

ASSET PURCHASE AGREEMENT

Among

Shenandoah Valley Television, LLC

as Seller,

and

Force Five Communications, Inc.

Purchaser

November, 2004

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## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “Agreement”) is made and entered into as of this 24TH day of NOVEMBER, 2004, by and among Shenandoah Valley Television, LLC, a Virginia limited liability company (“Seller”), and Force 5 Communications Inc, A New Hampshire Corporation (“Purchaser”).

### RECITALS

A. Seller holds the licenses, permits, approvals, and authorizations, and applications therefore (collectively, the “FCC Licenses”) issued by the Federal Communications Commission (the “FCC”) and used in connection with the operation of commercial broadcast radio stations WBOP(FM), Churchville, VA and WSIG(FM), Mount Jackson, VA (collectively, the “Stations”), and the other Assets (as defined in Section 1.1) used in connection with the operation of the Stations.

B. Seller desires to sell to Purchaser the Assets, and Purchaser desires to purchase and acquire the Assets from Seller for the consideration and upon the terms and conditions herein provided, subject to FCC approval.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the parties hereto, intending to be legally bound, do hereby agree as follows:

### ARTICLE I

#### ASSETS BEING SOLD AND PURCHASED AND PURCHASE PRICE

**1.1 Assets.** Upon the terms and subject to the conditions set forth in this Agreement, Seller hereby agrees to sell, assign, convey, transfer, and deliver to Purchaser at the Closing (as defined in Section 2.1 hereof), and Purchaser hereby agrees to purchase at the Closing, free and clear of all Liens (as defined in Section 1.3(a) hereof) (other than Permitted Liens (as defined in Section 1.3(a) hereof)), all of Seller’s right, title, and interest in and to the tangible and intangible assets (except as expressly provided in Section 1.2 hereof) owned by, licensed to, or leased to Seller, or otherwise used by, useful to, or held for use by Seller in connection with the operation of the Stations immediately prior to the Closing (collectively, the “Assets”), including, but not limited to:

(a) the FCC Licenses and all other licenses, permits or authorizations, if any, issued by the Federal Aviation Administration (the “FAA”), any other regulatory agency, or any Federal, state or local governmental authority that is required in connection with the ownership and operation of the Stations, as set forth in Schedule 1.1(a) hereto, and all applications therefore, together with any renewals, extensions or modifications thereof and additions thereto (collectively, and including the FCC Licenses, the “Authorizations”);

(b) all of Seller’s, or Seller’s affiliates’, right, title and interest in and to the Stations’ transmitters, antenna towers, antenna systems, cables, fixtures, equipment, electrical devices, machinery, tools, inventories of supplies, tapes, including recorded commercials and

programming, spare parts, the 1991 Dodge Caravan Station Van, furniture, computers, telephone systems, office equipment, and any other tangible assets or personal property of every kind and description, which are owned or leased by Seller and used or held for use in connection with the operation of the Stations, which assets and property (except for items of property with a fair market value not in excess of One Thousand Dollars (\$1,000)) are set forth in Schedule 1.1(b) hereto (collectively, the “Tangible Personal Property”), plus such additions thereto and minus such deletions therefrom as are permitted by the provisions of this Agreement;

(c) all right, title, and interest of Seller in and to (collectively, the “Assumed Contracts”) (i) the contracts, leases, agreements, and commitments listed on Schedule 1.1(c) hereto (including, without limitation, rights to deposits under leases or held by utilities or others), (ii) any other contracts and agreements pertaining to the Stations (whether identified prior to the execution of this Agreement or subsequently) that Purchaser specifically agrees in writing to assume in its sole discretion, and (iii) any additional contracts or agreements executed and delivered, if written, or entered into orally, if oral, by Seller between the date hereof and the Closing Date that Purchaser specifically agrees in writing to assume in its sole discretion;

(d) Seller’s right, title and interest in and to all call signs or letters used with respect to the Assets, including “WBOP(FM)” and “WSIG(FM),” and all trade names, trademarks, service marks, copyrights, and patents (registered or unregistered, and including applications and licenses therefore), and all telephone numbers and listings, trade secrets, universal resource locators, Internet domain names, website addresses, the use of content of such websites accessible by the public and “visitor” email databases in connection with such sites, used or held for use in connection with the operation of the Stations (including any and all common law rights, applications, registrations, extensions and renewals relating thereto), including those listed and described in Schedule 1.1(d) hereto, together with the goodwill associated therewith, and any logograms, jingles, slogans and other intangible personal property associated therewith;

(e) all real property used or held for use in connection with the operation of the Stations, including the real property listed and described in Schedule 1.1(e) hereto, and including the fee estates and buildings, fixtures, and improvements thereon, leasehold interests, easements, rights to access, rights-of-way, and other real property interests which are owned by Seller and used in or held for use in connection with operation of the Stations, plus such additions thereto and minus such deletions therefrom as are permitted by the provisions of this Agreement (collectively, the “Real Property”);

(f) all books, files, records, and computer systems and software relating to the Assets, the Stations, and the business or operation of the Stations, including proprietary information, schematics, technical information and engineering data, machinery and equipment warranties, maps, computer discs and tapes, software, rights to use telephone numbers, drawings, blueprints, plans, engineering data and processes developed or acquired by Seller and used or intended for use in connection with the Stations or the Assets, programming information, books of accounts, financial statements, state sales tax books, records, and returns, employment records, customer lists and files, purchase and sales records and other sales and traffic information, correspondence, advertising records, market data and information relating to the Stations’ markets, files, literature, copies of the Assumed Contracts, and the FCC required logs,

files, and records, including each Station's complete public inspection file, but not including (i) those books, files, and records set forth in Section 1.2 below, and (ii) any corporate or accounting books or records of Seller which do not relate to the operation of the Stations and the Assets, or which relate to Seller's past or current income tax liabilities;

(g) all advance payments to Seller by advertisers for advertising that would run after the Closing Date and other advance payments by third parties for services to be provided by or for the Stations after the Closing Date;

(h) except (i) for claims relating to taxes, (ii) as otherwise provided in Schedule 1.1(h), or (iii) for reimbursement of payments already made by Seller, all rights and claims of Seller against third parties relating to the Assets; and

(i) all other assets of Seller used principally in connection with the business or operation of the Stations, other than the Excluded Assets (as defined in Section 1.2 hereof).

**1.2 Excluded Assets.** Notwithstanding anything to the contrary contained in this Agreement, the Assets do not include, and Seller shall not, and is not hereby agreeing to, sell, assign, transfer, deliver, or convey to Purchaser, other than the amounts described in Section 1.1(g), (a) cash and cash equivalents on hand or on deposit in banks, (including, without limitation, certificates of deposit, commercial paper, treasury bills, and money market accounts), marketable securities, or intercompany or inter-affiliate accounts, and any similar accounts, (b) prepayments (such as deposits on leasehold interests and utilities, prepaid taxes and insurance premiums); (c) any insurance policies and contracts of insurance, and proceeds therefrom; (d) promissory notes, amounts due from employees, bonds, letters of credit, certificates of deposit, other similar items, and any cash surrender value in regard thereto; (e) any pension, profit-sharing, or employee benefit plans, including Seller's interest in any welfare plan, pension plan, or benefit arrangement; (f) any collective bargaining agreements; (g) all tax returns and supporting materials, all original financial statements and supporting materials, all books and records that Seller is required by law to retain, and all records of Seller relating to the sale of the Assets; (h) any interest in and to any refunds or overpayments of Federal, or local franchise, income, or other taxes for periods prior to the Closing Date; (i) any accounts receivable of the Stations or Seller, which shall be collected as set forth in Section 5.10 of this Agreement; (j) any contract, lease, or agreement other than the Assumed Contracts; (k) duplicate copies of the books and records necessary to enable Seller to file its tax returns and reports; (l) all tangible and intangible personal property within the Assets disposed of or consumed in the ordinary course of business consistent with the past practices of Seller, and the terms and conditions of this Agreement, between the date hereof and the Closing Date; and (m) subject to Section 5.13 of this Agreement, all Assumed Contracts that have terminated or expired prior to the Closing Date in the ordinary course of business consistent with the past practices of Seller, and the terms and conditions of this Agreement (together (a)-(m), the "Excluded Assets").

### **1.3 Liabilities.**

(a) The Assets shall be sold and conveyed to Purchaser by instruments of conveyance in form reasonably satisfactory to Purchaser and free and clear of all mortgages, liens, deeds of trust, security interests, pledges, restrictions, prior assignments, charges, claims,

and encumbrances of any kind or type whatsoever (collectively, the “Liens”) except: (i) Liens for real estate taxes not yet due and payable for which Purchaser receives a Purchase Price (as defined in Section 1.4(a) hereof) adjustment; and (ii) the post-Closing obligations of Seller which Purchaser will assume under the Assumed Contracts ((i) and (ii) collectively, the “Permitted Liens”).

(b) Solely to the extent specifically assumed by Purchaser as of the Closing Date, Purchaser will assume and agree to pay for, discharge and perform insofar as they relate to the time period on and after the Closing Date, and arise out of events occurring on or after the Closing Date, all the obligations and liabilities of Seller under the Assumed Contracts (the “Assumed Obligations”). Otherwise, Purchaser shall not assume or be liable for, and does not undertake to attempt to, assume or discharge: (i) any liability or obligation of Seller arising out of or relating to any contract, lease agreement, or instrument; (ii) any liability or obligation of Seller arising out of or relating to any employee benefit plan or otherwise relating to employment (all employment obligations shall be brought current by Seller as of the Closing Date, including the payment of all accrued benefits and severance pay and all bonuses, whether or not such benefits or bonuses are due as of the Closing Date); (iii) any liability or obligation of Seller arising out of or relating to any litigation, proceeding or claim (whether or not such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Closing Date); (iv) any other liabilities, obligations, debts or commitments of Seller whatsoever, whether accrued now or hereafter, whether fixed or contingent, whether known or unknown; or (v) any claims asserted against the Stations or any of the Assets relating to any event (whether act or omission) occurring prior to the Closing Date including, without limitation, the payment of all taxes.

(c) Purchaser shall in no event assume any liability or obligation arising (i) from the assignment to Purchaser of any contract, lease or agreement in violation of its terms or (ii) from any other breach or default by Seller upon or prior to Closing under any contract, lease or agreement.

