposed by Seller (the "Seller's Proration Amount"). Purchasers shall have twenty (20) days from receipt of a Notice of Disagreement to accept or reject Seller's Proration Amount. If Purchasers rejects Seller's Proration Amount, the dispute shall be submitted within ten (10) days to a mutually acceptable party (the "Referee") for resolution of the dispute, such resolution to be made within thirty (30) days after

submission to the Referee and to be final, conclusive and binding on Seller and Purchasers. Purchasers 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. Payment by Purchasers or Seller, as the case may be, for the proration amounts determined pursuant to this Section 3(c) shall be due fifteen (15) days after the last to occur of: (a) Seller's acceptance of the Proration Schedule or failure to give Purchasers a timely Notice of Disagreement; (b) Purchasers' acceptance of Seller's Proration Amount or failure to reject Seller's Proration Amount within twenty (20) days of receipt of a Notice of Disagreement; and (c) notice to Seller and Purchasers of the resolution of the disputed amount by the Referee.

(d) **Transaction Costs.** Unless otherwise specified herein, Purchasers and Seller shall share equally all fees imposed by the FCC pertaining to FCC receipt, processing and grant of the Application, without regard to which party has paid for such cost. Purchasers and Seller each shall bear its own expenses, costs and fees incurred in entering into and effecting compliance with this Agreement. All costs of transferring the Purchased Assets in accordance with the Agreement including Taxes, recording and filing to effect recordation or filing of instruments evidencing the conveyances, assignments and transfers hereunder, shall be shared equally by Seller and Purchasers.

(e) **Collection of Accounts Receivable.** The accounts receivable of Seller are not included among the Purchased Assets. Nevertheless, three (3) business days after Closing, Seller shall supply CC with a list of Seller's Accounts Receivable as of the Closing Date, and CC shall use the same diligence it uses to collect its own accounts in the ordinary course of business to collect the Accounts Receivable on Seller's behalf during the Collection Period. This obligation, however, shall not extend to the institution of litigation, employment of counsel, or any other extraordinary means of collection. During the Collection Period, Seller shall not solicit any monies from a local account debtor who, after Closing, continues to do business with the Stations, provided that during such period Seller may act to preserve its rights against a bankrupt debtor or commence suit or otherwise take action against any debtor that disputes the amount of, or liability for, an Account Receivable. If Seller receives a payment from an account debtor during the Collection Period, it shall so notify

CC. CC may endorse and deposit in its own name and collect any and all checks and other instruments for the payment of money that CC may receive in payment of Accounts Receivable. CC shall receive no remuneration for its services and shall not be liable for non-collection, or failure of any such collection, except due to its own gross negligence or intentional misconduct. On the Adjustment Date, CC shall deliver to Seller all of its correspondence and files concerning the collection of the Accounts Receivable and all reports of attempts to collect the same. Except as otherwise provided herein, amounts collected by CC on account of Seller's Accounts Receivable shall be remitted to Seller initially forty (40) days following the Closing Date and every thirty (30) days thereafter until the Adjustment Date. Purchasers shall deliver to Seller an accounting showing the amount it received during each thirty (30) day period on each account with a final accounting made on the Adjustment Date. If both Seller and CC are entitled to accounts receivable from the same account debtor, all payments received during the Collection Period shall be first applied to Seller's Accounts Receivable from such account debtor until the same are paid in full, unless such account debtor has disputed such account receivable in writing to the Seller, in which event CC shall be entitled to apply the payment made by the account debtor to CC's account receivable. If during the Collection Period an account debtor disputes an amount, Seller may request the reassignment of the account and proceed against that account debtor. After the Adjustment Date and after remittance of all amounts collected, CC will thereafter have no further responsibility with respect to the collection of the Accounts Receivable, and CC may apply all collections received by CC from any Account Receivable party who continues business with CC to obligations owing to CC except for any payment received by CC which such Account Receivable specifies is for amounts owed to Seller, in which event such specified amounts shall be paid over to Seller. Seller shall promptly pay all sales commissions relating to all of its Accounts Receivable whenever Seller receives payment thereon; provided, however, CC may do so on Seller's behalf for employees who are hired by CC and pay the net Accounts Receivable to Seller. Notwithstanding anything contained herein to the contrary, CC shall submit to Seller a detailed description of the calculation of commissions and any

dispute with respect thereto shall be settled in accordance with the procedures set forth in Section 3(c).

(f) **Allocation of Purchase Price.** The parties agree to allocate the Purchase Price in accordance with Exhibit "C."

4. Assumption of Liabilities.

(a) **Liabilities Assumed by Purchasers.** Without reduction of the Purchase Price, at the Closing, Purchasers shall assume and undertake to pay, satisfy or discharge: (i) the liabilities, obligations and commitments of Seller arising or accruing after the Closing Date under the Assumed Contracts; and (ii) the liabilities, obligations and commitments arising from or relating to the ownership of the Stations after the Closing Date.

(b) **Liabilities Not Assumed by Purchasers.** Except as set forth in Section 4(a) or otherwise in this Agreement, Purchasers assume no obligation or liability whatsoever, whether absolute, accrued, contingent or otherwise and whether due or to become due from Seller, including, without limitation, any obligation or liability arising from or in connection with: (i) third party claims arising at any time (whether prior to or after the Closing Date) relating to the operation of the Stations prior to the Closing; (ii) claims against Seller or its Affiliates arising at any time (whether prior to or after the Closing Date) in connection with breach of contract, death, personal injury, other injury to persons, property damage, losses or deprivation of rights (whether based on statute, negligence, breach of warranty, strict liability or any other theory) caused by or resulting from, directly or indirectly, the operation of the Stations by Seller on or before the Closing Date; (iii) any claim under any environmental law arising out of the ownership, use or operation of the Stations, or the real estate described in Section 6(d), on or prior to the Closing Date under any Environmental Law; (iv) any "employee benefit plan", within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") established, maintained or contributed to at any time (whether prior to or after the Closing Date) by Seller or its Affiliates, or any other obligation or liability incurred or assumed by Seller or its Affiliates at any time (whether prior to or after the Closing Date), with respect to any current, former or retired employee of Seller;

(v) litigation involving Seller or its Affiliates instituted at any time (whether prior to or after the Closing Date), to the extent such claims relate to the operations of the Stations prior to the Closing Date; (vi) any liability with respect to any accounts payable of Seller; (vii) any liability for Taxes of Seller or any Affiliate of Seller; and (viii) any liability with respect to any contracts with Seller or its Affiliates which are not assumed including those on Schedule 4(b).

5. Closing. The consummation of the conveyance, transfer, assignment and delivery of the Purchased Assets to Purchasers and the payment to Seller of the Purchase Price therefore shall constitute the Closing as referred to herein.

(a) **Seller's Actions.** At the Closing, Seller and/or Principals shall:

(1) deliver to Purchasers executed assignments in a form acceptable to Purchasers covering the Licenses and the Assumed Contracts;

(2) deliver to Purchasers an executed Bill of Sale in the form of Exhibit "D" covering the Purchased Assets;

(3) deliver to Purchasers Deed[s] to the Owned Real Estate or any easement with respect thereto, in form and substance acceptable to Purchasers or assignments to Leased Real Estate and an Amendment to the lease referred to in Section 8(n);

(4) deliver to Purchasers a certified copy of resolutions of Seller's Board of Directors and Shareholders authorizing the execution and delivery of this Agreement and the performance of this Agreement, including the consummation of the Closing described herein;

(5) deliver to Purchasers a Non-Compete Agreement in the form annexed hereto as Exhibit "E";

(6) deliver to Purchasers any files, books and business records which are to be transferred pursuant to Section 2(a)(4) hereof which delivery can be effectuated in case of the public inspection file by leaving same at its current location in Washington and in the case of other records maintained at the Stations by leaving such at the Stations;

(7) deliver to Purchasers on or before the Closing Date all necessary consents to transfer Purchased Assets, Real Estate Leases and those Operating Agreements marked by an asterisk in Schedule 2(a)(1)(v)(A)(B)(C)(C);

(8) deliver collateral estoppel certificates substantially in the form annexed hereto as Exhibit "F," or otherwise reasonably satisfactory to Purchasers;

(9) deliver to Purchasers a statement signed by the President or Vice President of Seller, dated as of the Closing Date, certifying to the effect that the conditions set forth in Section 12(b) hereof have been satisfied, including, without limitation, that the representations and warranties made by Seller herein are accurate and correct in all material respects on and as of the Closing Date with the same effect as if in fact made on and as of the Closing Date, and that Seller has performed its obligations under the covenants of this Agreement;

(10) deliver to Purchasers such other instruments as Purchasers reasonably requires to evidence Seller's transfer to Purchasers of all of Seller's right, title and interest to the Purchased Assets, free and clear of Liens other than Permitted Encumbrances; and

(11) deliver Opinions of General Counsel and FCC Counsel in the forms annexed hereto as Exhibits "G" and "H."

(b) **Purchasers' Actions.** At the Closing, Purchasers shall:

(1) make the payments required by 3(a);

(2) deliver to Seller all necessary assumption agreements with respect to Assumed Contracts;

(3) deliver to Seller a statement signed by the Managing Member, dated as of the Closing Date, certifying that the conditions set forth in Section 11(b) hereof have been satisfied, including, without limitation, that the representations and warranties made by Purchasers herein are accurate and correct in all material respects on and as of the Closing Date with the same effect as if in fact made on and as of the Closing Date and that Purchasers has performed its obligations under the covenants of this Agreement; and

(4) deliver Opinion of Counsel in the form annexed hereto as Exhibit “I”; and

(5) delivery the Indemnification Escrow Agreement.

