

ASSET PURCHASE AGREEMENT

THIS AGREEMENT, made the _____ day of August, 2005, by and between:

HAWK COMMUNICATIONS LTD, with a mailing address of 28 Union Street, Suite 100, Hamburg, New York, 14075, hereinafter referred to as "Seller"

and

TERRANCE GRANT, on behalf of a Corporation or a Limited Liability Company to be formed by him with a mailing address of 112 North Second Street, P.O. Box 551, Olean, New York, 14760, hereinafter referred to as "Purchaser".

RECITALS:

1. Seller is engaged in the ownership of a licensed AM radio station in Springville, New York, broadcasting over the AM Band of 1330 and is licensed by the Federal Communications Commission.

2. In connection with the operation AM radio station aforementioned, Seller is the owner of real estate and buildings thereon, including a radio tower, transmitters, and related equipment, including office furnishings, record and tape library, customer lists, equipment, and controls.

3. Subject only to any limitations and exclusions contained in this Agreement, Seller desires to sell to the Purchaser, and the Purchaser desires to buy from the Seller the business and assets hereinafter set forth, together with the license, properties, and rights of the Seller described in this agreement.

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

ARTICLE II

Closing: Closing shall take place at the office of the attorney for the Seller or at such other place as the parties shall from time to time determine.

Parties recognize that this sale is contingent upon approval of the license transfer from the Federal Communications Commission and that a definite closing date cannot be determined, but the parties agree that they will use their best efforts to close as soon as is reasonably possible following approval by the FCC, and in no event shall said closing take place later than twenty (20) days thereafter.

At closing as defined in Article II, Seller will cause to sell, convey, assign, and transfer to the Purchaser on terms and conditions of this Agreement, all the Seller's right, title, and interest in and to assets hereinafter set forth, as well as any and all rights in and to its FCC Licenses by virtue of this Agreement, free and clear of all liens, pledges, security interests, charges, claims, restrictions, and encumbrances of any nature whatsoever, including its business name, call letters, and properties hereinafter referred to as assets.

The assets referred to hereinabove shall, without limitation, include the following assets of the Seller:

Subparagraph A: Assets to be conveyed.

(a). All machinery, equipment, tools, furnishings, and improvements located at the AM radio station of Seller in Springville, New York.

(b). Seller's telephone numbers and logos.

(c). Seller's call letters WSPQ (AM 1330).

(d). All broadcast rights.

(e). Library of records, tapes, or other recordings.

(f). All office supplies owned by Seller on date of closing.

(g). All inventory of radio station relating to materials and property necessary to operate the radio facility, including spare parts, tools, manuals, catalogs, or otherwise relating to the equipment of the radio station.

(h). All rights under any written or oral contract agreement, plan, license, certificate of occupancy, or other permit affecting the operation of the radio station.

(i). All rights under any patent, service mark, trade name, or copyright, whether registered or unregistered, together with any applications presently pending therefore.

(j). All technologies, methods, formulations, databases, trade secrets, no how inventions or other intellectual property used in the business or under development.

(k). Approximately eight (8) acres of land and building on Waverly Street in Springville, New York.

(l). Radio transmitter tower located on the above referred acreage.

(m). All customer lists, advertising logos, files, records, data, plans, contracts, and other relating to the foregoing that the Purchaser may request.

- (n). Any and all maintenance and service contracts.
- (o). All other assets, except those specifically included in subparagraph (c) hereinafter:

Subparagraph B: Assets to be retained by Seller.

- (a). Any cash or cash equivalents held by Seller.
- (b). Any securities owned by Seller.
- (c). Any accounts receivable invoiced by Seller relating to business prior to September 1, 2005.
- (d). All Notes receivable owing to Seller.
- (e). Corporate Seals, Certificates of Incorporation, Minute Books, Stock Books, Tax Returns, etc. having to do with Seller Corporation.
- (f). All rights that will accrue to Seller under this Agreement.
- (g). All rights to any Seller's claims for Federal, State, Local or Foreign Tax Refunds prior to September 1, 2005.
- (h). Any vehicle owned by Seller.

ARTICLE III

Purchase price: Purchase price for the aforementioned assets of Seller shall be the sum of One Hundred Ten Thousand Dollars (\$110,000.00).