(d) Seller retains and shall hereafter pay, satisfy, discharge, perform and fulfill all obligations and liabilities not expressly assumed by Purchaser hereunder as they become due, without any charge or cost to Purchaser, and Seller agrees to indemnify and hold Purchaser and its successors and assigns harmless from and against any and all such liabilities in accordance with the terms of Article IX.

**1.4 Purchase Price.** (a) Upon the terms and subject to the conditions set forth in this Agreement, and in consideration for the sale, assignment, conveyance, transfer, bargain, and delivery of the Assets to Purchaser pursuant to the terms hereof, the purchase price hereunder (the “Purchase Price”) shall be Three Million One Hundred Thousand Dollars (\$3,100,000.00) payable in cash by Purchaser by wire transfer of immediately available funds, to Southmayd & Miller Escrow Account, subject to any adjustments hereinafter described, less the amount of the Escrow Funds, together with interest thereon, as provided in Section 1.4(b) below.

(b) Upon execution and delivery of this Agreement, Purchaser shall place in escrow with Southmayd & Miller (the “Escrow Agent”), pursuant to the terms and conditions of an escrow agreement (the “Escrow Agreement”) substantially in the form of Exhibit A hereto and which is being executed and delivered by Purchaser, Seller and the Escrow Agent



contemporaneously herewith, cash in an amount equal to One Hundred Fifty Thousand Dollars (\$150,000) (the “Escrow Funds”), which Escrow Funds shall be held and released by the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement. Any Escrow Funds and interest thereon delivered to Seller at Closing shall be credited toward the Purchase Price.

**1.5 Additional Fees.** Seller shall bear any and all sales and use taxes arising out of the transactions contemplated by this Agreement, including any applicable “bulk sales” tax. Purchaser and Seller shall bear equally any transfer, conveyance, recordation and filing fees, taxes or assessments, including fees in connection with the conveyance of real property and the recordation of instruments related thereto, applicable to, imposed upon, or arising out of the sale, assignment, conveyance, and transfer to Purchaser of the Assets as contemplated by this Agreement, provided that Seller shall pay all income taxes or other fees based upon gain realized by Seller as a result of the sale of the Assets. Purchaser and Seller shall bear equally all of the FCC filing fees incurred in connection with the Application (as defined in Section 5.1).

## **ARTICLE II**

### **CLOSING AND CLOSING DELIVERIES**

**2.1 Closing.** The term “Closing” as used herein shall refer to the actual conveyance, transfer, assignment, and delivery of the Assets to Purchaser in exchange for the payment to Seller by Purchaser of the consideration payable pursuant to Section 1.4 hereof on the Closing Date, and shall be deemed effective as of 12:01 a.m. Eastern Time on the Closing Date. The Closing shall take place at such place and hour as shall be mutually agreed upon by Purchaser and Seller or the Closing may be conducted by mail or courier delivery of documents executed in counterparts; provided, however, that the Closing shall be held no later than ten (10) business days after the date on which the FCC Consent (as defined in Section 5.1) has become a Final Order (as defined in Section 6.1(j)) (such date referred to herein as the “Closing Date”), subject to the satisfaction or waiver of the other conditions set forth in Articles VI and VII of this Agreement.

**2.2 Closing Deliveries.**

(a) At the Closing, Seller shall deliver (or cause to be delivered) to Purchaser the following documents and instruments of conveyance and assignment, in each case reasonably satisfactory in form and substance to Purchaser and its counsel and duly executed by Seller or such other signatory as may be required by the nature of the document:

(i) bills of sale, certificates of title, endorsements, assignments, consents and other good and sufficient instruments of sale, conveyance, transfer and assignment sufficient to sell, convey, transfer and assign the Authorizations, the Assumed Contracts and the other Assets to Purchaser free and clear of any Liens (other than Permitted Liens) and to quiet Purchaser’s title thereto;

(ii) certified copies of the required consents and/or resolutions of the manager of Seller, which shall be in full force and effect at the time of the Closing, authorizing

the execution, delivery and performance by Seller of the transactions contemplated by this Agreement;

(iii) certificates dated as of the Closing Date, executed by the manager of Seller certifying (A) that the representations and warranties of Seller contained in this Agreement are true and complete in all material respects as of the Closing Date, except for changes contemplated by this Agreement and except for representations and warranties expressly made solely as of a prior date; and (B) that Seller has, in all material respects, performed all of its obligations and complied with all of its covenants set forth in this Agreement to be performed and complied with by it prior to or on the Closing Date;

(iv) Subject to the provisions of Section 1.2 hereof, copies of all Authorizations, Assumed Contracts, blueprints, schematics, working drawings, plans, projections, statistics, engineering records, and all files and records regarding the Assets and used by Seller in connection with the Assets and the Stations' operations;

(v) if ordered and diligently pursued in good faith by Purchaser, the Studies described in Section 5.7 hereof;

(vi) certificates from the appropriate governmental officials of Virginia as to the good standing of Seller and a copy of the resolutions of the manager of Seller authorizing the execution and delivery of this Agreement and the performance of his obligations hereunder, which copies shall be certified by the Seller, such certification to be reasonably satisfactory to Purchaser;

(vii) all consents and estoppel certificates required pursuant to this Agreement;

(viii) an opinion of Seller's corporate counsel and an opinion of Seller's FCC counsel in the forms attached hereto as Exhibit C and Exhibit D;

(ix) fully executed Assignment and Assumption of Lease Agreements in the forms attached hereto as Exhibit E and Exhibit F;

(x) to the extent not previously transferred, the files, records and other information referenced in Section 1.1(f);

(xi) written instructions by Seller to terminate the Escrow Agreement and deliver the Escrow Funds and interest thereon to Seller; and

(xii) such other documents to be delivered by Seller and as are reasonably necessary for Purchaser to effectuate and document the transactions contemplated herein.

(b) At Closing, Purchaser shall deliver to Seller in a form reasonably agreeable to Seller and its counsel:

(i) the Purchase Price, which shall be paid in the manner specified in Section 1.4;

(ii) an instrument or instruments of assumption of the Authorizations, the Assumed Contracts and the other Assets to be assumed by Purchaser pursuant to this Agreement;

(iii) a certificate, dated as of the Closing Date, executed by an officer of Purchaser, certifying that (A) the representations and warranties of Purchaser contained in this Agreement are true and complete in all material respects as of the Closing Date, except for changes contemplated by this Agreement and except for representations and warranties expressly made as of a prior date; and (B) Purchaser has, in all material respects, performed all of its obligations and complied with all of its covenants set forth in this Agreement to be performed and complied with prior to or on the Closing Date;

(iv) written instructions by Purchaser to terminate the Escrow Agreement and deliver the Escrow Funds and interest thereon to Seller;

(v) such other documents to be delivered by Purchaser hereunder as are reasonably necessary to effectuate and document the transactions contemplated herein.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Purchaser as follows:

**3.1 Good Standing.** Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the Commonwealth of Virginia, and is duly qualified to conduct business in the Commonwealth of Virginia. Seller has all requisite power and authority (a) to own, lease, and use the Assets as presently owned, leased, and used, (b) to conduct the business and operations of the Stations as presently conducted, and (c) to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms and conditions to be performed and complied with by Seller hereunder and thereunder. Seller holds all material rights, franchises, licenses, permits, authorizations, and approvals (governmental and otherwise), including the licenses and permits issued by the FCC, necessary to own and operate its properties and to carry on and conduct the business of the Stations as it is presently carried on and conducted. Seller is not a participant in any joint venture or partnership with any other person or entity with respect to any part of the Stations' operations or the Assets.

**3.2 Right, Power and Authority.** Seller has taken all requisite action in order to authorize the execution, delivery, and performance of this Agreement and the consummation of the sale of the Assets and the other transactions contemplated hereby. This Agreement and the Escrow Agreement have been duly executed and delivered by Seller and are the legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their terms.

**3.3 No Conflicts or Defaults.** Neither the execution, delivery, nor performance of this Agreement by Seller, nor the consummation of the sale and purchase of the Assets or any other transaction contemplated hereby, after the giving of notice, or the lapse of time, or both, (a) conflicts with, results in a breach of, or constitutes a default under, the articles

of incorporation, bylaws, operating agreement, or other organizational instrument, of Seller, or any Federal, state or local law, statute, ordinance, rule, or regulation, or any court or administrative order or process applicable to Seller; (b) conflicts with, constitutes grounds for termination of, results in an organizational breach of, constitutes a default under, violates any right of first refusal or similar right granted to a third party under, or accelerates or permits the acceleration of any performance required by the terms of, any contract, agreement, arrangement, commitment, plan, instrument, license, or permit to which Seller is a party or by which Seller or the Assets are bound and which relates to the ownership or operation of the Stations or the Assets; provided, however, that certain Assumed Contracts listed in Schedule 1.1(c) hereto are not assignable without the consent of another party; or (c) results in the creation of any mortgage, pledge, lien, claim, liability, charge, condition, or encumbrance, other than Permitted Liens, upon any of the Assets utilized or required in connection with the operation of the Stations, other than as expressly contemplated by this Agreement.

**3.4 Broker's Fee.** Neither this Agreement, nor the sale and purchase of the Assets contemplated by this Agreement, was induced or procured through the services of any person, firm, corporation, or other entity acting on behalf of or representing Seller as broker, finder, investment banker, financial advisor, or in any similar capacity, except for Envest Media, Inc. whose brokerage fee shall be the paid for by Seller at the closing. The parties acknowledge that Richard A. Foreman Associates Incorporated advised the Purchaser in this transaction and the Purchaser shall be solely responsible for any advisory fee due Richard A. Foreman Associates Incorporated.