(c) **Further Actions.** At the Closing and from time to time after the Closing Date, at the request of Purchasers and without further consideration, Seller shall promptly execute and deliver to Purchasers, at Seller’s expense, such certificates and other instruments of sale, conveyance, assignment and transfer, and take such other action as may reasonably be requested by Purchasers to more effectively sell, convey, assign and transfer to and vest in Purchasers or to put Purchasers in possession of the Purchased Assets, all in form and substance reasonably satisfactory to Purchasers’ counsel.

6. **Representations and Warranties of Seller and the Principals.** Subject to the provisions of Section 14 of this Agreement, Seller and the Principals, jointly and severally, each make the following representations and warranties to Purchasers each of which is true and correct on the date hereof and on the Closing Date and shall survive the Closing and shall be unaffected by any investigation heretofore or hereafter made by Purchasers.

(a) **Organization, Existence and Authority.** Seller: (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington; (ii) has all required corporate power and authority to own its property and to carry on its business as previously conducted; and (iii) has all required corporate power and authority to enter into this Agreement and the agreements related hereto and contemplated hereby, and generally to carry out the transactions contemplated hereby.

(b) **Obligations of Seller.** The execution and delivery of, and performance by Seller of its obligations under, this Agreement and agreements related hereto and contemplated hereby have been duly authorized by all requisite corporate and stockholder actions of Seller and this Agreement and the agreements related hereto and contemplated hereby constitute legal, valid and binding obligations of Seller, enforceable in accordance with their terms, subject to bankruptcy laws and equitable claims by others. Seller's execution and delivery of this Agreement and agreements

related hereto and contemplated hereby and the consummation by Seller of the transactions contemplated hereby will not: (i) violate, conflict with or result in a material default under any contract, instrument, agreement, indenture, obligation or commitment to which Seller is a party, or by which Seller or its assets are bound, or any provision of Seller's organizational documents, or the creation of any lien, charge or encumbrance of any nature upon any of the properties or assets of Seller, except pursuant to this Agreement; (ii) violate or result in a violation of, or constitute a default under, any provision of any law, statute, ordinance, regulation or rule, or any decree, judgment or order of, or any restriction imposed by, any court or other federal, state or local governmental agency applicable to Seller; or (iii) except as set forth in Schedule 6(b) or as otherwise expressly provided for in this Agreement, require any notice to, filing with, or consent or approval of any governmental authority or other third party which will not, prior to the Closing Date, have been duly and properly given, made or obtained.

(c) **No Litigation.** Except as set forth in Schedule 6(c), there is no judgment or decree outstanding or litigation or proceeding, or to the knowledge of Seller and the Principals, investigation pending or threatened to which Seller is a party that could reasonably be expected to adversely affect the title or interest of Seller in or to any of the: (i) Purchased Assets; or (ii) the Stations, or Seller's power or right to sell, convey, transfer or assign the Purchased Assets to Purchasers as herein provided or otherwise perform under this Agreement, or which would prevent or materially impair the operation or use by Purchasers of the Purchased Assets as they presently are operated and used by Seller, and neither Seller nor the Principals know of any basis for such litigation, investigation or proceeding. Pending Closing, if Seller receives an administrative or other order pertaining to either of the Stations and relating to any violation of the rules and regulations of the FCC, or of any other federal, state or local regulatory or administrative body, including rules regarding the employment of labor and equal employment opportunity, within ten (10) Business Days, Seller shall deliver a copy of such order to Purchasers, and Seller will remove or correct all such violations, either through the payment of any fines or arrearages, including back pay, that may be or may have been assessed for any such violation or by protesting such order with the issuing

entity. As of this date, Seller is not aware of any such violations or of any pending investigations concerning such violations.

(d) **Real Estate.** Schedule 6(d) contains a complete and accurate list and description of all real property (including without limitation, real property relating to the towers, transmitters, studio sites and offices of the Stations) used or contemplated for use by Seller in connection with the operations of the Stations, identifying thereon the real property that is owned by Seller or the Principals (the “Owned Real Estate”) or leased by Seller (the “Leased Real Estate”) (collectively, the “Real Estate”). Seller has, and by the Closing Date will have, good and marketable title in fee simple to all of the Owned Real Estate, free and clear of all liens, mortgages, security interests, charges and encumbrances, except for permitted encumbrances.

Seller enjoys quiet possession of all Owned and Leased Real Estate. There are no present material disputes or claims with respect to offsets or defenses by any party against the other under any of the leases relating to the Leased Real Estate. Except as stated in Schedule 6(d), Seller has delivered to Buyers true and complete copies of all leases relating to the Leased Real Estate. Except as set forth in Schedule 6(d) hereto, the assignment of the leases relating to the Leased Real Estate to Purchasers will not permit the other party to accelerate the rent, cause the terms thereof to be renegotiated or constitute a material default thereunder, and will not require the consent of any such party to the assignment thereto to CC.

Seller has full legal and practical access to all of the Owned and Leased Real Estate. The Owned Real Estate includes all the real property, easements, rights of way, and other real property interests necessary to conduct the business and operations of the Stations as they are now conducted. Except as described in Schedule 6(d), none of the buildings, structures, improvements or fixtures constructed on any Owned Real Estate in connection with the operation of the Stations, including, but not limited to, all towers, guy wires and guy anchors and ground radials, encroach upon adjoining real property, and all such buildings, structures, improvements and fixtures are constructed and are operated and used in conformance in all material respects with all “set back” lines, easements, covenants, restrictions and all applicable building, fire, zoning, health and safety

laws and codes. No utility lines serving the Owned Real Estate pass over the lands of a third party except where appropriate easements have been obtained. Except as described in Schedule 6(d), all buildings, structures, towers, antennae, improvements and fixtures situated on the Real Estate and owned by Seller are in good and technically sound operating condition, ordinary wear and tear excepted, have no latent structural, mechanical or other defects of material significance, and each has adequate rights of ingress and egress, utility service for water and sewer, telephone, electric and/or gas, and sanitary service for the conduct of the business and operations of the Stations as presently conducted. There is no pending or, to the best knowledge of Seller, threatened condemnation or other legal proceeding or action of any kind relating to the Real Estate.

(e) **Tangible Personal Property.** The Tangible Personal Property to be transferred on the Closing Date are all the tangible personal property used or held for use in the operation of the Stations other than the Excluded Assets; all of the Tangible Personal Property set forth on Schedule 2(a)(3) will at Closing be in technically sound operating condition and in compliance in all material respects with applicable FCC regulations and normal engineering standards; at the Closing Date the transmitting equipment will be operating at full power under the Licenses; none of the Tangible Personal Property will be sold, leased or otherwise disposed of unless replaced by a similar Tangible Personal Property of equal or greater value (other than a disposition of immaterial assets consistent with prior practices). At the Closing Date, Seller will have good and marketable title to all of the Tangible Personal Property and all of the Tangible Personal Property will be transferred to Purchasers free and clear of Liens other than Permitted Encumbrances, except as disclosed in Schedule 6(e). On the Closing Date, the transmitting equipment of the Stations shall be operating in compliance with the current radio frequency radiation guidelines issued by the FCC. None of the Tangible Personal Property constitute PCB-Contaminated Equipment, PCB Transformers or PCB Items within the meaning of § 761.3 of the Rules and Regulations of the Environmental Protection Agency (40 C.F.R. § 761.3). To the best of Seller's knowledge, Seller is in compliance in all material respects with all Environmental laws.

(f) **Status of Operating Agreements.** True and complete copies of the Operating Agreements listed in Schedule 2(a)(1)(v) and all modifications, amendments and renewals thereof have been furnished to Purchasers. The Assumed Contracts as defined in Section 2(a)(1)(v)(A)(B)(C)(D) represent all leases, agreements, licenses, permits, consents and other contracts of Seller in connection with the operation of the Stations list on Schedule 2(a)(i)(v) and Schedule 6(d). Seller has complied, and to the knowledge of Seller and Principals, all other parties have complied with all material terms of the Operating Agreements and no outstanding default under any of the foregoing exists which may have a materially adverse effect either upon Seller or upon Seller's and/or Purchasers' ability to perform its obligations hereunder or upon Purchasers' ability to operate the Stations in substantially the same manner as operated by Seller on the date hereof. The Operating Agreements are all in full force and effect and the rights of Seller thereunder are unimpaired by acts or omissions of Seller, its stockholders, directors, agents or employees. Seller has not received notice of termination with respect to any of the Operating Agreements. If a consent of a contracting party is required to the assignment of any Operating Agreement, Seller will use its reasonable efforts to secure such consent on or before the Closing. Seller shall use its reasonable efforts to avoid the cancellation of any of the Operating Agreements prior to the regular termination date thereof, without Purchasers' prior written consent. At Closing, Seller shall assign and deliver to Purchasers the original and executed copies of any assigned Operating Agreements, if they exist and if not copies of executed Operating Agreements.