- (a). Purchaser shall herewith deposit in escrow with either Purchaser's or Seller's attorney the sum of Ten Thousand Dollars (\$10,000.00) as good faith funds to be applied to the balance of the purchase price at closing.
- (b). The sum of Seventy Thousand Dollars (\$70,000.00) cash to be paid by Purchaser to Seller at closing.
- (c). A Promissory Note of \$30,000.00 from Seller to Buyer payable monthly at the rate of six percent (6%) per annum, and due and payable in three (3) years from date of closing. If Purchaser elects to take title to the assets under this Agreement in corporate form, Purchaser shall provide such collateral security as Seller may require, (including personal guarantees of the members).
- (d). The Purchaser assumes no liabilities of Seller unless otherwise specifically agreed to in writing at the closing of this transaction.

(e). The purchase price hereinabove shall be allocated among the assets acquired as determined by the respective representatives of Seller and Purchaser, and it shall be specifically set forth on a closing memorandum on the date of sale.

ARTICLE IV

Title Documents: Seller will deliver to Purchaser such documents, including Bills of Sale, Covenants of Warranty, Deeds, or other title instruments necessary to satisfy Purchaser of the ownership of the transfer of the assets at the time of closing.

(a). Seller shall provide Purchaser's Attorney at least ten (10) days prior to closing an updated Abstract of Title to the real property being transferred and the closing shall take place in accordance with the rules of the Bar Association of Erie County, as the same relates to the transfer of property in that jurisdiction.

(b). All taxes with respect to the realty shall be prorated as of the date of sale.

(c). Seller shall provide to the Purchaser at closing, the appropriate corporate resolutions authorizing the sale and such other documents as Purchaser's attorney or representatives may from time to time request, so long as said requests are reasonably related to the standard requirements in connection with the sale and nature including the UCC Searches, Certificates of Good Standing, local searches, if appropriate, and Certificate of Occupancy, if required by the municipality.

(d). This sale is specifically conditioned upon Purchaser's ability to obtain approval from the Federal Communications Commission and receive an operating license in accordance with the FCC's Rules and Regulations and shall be additionally conditioned upon Purchaser's ability to obtain commitment from a commercial lender at current commercial lending rates.

(e). Purchaser agrees upon execution of this Agreement to immediately apply for said license, and Seller agrees that it will render whatever appropriate assistance that may be required to facilitate the transfer of the business to Purchaser.

(f). Purchaser agrees to waive the requirements of the Bulk Sales Law as defined in the Article 7 of the Uniform Commercial Code, with the specific understanding between the parties that should any indebtedness of the Seller following the closing of the transaction (which indebtedness existed prior to September 1, 2005) become the ultimate obligation of the Purchaser, and should the Purchaser pay any pre-existing indebtedness of Seller following the closing, Purchaser shall be entitled to offset any payments due and owing to Seller pursuant to its remaining payment obligations set forth in paragraph (c) of Article III hereinabove. Should any indebtedness become known to Purchaser, Purchaser will immediately notify Seller, and if Seller refuses to acknowledge the indebtedness or satisfy same within thirty (30) days, without just cause, and said indebtedness becomes the obligation of Purchaser, then Purchaser will be entitled to the offset as hereinabove referred to.

ARTICLE V

Interim Operation: The Parties hereto do hereby agree that effective on September 1, 2005, Purchaser shall be permitted to operate and manage the station so long as such operation and management is permitted under the rules and regulations of the FCC, which shall continue operation and governance of the radio station pending final approval of the FCC and the closing of this transaction. In consideration for permission to operate the station, Purchaser agrees that any and all obligations incurred by the station after September 1, 2005 shall be Purchaser's sole and exclusive responsibility and hereby indemnifies and saves harmless Seller from any further liability with respect to business indebtedness incurred as the result of operational management being conducted by Purchaser.

(a). If necessary or applicable, Seller agrees to provide Purchaser with the necessary copies of employee contracts, and to assign said contracts to Purchaser at closing.

(b). Seller agrees that it will disclose to Purchaser on September 1, 2005, copies of all contracts and agrees that there will be a pro-ration of revenue earned and unearned, including deposits, etc. since September 1, 2005.

(c). Purchaser acknowledges that Purchaser has been provided with copies of tax returns and financial statements of Seller sufficient to enable Purchaser to make an appropriate examination of Seller's financial condition, but that Purchaser has the right to continue Purchaser's financial due diligence of the Seller Corporation until September 1, 2005, and Seller shall provide any and all financial information reasonably requested. Seller agrees that subsequent to September 1, 2005, it will incur no additional or new indebtedness without the specific approval of Purchaser.

ARTICLE VI

Conditions precedent to closing:

(a). All representations and warranties of the Seller will be true, complete, and correct at closing.

(b). Seller shall have performed and completed all agreements and conditions required by this contract to be performed and complied with by it prior to closing, and Purchaser shall have been furnished with the appropriate documentation certificates, titles, etc., as Purchaser may reasonably request prior to closing.