### **3.5**

**3.6 FCC Licenses and Other Authorizations.** Seller legally holds the FCC Licenses and other Authorizations identified on Schedule 1.1(a) hereto. Schedule 1.1(a) includes a true and complete list of all FCC Licenses and all other Authorizations, except as otherwise noted therein. Seller has delivered to Purchaser true and complete copies of the Authorizations (including any and all amendments and other modifications thereto). The FCC Licenses and other Authorizations were validly issued and are in full force and effect, unimpaired by any act or omission by Seller or its partners, managers, officers, directors, employees or agents. The FCC has validly issued or renewed the FCC Licenses for each of the Stations for the full license terms normally granted to radio broadcast stations in the Commonwealth of Virginia without any "materially adverse condition" (as defined in Section 5.1(b)). Other than the FCC Licenses and the other Authorizations set forth in Schedule 1.1(a) hereto, and except as provided in Schedule 3.5 hereto, no franchises, licenses, permits, approvals, or authorizations are required in order for Seller to legally own and operate the Stations in the manner and to the full extent that they are operated on the date hereof and on the Closing Date, and none of the FCC Licenses or other Authorizations are subject to any restriction or condition which would limit the full operation of the Stations as required by the FCC and as presently operated or as operated on the Closing Date, other than (a) restrictions set forth in the FCC Licenses and other Authorizations on the date hereof, and (b) restrictions of general applicability to the radio broadcasting industry as a whole. Other than proceedings of general applicability affecting or purporting to affect all similarly-situated radio broadcasting stations, there is not now pending or, to the knowledge of Seller, threatened: (a) any action or proceeding by or before the FCC or by or before any other governmental body to revoke, refuse to renew, or modify the FCC Licenses or any other

Authorizations; or (b) any petition, investigation, inquiry, complaint, notice of violation, notice of apparent liability, or notice of forfeiture against any of the Stations or against Seller with respect to any of the Stations. No applications are currently pending before the FCC with respect to the Stations.

**3.7 FCC Compliance.** The Stations, their physical facilities, electrical and mechanical systems, and transmitting and studio equipment are operated in all material respects in accordance with the specifications of the FCC Licenses and the rules and regulations of the FCC. Without limiting the foregoing, all transmission towers and equipment have been operated and maintained by Seller in material compliance with the Communications Act of 1934, as amended, and with the rules and regulations of the FCC and the FAA and all such towers have been approved by the FAA and properly registered with the FCC as necessary. The operation of the Stations does not cause or result in the exposure of workers or the general public to levels of radio frequency radiation in excess of the exposure limits set out in 47 C.F.R. §1.1310 and the renewal of the FCC Licenses would not constitute a “significant impact” on the environment, within the meaning of 47 C.F.R. §1.301 et seq. To Seller’s knowledge, none of the Stations is causing or receiving electrical interference to any other station or communications facility in violation of the FCC rules and regulations and Seller has not received any complaints or allegations of such interference. All reports and other filings required by the FCC with respect to the Stations have been duly and currently filed in all material respects, and all such filings have been timely placed in each Station’s public inspection file as required by the rules and regulations of the FCC.

**3.8 Seller Qualifications.** Seller is qualified to hold and to assign the FCC Licenses. Seller has no reason to believe that either the assignment of FCC Licenses contemplated herein or the next renewal of the FCC Licenses might be challenged or might not be granted by the FCC in the ordinary course.

**3.9 Title to Assets.** Seller has good and marketable title to all of the Assets, free and clear of any mortgages, pledges, liens, encumbrances, or other charges or rights of others of any kind, except for (a) Permitted Liens and (b) the mortgages, pledges, liens, encumbrances, or other charges or rights of others listed in Schedule 3.8 all of which will be removed on or before the Closing Date.

**3.10 Real Estate.** Schedule 1.1(e) hereto describes all interests, including all leasehold interests, in real estate included in the Assets, and the nature of the right, title, or interest that Seller has in such real estate, including a legal description of such real estate. All leases included in the Assets are valid, binding, and enforceable in accordance with their terms, subject to applicable provisions of any subsequently-enacted landlord-tenant laws of the jurisdiction in which each such lease is to be performed. Seller is not in material breach, nor to Seller’s knowledge is any other party in material breach, of the terms of any such leases, or other instruments, except as disclosed in Schedule 1.1(e). The leases (the “Leases”) attached hereto as Schedule 1.1(e) are true and correct copies and constitute the full agreement of the parties thereto with respect to the subject matter therein. The Leases are in full force and effect and have not been modified or amended in any respect. Seller has not subleased, assigned or otherwise transferred any interest in the Leases. Seller is not in default under the Leases nor does Seller have knowledge of any event which, with or without the giving of notice and passage of time,

will constitute a default by Seller under the Leases. Seller knows of no default by the respective landlords in any of their obligations under the Leases, nor does Seller have knowledge of any event which, with or without the giving of notice or the passage of time, will constitute a default by either landlord under the respective Leases. Seller is the current tenant under the Leases, has the full right and authority to assign the Leases to Purchaser, subject only to obtaining consent of the respective landlords to the assignments, and no other person has any interest in or claim to Seller's interest in the Leases.

### **3.11 No Litigation or Violations of Law.**

(a) Except for matters affecting the radio broadcasting industry generally, and except for those matters set forth in Schedule 3.10(a) hereto, there is no litigation at law or in equity, no arbitration proceeding, and no proceeding before or by any court, commission, agency, or other administrative or regulatory body or authority, pending or, to the knowledge of Seller, threatened, which would reasonably be expected to have a material adverse effect upon the Stations or Seller's ability to perform in accordance with the terms of this Agreement.

(b) Except as disclosed in Schedule 3.10(b) hereto, there is no labor trouble, dispute, grievance, controversy, strike, union representation, or request for union representation pending, or, to the knowledge of Seller, threatened, against Seller relating to or affecting the business or operation of the Stations.

(c) Seller owns, leases and operates its properties and assets, and carries on and conducts the business and affairs of the Stations, in material compliance with all Federal, state, and local laws, statutes, ordinances, rules, and regulations. To Seller's knowledge, neither the ownership or use of its properties, nor the conduct of the business or operations of the Stations, conflicts in any material way with the rights of any other person, firm, corporation or entity.

(d) All transmitting towers, related improvements, guy anchors of the transmitting towers, ground systems and transmitter buildings used by Seller in the operation of the Stations are free of structure defects, suitable for their intended use, in good maintenance and repair (reasonable wear and tear excepted) and located entirely on the Real Property.

**3.12 Intellectual Property.** All patent, trademark, trade name, service mark, or brand name registrations and copyright registrations, licenses, permits, jingles, privileges, and other similar intangible property rights and interests and all pending applications or applications to be filed, if any, therefor, owned by Seller and used in the operation of the Stations are disclosed in Schedule 1.1(d) hereto. Seller has delivered to Purchaser copies of all documents, establishing or supporting Seller's claim to such rights, licenses, or other authority. To the knowledge of Seller, the ownership and operation of the Stations and the Assets, as presently owned and operated, do not infringe upon or conflict in any material respect with any patent, trademark, trade name, service mark, brand name or copyright of any other person, firm, corporation, or entity.

**3.13 Contracts.** Schedule 1.1(c) hereto sets forth (a) all program contracts, real and personal property leases, and other contracts, agreements, and commitments to which

Seller or the Stations are a party as of the date hereof and which relate to the Assets, or the operation of the business or affairs of the Stations, and (b) all leases under which Seller is the lessee or lessor of tower space on any tower included in the Assets or used in the operation of the business of the Stations. Seller has made available to Purchaser, true and complete copies of all such written contracts, leases, agreements, and commitments, and true and complete memoranda of all material oral contracts, leases, agreements, and commitments (including any and all amendments and other modifications to such contracts). Except as otherwise disclosed in Schedule 1.1(c) hereto, all of the Assumed Contracts (as of the date hereof) are in full force and effect, and are valid, binding, and enforceable in accordance with their terms. Seller is not in material breach, nor is any other party in material breach, of the terms of any of the Assumed Contracts. Except as expressly set forth in Schedule 1.1(c) and Schedule 3.12, Seller is not aware of any intention of any party to any Assumed Contract (a) to terminate such Assumed Contract, or to amend the terms thereof, (b) to refuse to renew the same upon its expiration of its term, or (c) to renew the same upon its expiration only upon terms and conditions which are more onerous than those pertaining to such existing Assumed Contract. Except as disclosed on Schedule 1.1(c), all oral contracts set forth thereon are terminable by Seller at will or upon no more than thirty (30) days notice. Assuming that the Consents (as defined in Section 5.14) shall have been obtained, and except as set forth on Schedule 3.12, Seller has full legal power and authority to assign its rights under the Assumed Contracts to Purchaser in accordance with this Agreement, and such assignment will not affect the validity, enforceability, and continuation of any of the Assumed Contracts.

**3.14 Insurance.** Seller has in full force and effect insurance insuring the properties and assets of the Stations included in the Assets. Seller will make available to Purchaser, at Purchaser's request, copies of such insurance policies.

**3.15 Assets in Good Repair.** Except as provided in Schedule 3.14 hereto, the Assets are in good operating condition and repair (ordinary wear and tear excepted), have been maintained in a manner consistent with generally accepted standards within the radio broadcasting industry, do not now require any repairs other than routine maintenance and are available for immediate use in the business or operations of the Stations in the ordinary course of business. The Stations' transmitting facilities are being operated at full power as authorized by the FCC Licenses and in accordance with manufacturer's specifications.

**3.16 Operational Assets.**

(a) The Assets, and those additional properties and assets of Seller identified in Section 1.2 hereof, constitute all of the assets and properties that Seller owns or leases in connection with its operation of the Stations as of the date hereof. There are no assets necessary, used or held for use for and/or useful to effectively conduct the Stations' businesses as presently conducted by Seller, which are (i) not owned by Seller and (ii) not included in the Assets being conveyed to Purchaser hereunder.

(b) Schedule 1.1(b) hereto contains a description of all material items which comprise all personal property necessary to conduct the business or operations of the Stations as now conducted, except for those assets described in Section 1.2 hereof and except for items of property with an aggregate fair market value not in excess of One Thousand Dollars (\$1,000).

The Assets will permit the Stations to be operated by Purchaser in substantially the manner currently operated by Seller and substantially in accordance with the terms of the FCC Licenses and the rules and regulations of the FCC, and with all other applicable Federal, state, and local statutes, ordinances, rules and regulations.

**3.17 Required Consents.** Except for the FCC Consent and the Consents described in Schedule 3.16 hereto, no consent, approval, permit, or authorization of, or declaration to, or filing with, any governmental or regulatory authority or any other third party is required to be obtained by Seller in order (a) to consummate the transactions contemplated by this Agreement, or (b) to permit Seller to assign or transfer the Assets to Purchaser.