(g) **Financial Statements.** Seller has heretofore furnished Purchasers with copies of the following financial statements of Seller: (i) unaudited Balance Sheets, Income Statements for the calendar years ended December 31, 1999 and December 31, 2000; and (ii) an unaudited internally prepared Balance Sheet for the nine (9) months ended September 30, 2001 (the "September Balance Sheet"), and unaudited Income Statement for the nine (9) months ended September 30, 2001 (collectively, the "Financial Statements"). Except as noted therein or on Schedule 6(g), the Financial Statements were prepared in accordance with the books and records of Seller, are complete and correct in all material respects, were prepared in accordance with generally

accepted accounting principles consistently applied throughout the periods indicated and present fairly the results of the operations of the Stations. None of the Financial Statements understates the total costs and expenses of conducting the business and operations of the Stations, fails to disclose any material liability or inflates the revenue of the Stations. There is no liability or obligation of Seller of any kind, whether accrued, absolute, fixed or contingent that is not reflected or reserved against in the September Balance Sheet other than liabilities: (i) incurred in the ordinary course of business since the September Balance Sheet; or (ii) reflected in Schedule 6(g). The representations and warranties made in this Section 6(g) shall apply to the Interim Financial Statements to be submitted to Purchasers pursuant to Section 8(h).

(h) **Tax Matters.** Seller has filed, or will prepare and timely file, all Tax returns or reports relating or attributable to the Stations which are required to be filed for all periods prior to or including the Closing Date, and such returns or reports are (or to the extent filed between the date hereof and the Closing Date will be) correct and complete. Taxes (whether or not requiring the filing of returns or reports) relating to Seller and the Stations for the aforementioned periods have been timely and fully paid over to the appropriate governmental agency or authority or are properly recorded as a liability on the books of Seller. No Liens shall attach to any of the Purchased Assets because of a deficiency or delinquency in payment of Taxes by Seller or because of a failure to qualify in any jurisdiction in which the Stations are owned. There will be no Tax deficiencies, or any interest or penalties thereon assessed, related to the Stations for any period ending on or before the Closing Date.

(i) **Absence of Change or Event.** Except as disclosed in Schedule 6(i), since the September Balance Sheet, Seller has conducted the business of the Stations only in the ordinary course and has not with respect to any of the Stations:

- (1) created a Lien on any of the Purchased Assets, except Permitted Encumbrances;

(2) sold, transferred, leased to others or otherwise disposed of its Tangible Personal Property (or committed to do any of the foregoing), except for the sale of immaterial assets in the ordinary course of business and consistent with prior practices;

(3) instituted any litigation, action or proceeding before any court, governmental body or arbitration tribunal relating to it or its property; or

(4) caused any material damage on the business assets, properties, prospects of condition (financial or otherwise) of Seller or the Stations nor has there been any material damage, destruction or loss affecting any of the Purchased Assets.

(j) **Licenses.** Seller is the holder of Licenses with respect to the Stations, which are valid and in full force and effect. To the knowledge of Seller and Principals, no proceeding is pending or threatened to require that an application for renewal of the Licenses be filed prior to the regularly scheduled date. The Licenses listed in Schedule 2(a)(1)(i) have been issued for the full term authorized by FCC regulations, and the Licenses are free and clear of any conditions or restrictions which could reasonably be expected to have a material adverse affect on Seller's ability to operate the Stations, except for the conditions shown on the face of the Licenses, applicable to radio broadcast licensees generally or otherwise disclosed on Schedule 2(a)(1)(i). Except as indicated on Schedule 2(a)(1)(ii), Seller is in material compliance with the Licenses. The Licenses constitute all authorizations used in the operation of the Stations as they have been operated, and the Licenses are in full force and effect. Except as indicated on Schedule 2(a)(1)(i), no actions by the FCC are pending or, to the knowledge of Seller and Principals, threatened against Seller or its shareholders, officers, directors, agents, employees, attorneys and other representatives, to: (i) revoke, modify, restrict or deny the unconditional renewal of the Licenses; or (ii) defer the processing of any application pertaining to any of the Stations, including the Application contemplated hereunder; or (iii) delay a routine grant of the Application contemplated hereunder; or (iv) issue any cease and desist order or to impose any material administrative sanction whatsoever with respect to the Stations or their operation. All material reports and applications required to be filed by Seller with the FCC or to be kept on file by Seller at the Stations pertaining to the Stations

have been duly filed and/or maintained in all material respects, and all such reports, applications and documents are true and correct in all material respects. There is not now outstanding or, to the knowledge of Seller or Principals, threatened any notice of violation or complaint against Seller with respect to the Stations, except for the items indicated on Schedule 2(a)(1)(i). Except as disclosed on the face of the Licenses or as set forth in Schedule 2(a)(1)(i), the Stations are licensed by the FCC to operate, and are operating with maximum power and facilities specified in their respective licenses. None of the Stations is causing objectionable interference to the transmission of any other station and the Stations have not received any material complaints with respect thereto. The operation of the Stations and all of the Tangible Property are in compliance in all respect with ANSI Radiation Standards (95.1-1992).

(k) **Compliance with Licenses, Laws, Regulations and Order.** Except as disclosed in Schedule 2(a)(1)(i), Seller has complied with and is in compliance with, in all material respects, all material terms and conditions of all licenses, permits, laws, regulations and orders applicable to the Stations and the business and operations of each of the Stations, including, without limitation, compliance in all material respects with the Federal Communications Act of 1934, as amended (the "Act") and all regulations issued by the FCC, and Seller is not charged with violating or, to the knowledge of Seller and Principals, threatened with a charge of violation of, any provision of any license or permit or any federal, state or local law or administrative ruling or regulation relating to any aspect of its business. Except as set forth in Schedule 2(a)(1)(i), there presently are no pending or, to the knowledge of Seller and Principals, threatened complaints, citations, notices, actions, lawsuits, or other proceedings, administrative, judicial or otherwise, at the instance of any private party or any governmental authority asserting the violation of any statute, regulation, order or other requirement (including any applicable statutes, ordinances or codes relating to zoning and land use, health and sanitation, environmental protection, occupational safety, and the use of electric power) or which could impair in any material manner the authority granted under such licenses or permits to Purchasers. Seller has, in the conduct of the business of the Stations complied in all material respects with all applicable laws, rules and regulations relating to the employment of labor,

including those concerning wages, hours, equal employment opportunity, collective bargaining, pension and welfare benefit plans, and the payment of Social Security and similar taxes, and Seller is not liable for any arrearages of wages or any tax penalties due to any failure to comply with any of the foregoing.

All ownership reports, employment reports, tax returns and other documents required to be filed by Seller with the FCC or other Governmental Authorities have been filed; such items as are required to be placed in local public inspection files for the Stations have been placed in such files in a timely manner; all proofs of performance and measurements that are required to be made by Seller with respect to the transmission facilities of the Stations have been completed and filed at the Stations; and all information contained in the foregoing documents is true, complete and accurate in all material respects.

(l) **Intellectual Property.** Schedule 6(l) annexed hereto is a true and complete list of all Intellectual Property applied for, registered or issued to, or owned by Seller or under which Seller is a licensee and which is used in the conduct of Seller's business and operations of the Stations. Except as set forth in Schedule 6(l), (a) Seller owns or licenses the Intellectual Property free and clear of all liens and, to the extent any of the Intellectual Property is licensed to Seller, such interest is valid and uncontested by licensor or any third party; (b) all Software located at any of Seller's premises or used in Seller's business or operations is properly licensed to Seller, and all of Seller's uses of such Software are authorized under such licenses; (c) the Intellectual Property and Software shall be assignable to Purchasers at Closing, and upon such assignment, Purchasers shall receive complete and exclusive right, title and interest in and to all tangible and intangible property rights existing in the Intellectual Property; and (d) there are no infringements or unlawful use of such Intellectual Property by Seller in connection with Seller's business or operations or by any third party, Seller's computer-based systems, embedded microchips and other processing capabilities effectively recognized and process dates after December 31, 1999.

(m) **Hazardous Substances.** Except as set forth in Schedule 6(m): (i) Seller has not generated, transported, used, stored, treated, disposed of, or managed a material amount of

Hazardous Substances with respect to the Stations, nor has Seller contracted with any party for the generation, transportation, use, storage, treatment, disposal or management of any material amount of Hazardous Substances with respect to the Stations; (ii) no material amount of Hazardous Substances has ever been or is threatened to be spilled, released or disposed of by Seller or to the knowledge of Seller and Principals by any third parties, at any site presently or formerly owned, operated, leased or used by Seller with respect to the Stations, nor has any material amount of Hazardous Substances ever come to be located in the soil or groundwater at any such site; (iii) no material amount of Hazardous Substances has ever been transported by Seller, or, to the knowledge of Seller and Principals, by any third parties, from any site presently or formerly owned, operated, leased, or used by Seller with respect to the Stations for treatment, storage, or disposal at any other place; (iv) Seller does not presently own, operate, lease or use, and has never previously owned, operated, leased, or used any site related to the operation of the Stations on which underground storage tanks are or were located or which contain or contained any friable asbestos or friable asbestos-containing material, any polychlorinated biphenyls ("PCBs") or equipment containing PCBs, or any urea formaldehyde foam insulation; and (v) no lien has ever been imposed by any governmental agency on any property, facility, machinery, or equipment owned, operated, leased or used by Seller with respect to the Stations, in connection with, or as a result of, the presence of any Hazardous Substances which could result in a material liability to Seller.

