

ASSET PURCHASE AGREEMENT

by and between

**Puget Sound Broadcasting L.L.C.
("Seller")**

and

**Bustus Media of Seattle, LLC
("Buyer")**

Dated as of June 6, 2005

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of June 6, 2005, by and between Puget Sound Broadcasting L.L.C., a Washington limited liability company ("Seller"), and Bustos Media of Seattle, LLC, a Delaware limited liability company ("Buyer").

RECITALS

A. Seller is the licensee of radio broadcast station KAYO-FM, Elma, Washington (FCC Facility ID No. 33622) and booster station KAYO-FM1, Olympia, Washington, currently a licensee only and not operating (FCC Facility ID No. 78763) (collectively, the "Stations"). Seller operates the Stations pursuant to certain licenses, franchises, authorizations and approvals issued by the Federal Communications Commission ("FCC").

B. Seller desires to sell, assign and transfer to Buyer, and Buyer desires to purchase and acquire from Seller substantially all of Seller's assets used and useful in the operations of the Stations, all under the terms and conditions described herein.

C. Prior to the Closing, Buyer will broker time on the Stations pursuant to a separate Local Marketing Agreement that Seller and Buyer are executing contemporaneously with this Agreement (the "LMA").

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations, warranties and covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I

PURCHASE AND SALE OF PROPERTIES AND ASSETS

1.1 Assets. Seller agrees to sell and Buyer agrees to purchase all properties and assets, real, personal and mixed, tangible and intangible (except for the Excluded Assets, defined in Section 1.2, below), that are owned by Seller and used or held for use by the Stations, and any property and assets (except for the Excluded Assets) that are acquired by Seller between the date hereof and the Closing Date and are used or useful in the operations of the Stations (collectively, the "Assets"). The Assets shall include the following, except to the extent that any are Excluded Assets:

(a) Tangible Personal Property. All equipment, transmitters, antennae, cables, tower equipment, distribution systems, amplifiers, microwave equipment, converters, testing equipment, computers and computer equipment, furniture, fixtures, office materials and supplies, tools, spare parts, vehicles, and other tangible personal property owned by Seller on the date hereof, and used or held for use by Seller in the operation of the Stations, all of which are described on attached Schedule I.1(a), together with any additions, modifications, alterations or improvements

between the date of this Agreement and the Closing Date (collectively, the "Tangible Personal Property"). Any Tangible Personal Property that is leased by Seller as of the date hereof, whether as lessor or lessee, is separately designated on Schedule 1.1(a) and all related lease agreements are described on Schedule 1.1(d).

(b) Licenses and Authorizations. All rights in and to the Authorizations (as defined in Section 2.9 below) issued to Seller, including, without limitation, all broadcast auxiliary, antenna structure registrations and other authorizations of the FCC associated with the operations of the Stations, all of which are listed and described on attached Schedule 1.1(b), including without limitation, all amendments and all applications therefor, together with any renewals, extensions or modifications thereof and additions thereto, and all franchises, approvals, licenses, orders, registrations, and variances obtained from any governmental entity.

(c) Real Property. None.

(d) Contracts. Certain of Seller's Contracts in connection with the business and operations of the Stations, which are set forth on Schedule 1.1(d), and those Contracts of Seller that (i) have been entered into in the Ordinary Course of Business of the Stations and are terminable on thirty (30) days notice or less or (ii) involve individually a commitment of Two Thousand Dollars (\$2,000) or less and collectively Ten Thousand Dollars (\$10,000) or less, for the purchase or sale of goods, supplies, equipment, products, or services, any of which may be omitted from Schedule 1.1(d). "Contracts" means unexpired agreements, arrangements, commitments or understandings, for cash or barter, express or implied, relating to the operation of the Stations, to which Seller is a party or is bound and specifically include lease agreements related to any Tangible Personal Property leased by Seller as of the date hereof, whether as lessor or lessee, as designated on Schedule 1.1(a). "Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

(e) Files and Records. All files and other records of Seller relating to the Stations and the Assets (other than duplicate copies of such files, hereinafter "Duplicate Records") including, without limitation, all books, files, correspondence, studies, reports, projections, schematics, blueprints, engineering data, specifications, signal and program carriage, projections, statistics, records required by any federal, state or local government entity (including, but not limited to, all the full and complete local public inspection file for the Stations, all reports filed by or on behalf of Seller with the FCC pertaining to the Stations) and all other business and technical information pertaining to the Stations regardless of the media on which stored.

(f) Claims. Any and all of Seller's claims and rights against third parties relating to the Stations, including, without limitation, all rights under manufacturers' and vendors' warranties, and all rights to recovery and rights of setoff and recoupment pertaining to matters arising after the Closing (collectively, the "Claims").

(g) Prepaid Items. All prepaid expenses and prepaid *ad valorem* taxes (which shall be prorated, if applicable, as provided in Section 1.6).

1.2 Excluded Assets. The following assets of Seller, to the extent in existence on the Closing Date (collectively, the "Excluded Assets"), shall be retained by Seller:

(a) Benefit Plans and Assets. Pension, 401(k), profit sharing and savings plans and trusts and any other "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and any assets thereof.