**3.18 Employee Benefits.** Schedule 3.17 hereto contains a complete list of all of the employees of the Stations as of the date hereof, the rate of pay for each such employee, and a list of all Employee Benefit Plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or any other “Compensation Arrangements,” whether or not written, applicable to the employees of Seller or any entity related to Seller (under the terms of Section 414 of the Internal Revenue Code of 1986 (the “Code”). For purposes of the preceding sentence, “Compensation Arrangements” means any bonus, deferred compensation, incentive compensation, stock purchase, stock option, severance or termination pay, or profit sharing plan, program, agreement, or arrangement and any other employee benefit plan, program, agreement or arrangement for the benefit of any current or former employee, director, or independent contractor. Seller has furnished Purchaser with true and complete copies of any contracts with employees of the Stations. Seller is not aware of the existence of any pending, threatened or anticipated governmental audit or examination of any such Employee Benefit Plan or Compensation Arrangement. There exists no action, suit, or claim (other than routine claims for benefits) with respect to any such plans or arrangements pending, or, to the knowledge of Seller, threatened or anticipated, against any such Employee Benefit Plan or Compensation Arrangement. Except for the Assumed Contracts, neither Purchaser nor any entity related to Purchaser under Section 414 of the Code, or any officer, director, partner, employee, or affiliate of the same, shall have any liability, obligation, or responsibility with respect to claims or liabilities arising or accruing under any Employee Benefit Plan or Compensation Arrangement maintained or provided by Seller or any other entity related to Seller under Section 414 of the Code which relates to any period whatsoever. Seller has complied in all material respects with Part 6 of Subtitle B of Title I of ERISA or Section 4980B of the Code (hereinafter collectively referred to as “COBRA”), and will provide such continuation of health benefit coverage to the extent required by reason of the events occurring prior to or on the Closing Date or by reason of the transactions contemplated by this Agreement. Neither Purchaser nor any entity related to Purchaser under Section 414 of the Code, or any officers, directors, partners, employees, or affiliates of the same, shall have any liability, obligation, or responsibility with respect to penalties, claims, or liabilities arising or accruing under COBRA with respect to any group health plan maintained by or contributed to by Seller or any entity related to Seller under Section 414 of the Code.

**3.19 Labor Matters.** Seller is not party to, or subject to any, collective bargaining agreements with respect to the Stations. Seller has no written or oral contracts of employment with any employee of the Stations, other than (a) oral employment agreements terminable at will without penalty, or (b) those listed in Schedule 1.1(c). Seller has provided



Purchaser with true and complete copies of all such written contracts of employment, and true and accurate memoranda of any such oral contracts, to the extent such memoranda exist. Except as disclosed in Schedule 3.10(b) hereto, Seller has received no notice alleging that Seller has failed to comply in any material respect with all applicable laws, rules, and regulations relating to the employment of labor, including those related to wages, hours, collective bargaining, occupational safety, discrimination, and the payment of social security and other payroll-related taxes. No controversies, disputes, or proceedings are pending, or, to Seller's knowledge, threatened or anticipated, between Seller and the employees (singly or collectively) of the Stations, except as disclosed in Schedule 3.10(b) hereto. No labor union or other collective bargaining unit represents, or, to Seller's knowledge, claims to represent any of the employees of the Stations. To Seller's knowledge, there is no union campaign being conducted to solicit cards from employees to authorize a union to request a National Labor Relations Board certification election with respect to any of Seller's employees at the Stations.

**3.20 Taxes.** Seller has filed or caused to be filed all Federal income tax returns and all other Federal, state, county, local, or city tax returns which are required to have been filed by Seller, and Seller has paid or caused to be paid all taxes shown on said returns or on any tax assessment received by Seller to the extent that such taxes have become due, or has set aside on its books reserves (segregated to the extent required by generally accepted accounting practices) deemed by Seller to be adequate with respect thereto and except as specifically disclosed or scheduled there is no known, threatened or anticipated tax liability. No events have occurred which could impose upon Purchaser any transferee liability for any taxes, penalties, or interest due or to become due from Seller. Without limiting the foregoing, Seller represents and warrants that neither the sale nor the transfer of the Assets pursuant to this Agreement, nor Purchaser's possession and use thereof from and after the Closing, shall be subject to any law pertaining to bulk sales or transfers that will impose any tax, appraisal or other liability on Purchaser.

**3.21 Reports.** All material returns, reports, and statements which the Stations are currently required to have filed with the FCC or with any other governmental agency have been filed, and all material reporting requirements of the FCC and other governmental authorities having jurisdiction over the Stations have been complied with. All of such reports, returns, and statements are complete and correct as filed. The Stations' public inspection files are located at the Stations' main studios and are in material compliance with the FCC's rules and regulations.

**3.22 Conduct of Stations.** Seller has conducted the business and operations of the Stations only in the ordinary course, and there has not been:

(a) any material adverse change in the operational condition (financial or otherwise) of the Seller or the Stations, including any material damage, destruction, or loss affecting the Assets or any loss or damage that prevents the Stations from broadcasting;

(b) any sale, assignment, lease, or other transfer of any of the Assets, other than in the normal and usual course of business, with suitable replacements being obtained therefor to the extent required by this Agreement;

(c) with respect to the Stations, any incurrence of debt, liability or obligations, except for obligations arising from the purchase of goods or the rendition of services in the ordinary course of business;

(d) any material increase in compensation payable or to become payable to any of the Stations' employees other than those in the normal and usual course of business or in connection with any change in any of the Stations' employee's responsibilities, or any bonus payment made or promised to any of the Stations' employees, or any material change in personnel policies, employee benefits, or other compensation arrangements affecting the Stations' employees;

(e) any canceled debts owed to or claims held by Seller with respect to the business and operations of the Stations, except in the normal and usual course of business;

(f) any changes in Seller's accounting practices with respect to the business and operations of the Stations;

(g) any material write-down of the value of any Assets or any material write-off as uncollectable of any Accounts Receivable; or

(h) any transfer or grant of any right under, or any settlement regarding the breach or infringement of, any license, patent, copyright, trademark, trade name, franchise, or similar right, or modification of any existing right, in each case used in the operation of the Stations.

**3.23 Environmental Matters.** Except as disclosed on Schedule 3.23:

(a) The Stations and any and all Real Property are, and to Seller's knowledge with respect to any predecessor or prior owner, operator or lessee (each a "Predecessor") have been, in compliance, in all material respects, with all Environmental Laws (as defined in Section 3.23(f)). Seller has obtained all environmental permits from government agencies or authorities that are necessary with respect to the Real Property or Stations, such permits are in full force and effect, and Seller and the Stations are in full compliance with such permits.

(b) No judicial or administrative proceedings are pending or, to the knowledge of Seller threatened against Seller, relating to any of the Real Property, alleging the violation of or seeking to impose liability on Seller pursuant to any Environmental Law. Seller has not received any written notice or claim or other written communication from any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether Federal, state or local, domestic or foreign or other person alleging the violation of or liability under any Environmental Laws in connection with any of the Real Property or operations thereon.

(c) There are no facts, circumstances or conditions associated with the Real Property or the operations thereon known to Seller that could reasonably be expected to give rise to an environmental claim against the Stations or the owner or operator thereof or result in the Stations or the owners or operators thereof incurring material Environmental Costs and Liabilities (as defined in Section 3.23(f)).

(d) All substances, materials or waste that are regulated by Federal, state or local government under the Environmental Laws as hazardous, toxic or a pollutant or contaminant as well as any petroleum or petroleum derived product (collectively, “Hazardous Substances”), used or generated by Seller or to Seller’s knowledge, by any Predecessor in connection with the Real Property, have been stored, used, treated, and disposed of by such persons or on their behalf in such manner as not to result in any material Environmental Costs or Liabilities.

(e) There are not now, nor have there been in the past, on, in or under any Real Property when owned, leased or operated by Seller or, to Seller’s knowledge, when owned, leased or operated by any Predecessor, any of the following: (i) underground storage tanks, above-ground storage tanks, dikes or impoundments containing Hazardous Substances, (ii) asbestos containing materials, (iii) polychlorinated biphenyls or related compounds (other than those labeled and maintained in accordance with applicable Environmental Laws) in amounts or concentrations regulated under the Environmental Laws or (iv) radioactive substances in amounts or concentrations regulated under the Environmental Laws.

(f) For purposes of this Agreement, the following terms shall have the following meanings: “Environmental Laws” shall mean all applicable Federal, state and local laws, statutes, codes, rules, regulations, common law or other legal requirements relating to the environment, natural resources, and public or employee health and safety; and “Environmental Costs and Liabilities” shall mean any losses, including environmental remediation costs, liabilities, obligations, damages, fines, penalties or judgments, arising from or under any Environmental Law or order of or agreement with any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether Federal, state or local, domestic or foreign or other person.

**3.24 Disclosure.** Neither this Agreement, nor any schedule or exhibit hereto or any certificate, document or other statement delivered to Purchaser by Seller, its affiliates or their officers, directors, employees or agents, in connection with the transactions contemplated herein, contains any untrue statement of a material fact or omits any statement of material fact necessary to make the statements contained in this Agreement, or in any schedule or exhibit hereto or any certificate, document or other statement delivered to Purchaser by Seller, its affiliates or their officers, directors, employees or agents, in connection with the transactions contemplated herein, not misleading.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES OF PURCHASER**

Purchaser represents, warrants and covenants to Seller as follows:

**4.1 Good Standing.** Purchaser is a corporation, validly organized and in good standing under the laws of the State of Virginia, or will be on the Closing Date.

**4.2 Right, Power and Authority.** Purchaser has the full power and authority to enter into, to execute and deliver, and to perform its obligations under, this Agreement, the Escrow Agreement, and any other instruments contemplated hereby, and Purchaser has taken all

requisite action in order to authorize the execution, delivery, and performance of this Agreement and the Escrow Agreement, and the transactions contemplated hereby and thereby. This Agreement and the Escrow Agreement have been duly executed and delivered by Purchaser and are the legal, valid, and binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms.

**4.3 Seller Qualifications.** Except as disclosed on Schedule 4.3 hereto, there is no fact known to Purchaser that would, under the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC, each as in effect on the date of this Agreement, disqualify Purchaser from holding the FCC Licenses, and Purchaser has taken no action that would be likely to cause such disqualification prior to the Closing Date.