Except as set forth in Schedule 6(m), to the knowledge of Seller or Principals: (i) Seller, with respect to the Stations, has no liability under, nor has it ever violated in any material respect, any Environmental Laws; (ii) Seller's operation of the Stations complies in all material respects with all applicable Environmental Laws and any and all orders or directive of any governmental authorities having jurisdiction under such Environmental Laws, including, without limitation, any orders or directives with respect to any clean-up or remediation of any release or threat of release of any Hazardous Substances. Seller has provided to Purchasers copies of all documents, records and information in Seller's possession concerning any environmental or health and safety matter which could result in any liability to Seller with respect to the Stations, whether

generated by Seller or others, including, without limitation, environmental or health and safety audits, environmental or health and safety risk assessments, site assessments, documentation regarding off site treatment, storage or disposal of Hazardous Substances, spill control plans, discharge monitoring reports, hazardous waste manifests, community right-to-know filings, insurance policies and reports, correspondence, permits, licenses, approvals, consents, registrations and other authorizations related to or filed with environmental or health and safety matters issued by or filed with any governmental agency with respect to such matters regarding the Stations.

(n) **ERISA Compliance.** Schedule 6(n) annexed hereto sets forth a list of every pension plan that has been maintained by Seller and its Affiliates at any time during the twelve-month period ended on the Closing Date. Seller has not incurred: (a) any material accumulated funding deficiency within the meaning of ERISA; or (b) any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto under ERISA) in connection with any pension plan established or maintained by it. Seller has not had any tax assessed against it by the Internal Revenue Service for any alleged violation under Section 4975 of the Internal Revenue Code of 1986, as amended. Seller does not have any unfunded liability under a plan or a contingent liability with withdrawal from a multi-employer pension plan except as disclosed in the financial statements.

(o) **Arrangements.** There are no arrangements between Seller and its shareholders, officers and Affiliates, except as disclosed in Schedule 6(o). In addition, Seller has disclosed to Purchasers any and all arrangements with ASCAP, BMI, radio representatives, vendors of goods and services and all other entities under which Seller enjoys a discount or other benefit, all of which are set forth in the Operating Agreements.

(p) **Undisclosed Liabilities.** To the knowledge of Seller and the Principals, other than with respect to bulk sales or similar laws of any state, no liability or obligation of any nature, whether accrued, absolute, contingent, or otherwise, relating to Seller, the Stations or the Purchased Assets exists, which could, after the Closing, result in any form of transferee liability against

Purchasers or subject the Purchased Assets to any Lien or otherwise affect the full, free and unencumbered use of the Purchased Assets by Purchasers, except for Permitted Encumbrances.

(q) **Insurance.** The insurance policies owned by Seller or of which Seller is a named beneficiary are set forth on Schedule 6(q). There is no default in the payment and premiums on any such policies and, to Seller's Knowledge, no grounds for cancellation or avoidance of any terms thereof or for reduction of the coverage provided thereby.

(r) **Promotional Rights.** Seller has no knowledge of any infringement or unlawful or unauthorized use of its call signs, or any other Intellectual Property.

(s) **Employees.** None of the employees of either Station are represented by a union or other collective bargaining unit, no application for recognition as a collective bargaining unit has been filed with the National Labor Relations Board, and, to the knowledge of Seller and the Principals, there has been no concerted effort to unionize any of the employees of either Station. Except as listed in Schedule 6(s), Seller has no written employment agreement with any of the employees of either Station, and no written or oral retirement, pension, bonus, termination pay, hospitalization, vacation or other employee benefit plan, practice, agreement or understanding. Seller has delivered to Purchasers an accurate list of all persons currently employed at both Stations together with a description of their position and current salary as of the date of this Agreement. Seller will promptly advise Purchasers of any changes that occur prior to Closing with respect to such information. There are no charges of unfair labor practices or discrimination (relating to sex, age, race, national origin, handicap or veteran status) pending or, to the best of Seller's knowledge, threatened before any governmental or regulatory agency or authority involving employees of Seller relating to the Stations.

(t) **No Insolvency.** No insolvency proceedings of any nature, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of the Purchased Assets are pending, and Seller has not made an assignment for the benefit of creditors, nor taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings.

(u) **Merchandising Deals.** There are currently no merchandising or trade deals or commitments for the sale of radio time for consideration other than cash, in excess of One Thousand Dollars (\$1,000.00), except as set forth in Schedule 6(v).

(v) **Full Disclosure.** No representation or warranty made by Seller or Principals contained in this Agreement nor any certificate, document or other instrument furnished or to be furnished by Seller pursuant hereto contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact required to make any statement contained herein or therein not misleading. Neither Seller nor Principals are aware of any impending or contemplated event or occurrence that would cause any of the foregoing representations not to be true and complete on the date of such event or occurrence as if made on that date.

7. **Representations and Warranties of Purchasers.** Purchasers make the following representations and warranties to Seller, each of which is true and correct of the date hereof, shall survive the Closing, and be unaffected by any investigation heretofore or hereafter made by Seller:

(a) **Organization, Existence and Authority.** Purchasers: (i) are limited liability companies, duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) are or will be at Closing, qualified to do business in Washington and each jurisdiction in which such qualification is required; and (iii) have all required power and authority to own its property and carry on its business as presently conducted or contemplated. The Purchasers have all the required power and authority to enter into and to perform this Agreement and the agreements related hereto and contemplated hereby.

(b) **Obligations of Purchasers.** The execution and delivery of and performance by Purchasers of its obligations under this Agreement and agreements related hereto and contemplated hereby have been duly authorized by all requisite actions of the members of the Purchasers and this Agreement and the agreements related hereto and contemplated hereby constitute legal, valid and binding obligations of Purchasers, and enforceable in accordance with their terms. Purchasers' execution and delivery of this Agreement and agreements related hereto and contemplated hereby and the consummation by Purchasers of the transactions contemplated hereby will not: (i) violate, conflict with or result in a material default under any material contract,

instrument, agreement, indenture, obligation or commitment to which Purchasers is a party, or by which Purchasers or its assets are bound, or any provision of its Operating Agreement, or the creation of any lien, charge or encumbrance of any nature upon any of the properties or assets of Purchasers, except pursuant to this Agreement; (ii) violate or result in a violation of, or constitute a default under, any material provision of any law, statute, ordinance, regulation or rule, or any decree, judgment or order of, or any material restriction imposed by, any court or other federal, state or local governmental agency applicable to Purchasers; or (iii) except as otherwise expressly provided for in this Agreement, require any notice to, filing with, or consent or approval of any governmental authority or other third party which will not, prior to the Closing Date, have been duly and properly given, made or obtained.

(c) **Purchasers' Financial Qualifications.** On the Closing Date, Purchasers shall have the requisite financial resources to undertake and perform Purchasers' obligations under this Agreement, including the payment of the Purchase Price to Seller.

(d) **FCC Approval.** To the best of its knowledge, Purchasers are qualified under the Act, and the rules, regulations and policies promulgated thereunder to obtain FCC approval of the Application and serve as the licensee of the Stations and Purchasers have no knowledge of any material reason, fact, allegation or claim not stated herein which may impair Purchasers' qualification and know of no reason why the FCC would not approve the Application, except as has been disclosed to Seller.

(e) **No Litigation.** There is no judgment or decree outstanding litigation or other investigation pending or proceeding pending or to the best of Purchasers' knowledge, threatened which might adversely affect Purchasers' power, authority or ability to enter into this Agreement and to carry out the transactions contemplated herein; Purchasers do not know or have reasonable grounds to know of any basis for such litigation, proceeding or investigation.

(f) **No Insolvency.** No insolvency proceedings of any nature, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Purchasers are pending, and Purchasers has not made an assignment for the benefit of creditors nor taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings.

8. **Covenants of Seller.** Pending the Closing Date, Seller covenants and agrees that:

(a) **Necessary Action.** Seller shall take all reasonable actions and use its reasonable efforts to obtain all consents, approvals and agreements which it has obligated itself to seek to obtain, and to satisfy, or cause to be satisfied, all conditions contained herein, including, without limitation, the approval of the FCC to the Application and the renewal of the Licenses.

(b) **Access to Information.** Seller shall give Purchasers and its representatives full and reasonable access during normal business hours throughout the period prior to Closing to the properties, books, accounting records, contracts, agreements, leases, commitments, programming, technical and sales records and other records of and pertaining to the Stations; provided, however, that Purchasers gives Seller reasonable advance notice of exercising this right and does not interfere with the operations of the Stations. Seller shall furnish to Purchasers all information concerning the affairs of both Stations as Purchasers may reasonably request. No such investigation made by Purchasers shall affect Seller's representations, warranties and agreements hereunder, nor shall any investigation made by Purchasers provide a defense by Seller to any claim for breach of Seller's representations, warranties and agreements hereunder.

(c) **Operations.** Seller shall not, without the written consent of Purchasers: (i) sell, lease or dispose of or commit to sell, lease or dispose of any of the Purchased Assets, except in the ordinary course of business, consistent with prior practices; (ii) sell broadcast time on a prepaid basis (other than in the course of existing credit practices); (iii) grant or agree to grant any increases in the rates of salaries or compensation payable to employees of the Stations, except for increases required pursuant to express terms of existing employment contracts; (iv) grant or agree to grant any bonus to any employee of the Stations which will not be paid in full by Seller at or prior to the Closing; (v) provide for any new pension, retirement or other employment benefits for employees of the Stations or any increases in any existing benefits; (vi) modify, change or terminate any agreement included in the Purchased Assets without obtaining Purchasers' consent not to be unreasonably withheld; (vii) create, assume or permit to exist any Lien on any of the Purchased Assets, except for those in existence on the date of this Agreement and disclosed in Schedules hereto and except for Permitted Encumbrances; (viii) change the call letters of any of the Stations; or (ix) knowingly take any action which would cause any representation or warranty contained herein to be

or become false or invalid or which could hinder or delay the consummation of the transactions contemplated by this Agreement.