(b) Corporate and Other Records. The minute books, stock books, shareholder lists and similar corporate records of Seller, and the Duplicate Records as defined in Section 1.1(e) above.

(c) Cash and Investments. All of Seller's cash on hand or in bank accounts and any other cash equivalents including, without limitation, certificates of deposit, commercial paper, treasury bills, or money market accounts.

(d) Accounts Receivable. All receivables of the Stations accrued through the Effective Time (the "Accounts Receivable"), except for receivables that Buyer is entitled to under the LMA.

(e) Excluded Contracts. Any Contract not described in Section 1.1(d) above.

(f) Green Diamond Property. The real property occupied by Seller and used as a tower site in accordance with a lease with Green Diamond Resource Company, as landlord, as described on Schedule 1.2(f) (the "Green Diamond Lease"), and those presently existing improvements thereon and any additions, improvements or alterations thereto made between the date of this Agreement and the Closing Date (the "Leased Real Property" or sometimes the "Real Property"); provided, however, that Seller as sublandlord and Buyer as subtenant will enter into a sublease, to be negotiated prior to the Closing Date and containing terms and conditions substantially similar to the terms and conditions of the Green Diamond Lease with a rental rate to be mutually acceptable to Buyer and Seller, for the Station's antenna that will commence on the Closing Date (the "Antenna Sublease"), subject to the Consent described on Schedule 4.4.

(g) Other Excluded Property. Any other property specifically listed on Schedule 1.2(f) that Seller intends to retain and not sell or assign to Buyer.

1.3 Liabilities

(a) Security Interests. The Assets shall be sold and conveyed to Buyer free and clear of all mortgages, liens, deeds of trust, security interests, pledges, options, restrictions, prior assignments, charges, claims, defects in title and encumbrances of any kind or type whatsoever

(collectively, the "Security Interests") except for: (i) liens for Taxes (as defined in Section 2.8), which are not yet due and payable, accruing before the Effective Time (it being understood that all Taxes of Seller are Excluded Liabilities, except to the extent the same are prorated or otherwise adjusted under Section 1.6), and (ii) the obligations of Seller arising after the Effective Time, which Buyer has agreed to assume under the Contracts as described in Section 1.3(b). The encumbrances described in the foregoing clauses (i) and (ii) are collectively referred to herein as "Permitted Encumbrances."

(b) Assumed Liabilities. Except as otherwise provided herein and subject to the terms and conditions of this Agreement and the LMA, simultaneously with the sale, transfer, conveyance and assignment to Buyer of the Assets, Buyer shall assume, and hereby agrees to perform and discharge when due all liabilities and obligations that accrue and are to be performed from and after the Closing Date under existing Contracts that constitute part of the Assets as described in Section 1.1(d), except to the extent that such liabilities or obligations, but for a breach or default by Seller or its Affiliates, would have been paid, performed or otherwise discharged on or prior to the Closing Date or otherwise arise out of a breach or default by Seller and its Affiliates (collectively, the "Assumed Liabilities").

(c) Excluded Liabilities. Other than the Assumed Liabilities and except to the extent of any of the following obligations expressly are obligations of Buyer under the terms and conditions of the LMA, Buyer shall not assume or be liable for, and does not undertake or attempt to assume or discharge any obligation of Seller (the "Excluded Assets"), specifically including, without limitation:

(i) any liability or obligation of Seller arising out of any Contract Buyer does not assume under Section 1.1(d), including, without limitation, those Contracts described in Section 1.2(c);

(ii) any liability or obligation of Seller arising out of or relating to any pension, 401(k), employee benefit, retirement or profit sharing plan or trust, or any liability for continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA");

(iii) any obligation to offer employment to any employee of Seller;

(iv) any liability, obligation, compensation, benefits, severance pay, or similar obligations relating to the employment or termination of employment of any employee or independent contractor of Seller and any related payroll tax or other liability;

(v) any liability or obligation of Seller arising out of or relating to any litigation, proceeding or claim by any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, or

governmental entity (or any department, agency, or political subdivision thereof) ("Person") relating to Seller, the Stations or the Assets at or before the Effective Time, whether such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Closing Date;

(vi) any financial debt or obligation due to the FCC in connection with the Stations by any and all entities with taxpayer identification numbers associated with Seller or the Stations, existing at or before the Closing Date ("FCC Debt");

(vii) any liabilities or obligations with respect to Taxes of Seller of any nature;

(viii) liabilities and obligations of any nature relating to indebtedness of Seller, where "indebtedness" means (A) all funded indebtedness of Seller for borrowed money, (B) all obligations of Seller for the deferred purchase price of property or other assets, (C) all obligations of Seller evidenced by notes, bonds, debentures, or similar instruments, (D) all capital leases, and (E) all guaranties; and

(ix) any and all other liabilities, obligations, debts or commitments of Seller whatsoever, whether accrued now or hereafter, whether fixed or contingent, whether known or unknown, or any claims asserted against Seller, any employee of Seller, the Stations or any of the Assets or other items owned by Seller at the Effective Time relating to any event (whether act or omission) at or before the Effective Time other than the Assumed Liabilities.