**4.4 No Conflicts or Defaults.** Neither the execution, delivery, nor performance of this Agreement by Purchaser, nor the consummation of the sale and purchase of the Assets or any other transaction contemplated hereby or thereby, after the giving of notice, or the lapse of time, or both, (a) conflicts with, results in a breach of, or constitutes a default under any Federal, state, or local law, statute, ordinance, rule, or regulation, or any court or administrative order or process applicable to Purchaser, (b) conflicts with, constitutes grounds for termination of, results in a breach of, constitutes a default under, or accelerates or permits the acceleration of any performance required by the terms of, any material contract, agreement, arrangement, commitment, plan, instrument, license, or permit to which Purchaser is a party or by which Purchaser is bound and which might materially affect Purchaser's ability to perform its obligations under this Agreement, or (c) conflicts with the organizational documents of Purchaser.

**4.5 Required Consents.** Except for the FCC Consents and consents to assignment of the Assumed Contracts, no consent, approval, permit, or authorization of, or declaration to, or filing with, any governmental or regulatory authority or any other third party is required to be obtained by Purchaser in order (a) to consummate the transactions contemplated by this Agreement, or (b) to permit Purchaser to acquire the Assets from Seller.

## **ARTICLE V**

### **COVENANTS**

#### **5.1 FCC Approval.**

(a) Seller's counsel, with the full cooperation of Purchaser's counsel, shall file with the FCC substantially complete application (the "Application") to request the FCC's consent to the voluntary assignment of the FCC Licenses from Seller to Purchaser (the "FCC Consent") within five (5) business days after the execution and delivery of this Agreement; provided, however, that if any FCC-imposed freeze on the filing of broadcast license assignment applications is in effect during such five (5) business day period, then the Application shall be filed not more than five (5) business days after such freeze is lifted. Purchaser and Seller shall each pay its own expenses in connection with the preparation and prosecution of the Application and shall share any filing fee associated with the Application equally. Seller and Purchaser shall prosecute the Application before the FCC, including opposing any petitions to deny filed against

the Application, with all reasonable diligence, in order to obtain the FCC Consent promptly and in order to carry out the provisions of this Agreement. If FCC reconsideration or review, or if judicial review shall be sought with respect to the FCC Consent by a third party or upon the FCC's own motion, Purchaser and Seller shall cooperate in opposing such requests for FCC reconsideration or review or for judicial review.

(b) If the FCC Consent shall impose any condition upon any party hereto, such party shall use its commercially reasonable efforts to comply with such condition. If any party to this Agreement shall seek FCC reconsideration or review, or judicial review, of a materially adverse condition imposed by the FCC, the other party shall cooperate fully with the party seeking reconsideration or review of such condition; provided, however, that neither party shall seek or cause to be sought, without the prior written consent of the other party, FCC reconsideration or review, or judicial review, of any condition or qualification that is not a materially adverse condition. For purposes of this Agreement, a "materially adverse condition" shall not include any condition generally applicable to the broadcast industry or a transaction of this kind.

**5.2 Cooperation.** Purchaser and Seller shall cooperate fully with each other and with their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement, and Purchaser and Seller shall execute such other documents as may be necessary and reasonable for the implementation and consummation of the transactions contemplated by this Agreement, and otherwise use their commercially reasonable efforts to consummate the transactions contemplated hereby and to fulfill their obligations hereunder. Notwithstanding the foregoing, Seller and Purchaser shall have no obligation (a) to expend funds out-of-pocket in order to obtain the Consents, or (b) to agree to any material adverse change to any Assumed Contract in order to obtain a Consent with respect thereto. It is in the parties' mutual best interests to improve, upgrade and enhance the Stations' signals and Seller therefore agrees to file with the FCC, at Purchaser's sole expense, any applications, requests or other documents as are desirable to accomplish such goals, but FCC approval of such filings shall not be a condition precedent to the Closing hereunder.

### **5.3 Risk of Loss.**

(a) The risk of loss or damage to the Assets shall be upon Seller at all times prior to the Closing. In the event of loss or damage, Seller shall promptly notify Purchaser thereof (the "Seller's Risk of Loss Notice") and if the lost or damaged Assets are capable of being replaced or repaired for an aggregate amount less than \$250,000, then Seller shall, at its sole cost and expense, replace or repair such Assets prior to the Closing or deliver to Purchaser at the Closing an amount in cash equal to the cost of replacement or repair of such Assets, as mutually agreed in good faith by Purchaser and Seller. Notwithstanding the foregoing, if the amount required to replace or repair such Assets exceeds \$250,000, Seller may elect in the Seller's Risk of Loss Notice not to replace or repair such Assets (which election must be set forth in Seller's Risk of Loss Notice); provided, however, that in such event Purchaser, at its option, may elect within thirty (30) days after receipt of the Seller's Risk of Loss Notice to terminate this Agreement without either party being subject to a claim by the other for liquidated damages or any other claims for damages, or waive any default or breach with respect to the loss or damage

and receive a \$250,000 credit at Closing. Either party may extend the Closing Date by up to thirty (30) days in order to allow Seller to complete the repair or replacement.

(b) Seller shall use its commercially reasonable efforts to avoid any Station being off the air for three (3) or more consecutive days or five (5) or more days in any thirty (30) day period. Seller shall give prompt written notice to Purchaser if either of the following (a “Specified Event”) shall occur: (i) the regular broadcast transmissions of any Station in the normal and usual manner are interrupted or discontinued for more than twenty-four (24) hours in any fourteen (14) day period, on a cumulative basis, whether or not consecutive; or (ii) any Station is operated at less than its licensed antenna height above average terrain or at less than ninety percent (90%) of its licensed effective radiated power for more than seventy-two (72) consecutive hours or five (5) or more days, whether or not consecutive, during any period of thirty (30) consecutive days. If a Specified Event shall occur, then Purchaser may, at its option: (i) terminate this Agreement by written notice given to Seller not more than ten (10) days after the expiration of such fourteen (14) day, seventy-two (72) hour or thirty (30) day period, as the case may be (without either party being subject to a claim by the other for liquidated damages or any other claims for damages), or (ii) proceed in the manner set forth in Section 5.3(a) above. In the event of termination of this Agreement by Purchaser pursuant to this Section 5.3, the parties shall be released and discharged from any further obligation hereunder (without being subject to a claim by Seller for liquidated damages or any other claims for damages).

(c) If the parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement, or restoration of any lost or damaged property, or any other matter arising under this Section 5.3, the disagreement shall be referred to a qualified consulting communications engineer mutually acceptable to Seller and Purchaser who is a member of the Association of Federal Communications Consulting Engineers, whose decision shall be final, binding upon and non-appealable by the parties, and whose fees and expenses shall be paid one-half by Seller and one-half by Purchaser.

**5.4 No Inconsistent Act.** Pending the Closing Date, neither Seller nor Purchaser shall (a) take any action which is materially inconsistent with its respective obligations hereunder, or which would reasonably be expected to materially hinder or delay the consummation of the transaction contemplated by this Agreement, except as specifically required or permitted herein, or (b) take or fail to take any action which would render any of its representations and warranties set forth in Articles III or IV, as the case may be, no longer accurate.

**5.5 Notifications.** Pending the Closing Date, Seller and Purchaser shall promptly notify each other in writing of any developments, except for matters affecting the radio broadcasting industry generally, which singly or in concert with others are materially adverse to the ability of such notifying party to consummate the transactions contemplated hereby, and of any material change in any of the information contained in such party’s representations and warranties contained in this Agreement, provided that such notification shall not relieve such party of any obligations under this Agreement.

**5.6 Allocation of Purchase Price.** The Purchase Price set forth in Section 1.4 shall be allocated among the Assets in accordance with the provisions of Section 1060 of the Code and as determined by mutual agreement of Seller and Purchaser. Purchaser and Seller shall each complete, execute and timely file Form 8594 with the Internal Revenue Service with their respective tax returns for the taxable year that includes the Closing Date (or such other Internal Revenue Service Form as may then be prescribed for use by the regulations promulgated under the Code (the “Tax Regulations”) to comply with applicable asset acquisition reporting requirements of Section 1060 of the Code and the Tax Regulations thereunder). Purchaser and Seller agree to act in accordance with the allocation of the Purchase Price established pursuant to this Section 5.6 in the preparation and filing of all tax returns, including Form 8594. The sale price of the licenses and assets associated with WBOP is agreed to be \$1,000,000 of the Purchase Price, and the sale price of the licenses and assets associated with WSIG is agreed to be \$2,100,000 of the Purchase Price.

**5.7 Further Assurances.** After the Closing Date, each party will take all action reasonably requested by the other to carry out the intent of this Agreement and to vest in Purchaser title to the Assets consistent with Seller’s representation and warranty in Section 3.7.

**5.8 Control of the Stations.** Prior to Closing, Purchaser shall not, directly or indirectly, control, supervise, direct, or attempt to control, supervise, or direct the operations of the Stations in contravention of the rules, regulations and policies of the FCC; all such operations, including control and supervision of all of the Stations’ programs, Seller’s employees, finances and policies, shall be the responsibility of Seller until the Closing.

**5.9 Collection of Receivables.** Upon the Closing, Seller shall assign all accounts receivable with respect to the Stations as of the end of the broadcast day immediately preceding the Closing Date (the “Accounts Receivable”) to Purchaser for collection purposes only, and, within five (5) business days after the date hereof, Seller shall furnish to Purchaser a list of the Accounts Receivables by accounts and the amounts then owing. Purchaser agrees that during a period of one hundred fifty (150) days following the Closing Date (the “Collection Period”), without any requirement to litigate to collect the Accounts Receivable, to use its commercially reasonable efforts (with at least the care and diligence Purchaser uses to collect its own accounts receivable) to collect for Seller the Accounts Receivable and to remit to Seller’s Manager, Tom Manley, on the fifth day following the last day of each month occurring during the Collection Period (or, if any such day is a Saturday, Sunday or holiday, on the next business day), collections received by Purchaser with respect to the Accounts Receivable. With each remittance, Purchaser shall furnish a statement of the amounts collected and the persons from whom such amounts were collected. Purchaser shall not make any referral or compromise of any Accounts Receivable to a collection agency or attorney for collection and shall not compromise for less than full value any Accounts Receivable without the prior written consent of Seller. Any Accounts Receivable not collected by Purchaser within the Collection Period shall revert to Seller. Purchaser shall reassign, without recourse to Purchaser, each Accounts Receivable and deliver to Seller, all records relating thereto on the same day as it remits to Seller the collections received. All payments in respect of the Accounts Receivable received during the Collection Period shall be first applied to the oldest balance then due on the Accounts Receivable unless the account debtor indicates in writing that payment is to be applied otherwise or if the payment refers to a specific invoice or is evidenced by a payment amount that is the exact amount of a

later invoice. Purchaser agrees, upon the reasonable request of Seller, to furnish to Seller periodic reports on the status of Seller's Accounts Receivable. Purchaser shall have no right to set-off any amounts collected for Accounts Receivable for any amounts owed to Purchaser by Seller.

