

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this ___ day of April, 2006, by and between **CHARLES C. TOWNSEND, III** ("Seller") and **DAN ETULAIN** ("Buyer"), both of whom are sole proprietors.

RECITALS

WHEREAS, On April 10, 2006, the FCC granted Seller a construction permit (the "Authorization"), for a new low power television/translator station on Channel 38, call sign K38JG, Anchorage, Alaska;

WHEREAS, Public notice of the grant was given on April 13, 2006; and

WHEREAS, Subject to the consent of the Federal Communications Commission ("FCC"), Seller desires to sell and Buyer desires to acquire from Seller the Authorization and other assets held by Seller, tangible and intangible, real, personal or mixed (collectively the "Assets") used or useful to the operation or proposed operation of Station K38JG.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer and Seller hereby agree as follows:

- 1) **Consideration**. As consideration for the sale of the Assets Buyer shall pay Seller the sum of **Twenty Thousand Dollars** (\$20,000.00) (the "Purchase Price"). On the date this Agreement is signed Buyer shall pay to Seller a good faith deposit (the "Deposit") of **Two Thousand Dollars** (\$2,000.00). The Deposit shall be credited against the Purchase Price at Closing. The Deposit and the balance of the Purchase Price (\$18,000.00), less any deductions as provided below, shall be wire transferred to an account designated by Seller.
- 2) **Assumption of Liabilities**. Buyer shall acquire the Assets free and clear of all deeds of trust, defects in title, mortgages, liens, security interests, prior assignments, taxes, claims, encumbrances, and rights of third parties of any kind or type. Buyer will not assume or be held responsible for any of Seller's liabilities or obligations Seller may incur on or before the Closing Date.
- 3) **Seller's Representations and Warranties**. Seller makes the following representations and warranties:
 - a) Seller has full power and authority to enter into this Agreement and to consummate the transactions contemplated herein;
 - b) This Agreement constitutes Seller's valid and binding obligation, except as the same may be limited to bankruptcy, insolvency or other laws affecting enforcement by creditors;
 - c) The Authorization is valid and in full forces and effect, and Seller is in compliance with all FCC Rules, Regulations, policies and orders;

- d) There are no proceedings pending or threatened by the FCC which would have an adverse affect upon the validity of the Permit, and Seller knows of no facts that reasonably could provide the basis of a complaint or proceeding; Nor are there any pending or threatened insolvency proceedings pending against Seller and relating to the Assets;
- e) Seller has not made any assignment for the benefit of creditors; and
- f) Seller knows of no pending or threatened litigation with respect to the Assets, other than litigation generally affecting the broadcast industry.

4) **Buyer's Representations and Warranties.** Buyer makes the following representations and warranties:

- a) Buyer has full power and authority to enter into this Agreement and to consummate the transactions contemplated herein. Buyer's actions shall not constitute a default of a material agreement or violate any federal, state, or municipal law or regulation;
- b) Buyer knows of no reason why the FCC would not grant an application to assign the Authorization to Buyer, or that Buyer would be required to obtain a waiver of the FCC's Rules as a condition to the consummation of the transactions herein;
- c) There is no pending or threatened litigation against Buyer which questions the validity of this Agreement or the Authorization, or which could reasonably threaten Buyer's ability to fulfill his obligations hereunder; and
- d) Buyer is financially qualified to purchase the Assets and within thirty (30) days from the signature date of this Agreement shall furnish Seller with reasonable evidence thereof.

5) **Operations Pending Closing.** Buyer and Seller shall comply with all federal, state and local laws, ordinances and regulations, including, but not limited to, the Communications Act of 1934, and the Rules, Regulations, policies and orders of the FCC. Seller shall maintain and otherwise keep the Assets at its own expense in good condition free of all liens, encumbrances and claims. Each party shall promptly notify the other of any material adverse change in any information contained herein. Seller shall not terminate or modify any contracts which may be assumed by Buyer, or enter into any contracts extending beyond the date of Closing without the prior written consent of Buyer, which consent shall not be unreasonably withheld.

6) **FCC Approval and Application.** No later than fourteen (14) days after this Agreement is signed, the parties shall file an Application (the "Application") with the FCC to request its consent to the assignment of the Authorization. Buyer and Seller shall be responsible for their own legal fees and expenses; *provided however*, at or before the Closing Seller will reimburse Buyer for one-half on the filing fee advanced by Buyer.