(d) Retained Obligations of Seller. Seller retains and shall hereafter pay, satisfy, discharge, perform and fulfill all obligations other than the Assumed Liabilities, as they become due, without any charge or cost to Buyer.

1.4 Escrow Deposit. Upon the execution of this Agreement, Buyer shall deliver to Kalil & Co., Inc. (the "Escrow Agent") the sum of One Million Five Hundred Thousand Dollars (\$1,500,000.00) by wire transfer of immediately available funds (the "Escrow Deposit"). The Escrow Deposit shall be held by the Escrow Agent in an interest bearing account in accordance with the terms of a Deposit Agreement dated the date of this Agreement in the form of attached Exhibit A (the "Deposit Agreement"). If the Closing does not take place in accordance with the terms of this Agreement, then the Escrow Deposit will be delivered to either Seller or Buyer in accordance with the terms and conditions set forth in Section 11.1 below.

1.5 Purchase Price, Payment, and Allocation.

(a) Purchase Price. The aggregate purchase price to be paid for the Assets will be Twenty Million Dollars (\$20,000,000.00) as adjusted by Section 1.6 (the "Purchase Price"), provided that payment of Three Million Dollars (\$3,000,000) of the Purchase Price shall be subject to completion of the transmitter/antenna relocation described in subsection (c) below and payment

of Two Million Dollars (\$2,000,000) shall be subject to completion of the booster stations as described in subsection (d) below.

(b) Payment at Closing. At Closing the Escrow Deposit shall be delivered by the Escrow Agent to Seller and the sum of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), as adjusted pursuant to Section 1.6 below, shall be delivered by Buyer to Seller by wire transfer of immediately available funds, which instructions shall be delivered to the Buyer at least two business days before the Closing.

(c) Payment Upon Relocation. Fifteen (15) days after written notice by Seller to Buyer certifying that: (i) construction has been completed for a new transmitter/antenna facility of Station KAYO-FM at the South Mountain Complex in accordance with all requisite FCC construction permits; (ii) the new site is operational and ready for broadcasting of Station KAYO-FM's programming at full authorized power; and (iii) if both of the above conditions have been met before Closing, Seller has filed an application with the FCC for a license to cover such construction and operation, or if both of the above conditions are completed after Closing there is no impediment to Buyer (other than as a result of any act, omission, or other event or circumstance effecting Buyer and unrelated to Seller) filing an application with the FCC to cover such construction and operation (satisfaction of all conditions set forth in (i) through (iii) above hereafter referred to as "Relocation Completion"), Buyer shall pay to Seller the sum of Three Million Dollars (\$3,000,000), subject to deduction of any construction loan funds advanced pursuant to Section 6.1 below (the "Relocation Payment"), *provided however*, that if the date for the Relocation Payment occurs prior to the Closing Date, payment of the Relocation Payment shall be delayed until the Closing Date. Within the fifteen (15) day period following such written notice from Seller, Buyer may investigate the certified matters to confirm their accuracy. Notwithstanding the above, if Buyer's investigation cannot verify that the above referenced conditions have been met, and such failure is other than as a result of any act, omission, or other event or circumstance affecting Buyer and unrelated to Seller, then payment of the Relocation Payment by Buyer shall not be due until Seller attempts to correct any deficiencies identified by Buyer, and Seller and Buyer reasonably agree that all conditions listed above have been met. If Seller and Buyer cannot agree on this within thirty (30) days after Seller gave its certification, the matter shall be submitted to binding arbitration, with each party selecting a consulting electrical engineer with at least ten (10) years of experience in radio broadcast transmissions and the two (2) engineers so selected shall mutually select a third engineer with the same qualifications. A determination by two (2) out of the three (3) engineers shall be binding on the parties and subject to judicial enforcement. Each party shall bear the costs of its own engineer and one-half of the costs of the third engineer.

(d) Payment Upon Completion of New Boosters. After written notice by Seller certifying that: (i) construction has been completed for new booster station(s) for Station KAYO-FM in accordance with all requisite FCC construction permits obtained to meet the signal coverage criteria set forth in Schedule 1.5(d) hereto (the "New Booster Criteria"); (ii) the new booster(s) is (are) operational and ready to rebroadcast Station KAYO-FM's programming with signal coverage that meets the New Booster Criteria; and (iii) if both of the above conditions have