(d) **Continuation of Business.** Seller shall operate the Stations only in the ordinary course and consistent with prior practices. Seller shall use its reasonable efforts to maintain the present character of the Stations and the quality of its programs, and to preserve the business organization of the Stations intact and the good will and business of the customers of the Stations, suppliers and others having business relations with the Stations.

(e) **Contractual Obligations.** Seller shall perform in all material respects as heretofore performed the obligations under the Operating Agreement (so long as the other parties thereto have substantially performed their obligations thereunder).

(f) **Title Reports.** Seller shall provide to Purchasers within sixty (60) days after the date of this Agreement (a) title commitments, issued by a title insurance company reasonably satisfactory to Purchaser, agreeing to issue to Purchasers and their senior lender, on the most current standard ALTA form, leasehold, owners and lenders policies of title insurance with respect to all Owned Real Estate and to all Leased Real Estate which is used as a tower/antenna site together with a copy of each document to which reference is made in such commitments, insuring title in full accordance with the representations and warranties set forth herein and subject only to such conditions and exceptions, and with such endorsements, as Purchasers or their senior lenders may approve or require and (b) up to date surveys of all Owned Real Estate and to all Leased Real Estate which is used as a tower/antenna site, each prepared in accordance with ALTA/ASCM standards and each detailing the legal description, the perimeter boundaries, all improvements thereon, all easements and encroachments affecting each parcel, and such other matters as may be reasonably requested by Purchasers or the title insurance company, each containing a surveyor certificate of recent date reasonably acceptable to Purchasers and the title insurance company, and each prepared by a registered land surveyor. The cost of the title commitments shall be paid by Seller; the cost of the insurance policy premiums and surveys shall be paid by Purchasers.

(g) **Notification.** Seller will provide Purchasers prompt written notice of any change in any of the information contained in the representations and warranties made in Paragraph 6 or any Schedule. Seller agrees to notify Purchasers of any litigation, arbitration or administrative

proceeding pending or, to the best of their knowledge, threatened, which challenges the transactions contemplated hereby. Seller shall promptly notify Purchasers if any of the normal broadcast transmissions of any Station are interrupted, interfered with or in any way impaired, and shall provide Purchasers with prompt written notice of the problem and the measures being taken to correct such problem. If such Station is not restored so that operation is resumed to full licensed power and antenna height within five (5) days of such event, or if more than five (5) such events occur within any thirty (30) day period, or if any of the Stations shall be off the air for more than ninety-six (96) consecutive hours, then Purchasers shall have the right to terminate this Agreement.

(h) **Financial Statements.** Within fifteen (15) days of the end of each month, Seller shall deliver to Purchasers unaudited income statements of the Stations for the month then ended (collectively, the "Interim Financial Statements"). Seller shall furnish to Purchasers any and all information customarily prepared by Seller concerning the financial condition and results of operations of the Stations that Purchasers may request, including weekly sales pacing reports and any sales projections and/or budgets.

(i) **Compliance with Law.** Seller shall comply in all material respects with all applicable Federal, state and local laws, ordinances and regulations (applicable hereto) relating to the operation of each of the Stations and the ownership or stewardship of the Purchased Assets, except in the event Seller in good faith is contesting any applicable federal, state or local law by timely and appropriate proceedings, so long as noncompliance pending the resolution of such proceedings does not prejudice Seller's rights to operate the Stations as presently operated or impair Seller's right, title or interest in the Purchased Assets. The Stations shall be operated in substantial conformity with their respective Licenses, the Act, and the rules and regulations of the FCC, and the Licenses shall remain unmodified in all material respects, except for modifications affecting the radio industry generally. Seller shall pay any fines which may be assessed against Seller by the FCC for any violation of the Licenses, the Act or rules and regulations of the FCC, with respect to the operation of the Stations prior to closing. Should any fact relating to Seller which would cause the FCC to deny its consent to the transactions contemplated by this Agreement come to Seller's attention, Seller will promptly notify Purchasers thereof and will use reasonable best efforts to take

such steps as may be necessary to remove any such impediment to the FCC's consent to the transactions contemplated by this Agreement.

(j) **Exclusivity.** Seller and Purchasers agree that commencing on the date hereof through the Closing or earlier termination of this Agreement, Purchasers shall have the exclusive right to consummate the transactions contemplated herein, and during such exclusive period, Seller agrees that neither Seller, nor any officer, employee or other representative of Seller: (a) will initiate solicit or encourage, directly or indirectly, any inquiries, or the making or implementation of any proposal or offer with respect to a merger, acquisition, consolidation or similar transaction involving, or any purchase of, all or any portion of the Purchased Assets or any securities of Seller (any such inquiry, proposal or offer being hereinafter referred to as an "Acquisition Proposal" and any such transaction being hereinafter referred to as an "Acquisition"); (b) will engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal; or (c) will continue any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal or Acquisition and will take the necessary steps to inform the individuals or entities referred to above of the obligations undertaken by them in this Section.

(k) **Insurance.** Seller will maintain all insurance policies in Schedule 6q.

(l) **Books and Records.** Seller shall maintain the books, accounts and records of the Stations in the usual manner on a basis consistent with prior years.

(m) **Notice.** Seller shall promptly notify Purchasers of any material and adverse developments with respect to the business or operation of the Stations.

(n) **Estoppel Certificates and Consents.** The Seller shall use commercially reasonable efforts to obtain: (i) estoppel certificates from Lessor with respect to leased real estate relating to operations; (ii) consents to the assignments of Assumed Contracts; and (iii) an Amendment to the Sublease between Fisher Broadcasting Washington LLC and Seller containing an option to be exercised by CC to extend the Lease for an additional five (5) years so that the Sublease will terminate on September 30, 2011.

9. **Covenants of Purchasers.** From and after the date of this Agreement through the Closing Date, Purchasers covenant and agree that:

(a) **Necessary Action.** Purchasers shall take all necessary action and use its best efforts to obtain all consents, approvals and agreements which it has obligated itself herein to seek to obtain and to satisfy, or cause to be satisfied, all conditions contained herein, including, without limitation, the approval of the FCC to the Application.

(b) **Purchasers' Actions.** Purchasers shall not take any action which would cause any representation or warranty contained herein to be or become materially false or invalid or which would hinder or delay the consummation of the transactions contemplated by this Agreement.

10. Joint Covenants. Purchasers and Seller covenant and agree that between the date hereof and the Closing Date and after the Closing Date, if applicable, they shall act in accordance with the following:

(a) **Confidentiality.** Subject to the requirements of applicable law, Purchasers and Seller shall each keep confidential all information obtained by it with respect to the other parties hereto in connection with this Agreement and the negotiations preceding this Agreement, and will use such information solely in connection with the transactions contemplated by this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to each other party hereto, without retaining a copy thereof, any schedules, documents or other written information obtained from such other party in connection with this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, no party will be required to keep confidential or return any information which: (a) is known or available through other lawful sources, not known to the disclosing party to be bound by a confidentiality agreement with the disclosing party; (b) is or becomes publicly known through no fault of the receiving party or its agents; (c) is required to be disclosed pursuant to an order request of a judicial or governmental authority (provided the disclosing party is given reasonable prior notice of the order or request and the purpose of disclosure); or (d) is developed by the receiving party independently of the disclosure by the disclosing party.

(b) **Cooperation.** Subject to express limitations contained elsewhere herein, Purchasers and Seller agree to cooperate with one another in taking any actions, including any actions reasonably necessary to obtain the required consent of any governmental instrumentality or

any third party necessary or helpful to accomplish the transactions contemplated by this Agreement, including, but not limited to, the satisfaction of any condition to closing set forth herein.

(c) **Control of the Stations.** Purchasers shall not, directly or indirectly, control, supervise or direct the operations of either of the Stations prior to the Closing.

(d) **Consents to Assignment.** To the extent that any contract identified in the Schedules is not capable of being sold, assigned, transferred, delivered or subleased without the waiver or consent of any third person (including a government or governmental unit), or if such sale, assignment, transfer, delivery or sublease or attempted sale, assignment, transfer, delivery or sublease would constitute a breach thereof or a violation of any law or regulation, this Agreement and any assignment executed pursuant hereto shall not constitute a sale, assignment, transfer, delivery or sublease or an attempted sale, assignment, transfer, delivery or sublease thereof. Subject to the provisions of Section 12(d) hereof, in those cases where consents, assignments, releases and/or waivers have not been obtained at or prior to the Closing Date to the transfer and assignment to Purchasers of the Operating Agreements and the Real Estate Leases, this Agreement and any assignment executed pursuant hereto, to the extent permitted by law, shall constitute an equitable assignment by Seller to Purchasers of all of the Seller's obligations, rights, benefits, title and interest in and to the Operating Agreements and the Real Estate Leases, and where necessary and appropriate, Purchasers shall be deemed to be Seller's agent for the purpose of completing, fulfilling and discharging all of Seller's rights and liabilities arising after the Closing Date under such Operating Agreements and the Real Estate Leases. Seller shall use commercially reasonable efforts to provide Purchasers with the financial and business benefits of such Operating Agreements, and the Real Estate Leases (including, without limitation) permitting Purchasers to enforce any rights of Seller arising under such Operating Agreements and Real Estate Leases, and Purchasers shall to the extent Purchasers is provided with the benefits of such Operating Agreements and the Real Estate Leases, assume, perform and in all due course, pay and discharge all debts, obligations and liabilities of Seller under such Operating Agreements and the Real Estate Leases to the extent that Purchasers was to assume those obligations pursuant to the terms hereof.