**5.10 Proration.** Seller and Purchaser shall pro-rate between them, as of the Closing Date, all sewer, water, gas, electrical and similar utility charges applicable to the Assets and the business of the Stations, and any prepaid taxes, rents charges, and other items, to the extent transferred to Purchaser, and liabilities in respect of periods ending on or prior to the Closing Date for wages, salaries, commissions, severance, pension or welfare benefits including, without limitation, with respect to any 401(k) plans, accrued sick days or accrued vacation days for employees or former employees of the Stations (collectively, the "Pro Rated Items"). The Pro Rated Items shall be estimated at the Closing Date, and the Purchase Price shall be appropriately adjusted, and the Pro Rated Items shall be calculated and finalized by Seller and Purchaser as soon as practical after the Closing Date but in no event later than 60 days after the Closing Date and the appropriate party shall be paid within five business days after the determination thereof any difference between the estimate at Closing and the final determination.

**5.11 Inspection Rights.** Until the Closing, upon reasonable prior notice, Seller shall, during the Stations' regular business hours, make the studio and office facilities, books, accounts, records, contracts, and documents pertaining to the Stations and included in the Assets available for examination and inspection by Purchaser and its agents, provided that neither the furnishing of such information nor any investigation made heretofore or hereafter shall affect Purchaser's right to rely upon any representation or warranty made by Seller in this Agreement, each of which shall survive any furnishing of information or any investigation, subject to Section 9.1 hereof. Any such examination and inspection shall be undertaken in a manner designed to minimize the disruption to the operations of the Stations to the extent reasonably practicable.

**5.12 No Changes.** From and after the date hereof until the Closing Date Seller shall:

(a) maintain the FCC Licenses in full force and effect, take any actions and make any filings necessary before the FCC to preserve the FCC Licenses' effectiveness and notify Purchaser of any proceeding or matter pending before the FCC that could have a material adverse affect on the FCC Licenses;

(b) operate the Stations' business in the ordinary course of business, including, without limitation, pay when due all obligations arising under the Assumed Contracts or any other agreements or commitments of the Stations which accrued prior to the Closing Date;

(c) not dissolve, liquidate, merge or consolidate the Seller, nor sell, assign, lease, mortgage, pledge, or otherwise transfer, or dispose of any of the Assets, or create, assume, or permit to exist any claim, liability, lien, condition, charge, or encumbrance upon any of the Assets, except for (i) liens, charges, and encumbrances in favor of Purchaser, (ii) Permitted Liens; (iii) immaterial items of personal property included in the Assets which are sold, or otherwise disposed of in the ordinary and regular course of the operation of the Stations' business; and (iv) transactions engaged in with Purchaser's written consent first obtained;



(d) not, except with Purchaser's prior written consent, increase or otherwise change the rate or nature of the compensation (including wages, salaries, and bonuses) which is paid or payable to any of Seller's employees employed at the Stations, except in connection with ordinary reviews or promotions consistent with Seller's past practices or the replacement of incumbent personnel consistent with Seller's past practices, pursuant to pre-existing written compensation and fringe-benefit plans, or as otherwise set forth on Schedule 5.13(d);

(e) not, except with Purchaser's prior written consent, enter into, or become obligated under, (i) any program contract, whether for cash or barter, or any agreement, not terminable at the Closing without liability to Purchaser, except in the ordinary course of business consistent with past practices, or (ii) any other agreement or commitment on behalf of the Stations requiring the Stations to make cash payments to third parties, except for normal commitments for personal property and services entered into in the ordinary and regular course of the operation of the Stations, consistent with the Stations' past and present practices, and which do not provide for payments, in the aggregate, in excess of Five Thousand Dollars (\$5,000.00) during the full terms of all such agreements and commitments, nor materially change, amend, terminate, or otherwise modify any agreement or commitment other than in the ordinary course of business;

(f) maintain insurance policies on the Assets in accordance with Seller's normal and customary business practices;

(g) not make, nor commit to make, any payments, contribution, or award under or into any profit-sharing or similar plan, program, or trust on behalf of employees of the Stations, except in accordance with any such plan, program, or trust currently maintained by Seller, and contributions which are made consistent with past practices;

(h) maintain and preserve the current operations of the Stations and, consistent with the ordinary course of business, the Stations' goodwill and the Stations' present relationships with suppliers, advertisers, and others having business relations with it;

(i) not make any material changes in the broadcast hours or in the percentages of programming broadcast by the Stations for which Seller is responsible, or make any other material changes in the Stations' programming policies, except such changes as in the good-faith judgment of Seller are required by the public interest;

(j) maintain all of the Authorizations in full force and effect, filing applications for the renewal thereof as necessary; do any act necessary in order to prevent the expiration, revocation, suspension, or adverse modification of any of the Authorizations; and not do any act which would reasonably be expected to result in the expiration, revocation, suspension, or adverse modification of any of the Authorizations (other than to correct FCC records), nor fail to (i) do any act necessary in order to prevent the expiration, revocation, suspension, or adverse modification of any of the Authorizations or (ii) immediately inform Purchaser of the commencement of any inquiry, investigation, complaint or proceeding before the FCC with respect to any Station or Seller; provide Seller with copies of any notice, complaint or correspondence with respect to any such matter; respond to the FCC or any complainant

before the FCC on a timely basis as necessary; and take such actions as are commercially necessary to preserve and protect the FCC Licenses in connection with such matters;

(k) not assign, waive or release any material right of Seller in the Assumed Contracts;

(l) not, except as required by law, enter into any collective bargaining agreement, or through negotiations or otherwise make any commitment or incur any liability to any labor organization with respect to the employees of the Stations;

(m) not transfer or grant any rights to intellectual property under any leases, licenses, agreements, trademarks, trade names, or copyrights included in the Assets, and respond substantively to any outstanding matters before the U.S. Patent and Trademark Office pertaining to the Stations or the Assets;

(n) not introduce any material change to Seller's method of accounting with respect to the Stations except in cooperation with Purchaser;

(o) not take any material action which is inconsistent with Seller's obligations hereunder, or which would reasonably be expected to materially hinder or delay the consummation of the transactions contemplated by this Agreement, except as specifically required or permitted herein;

(p) maintain all of the Assets (except for immaterial Assets with a fair market value, in the aggregate, not exceeding Five Thousand Dollars (\$5,000)), or replacements thereof and improvements thereon in their current condition (ordinary wear and tear excepted) in the usual and customary manner, and in material compliance with the FCC's rules and regulations, and use, operate, and maintain all of the Assets in a reasonable manner, with inventories of spare parts and expendable supplies being maintained at levels reasonably consistent with past practices;

(q) maintain its books and records, including the record keeping and reporting requirements imposed by the FCC, in accordance with past practices and in material compliance with the FCC's rules and regulations;

(r) promptly notify Purchaser in writing of any developments, except for matters affecting the radio broadcasting industry generally, which singularly or in concert with others are materially adverse to the business or operations of the Stations or the Assets and of any material change in any of the information contained in Seller's representations and warranties contained in Article III hereof or in the schedules hereto, provided that such notification shall not relieve Seller of any obligation hereunder;

(s) make by the Closing Date all payments under the Assumed Contracts that are due to be paid by Seller on or before the Closing Date, and, consistent with past practice, take all action reasonably necessary to preserve in full force and effect the existing rights of Seller under the Assumed Contracts;

(t) prior to the Closing Date, deliver to Purchaser a list of any contracts relating to the Stations entered into by Seller between the date hereof and the Closing Date of the type required to be listed in Schedule 1.1(c) hereto, together with copies of such contracts; and

(u) comply in all material respects with all rules and regulations of the FCC, and all other laws, rules, and regulations to which Seller, the Stations, and the Assets are subject.

**5.13 Written Consents.** Pending the Closing Date, Seller shall proceed with all reasonable diligence and shall use commercially reasonable efforts to obtain (a) all written consents necessary to consummate the transactions contemplated by this Agreement, including, without limitation, the consents of parties to the Assumed Contracts where required (the “Consents”) and (b) for each real property fee or leasehold interest included in the Assets, certificates of estoppel and non-disturbance and attornment commitments in favor of Purchaser, and if so requested by Purchaser, its financing sources, from any mortgagees and from the respective landlords of such leaseholds or the tenants under any leases where Seller is the lessor, addressing such matters as Purchaser may reasonably request.