been met before Closing, Seller has filed an application (or applications) with the FCC for a license (or licenses) to cover such construction and operation, or if both of the above conditions are completed after Closing there is no impediment to Buyer (other than as a result of any act, omission, or other event or circumstance affecting Buyer and unrelated to Seller) filing an application with the FCC to cover such construction and operation, and within fifteen (15) days after agreement by Buyer that condition (ii) has been met (or if this matter goes to arbitration, after delivery of a determination by the engineers, as provided below, that condition (ii) has been met) (satisfaction of all conditions set forth in (i) through (iii) above and agreement (or determination by arbitration) that condition (ii) has been met hereafter referred to as "New Booster Completion"), Buyer shall pay to Seller the sum of Two Million Dollars (\$2,000,000), subject to deduction of any construction loan funds advanced pursuant to Section 6.2 below (the "New Booster Payment"), *provided however*, that if the date for the New Booster Payment occurs prior to the Closing Date, payment of the New Booster Payment shall be delayed until the Closing Date. Within the fifteen (15) day period following such written notice from Seller, Buyer may verify the certified matters. In the event that Buyer disputes that condition (ii) has been met and Seller and Buyer cannot agree on this within thirty (30) days after Seller gave its certification, the matter shall be submitted to binding arbitration, with each party selecting a consulting electrical engineer with at least ten (10) years of experience in radio broadcast transmissions and the two (2) engineers so selected shall mutually select a third engineer with the same qualifications. A determination by two (2) out of the three (3) engineers shall be binding on the parties and subject to judicial enforcement. Each party shall bear the costs of its own engineer and one-half of the costs of the third engineer.

(e) Allocation of Purchase Price. Buyer and Seller agree that the Purchase Price shall be allocated among the Assets in the manner set forth on Schedule 1.5(e). The asset allocation agreed to by the parties pursuant to this Section 1.5(e) shall be referred to as the "Allocation." Seller and Buyer agree (i) to jointly complete Internal Revenue Service ("IRS") Form 8594 in the manner required by Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations thereunder, and the Allocation, and to separately file such IRS Form 8594 with its federal income tax return for the tax year in which the Closing occurs and (ii) that neither Seller nor Buyer will take a position on any tax return inconsistent with the Allocation without the written consent of the other party; *provided, however*, that nothing contained herein shall prevent Buyer or Seller from settling any proposed deficiency or adjustment by any taxing authority based upon or arising out of the Allocation, and neither Buyer nor Seller shall be required to litigate before any court, any proposed deficiency or adjustment by any taxing authority challenging such Allocation. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 1.5(e) shall survive the Closing.

(f) Arbitration Rules. Before undertaking to resolve a dispute by binding arbitration under Sections 1.5(c) or 1.5(d) above, each arbitrator shall be duly sworn faithfully and fairly to hear and examine the matters in controversy and to make a just award according to the best of his or her understanding. Arbitration of such controversy, disagreement or dispute shall be conducted in accordance with the Commercial Arbitration Rules then in force of the American Arbitration Association and the decision and award of the arbitrator so selected shall

be binding upon the parties. The arbitration will be held in any city located within King County, Washington.

1.6 Adjustments.

(a) General Rule. Unless otherwise allocated under the terms and conditions of the LMA, the operation of the Stations and the income and normal operating expenses attributable thereto through 11:59:59 p.m. Pacific Time) at the end of the Closing Date (the "Effective Time") shall be for the account of Seller and thereafter for the account of Buyer and, if any income or expense is properly allocable or credited, then it shall be allocated, charged or prorated accordingly. At Closing, the parties shall make all known prorations and estimate any remaining prorations. All special assessments and similar charges or liens imposed against any of the Assets in respect of any period of time through the Effective Time, whether payable in installments or otherwise, shall be the responsibility of Seller, and amounts payable with respect to such special assessments, charges or liens in respect of any period of time after the Effective Time shall be the responsibility of Buyer to the extent that they are not Excluded Liabilities, and such charges shall be adjusted as required hereunder.

(b) Adjustment Schedule. Buyer will prepare and deliver to Seller within ninety (90) days after the Closing Date a report computing the details of the determination, in accordance with the provisions of Section 1.6(a), of the final prorations as compared to the estimated prorations made at Closing. Within thirty (30) days after receiving the report, Seller will provide Buyer with any objections or omissions to the computations. If Seller has no objections, the party obligated to make payment under the report will do so within five business days after the expiration of the 30-day period. Notwithstanding the provisions of Section 11.9 below regarding dispute resolution with respect to this Agreement, any disagreement regarding the final prorations under this Section 1.6(b) which cannot be resolved by the parties within thirty (30) days will be resolved by Seller and Buyer each selecting an independent, disinterested certified public accountant knowledgeable in the broadcast industry to resolve the dispute. If these two accountants cannot resolve the dispute within thirty (30) days after submission to them, then the two accountants shall select a third independent, disinterested certified public accountant knowledgeable in the broadcast industry and the agreement of two of the three accountants shall be binding on the parties and subject to judicial enforcement. Each party shall bear the costs of its own accountant and one-half of the cost of the third accountant.

1.7 Closing. The consummation of the transactions provided for in this Agreement (the "Closing") shall take place at a mutually agreeable location on a date, designated by Buyer, no later than fifteen (15) business days after the satisfaction or waiver of all of the conditions specified in Articles 7 and 8 below. The date on which the Closing is to occur is referred to herein as the "Closing Date."