(e) **Employee Matters.** The parties acknowledge and agree that CC shall have the right (but not the obligation) to interview and to elect which of employees of Seller that it will

hire and to set the wages and any other compensation that any person so hired shall receive. Seller shall be responsible for the payment of all compensation and accrued employee benefits payable to all employees through the Closing Date. For purposes of employee benefits under the employee benefit plans of Seller, all employees of Seller who accept employment with CC, shall be considered terminated employees and shall not, except to the extent that CC agrees to the same and is compensated by Seller at Closing for the full cost to CC, be entitled to receive from CC credit from any accrued vacation days, sick days, personal days or other such days. Seller acknowledges and agrees that it, and not CC, is and shall after the Closing remain solely responsible for any and all insurance, supplemental pension, deferred compensation, retirement, severance and any other benefits and related costs, premiums and claims, due, to become due, committed or otherwise promised to any person who, as of the Closing Date, is a retiree, former employee, or current employee of Seller, relating to the period up to and including the Closing Date.

(f) **Environmental Audit.** Within sixty (60) days of the date of this Agreement, Purchasers may cause a Phase I environmental audit (the "Environmental Audit") of the Real Property subject to the Real Estate Leases to be conducted. Purchasers shall provide Seller with a copy of such Environmental Audit within fifteen (15) business days of its receipt by Purchasers and at the same time shall give Seller notice of any matter disclosed by the Environmental Audit that requires remediation under any Environmental Law. Seller shall be required to complete such remediation within a period of forty-five (45) days from the date of the Purchasers' notice; provided, however that if Seller reasonably determines the cost of such required remediation (including post-remediation and reporting) would exceed One Hundred Thousand Dollars (\$100,000.00) or that Seller will be unable to complete the remediation within such 45-day period, Seller may give notice to Purchasers within fifteen (15) business days after such determination. Within fifteen (15) days after receipt of such notice from Seller, Purchasers shall give Seller notice of Purchasers' election of one of the following: (a) to accept the real property as is, together with a reduction of the Purchase Price by One Hundred Thousand Dollars (\$100,000.00) and to relieve Seller from any responsibility pertaining to the real property and as otherwise may exist under this Agreement relating to Environmental Laws; or (b) to terminate this Agreement without any liability to Seller. If Purchasers

fails to elect option (a) or (b) above, then Purchasers shall be deemed to have elected option (a). Nothing in this Section 10(f) shall be deemed to extend the Closing Date.

(g) **Engineering Inspection.** It is agreed that within thirty (30) days prior to the Closing Date, Purchasers' engineer may reinspect the tangible personal property to insure that its equipment complies with all warranties and conditions set forth herein. Seller agrees to extend full cooperation to said engineer, including such access to the equipment and to logs pertaining thereto at such time or times as said engineer shall reasonably request. Purchasers shall furnish Seller with a copy of the report of any inspection prior to the Closing Date. If Purchasers' engineer reports that all the equipment fails to comply with said warranties, Purchasers may either: (a) elect to consummate the purchase of the Stations Assets, in which case Seller shall bear the cost of equipment repair in an amount not to exceed \$50,000.00 and such amount shall be deducted from the Purchase Price; or (b) elect to consummate the purchase of the Stations Assets exclusive of the equipment which fails to materially comply with said warranties, in which case the Purchase Price shall be reduced by the fair market value of such equipment excluded.

11. Conditions Precedent to Obligations of Seller. The obligation of Seller to perform, fulfill or carry out its agreements, undertakings and obligations herein made or expressed to be performed, fulfilled or carried out on the Closing Date is and shall be subject to fulfillment of or compliance with, on or prior to the Closing Date, the following conditions precedent, any of which (with the exception of FCC consent) may be waived by Seller:

(a) **Representations, Warranties and Covenants.** Purchasers' representations and warranties and covenants contained in this Agreement shall be true and correct in all material respects as if made on and as of the Closing Date and Purchasers shall have performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by Purchasers prior to or at Closing.

(b) **No Litigation.** Except as set forth herein, no judgment or decree shall be outstanding and no litigation, investigation or proceeding of any kind shall have been instituted with respect to the subject matter of this Agreement which could reasonably be expected to materially adversely affect the ability of Purchasers to comply with the provisions of this Agreement or which would prevent the consummation of this transaction.

(c) **FCC Consent; Other Consents.** The FCC shall have given its consent and the consent shall become a Final Approval, without any condition which would have a material adverse effect upon Seller or its Principals' right to operate the Stations as they have been operated which is unacceptable to Purchasers.

(d) **Other Deliveries from Purchasers.** Seller shall have received the documents described in Section 5(b) hereof.

12. Conditions Precedent to Obligations of Purchasers. The obligation of Purchasers to perform, fulfill or carry out its agreements, undertakings and obligations herein made or expressed to be performed, fulfilled or carried out on the Closing Date is and shall be subject to fulfillment of or compliance with, on or prior to the Closing Date, the following conditions precedent, any of which may be waived by Purchasers:

(a) **Seller's Conveyance.** Seller shall be prepared to convey to Purchasers the Purchased Assets as set forth in Section 2 hereof in accordance with the terms of this Agreement and shall duly execute and delivered to Purchasers all documents and instruments required to be delivered by Seller to Purchasers at Closing, including, without limitation, the assignments, bills of sale, leases and other instruments of transfer set forth in Section 5(a) hereof.

(b) **Representations, Warranties and Covenants.** All representations, warranties and covenants of Seller and Principals in this Agreement shall be true and correct in all material respects as if made on and as of the Closing Date; and Seller and Principals shall have performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at Closing.

(c) **No Litigation.** Except as disclosed in Schedule 6(c), no judgment or decree shall be outstanding, and no litigation, investigation or proceeding of any kind shall have been instituted with respect to the subject matter of this Agreement which could reasonably be expected to materially adversely affect the ability of Seller to comply with the provisions of this Agreement or to prevent or materially adversely affect the operation or use of the Purchased Assets by Purchasers, and none of the Real Property or Tangible Personal Property shall be the subject of any pending or threatened condemnation or other action or proceeding of any kind which is reasonably likely to have a material adverse effect on Purchasers.

(d) **FCC Consent.** The FCC shall have given its consent and such consent shall have become a Final Approval without any condition which would have a material adverse effect upon Purchasers' ability to operate the Stations.

(e) **Operating Consents.** The parties required to give consents to the Assumed Contracts shall have delivered to Seller the consents required in order to assign the Assumed Contracts and Real Estate Leases to Purchasers.

(f) **Counsel's Approval.** All actions, proceedings, instruments and documents required of Seller to carry out this Agreement, shall have been approved by counsel for Purchasers; provided, however, that such approval shall not be unreasonably withheld.

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

(h) **No Adverse Change.** There shall have been no material adverse change in the condition or status of the Stations or Purchased Assets.

13. FCC Application and Approval. Within five (5) Business Days from the date of execution hereof, Seller and Purchasers will join in filing an application for FCC approval of the assignment of the Licenses to Purchasers (the "Application"). Each of the parties diligently will take or cooperate in the taking of all steps which are reasonably necessary or appropriate to expedite the prosecution and grant of the Application, provided, however, that neither Seller nor Purchasers shall have any obligation to satisfy any complaint made to the FCC by taking any steps which would have a material adverse effect upon Seller or Purchasers or upon any Affiliate, but neither the expense, nor the inconvenience to a party of defending against a complaint or an inquiry by the FCC shall be considered a material adverse effect on such party. Neither party by commission or omission shall

cause itself to become unqualified as an FCC Licensee of the Stations, or impair the processing of the Application. In the event the Application, as tendered, is rejected for any reason, the party liable for the rejection shall take all reasonable steps to cure the reason for rejection, and Seller and Purchasers shall jointly resubmit the Application, and any fee required to accompany such a resubmitted Application shall be borne by the party whose portion of the Application caused its rejection.

14. Survival of Representations, Etc. It is the express intention and agreement of the parties to this Agreement that all covenants, agreements and all representations and warranties (the "Warranties") made by Purchasers and Seller in this Agreement shall survive the Closing (regardless of any knowledge, investigation, audit or inspection at any time made by or on behalf of Purchasers or Seller) as follows:

(a) The Warranties in Sections 6(b), 6(d), the second sentence of 6(e), 6(g), 6(k), the second sentence of 6(l), and 6(m) shall survive for a period of three (3) years from the Closing Date.

(b) The Warranties in Section 6(h) or otherwise relating to the federal, state, local or foreign tax obligations of Seller shall survive the Closing for the period of the applicable statute of limitations plus any extensions or waivers granted or imposed with respect thereto.

(c) All other Warranties, except for the Warranties contained in Section 6(e), shall survive for a period of two (2) years from the Closing Date.

(d) The Warranties set forth in Section 6(e) shall survive for a period of one (1) year from the Closing Date.

(e) The right of any party to recover Losses as defined Article 15 hereof shall not be affected by the expiration of any Warranties as set forth herein, provided that notice of the existence of any Losses (but not necessarily the fixed amount of any such Loss) has been given by the indemnified party to the indemnifying party prior to such expiration.