## **ARTICLE VI**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PURCHASER**

The obligations of Purchaser hereunder to close the transactions herein contemplated are subject to the following conditions precedent (unless any such conditions are waived in writing by Purchaser, in Purchaser’s sole discretion):

#### **6.1 Conditions.**

(a) All warranties and representations made by Seller herein to Purchaser (except for any such representation or warranty that expressly relates solely to a date prior to the Closing Date), after disregarding any materiality qualifications contained therein, shall be true and correct on and as of the Closing Date, with the same effect as if such warranties and representations had been made by Seller to Purchaser on and as of the Closing Date, with only such exceptions as would not, in the aggregate, be reasonably expected to have a material adverse impact on the consummation of the transactions contemplated by this Agreement, the Assets, or the operation of the Stations;

(b) Seller shall have performed and complied in all material respects, after disregarding any materiality qualifications contained therein, with all agreements, covenants, and conditions herein required to be performed or complied with on Seller’s part on or prior to the Closing Date, with only such exceptions as would not, in the aggregate, be reasonably expected to have a material adverse impact on the consummation of the transactions contemplated by this Agreement, the Assets, or the operation of the Stations;

(c) each of the Consents shall have been duly obtained and delivered to Purchaser, with no material adverse change to the terms of the Assumed Contracts with respect to which such Consent shall have been obtained, unless Purchaser shall have consented in writing to such change;

(d) Seller shall be the holder of the FCC Licenses and there shall not have been any modification with respect to such FCC Licenses which has a materially adverse effect on the Stations or the conduct of its business or operations other than proceedings generally applicable to the radio broadcast industry;

(e) no proceeding (other than proceedings generally applicable to the radio broadcast industry) shall be pending, the reasonably likely effect of which would be to revoke, cancel, fail to renew, suspend, or adversely modify the FCC Licenses;

(f) Seller shall have made, or shall stand willing and able to make, all deliveries to Purchaser required to be made pursuant to this Agreement;

(g) except as generally applicable to the radio broadcast industry, between the date of this Agreement and the Closing Date, there shall have been no material adverse change in the financial condition or prospects of the Stations or of the Assets;

(h) Purchaser shall have completed, to its satisfaction and within forty-five (45) days following the date of this Agreement, its due diligence review of the Assets, their environmental condition and Seller's legal, accounting and financial records with respect to the business and prospects of the Stations;

(i) the consent of any governmental authority required to be obtained for the consummation of the transactions contemplated by this Agreement shall have been obtained; and

(j) the FCC Consent shall have been granted without any "materially adverse condition" (as defined in Section 5.1(b)) having been imposed upon Purchaser, except as may be the result of Purchaser's actions or failure to take any action reasonably required to obtain such FCC Consent, such FCC Consent shall be in full force and effect, and, unless waived by the Purchaser, such FCC Consent shall have become a Final Order. For the purpose of this Agreement, an action or order of the FCC granting the FCC's Consent shall be deemed to have become a "Final Order" when such action or order shall have been issued by the FCC in writing, setting forth the FCC Consent, and (i) so long as such action or order shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and (ii) so long as no protest, request for stay, reconsideration or review by the FCC on its own motion or by any third party, petition for FCC reconsideration or for rehearing, application for FCC review, or judicial appeal of such action or order shall be pending, when the period provided by law for initiating such protest, request for stay, reconsideration or review by the FCC on its own motion, petition for FCC reconsideration or for rehearing, application for FCC review, or judicial appeal of such action or order shall have expired.

**6.2 No Challenges.** No proceeding or formal investigation by or before any court or governmental agency shall be pending or threatened which would reasonably be expected to prevent the consummation of the transactions contemplated by this Agreement.

**6.3 Closing Deliveries.** Purchaser shall have received each of the documents or items required to be delivered pursuant to Section 2.2(a) hereof.

## ARTICLE VII

### CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER

The obligations of Seller hereunder to close the transactions herein contemplated are subject to the following conditions precedent (unless any such conditions are waived in writing by Seller, in Seller's sole discretion):

#### **7.1     Conditions.**

(a) All warranties and representations made by Purchaser herein to Seller (except for any such representation or warranty that expressly relates solely to a date prior to the Closing Date), after disregarding any materiality qualifications contained therein, shall be true and correct in all material respects on and as of the Closing Date, with the same effect as if such warranties and representations had been made by Purchaser to Seller on and as of the Closing Date, with only such exceptions as would not, in the aggregate, be reasonably expected to have a material adverse impact on the consummation of the transactions contemplated by this Agreement;

(b) Purchaser shall have performed and complied in all material respects, after disregarding any materiality qualifications contained therein, with all agreements, covenants, and conditions herein required to be performed or complied with on Purchaser's part on or prior to the Closing Date, with only such exceptions as would not, in the aggregate, be reasonably expected to have a material adverse impact on the consummation of the transactions contemplated by this Agreement;

(c) Purchaser shall have made, or shall stand willing and able to make, all deliveries to Seller required to be made pursuant to this Agreement;

(d) the consent of any governmental authority required to be obtained for the consummation of the transactions contemplated by this Agreement shall have been obtained; and

(e) the FCC Consent shall have been granted and shall be in full force and effect.

**7.2     No Challenges.** No proceeding or formal investigation by or before any court or governmental agency shall be pending or threatened which would reasonably be expected to prevent the consummation of the transactions contemplated by this Agreement.

**7.3     Closing Deliveries.** Seller shall have received each of the documents or items required to be delivered pursuant to Section 2.2(b) hereof.

## ARTICLE VIII

### RIGHTS OF PURCHASER AND SELLER UPON TERMINATION OR BREACH

**8.1     Termination.** This Agreement may be terminated by either Purchaser or Seller, as appropriate (if the terminating party is not then in material breach of any provision of

this Agreement), upon written notice to the other party, upon the occurrence of any of the following:

(a) if at any time prior to the Closing Date, there shall have occurred a material breach of a representation or warranty of the non-terminating party contained herein, or a material default in the performance by the non-terminating party of a covenant or obligation of such non-terminating party contained herein, and if such breach or default shall not have been cured within thirty (30) days, with curative steps having been commenced within fifteen (15) days, from and after the date upon which written notice thereof shall have been given to the nonterminating party by the terminating party, or if a condition to closing contained in Article VI or Article VII, as the case may be, cannot be satisfied by the Closing Date;

(b) by Purchaser or Seller pursuant to Sections 5.3 and 5.7 of this Agreement;

(c) by either party if the FCC denies the Application and such denial becomes a Final Order or if the FCC should designate the Application for hearing;

(d) by mutual agreement of Seller and Purchaser; and

(e) by either party if the Closing has not occurred within (i) twelve (12) months of the date hereof or (ii) ten (10) days of the FCC Consent becoming a Final Order, unless, in either case, such deadline has been extended by the written agreement of both parties; provided, however, that (i) this Agreement may not be terminated pursuant to this Section 8.1(e) by a party then in material breach of any of its representations or warranties contained herein, or in material default of any of its covenants or obligations herein, and (ii) if on or after the date which is nine (9) months after the date hereof, there is pending before the FCC any petition or objection opposing the grant of the FCC Consent, and Purchaser determines in its reasonable good faith discretion, that there is not a reasonable likelihood of obtaining the FCC Consent before the first anniversary of the date hereof, then Purchaser, subject to clause 8.1(e)(i) above, may terminate this Agreement pursuant to this Section 8.1(e).

**8.2 Effect of Breach.** The parties agree that they shall each have the rights and remedies set forth in this Agreement for any breach hereof and expressly waive any and all other rights and remedies at law or in equity.

**8.3 Release of Escrow; Liquidated Damages.** If this Agreement is terminated by either party, the Escrow Funds shall be released on the terms and conditions as set forth in the Escrow Agreement. The parties hereto agree in advance that in the event that this Agreement is terminated by Seller due to Purchaser's breach, so long as Seller is in material compliance herewith, actual damages would be difficult to ascertain and that the Escrow Funds, plus such interest accrued thereon during the period such amount was in escrow, is a fair and equitable amount to reimburse Seller for damages sustained due to such event. Under all other circumstances, upon termination of this Agreement, the Escrow Funds, plus such interest accrued thereon during the period such amount was in escrow, shall be returned to Purchaser.

**8.4 Specific Performance.** Each of Purchaser and Seller acknowledges and agrees that the Assets are unique and that Purchaser would be damaged irreparably in the event Seller fails to transfer the Assets to Purchaser upon satisfaction of the conditions set forth in

Article VII of this Agreement. Accordingly, Purchaser and Seller agree that Purchaser shall be entitled to specific performance and injunctive or other equitable relief as remedies for any breach by Seller of its obligations hereunder; provided, however, that in no event shall Purchaser be precluded from seeking any damages in lieu of specific performance, or in the event Purchaser is unable to compel specific performance, or for reasonable attorney's fees and expenses incurred in pursuing its remedies against Seller. Seller agrees to waive the posting of any bond in connection with any such remedies. Seller shall not be entitled to the remedy of specific performance, and in the event of Purchaser's failure to consummate the transactions contemplated hereby in breach of Purchaser's obligations hereunder, Seller's sole remedy shall be to terminate this Agreement pursuant to Section 8.1(a) and to seek release of the Escrow Funds and accrued interest thereon pursuant to Section 8.3 and the terms and conditions of the Escrow Agreement.

## **ARTICLE IX**

### **INDEMNIFICATION**

**9.1 Survival.** Except as otherwise specifically provided in this Agreement, all representations, warranties, covenants and agreements contained in this Agreement, or in any certificate, agreement, or other document or instrument, delivered pursuant hereto, shall survive (and not be affected in any respect by) the Closing for a period of eighteen (18) months, provided that if a Claim (as hereinafter defined) or notice for indemnification with respect to any such representation, warranty, covenant, agreement, certificate, or other document or instrument, arises prior to the end of the survival period, such Claim or notice shall continue (and such representation, warranty, covenant, agreement, certificate, or other document or instrument shall survive) indefinitely until such Claim is finally resolved. Notwithstanding the foregoing, the representations of Seller made in Sections 3.2, 3.8, 3.17, 3.19 and 3.23 shall survive without limitation, and any Claims arising therefrom shall continue to be subject to this Article IX.

**9.2 Indemnification in General.** Purchaser and Seller agree that the rights to be indemnified and held harmless set forth in this Agreement, as between the parties hereto and their respective permitted successors and assigns, shall be exclusive of all rights (other than those specifically referenced in the Agreement) to be indemnified and held harmless that such party (or its permitted successors or assigns) would otherwise have by statute, common law or otherwise.

**9.3 Indemnification by Seller.** Seller shall indemnify, defend, and hold harmless Purchaser, any officer, director or member thereof, and their permitted assigns with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, obligations, liabilities, recoveries, deficiencies, and expenses (including interest, penalties and reasonable attorneys' fees) of every kind and description (individually or collectively, a "Claim") relating to or arising out of:

(a) any breach or non-performance by Seller of, or misrepresentation with respect to, any of Seller's representations, warranties, covenants or agreements set forth in this Agreement, it being understood that, for purposes of this Section 9.3(a), the representations and warranties of Seller shall mean such representations and warranties of Seller made on and as of the Closing Date after disregarding all knowledge qualifications of Seller;

(b) the operations or business of Seller or the Stations prior to the Closing Date, to the extent such Claim relates to any period before the Closing Date, regardless of whether disclosed in any schedule or document and regardless of whether constituting a breach by Seller of any representation, warranty, covenant or agreement, and any other liability or obligation of Seller other than the post-Closing obligations assumed by Purchaser pursuant to the Assumed Contracts;

(c) any legal, administrative or tax proceedings pursuant to which Seller is or could be made liable for any taxes, penalties, interest or other charges and the liability of which is extended to Purchaser in connection with the transactions contemplated by this Agreement; or

(d) any and all damages occasioned by, arising out of or resulting from any claim by any person or entity that any agent, broker, investment or commercial banker, person or firm acting on behalf of Seller that it is entitled to any broker, finder, financial advisor fee or any other commission or similar fee directly or indirectly in connection with the transaction contemplated by this Agreement.