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Article 2 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article 2), except for any statement that is made as of a specified date shall be correct and complete as of the date so specified. Any statement that is qualified by the application thereto of a materiality standard need only be correct and complete in all material respects. Any matter disclosed herein or in any schedule hereto shall be deemed disclosed for all purposes to which it may relate. The term "Knowledge," when applied to Seller herein, means actual knowledge after (i) due inquiry of officers, directors, shareholders or members of Seller having responsibility for or holding a position that reasonably could be expected to involve substantial knowledge about the subject matter to which such knowledge relates and (ii) due examination of any documents, correspondence or other items contained in the files of Seller, as applicable, pertaining to such subject matter.

2.1 Company Status. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Washington. Seller has the requisite power to carry on its business as it is now being conducted, to own and operate the Stations, and to enter into and complete the transactions contemplated by this Agreement.

2.2 No Option. No Affiliate of Seller or any other Person has an interest in, or option to acquire, any of the Assets or any property used in the operation of the Stations. "Affiliate" of any Person means (a) any Person that owns or controls, is owned or controlled by, or under common control with, such Person, (b) any Person that is an officer, director, member, general partner or trustee of, or serves in a similar capacity with the specified Person, or for which the specified Person is an officer, director, member, general partner or trustee, or serves in a similar capacity, or (c) any member of the immediate family of the specified Person.

2.3 Entire Action. All actions and proceedings necessary to be taken by or on the part of Seller in connection with the performance, execution and delivery of this Agreement have been duly and validly taken and this Agreement has been duly and validly authorized, executed, and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with and subject to the terms contained herein.

2.4 No Defaults. Neither the execution, delivery and performance by Seller of this Agreement nor the consummation by Seller of the transactions contemplated hereby are events that, of themselves or with the giving of notice or the passage of time or both, will: (a) violate or conflict with any provision of the Certificate of Formation or Operating Agreement ("Governing Documents") of Seller; (b) assuming that the consents referred to in Section 4.4 are obtained, constitute a violation of, conflict with or result in any breach of or any default under, result in any termination or modification of, or cause any acceleration of any obligation of Seller under any

contract, mortgage, indenture, agreement, lease or other instrument to which Seller is a party or by which it is bound, or result in the creation of any security interest in the Assets; (c) violate any judgment, decree, order, statute, law, rule or regulation of any court, arbitrator or government or regulatory body applicable to Seller, the Stations or the Assets; or (d) result in the creation or imposition of any lien, charge or encumbrance against the Stations or the Assets.

2.5 Contracts, Leases, Agreements and Other Commitments. Seller has provided to Buyer complete and correct copies of all written Contracts listed on Schedule 1.1(d) and all amendments, modifications, extensions and renewals thereof. No change in any material term or provision of any Contract that is an Assumed Liability will occur as a result of the acquisition of the Assets by Buyer or the assignment by Seller of such Contract to Buyer.

2.6 Breach. Seller is not in violation or breach of any of the terms, conditions or provisions of its Governing Documents or any FCC Debt and is in material compliance with each Contract, indenture, mortgage, deed of trust, court order, judgment, arbitration award or decree relating to or affecting the Stations or the Assets, to which Seller is a party or by which it is bound. All accrued and currently payable amounts due from Seller under any Contract have been paid, except where a good faith claim has been raised. No other party thereto is in material default or breach under any of the Contracts to be assumed by Buyer at the Closing.

2.7 Taxes.

(a) All federal, state and local returns, reports, estimates and other statements ("Returns") required to have been filed with any jurisdiction with respect to Seller and the operation of the Stations with respect to any income, franchise, property, sales, value-added, payroll, withholding, excise, assessment, levy, capital and all other taxes, duties, penalties, assessments or deficiencies of every nature and description (collectively, "Taxes") have been duly and timely filed by Seller and to Seller's Knowledge each such Return correctly reflects the amount of Taxes required to be reported and/or paid. To its Knowledge, Seller has paid all Taxes due and payable that it is required to pay, except to the extent that such amounts are reserved for in Seller's Financial Statements. There are no Taxes that are past due. No consent extending the applicable statute of limitations has been filed by or for Seller with respect to any of such Taxes for any years.

(b) Seller has withheld amounts from its employees working at the Stations in accordance with applicable law. With respect to such employees, Seller has filed all Returns required to be filed and paid all required Taxes for employee income tax withholding, social security, Medicare and unemployment taxes and other similar taxes and charges, in compliance with the tax withholding provisions of the Code and other applicable federal, state and local laws as shown on those Returns.

2.8 Licenses. Seller is the holder of all licenses, permits, franchises, authorizations and approvals, including associated broadcast auxiliary licenses and authorizations of any

governmental or quasi-governmental authority required for the operation of the Stations (collectively, the "Authorizations") and all of such licenses, permits and authorizations are listed on Schedule 1.1(b). Except for pending applications for authorizations disclosed on Schedule 1.1(b), the Authorizations constitute all of the licenses and authorizations required under the Communications Act of 1934, as amended (the "Communications Act"), or the current rules, regulations and policies of the FCC for the operation of the Stations. The Authorizations are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated and have not expired. There is not pending or to Seller's Knowledge threatened any action by or before the FCC to revoke, suspend, cancel, rescind or modify any of the Authorizations (other than proceedings to amend FCC rules of general applicability) and there is not now issued, outstanding, pending or, to Seller's Knowledge, threatened by or before the FCC, any complaint, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or FCC Debt against Seller or the Stations. The Stations are and will be on the Closing Date operating in all material respects in compliance with the Authorizations, the Communications Act and the current rules, regulations and policies of the FCC and the ordinances, rules, regulations and policies of the State of Washington.