- 7) **Conditions to Closing.** The Closing hereunder is conditioned upon the grant of the Application becoming a Final Order, unless such condition is waived by Buyer. A Final Order shall mean an action by the FCC, which has not been reversed, stayed, set aside or suspended, and no petition to deny, petition for reconsideration or appeal to a federal court for a stay is pending, and the time to file a challenge has expired.
- 8) **Closing.** Seller and Buyer shall use their best efforts to prosecute the Application before the FCC. The Closing hereunder shall be held at a time and place mutually agreed upon by the parties, but within ten (10) days after the grant of the Application becomes a Final Order.
- 9) **Upset Date.** Provided that such party is not in material default hereunder, either party may terminate this Agreement upon notice to the other party, if the FCC fails or refuses to grant the Application by May 31, 2007.
- 10) **Remedies Upon Default.** If Buyer breaches any representation, warranty, covenant or agreement under this Agreement, at the Buyer's election, in addition to any other remedy available to it, Buyer shall be entitled to seek an injunction restraining any such breach or threatened breach and, subject to obtaining the FCC's consent to the assignment of the Authorization from Seller to Buyer, Buyer may seek a decree of specific performance requiring Seller to fulfill its obligations under this Agreement without the necessity of showing economic loss or other actual damages. In the event of a breach or threatened breach by Seller of any representation, statement warranty, covenant or agreement under this Agreement, Seller may retain the Deposit as liquidated damages, which shall be Seller's sole and exclusive remedy; *provided, however*, that the non-breaching party shall have twenty (20) calendar days to cure such breach after receiving a default notice from the other party.
- 11) **Seller's Performance.** At Closing, Seller shall deliver to Buyer:
- a) A written an assignment of the Assets, and any other instruments requested by Buyer to convey to Buyer marketable title to the Assets;
 - b) Seller's Certificate attesting to Seller's compliance with all representations, statements, warranties, covenants or agreements under this Agreement; and
 - c) Any other documents requested by Buyer in order to consummate the transactions herein.
- 12) **Buyer's Performance.** At Closing, Buyer shall deliver to Seller:
- a) The balance of the Purchase Price less an amount representing reimbursement for Buyer's payment of the FCC filing fee as provided in paragraph 6 above; and

b) Buyer's Certificate attesting to Buyer's compliance with all representations, statements, warranties, covenants or agreements under this Agreement.

c) Any other documents reasonably required by Seller in order to consummate the transactions herein.

13) **Termination**

a) **Mutual Consent**. At any time by the parties' mutual written agreement. Upon such termination Seller shall refund the Deposit to Buyer.

b) **Finality of Authorization Grant**. By Buyer if for any reason the grant of the Authorization for Station K38JG does not become a Final Order by May 24, 2006. Upon termination hereof Seller shall refund the Deposit to Buyer.

c) **Denial of Application**. By either party if the FCC denies the Application or designates it for hearing. Upon such termination Seller shall refund the Deposit to Buyer.

d) **Default**. By either party if the other party breaches this Agreement, provided that the terminating party is not itself in default hereunder.

14) **Assignment and Benefit**. This Agreement and all covenants, statements, representations, or warranties in this Agreement shall inure to the benefit of the parties hereto and its respective successors and permitted assigns. Buyer shall have the right to assign and/or delegate all or any portion of its rights and obligations under this Agreement to any entity owned or controlled by Buyer. Buyer shall not be relieved of its obligations under this Agreement in the event that its assignee fails to perform the delegated obligations.

15) **Notice**. Any notice, demand or request required to be given under this Agreement shall be in writing, and shall be deemed to have been received on the date of personal delivery, on the third day of deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by overnight delivery service for next morning or second day delivery, and shall be addressed as provided at the foot of this Agreement.

16) **Additional Documents**. Prior to, on, or within one (1) year after the Closing Date, each party shall, at the request of the other, furnish and deliver all documents and instruments reasonably necessary to fully consummate the transactions contemplated by this Agreement.

17) **Paragraph Headings.** Paragraph headings have been inserted for reference only and shall not be deemed to limit or interpret, in whole or in part, any of the terms or provisions of this Agreement.

18) **Entire Agreement.** This Agreement embodies the entire agreement between Buyer and Seller with respect to sale of the Assets. There are no other agreements, expressed or implied, except as expressly stated above. This Agreement may be modified only in writing signed by the parties.

19) **Applicable Law.** Construction and interpretation of this Agreement shall be governed by the Laws of the State of Rhode Island, excluding any conflicts or choice of law rule or principle that might otherwise refer construction and interpretation of this Agreement to the substantive Laws of another jurisdiction.

20) **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. Signatures of the parties transmitted electronically or by facsimile shall be deemed to be original signatures and shall constitute effective execution and delivery of this Agreement.

21) **Attorneys' Fees.** If either party initiates any litigation against the other involving this Agreement, the prevailing party in such action shall be entitled to receive reimbursement from the other party for all reasonable attorneys' fees and other costs and expenses incurred by the prevailing party in respect of that litigation, including any appeal, and such reimbursement may be included in the judgment or final order issued in that proceeding.

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[Signature page]

IN WITNESS WHEREOF, Seller and Buyer have signed below to indicate its agreement with the foregoing and its intent to be bound thereby.

CHARLES C. TOWNSEND, III (Seller)

Signature: _____

Address: 4 Richmond Square, Suite 330
Providence, Rhode Island 02906

Dated: _____

DAN ETULAIN

By:  _____

DAN ETULAIN
Address: North Star Television Network
520 Lake Street
Sitka, AK 99835

Dated:  _____