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

15. Purchasers' and Seller's Rights of Indemnification.

(a) **Indemnification by Seller.** Seller and Principals (the "Seller Indemnitors"), jointly and severally, hereby agree to defend, indemnify and hold harmless Purchasers, their members, employees, agents and their successors, assignees and Affiliates (collectively, the "Purchasers Indemnitees") against any and all losses, deficiencies, liabilities, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees (both those incurred in connection with the defense or prosecution of the indemnifiable claim and those incurred in connection with the enforcement of this provision), including environmental liabilities and costs (collectively "Losses") caused by, resulting from or arising out of:

(1) breaches of representation or warranty hereunder or under any of the other agreements to which it is a party on the part of the Seller Indemnitors and failures by Seller to perform or otherwise fulfill any undertaking or other agreement or obligation hereunder or thereunder;

(2) claims arising at any time (whether prior to or after the Closing) in connection with breach of contract, death, personal injury, libel or slander actions, other injury to persons, property damage, losses or deprivation of rights (whether based on statute, negligence, breach of warranty, strict liability or any other theory) to the extent caused by or resulting from, directly or indirectly, the operations of the Stations, by Seller Indemnitors on or before the Closing Date, or any other claims asserted at any time (whether prior to or after the Closing) against Purchasers or Seller Indemnitors arising from any action or inaction of Seller Indemnitors to the extent relating to the ownership, use or operation of the Stations on or before the Closing Date.

(3) any liability arising out of or relating to the Assumed Contracts or Leased Real Estate on or before the Closing Date, including, without limitation, any environmental liability or cost;

(4) any liability for Taxes of Seller or any Affiliate of Seller;

(5) any other liability of Seller Indemnitors not assumed by Purchasers, including, without limiting the generality of the foregoing, those liabilities of Seller described in Section 4 hereof; and

(6) any and all actions, suits, proceedings, claims and demands incident to any of the foregoing or such indemnification; provided, however, that if any claim, liability, demand, assessment, action, suit or proceeding shall be asserted against a Purchasers Indemnatee in respect of which a Purchasers Indemnatee proposes to demand indemnification ("Purchasers Indemnified Claims"), Purchasers or such other Purchasers Indemnatee shall notify Seller Indemnitors thereof, provided, however, that the failure to so notify Seller Indemnitors shall not reduce or affect the obligations of Seller and the Principals with respect thereto except to the extent that said parties are materially prejudiced thereby.

Seller Indemnitors shall have the right promptly upon receipt of such notice to assume the control of the defense, compromise or settlement of any such Purchasers Indemnified Claims (provided that any compromise or settlement must be reasonably approved by Purchasers), including, at its own expenses, employment of counsel reasonably satisfactory to Purchasers; provided, however, that if Seller Indemnitors shall have exercised their rights to assume such control, Purchasers may, in its sole discretion, employ counsel to represent it (in addition to counsel employed by Seller Indemnitors) in any such matter at its expense unless: (i) Purchasers and Seller Indemnitors shall have agreed to the contrary; or (ii) the named party in any such proceeding (including any impleaded parties) includes Seller Indemnitors and Purchasers and representation by the same parties counsel would, in Purchasers' reasonable judgement, be inappropriate due to material, actual or potential, differing interests between the parties. Notwithstanding anything contained in the Agreement or the Note to the contrary, in the event Seller Indemnitors are liable hereunder Purchasers Indemnitees shall have the right to offset the amount of the Purchasers Indemnified Claim against amounts due under the Note. This indemnity shall survive the Closing Date.

(b) **Indemnification by Purchasers.** Purchasers, jointly and severally, hereby agree to defend, indemnify and hold harmless Seller, Principals and Seller's directors, officers and employees and its successors, assignees and Affiliates (collectively, "Seller Indemnitees") from and against any and all Losses caused by, resulting from or arising out of:

(1) breaches of representation or warranty hereunder on the part of Purchasers or any of the other agreements to which it is a party and failures by Purchasers to perform or otherwise fulfill any undertaking or other agreement or obligation thereunder or hereunder;

(2) claims arising at any time in connection with breach of contract, death, personal injury, libel or slander actions, other injury to persons, property damage, Losses or deprivation of rights (whether based on statute, negligence, breach of warranty, strict liability or any other theory) to the extent caused by or resulting from, directly or indirectly, the operations of the Stations, by Purchasers after the Closing Date, or any other claims asserted at any time after the Closing Date against Seller arising from any action or inaction of Purchasers to the extent relating to the ownership, use or operation of the Stations after the Closing Date;

(3) any liability arising out of or relating to the Assumed Contracts and Leased Real Estate after the Closing Date, including, without limitation, any environmental liability or cost;

(4) any other liability of Seller which has been assumed by Purchasers;
and

(5) any and all actions, suits, proceedings, claims and demands incident to any of the foregoing or such indemnification; provided, however, that if any claim, liability, demand, assessment, action, suit or proceeding shall be asserted against a Seller Indemnitees in respect of which a Seller Indemnitees proposes to demand indemnification ("Seller Indemnified Claims"), Seller or such other Seller Indemnitee shall notify Purchasers thereof, provided, however, that the failure to so notify Purchasers shall not reduce or affect Purchasers' obligations with respect thereto except to the extent that Purchasers are materially prejudiced thereby.

Purchasers shall have the right promptly upon receipt of such notice to assume the control of the defense, compromise or settlement of any such Seller Indemnified Claims (provided that any compromise or settlement must be reasonably approved by Seller Indemnitees) including, at its own expense, employment of counsel reasonably satisfactory

to Seller Indemnitees; provided, however, that if Purchasers shall have exercised its right to assume such control, Seller Indemnitees may, in their sole discretion, employ counsel to represent it (in addition to counsel employed by Purchasers) in any such matter at its expense unless (i) Purchasers and Seller Indemnitees shall have agreed to the contrary; (ii) Purchasers shall have failed within a reasonable time to retain counsel satisfactory to Seller Indemnitees; and (iii) the named party in any such proceeding (including any impleaded parties) includes both Seller and Purchasers and representation of said parties by the same counsel would be inappropriate due to material, actual or potential, differing interests between the parties. This indemnity shall survive the Closing Date.

16. Risk of Loss.

(a) Seller's Risk.

(1) The risk of any loss, damage or destruction of any of the Purchased Assets from fire, casualty or other cause shall be borne by Seller at all times prior to the Closing hereunder. Upon the occurrence of any loss, damage or destruction to any of the Purchased Assets as a result of fire, casualty or other cause (other than the acts or omission of Purchasers' agents or representatives) prior to the Closing, Seller shall immediately notify Purchasers thereof in writing, stating with particularity the extent of loss, damage or destruction, the cause thereof, if known and the extent to which restoration, replacement and/or repair will be reimbursed under any insurance policy. The proceeds from any insurance policy shall, if sufficient, be used by Seller to repair, replace or restore such lost, damaged or destroyed Purchased Assets and to restore the Stations to no less than its former condition.

(2) In the event that loss, damage or destruction cannot be restored, replaced or repaired by the Closing Date, either party may postpone the Closing Date no more than thirty (30) days by written notice to the other party, the exact date of such postponed Closing to be designated by the electing party upon at least five (5) Business Days' notice to the other party.

(3) If the Purchased Assets have not been restored, replaced or repaired by a postponed Closing Date, on ten (10) Business Days' notice, Purchasers may terminate

this Agreement or may consummate the Closing, in which event Seller shall assign to Purchasers the proceeds from any policy paid or payable to Seller as a result of such loss, damage or destruction and not theretofore expended by Seller in restoration, replacement or repair of the lost, damaged or destroyed Purchased Assets.

(b) **Cessation of Operations.** Notwithstanding anything set forth above, in the event that, pending Closing, there shall be any casualty or damage due to fire, earthquake, flood or act of God sufficient to preclude operations of the Stations for a period of: (i) seven (7) consecutive days, or (ii) ten (10) days in total, Purchasers may terminate this Agreement on ten (10) days' written notice to Seller.

17. Termination. Subject to Section 18 hereof, if either party elects to exercise its right to terminate this Agreement (provided that the party seeking to terminate is not itself in material breach of this Agreement) due to: (i) the breach or default in any material respect of the representations and warranties or obligations of the other and such breach or default (other than the obligation to pay the Purchase Price) has been neither cured within thirty (30) days after written notice thereof nor waived by the party giving such termination notice; or (ii) if the Closing does not occur by the Upset Date, or: (iii) the Agreement is terminated pursuant to Section 10(f); or (iv) if any court of competent jurisdiction or any governmental agency shall have issued an order, decree, ruling or taken any other action restraining, enjoining or otherwise prohibiting or delaying the transactions contemplated by this Agreement or said governmental agency is reasonably expected to take any action that would delay the consummation of this transaction contemplated hereby and if such actions cannot be resolved within eight (8) months from the taking of such action, or; (v) if the FCC denies the Application or designates it for a trial type hearing, said party may elect to terminate by giving written notice to the other party as provided herein. If this Agreement is terminated pursuant to this Section 17 by its terms the following shall apply:

(a) the respective obligations of the parties to purchase or sell the Purchased Assets shall terminate.

(b) the Deposit shall be disposed of in the manner set out in the Escrow Agreement.