2.9 Additional Regulatory Matters.

(a) Reports. All reports, filings and payments required to be filed with or paid to the FCC and any other governmental entity by Seller in connection with the Stations or the Assets have been timely filed. All such reports and filings are accurate and complete in all material respects and from the date hereof to the Effective Time all reports required to be filed will be accurate and complete in all material respects and filed on a timely basis. Seller maintains appropriate public files at the Stations as required by FCC rules. Seller is operating only those facilities for which appropriate Authorizations have been obtained from the FCC and are in full force and effect, and Seller is in compliance with the terms and conditions of such Authorizations in all material respects.

(b) No Notices/Renewal. Seller has not received notice or other communication in connection with the Stations or the Assets indicating that it is not in compliance with all requirements of (i) the FCC and the Communications Act, or (ii) applicable state and local statutes, regulations and ordinances. Seller has no Knowledge and has received no notice or communication, formal or informal, indicating that the FCC, or any other governmental entity is considering revoking, suspending, modifying, canceling, rescinding or terminating any Authorization. Renewal of the Authorizations issued by the FCC would not constitute a "major action" within the meaning of Section 1.1301, *et seq.*, of the FCC's rules.

(c) RF Radiation. The operation of the Stations does not cause or result in exposure of workers or the general public to levels of radio frequency radiation in violation of FCC Rule 1.1310 or FCC OST/OET Bulletin Number 65.

(d) FCC Debts. There are no outstanding FCC Debts.

(e) FAA Compliance. Seller and the Assets are in compliance with the rules and regulations of the Federal Aviation Administration (the "FAA") applicable to the Stations in all material respects. All towers used by the Stations are in compliance with all painting, lighting and tower registration requirements of the FAA, the FCC and any other governmental authority in all material respects. Attached as Schedule 2.9(e) is a copy of the most recent tower inspection report of the Stations. There are no pending applications with the FAA with respect to towers used by the Stations. Schedule 1.1(b) includes a list of the antenna structure registration numbers, if applicable, for each of the towers used in connection with the Stations.

2.10 Owned Real Property. [Intentionally deleted]

2.11 Business Operations. The only business that Seller has conducted since its formation is the operation of the Stations. Seller has never engaged in the business of selling goods from inventory (other than broadcast time), of leasing tangible personal property or of developing, selling, licensing or sublicensing software, software licenses or any other Intangible Property. Schedule 2.11 lists all business addresses, trade names and names of predecessor entities used by Seller since January 1, 2000. Seller has not been a party to a merger, consolidation, liquidation, recapitalization or other business combination since January 1, 2000, except as set forth on Schedule 2.11.

2.12 Approvals and Consents. The only approvals or consents of persons or entities not a party to this Agreement that are legally or contractually required to be obtained by Seller in connection with the consummation of the transactions contemplated by this Agreement are those which are described in Section 4.4 below and the order of the FCC (the "FCC Order") consenting to the assignment of all Authorizations to Buyer without any conditions that would restrict, limit, increase the cost or burden of or otherwise adversely affect or impair, in any material respect, the right of Seller or Buyer to the ownership, use, control, enjoyment or operation of the Stations or the proceeds therefrom; *provided, however*, that any condition which requires that the Stations be operated in accordance with conditions substantially similar to and not more adverse than those contained in the present Authorizations issued for operation of the Stations, shall not be applicable ("Consents"). Any approvals under the Contracts or from any governmental division, regulatory authority or agency are material for purposes of this Section. The consummation of the transactions contemplated by this Agreement is not in conflict with, and does not require the consent under, any employment agreement, collective bargaining agreement, or any other employment related agreement, law or regulation applicable to any of Seller's employees.

2.13 Assets/Tangible Personal Property.

(a) All Assets. The Assets constitute all of the assets used, useful, or necessary to conduct the operation of the Stations as presently conducted and as presently proposed to be conducted.

(b) Tangible Personal Property. The Tangible Personal Property listed in Schedule 1.1(a) is a true and complete list as of the date hereof of all items of tangible personal property of every kind or description owned by Seller and used or useful in the operation of the Stations included in the Assets, except office materials and supplies (which office supplies or any replacements thereof shall be part of the Assets). Any Tangible Personal Property that is leased by Seller as of the date hereof, whether as lessor or lessee, is separately designated on Schedule 1.1(a) and all related lease agreements are described on Schedule 1.1(d).