**9.4 Indemnification by Purchaser.** Purchaser shall indemnify, defend, and hold harmless Seller, any officer or director thereof, and their permitted assigns, with respect to any Claim of any kind and description relating to or arising out of:

(a) any breach or non-performance by Purchaser of, or misrepresentation with respect to, any of Purchaser's representations, warranties, covenants or agreements set forth in this Agreement, it being understood that, for purposes of this Section 9.4(a), the representations and warranties of Purchaser shall mean such representations and warranties of Purchaser made on and as of the Closing Date after disregarding all knowledge qualifications of Purchaser; or

(b) the Assumed Obligations and any other liability, obligation or debt of Purchaser or the Stations that arises or results from and is attributable to the operations or business of the Stations on or after the Closing Date excluding, however, any liability or obligation of Seller specifically retained by Seller;

(c) any and all damages occasioned by, arising out of or resulting from any claim by any person or entity that any agent, broker, investment or commercial banker, person or firm acting on behalf of Purchaser that it is entitled to any broker, finder, financial advisor fee or any other commission or similar fee directly or indirectly in connection with the transaction contemplated by this Agreement.

**9.5 Indemnification Procedure.** For purposes of administering the indemnification provisions set forth in this Article IX, the following procedure shall apply:

(a) Whenever a Claim shall arise under this Article, the party entitled to indemnification (the "Indemnified Party") shall promptly and in no event later than ten (10) business days after becoming aware of such a Claim, give written notice to the party from whom indemnification is sought (the "Indemnifying Party") setting forth in reasonable detail, to the extent then available, the facts concerning the nature of such Claim and the basis upon which the Indemnified Party believes that it is entitled to indemnification hereunder, provided that the Indemnified Party's failure to do so shall not preclude it from seeking indemnification hereunder



unless such failure has materially prejudiced the Indemnifying Party's ability to defend such Claim.

(b) In the event of any Claim hereunder resulting from or in connection with any Claim brought by a third party, the Indemnifying Party shall be entitled, at its sole expense, either:

(i) to participate therein, or

(ii) to assume the entire defense thereof with counsel who is selected by it and who is reasonably satisfactory to the Indemnified Party provided that:

(A) the Indemnifying Party agrees in writing that it does not and will not contest its responsibility for indemnifying the Indemnified Party in respect of such Claim, and

(B) no settlement shall be made without the prior written consent of the Indemnified Party which shall not be unreasonably withheld (except that no such consent shall be required if the claimant is entitled under the settlement to only monetary damages to be paid solely by the Indemnifying Party). If, however, (1) the Claim would, if successful, result in the imposition of damages for which the Indemnifying Party would not be solely responsible hereunder, or (2) representation of both parties by the same counsel would otherwise be inappropriate due to actual or potential differing interests between them, then the Indemnifying Party shall not be entitled to assume the entire defense and each party shall be entitled to retain counsel (in the case of Clause (A) of this sentence, at their own expense) who shall cooperate with one another in defending against such Claim.

(c) If the Indemnifying Party does not choose to defend against a Claim by a third party, the Indemnified Party may defend against such Claim in such manner as it deems appropriate or settle such Claim (after giving notice thereof to the Indemnifying Party) on such terms as the Indemnified Party may deem appropriate, and the Indemnified Party shall be entitled to periodic reimbursement of expenses incurred in connection therewith and prompt indemnification from the Indemnifying Party, including without limitation reasonable attorneys' fees, in accordance with this Article IX.

(d) The Indemnifying Party will not, without the Indemnified Party's written consent, settle or compromise any Claim or consent to any entry of judgment which does not include, as an unconditional term thereof, the giving by the claimant to the Indemnified Party of a release from all liability with respect to such Claim. Neither Purchaser nor Seller shall be deemed to have notice of any Claim by reason of any knowledge acquired on or prior to the Closing Date by an employee of the Stations unless express evidence is available establishing actual notice to either party.

**9.6 Limitations on Indemnification.** Notwithstanding anything to the contrary in this Article IX, (a) no claim for indemnification shall be made by either Indemnified Party unless the aggregate Claims of such Indemnified Party exceed Thirty Thousand Five Hundred Dollars (\$30,500) (the "Deductible Amount"), in which event all Claims of such party above the Deductible Amount shall be recoverable hereunder; and (b) in no event shall an

Indemnifying Party's aggregate obligation to indemnify an Indemnified Party exceed the Purchase Price.

## ARTICLE X

### MISCELLANEOUS

**10.1 Respective Costs.** Except as otherwise specifically provided herein, Purchaser on the one hand, and Seller on the other, will each pay its own costs and expenses (including attorneys' fees, accountants' fees, and other professional fees and expenses) in connection with the negotiation, preparation, execution, delivery, and performance of this Agreement, and the consummation of the purchase and sale of the Assets and the other transactions contemplated by this Agreement.

**10.2 Terms Generally.** The defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." All references herein to Articles, Section, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules, to this Agreement unless the context shall otherwise require, and references to "herein," "hereof," "hereunder," and words of similar import shall refer to this Agreement as a whole rather than specific sections hereof unless the context shall otherwise require.

**10.3 Entire Understanding.** This Agreement, including the Schedules and Exhibits hereto and the Escrow Agreement, contain the entire understanding among the parties hereto with respect to the transactions contemplated herein and therein, and supersede all negotiations, representations, warranties, commitments, offers, letters of intent, contracts, agreements, understandings, and writings not set forth herein or therein. No waiver and no modification or amendment of any provision of this Agreement shall be effective, unless specifically made in writing and duly signed by all parties hereto. No party's ability to rely upon the representations, warranties, covenants, and other provisions of this Agreement shall be limited by any information or document provided to or obtained by such party, unless specifically set forth in a writing duly signed by all parties hereto.

**10.4 Confidentiality.**

(a) Except as necessary for the consummation of the transactions contemplated by this Agreement, and except as and to the extent required by law, each party will keep confidential, and shall cause its representatives, advisors, attorneys and financing sources to keep confidential, any information obtained from the other party in connection with the transactions contemplated by this Agreement. If this Agreement is terminated, each party will return to any other party that furnished it with information in connection with the transactions contemplated by this Agreement all such information.

(b) No party shall publish any press release or make any other public announcement concerning this Agreement or the transactions contemplated hereby without the

prior written consent of each other party; provided, however, that nothing contained in this Agreement shall prevent any party, after notification to and consultation with the other party, from making any filings with governmental authorities that, in its judgment, may be required or advisable in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(c) Unless requested by the FCC, no exhibits to this Agreement shall be submitted in connection with the FCC application seeking consent for this transaction.

(d) The foregoing notwithstanding, Purchaser shall be permitted to disclose this transaction and such information concerning the Stations as is necessary to accomplish the strategic objectives and business synergies of Purchaser.

**10.5 Headings.** The Article headings contained herein are for convenience and for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

**10.6 Counterparts.** This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one (1) and the same instrument. Any such counterpart signature page may be delivered by electronic means or facsimile and shall become binding on the delivering party upon receipt by the other party.

**10.7 Choice of Law.** This Agreement shall be governed by, and shall be construed in accordance with, the internal laws of the Commonwealth of Virginia governing contracts made and to be performed entirely within such State, without reference to any choice-of-law principles of the laws of such State. If any provision herein shall be held to be invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative or administrative action, such holding or action shall be strictly construed and shall not affect the validity or the enforceability of any other provision herein.

**10.8 Benefit and Binding Effect.** This Agreement shall be binding upon, and shall inure to the benefit of, the successors and permitted assigns of the parties hereto. No party may transfer by operation of law or assign any of its rights, interests or obligations under this Agreement without the prior written consent of the other party hereto. Notwithstanding the foregoing, no assignment by Seller or Purchaser shall be permitted after the application requesting FCC Consent to the transactions contemplated herein have been filed with the FCC if such an assignment would result in a situation in which a new file number will be assigned to any such application under 47 C.F.R. §73.3572.

**10.9 Notices.**

(a) All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be delivered in person or sent by overnight private commercial delivery service or by certified or registered United States mail, postage prepaid, or by facsimile, and addressed as follows:

to Seller:

Shenandoah Valley Television, LLC  
1866 E. Market Street, Suite 325  
Harrisonburg, VA 22801  
Facsimile: 504-433-9267  
Attn: Thomas Manley

with copies to (which shall not constitute notice to Seller):

Southmayd & Miller  
1220 19<sup>th</sup> Street, N.W.  
Suite 400  
Washington, D.C. 20036  
Facsimile: 888-557-3686  
Attn: Jeffrey Southmayd

to Purchaser:

Jeffrey D. Shapiro  
President  
Force 5 Communications Inc  
35 South Main Street, Suite 300  
Hanover, NH 03755

with copies to (which shall not constitute notice to Purchaser):

Joseph A. DiBrigida, Jr.  
Sheehan Phinney Bass & Green,  
Professional Association  
1000 Elm Street, PO Box 3701  
Manchester, NH 03105-3701  
Phone 603-627-8158  
Fax 603-641-2363  
jdibrigida@sheehan.com

All notices and other communications required or permitted under this Agreement which are addressed as provided in this Section 10.10, shall be effective upon such delivery.

(b) Either party may from time to time change its address for the purpose of the giving of notices to that party, by giving to the other party a notice specifying a new address in compliance with the provisions of this Section 10.10.

**10.10 No Third-Party Beneficiaries.** This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

**IN WITNESS WHEREOF**, the parties hereto have caused their hands and seals to be affixed herein below on the date and year first above written.

SHENANDOAH VALLEY TELEVISION, LLC

By:\_\_\_\_\_

Name: Thomas Manley

Title: Manager

Force Five Communications, Inc.

By:\_\_\_\_\_

Name: Jeffrey Shapiro

Title: President