(c) Purchasers shall return to Seller all books, records, documents, agreements, papers, or copies thereof pertaining either to the operation of the Stations, or to Seller, which Purchasers received from Seller or its representatives or agents.

(d) Seller shall return to Purchasers all books, records, documents, agreements, papers or copies thereof pertaining to Purchasers which Seller received from Purchasers or its representatives or agents.

(e) Subject to Section 3(d), Purchasers and Seller each shall pay its own costs and expenses incurred in connection with its own performance under this Agreement and the transactions contemplated herein and neither shall have any further liability or obligation of any nature to the other; provided, however, that if the termination is due to the default by either party hereunder, such above-described termination of obligations shall not exclude any other rights to which either party may be entitled under Section 18 hereof.

18. Remedies.

(a) **Purchasers' Remedies On Default.** If Seller is in default in the performance of its obligations under this Agreement and fails to complete the sale to Purchasers, and Purchasers are not in default hereunder, Purchasers shall be entitled to elect to terminate this Agreement, or to bring an action for specific performance, in addition to all other remedies available under law and equity. Seller acknowledges the reasonableness of specific performance as a remedy for Purchasers to enforce this Agreement because monetary damages would not constitute adequate compensation given the unique nature of the Purchased Assets. This Subsection shall survive termination of this Agreement.

(b) **Seller's Remedies On Default.** If Closing does not occur by reason of Purchasers' default in the performance of any material obligations under this Agreement and Seller is not in default hereunder, Seller shall be entitled as its sole and exclusive remedy to terminate this Agreement and receive as liquidated damages the Deposit and all earnings thereon in accordance with the Escrow Agreement.

19. Assignment. Except as provided in this Section 19, neither party may assign any of its rights, interests or obligations under this Agreement to any other person without the prior written consent of the other party hereto. Seller may grant a security interest in its rights under this

Agreement to its lender. Purchasers expressly consents to Purchasers' assignment of this Agreement to an Affiliate provided that: (i) the Affiliate assumes all of Purchasers' obligations hereunder; (ii) the assignment qualifies for short form processing under 47 C.F.R. Section 73.3540(f); (iii) neither the assignee nor the assignment impairs, adversely affects or delays the Application, and (iv) the Affiliate qualifies as an FCC assignee and such assignment does not adversely impact the assignment of the Licenses and permits; and (v) Purchasers shall remain obligated under this Agreement.

20. Guaranty. Principals hereby, jointly and severally: (i) unconditionally guarantee the representations set forth in Paragraph 6 and performance of the indemnity obligations of Seller set forth in Paragraph 15 hereunder and under all agreements contemplated hereby; (ii) waive presentation to, demand for, payment from and protest to Seller of any of the obligations hereby guaranteed; and (iii) waive notice of protest for non-payment or other non-satisfaction. This guaranty is a continuing guaranty and shall extend to and cover every extension or renewal of, and every obligation accepted in substitution for and every modification of, any obligation guaranteed hereby. No delay on Purchasers' part in exercising any right hereunder, or in taking any action to collect or enforce any obligation hereby guaranteed, shall prejudice Purchasers' rights against either of the Principals. The Principals will not exercise any rights which they acquire by way of subrogation under this guaranty, by any payment made hereunder or otherwise, until all obligations to Purchasers have been paid in full. Principals waive any requirement that Purchasers exhaust any right or take any action against Seller.

21. Notices. All notices and other communications under this Agreement shall: (a) be in writing (which shall include communications by telex and telecopy; (b) be: (i) sent by registered or certified mail, postage prepaid, return receipt requested (and a copy may be sent by prepaid telex or telecopier); or (ii) by Federal Express, return receipt requested; or (iii) delivered by hand; or (c) be given at the following respective addresses and telecopier numbers and to the attention of the following persons:

If to Seller and the Principals:

Tri-Cities Communications, Inc.
4014 S. Olson Court
Kennewick, Washington 99337

Telephone: (509) 547-1618
Telecopier: (509) 547-1618

With a copy to:

Diehl R. Rettig, Esq.
Rettig, Osborne, Forgette
O'Donnell, Iller & Adamson, LLP
6725 Clearwater Avenue
Kennewick, Washington 99336-1788

Telephone: (509) 783-6154
Telecopier: (509) 783-0858

Vincent A. Pepper, Esq.
Pepper & Corazzini
1776 K Street NW
Washington, D.C. 20006

Telephone: (202) 296-0600
Telecopier: (202) 296-5572

If to Purchasers:

Dex Allen
Commonwealth Communications, LLC
2550 5th Avenue
San Diego, California 92103

Telephone: (619) 233-3515
Telecopier: (619) 233-3461

With a copy to:

Barton P. Blumberg P.C.
205 Lexington Avenue
New York, New York 10016

Telephone: (212) 684-7330
Telecopier: (212) 779-7424

The above addressees from time to time may be changed in a writing delivered in accordance with this Section.

22. Broker. Seller, on the one hand, and Purchasers, on the other hand, hereby represent and warrant to each other that no broker brought about this transaction, except The Exline Company (the "Broker") and each agrees to indemnify and hold the other harmless, absolutely, unconditionally and irrevocably, from and against any other claim by any broker, agent or finder fees based upon the claimed conduct of either Seller or Purchasers other than Broker. Seller shall pay all fees to Broker. This paragraph shall survive the Closing Date.

23. Severability. In the event that any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable, all other provisions of this Agreement shall not be affected and shall remain in full force and effect.

24. Bulk Sales Requirements. Purchasers hereby waives compliance by Seller with any bulk-sales notice requirements under applicable law, and Seller shall indemnify and hold Purchasers harmless from any and all losses, liabilities, claims and expenses which shall arise against or be incurred by Purchasers for the failure to comply with such requirements, except to the extent arising out of or relating to assumed liabilities.

25. Cooperation. Each of the parties hereto shall use its reasonable efforts to take or cause to be taken all action to cooperate with the other party hereto, with respect to all actions, and to do, or cause to be done all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

26. Waiver. Any failure of Seller to comply with any of its obligations or agreements herein contained may be waived only in writing by Purchasers. Any failure of Purchasers to comply with any of its obligations or agreements herein contained may be waived only in writing by Seller.

A waiver of any breach of any of the terms or conditions of this Agreement shall not in any way be construed as a waiver of any subsequent breach.

27. **Governing Law.** This Agreement shall be construed and governed in accordance with the internal laws of the State of Washington, without reference to principles of conflicts of law in effect in such state.

28. **Tables, Headings.** The table of contents and Section headings in this Agreement are for convenience and reference only, and shall not be deemed to limit, modify, interpret or construe the meanings or intentions of the parties.

29. **Entire Agreement.** This Agreement, together with the Exhibits and Schedules attached hereto, and any agreements entered into contemporaneously herewith, contain all of the terms and the provisions agreed upon by Seller and Purchasers with respect to the subject matter hereof and supersedes all prior agreements and understandings between Seller and Purchasers. Neither this Agreement nor any term or provision may be changed, terminated or waived orally. No attempted change, termination or waiver of any of the terms or provisions of this Agreement shall be binding unless in writing and signed by the party against which the same is sought to be enforced.

30. **Access to Seller's Files, Books and Records.** Purchasers shall preserve and maintain at the Stations' offices, all of Seller's files, books and records delivered to Purchasers for a period of the greater of three (3) years following the Closing Date or the retention period required by the FCC rules and regulations, and shall on at least five (5) days' advance written notice make same available for inspection by Seller's agents and representatives.

31. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but, all of which shall constitute one and the same instrument.

32. **Section 73.1150 Statement.** Both the Seller and Purchasers agree that the Seller has retained no rights of reversion of the FCC Licenses, has no right to the reassignment of the FCC Licenses in the future and has not reserved the right to use the facilities of the Stations in the future for any reason.

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33. **No Party Deemed Drafter.** No Party will be deemed the drafter of this Agreement and if this Agreement is construed by a court of law such court should not construe this Agreement or any provision against any Party as its drafter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by its duly authorized officers as of the day and year first above written.

SELLER:

TRI-CITIES COMMUNICATIONS, INC.

By: Dean Mitchell

Dean Mitchell, President

PURCHASERS:

COMMONWEALTH COMMUNICATIONS, LLC

By: Commonwealth II, LLC, its sole member

By: Alta/Commonwealth, Inc., its Manager

By: _____

Dex Allen, President

COMMONWEALTH LICENSEE SUBSIDIARY, LLC

By: Commonwealth Communications, LLC,
its sole member

By: Commonwealth II, LLC, its sole member

By: Alta/Commonwealth, Inc., its Manager

By: _____

Dex Allen, President

**AS TO PARAGRAPHS 6,
15 and 20:**

Dean Mitchell
Dean Mitchell

Helen Mitchell
Helen Mitchell

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SELLER:

TRI-CITIES COMMUNICATIONS, INC.

By: _____
Dean Mitchell, President

PURCHASERS:


COMMONWEALTH COMMUNICATIONS, LLC

By: Commonwealth II, LLC, its sole member
By: Alta/Commonwealth, Inc., its Manager

By:  _____
Dex Allen, President

COMMONWEALTH LICENSEE SUBSIDIARY, LLC

By: Commonwealth Communications, LLC,
its sole member
By: Commonwealth II, LLC, its sole member
By: Alta/Commonwealth, Inc., its Manager

By:  _____
Dex Allen, President

**AS TO PARAGRAPHS 6,
15 and 20:**

Dean Mitchell

Helen Mitchell