(c) Good Title, Good Operating Condition. Seller has good, valid and marketable title to or the unrestricted right to use all of the Assets owned by it, free and clear of all Security Interests of every kind or character (other than Permitted Encumbrances). Seller is the owner, lessee or licensee of all of the Tangible Personal Property listed on the Schedules to this Agreement. All Tangible Personal Property is of a type, kind and/or design in accordance with standard industry practice, is in good operating condition and repair, reasonable wear and tear excepted, and has been maintained and is currently operating in material compliance with good engineering practice, industry standards and any standards or guidelines imposed by the FCC. Except as so warranted or represented by Seller or as warranted or represented in any manufacturer warranties assigned by Seller to Buyer, the Tangible Personal Property is sold "AS IS" as of the Closing.

2.14 Leased Real Property.

(a) Leases. Seller has provided to Buyer a true and complete copy of the real property lease agreement listed in Schedule 1.2(f), including all amendments and modifications thereto (the "Real Property Lease").

(b) Interests. The Leased Real Property and all of the fixtures, towers and improvements thereon owned by Seller (the "Owned Improvements") are in good operating condition and repair, reasonable wear and tear excepted, and have been maintained in material compliance with industry standards and any standards or guidelines imposed by the FCC. Seller has received no notice alleging that the Leased Real Property or the Owned Improvements fail to comply with applicable zoning laws or the building, health, fire and environmental protection codes of applicable governmental jurisdictions.

(c) [intentionally deleted]

(d) Good Title. With respect to the Real Property Lease, Seller has good title to its leasehold interests in such real property and the Owned Improvements, free and clear of all liens, claims and encumbrances. With respect to such lease: (i) the lease is in full force and effect, (ii) all accrued and currently payable rents and other payments required by such lease to be paid by Seller thereto have been paid, (iii) Seller entered into such lease in the Ordinary Course of Business and Seller has been in peaceable possession since the beginning of the original term of such lease, (iv) neither Seller nor any other party thereto is in material default under such lease, (v)

Seller has not given nor received any notice of default or termination, and no condition exists and no event has occurred that, with the giving of notice, the lapse of time or the happening of any further event would become a default or permit early termination under such lease, and (vi) subject to obtaining the Consent described on Schedule 4.4 for the Antenna Sublease, the validity or enforceability of any such lease will in no way be affected by the sale of the Assets or the other transactions contemplated herein. Except as set forth on Schedule 4.4, no third-party consent or approval is required for the execution of the Antenna Sublease by Buyer and Seller.

2.15 Environmental Matters. Seller is in compliance with all federal, state and local laws and regulations in all material respects relating to pollution and the discharge of materials into the environment (collectively, the "Environmental Laws"). Seller holds all the permits, licenses and approvals of governmental authorities necessary for occupancy of the Real Property or operation of the Stations under applicable Environmental Laws (the "Environmental Permits"). Seller is in material compliance with the Environmental Permits and they are transferable to Buyer without the consent of any governmental entity. There are no underground or aboveground storage tanks on any of the Real Property, except as set forth on Schedule 2.15. To Seller's Knowledge, no hazardous or toxic substances have been released, discharged or disposed of on any of the Real Property. To Seller's Knowledge, there are no quantities or concentrations of hazardous or toxic substances present at, on or under the Real Property that would pose an unacceptable risk to human health or the environment under any Environmental Law. No litigation or proceeding relating to Environmental Laws, Environmental Permits or any release, discharge or disposal of hazardous or toxic substances is pending or, to Seller's Knowledge, threatened against the Stations or Seller. Set forth on Schedule 2.15 is a list of all environmental reports, studies or analyses in the possession of Seller relating to the Real Property or the operation of the Stations concerning hazardous or toxic substances or compliance with applicable Environmental Laws or Environmental Permits, true and complete copies of which have been provided to Buyer.

2.16 Compliance with Law and Regulations. In all material respects, the Stations, the Assets, and Seller are in compliance with all requirements of federal, state and local law and all requirements of all federal, state and local governmental bodies or agencies having jurisdiction over any of them, the operations of the Stations, the use of Seller's properties and assets (including the Assets) and the Real Property. Without limiting the foregoing, Seller has paid all monies and FCC Debts and obtained all FCC licenses, permits, certificates and authorizations and all other material licenses, permits, certificates and authorizations needed or required for its operations, and the use of the Real Property. Seller has properly and timely filed all reports and other documents required to be filed with any federal, state or local government or subdivision or agency thereof in connection with the Stations and the Assets. Seller has received no notice from any federal, state or municipal authority or any insurance or inspection body that any of its properties, facilities, equipment or business procedures or practices fails to comply with any applicable law, ordinance, regulation, building or zoning law or requirement of any public authority or body.

2.17 Insurance. A summary of current insurance coverage of Seller maintained in connection with the Stations and the Assets is attached as Schedule 2.17. Seller maintains and will

continue to maintain in full force and effect through the Effective Time, insurance policies covering it, the Stations and the Assets in amounts and insuring against hazards, in the amounts set forth on Schedule 2.17. All of such policies are in full force and effect and Seller is not in default of any material provision thereof. Seller has received no notice from any issuer of any such policies of its intention to cancel, terminate or refuse to renew any policy issued by it.