(c). Seller agrees that it shall enter into a restrictive covenant with the Purchaser that restricts Seller from obtaining an FCC AM License in the transmitting area of the radio station and that it shall not assist or render, assist, or enable any other persons, individuals, or corporations in an attempt to obtain a radio license to operate a competitive radio station and transmitter within twenty five (25) miles of the site location of Seller's premises, and Seller agrees that it shall refrain from such activity for a period of not less than ten (10) years from date of sale.

(d). Seller warrants that there was no proceeding or pending or threatened litigation before any Court or governmental agency that would interfere with its right to sell its assets herein described to the purchaser or to refrain from the consummation of this transaction, and there is no investigation or inquiry that might eventuate any such suit, action, or proceeding.

ARTICLE VII

Indemnification: At closing Seller agrees that it will indemnify and save harmless Purchaser from any and all liabilities or obligations of Seller existing prior to the September 1, 2005 and if applicable any such liabilities or obligations arising thereafter and prior to closing.

(a). All actions, suits, claims, legal administrative, arbitration, or other governmental proceedings or investigations against Seller which relate to the business.

(b). Any material, misrepresentation, or breach of material warranty of any material agreement or covenant on the part of the Seller.

(c). Purchaser agrees that it shall indemnify, reimburse, and hold harmless Seller against any liabilities or obligations of any nature whatsoever relating to the Purchaser or the Purchaser's business prior to closing.

(d). Any and all actions, suits, claims, legal, or administrative arbitration or governmental proceedings or investigations against Purchaser that relate to the Purchaser which would result or rise out of any event, occurrence, action, or inaction occurring after the closing date or after September 1, 2005, if the Purchaser commences management as contemplated by this Agreement.

ARTICLE VIII

Miscellaneous: The parties hereto agree that there are no brokers or finders fees owed by either party to this transaction and all negotiations relative to this agreement have been carried on by the Parties directly without the intervention of any agents or outside parties.

(a). Seller and Purchaser shall be responsible for their respective transfer documentary taxes, if any, due as the result of the transfer of assets, or all other fees, including legal directly relating to the consummation of this Agreement.

(b). Seller and Purchaser agree that Purchaser will assign this contract to a Limited Liability Company to be formed by Purchaser, but in all other respects, the parties hereby agree that this contract shall not be assignable to any other parties without specific written consent of the parties hereto.

(c). The parties agree that the provisions of this Agreement may be waived at any time by either party entitled to benefit therefrom by a written instrument duly executed by such party.

(d). All notices, requests, demands, waivers, consents, or other approvals or other communication which may be required or permitted hereunder shall be in writing and be deemed given only if delivered by ordinary mail, e-mail, or fax, registered or certified mail postage prepaid as follows:

To Purchaser, Terrance Grant with a mailing address of 112 North Second Street, P.O. Box 551, Olean, New York, 14760, a telephone number of (716) 372-0341, a fax number of (716) 372-0439, with copy to Attorney, J. Michael Shane, Esq., with a mailing address of 2646 West State Street, Suite 107, Olean, New York, 14760, a telephone number of (716) 372-4848, a fax number of (716) 372-4997, and an e-mail address of jmshane@adelphia.net.

To the Seller, HAWK COMMUNICATIONS LTD, with a mailing address of 28 Union Street, Suite 100, Hamburg, New York, 14075, a telephone number of _____, and a fax number of _____, with copy to Attorney, _____, Esq., with a mailing address of _____, a telephone number of _____ and a fax number of _____.

(e). This Agreement shall be governed and interpreted by the Laws of the State of New York.

(f). All schedules and exhibits referred to herein are intended and hereby specifically made a part of this agreement.

(g). Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability, but which shall not invalidate or render unenforceable the remaining provisions hereof.

(h). This Agreement may be executed in any number of counterparts and the parties hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original of all of which counterparts taken together shall constitute but one of the same instrument.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals
the year and date first above written.

Seller: HAWK COMMUNICATIONS LTD

BY: _____
President

Purchaser: TERRANCE GRANT

BY: _____
Terrance Grant

STATE OF NEW YORK)
COUNTY OF _____) ss.:

On the _____ day of _____, 2005, before me, the undersigned, a notary public in and for said state, personally appeared _____, as President and representative of HAWK COMMUNICATIONS LTD, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
COUNTY OF CATTARAUGUS) ss.:

On the _____ day of _____, 2005, before me, the undersigned, a notary public in and for said state, personally appeared **TERRANCE GRANT**, as President and representative of _____ Corporation or Limited Liability Company, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public