2.18 Litigation. There are no suits, arbitrations, administrative charges or other legal proceedings, claims or governmental investigations pending or, to Seller's Knowledge, threatened against Seller, nor, to Seller's Knowledge, is there any basis for any such suit, arbitration, administrative charge or other legal proceedings, claim or governmental investigation. Seller has not been operating under or subject to, or in material default with respect to, any order, writ, injunction or decree relating to the Stations or the Assets of any court or federal, state, municipal or other governmental department, commission, board, agency or instrumentality which would have an adverse effect on the condition of the Stations or any of the Assets or on the ability of Seller to enter into this Agreement or consummate the transactions contemplated hereby.

2.19 Bulk Sales. Neither the sale and transfer of the Assets pursuant to this Agreement, nor Buyer's possession and use thereof from and after the Closing because of such sale and transfer, will be subject to: (a) any law pertaining to bulk sales or transfers or to the effectiveness of bulk sales or transfers as against creditors of Seller; or (b) the imposition of any liability on Buyer for appraisal rights or other liability owing to Seller.

2.20 Brokers. Seller has retained Kalil & Co., Inc., as its broker in connection with the transactions contemplated by this Agreement. Seller shall be responsible for the payment of any fees to Kalil & Co., Inc., that may be due in connection with the transactions contemplated by this Agreement. Other than Kalil & Co., Inc., there is no broker or finder or other Person who would have any valid claim through Seller against any of the parties to this Agreement for a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of, or action taken by, Seller.

2.21 Conflicting Interests. Neither Seller, nor any director, officer, member, manager, partner, employee or shareholder of Seller, nor any Affiliate of any of the foregoing, has any financial interest in any supplier, advertiser or customer of Seller or in any other business enterprise with which the Stations or Seller engage in business or with which the Stations or Seller is in competition. The ownership of less than one percent of the outstanding capital stock of a publicly-held corporation shall not be deemed to be a violation of this representation and warranty.

2.22 Matters Arising After the Financial Statements Date. Since the date of the most recent Financial Statement:

(a) There has not been any change that would be materially adverse to the operations, Assets or any non-financial condition of the Stations as a whole or a material impairment of the ability of Seller to perform under this Agreement ("Material Adverse

Change"), uncured default by Seller under any Contract to be assumed by Buyer, including under the terms of the leases for the Leased Real Property to be assumed by Buyer, or any material physical damage or loss to any of the Assets (except where such damage or loss was covered by insurance and/or repair or replacement of the damaged or lost assets has been completed);

(b) [Intentionally deleted]

(c) Seller has used its best efforts to preserve its business organization intact and to keep available the services of its employees and to preserve relationships with the FCC and its customers, advertisers, suppliers and others with whom it deals;

(d) Seller has not sold, leased, transferred, or assigned any of its assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

(e) Seller has not entered into any agreement, contract, license or lease outside the Ordinary Course of Business;

(f) No party (including Seller) has accelerated, terminated, modified or cancelled any agreement, contract, lease or license involving more than \$5,000 to which Seller is a party or by which it is bound;

(g) Seller has not permitted the imposition of any Security Interests upon any of the Assets, which will not be discharged at or as part of the Closing; and

(h) Seller has not taken any action outside of the Ordinary Course of Business, except as related to the transactions contemplated hereby.

2.23 Bankruptcy. Seller is neither insolvent nor the subject of bankruptcy or any similar proceeding.

2.24 Disclosure. No provision of this Agreement relating to Seller, the Stations or the Assets, nor any other document, Schedule, Exhibit or other information furnished by Seller to Buyer in connection with the execution, delivery and performance of this Agreement, or the consummation of the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact required to be stated to make the statement, in light of the circumstances in which it is made, not misleading. All Schedules attached hereto are accurate and complete as of the date hereof or the date specified on the Schedule.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this

Article 3 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article 3), except for any statement that is made as of a specified date shall be correct and complete as of the date so specified. Any statement that is qualified by the application thereto of a materiality standard need only be correct and complete in all material respects. The term "Knowledge," when applied to Buyer herein, means actual knowledge after (i) due inquiry of officers, directors, shareholders or members of Buyer having responsibility for or holding a position that reasonably could be expected to involve substantial knowledge about the subject matter to which such knowledge relates, and (ii) due examination of any documents, correspondence or other items contained in the files of Buyer, as applicable, pertaining to such subject matter.

3.1 Qualification as a Broadcast Licensee. Buyer is financially qualified and, to Buyer's Knowledge, is legally, qualified under the Communications Act and the rules, regulations and policies of the FCC to acquire the Assets from Seller. There is no fact or condition known to Buyer that would, under the Communications Act and the existing rules, regulations and policies of the FCC, disqualify Buyer as owner and operator of the Stations or constitute grounds for the filing of a petition to deny or objection related to the qualifications of Buyer or that would reasonably be expected to result in a delay of the FCC Order. To Buyer's Knowledge, no waiver of any FCC rule, regulation or policy existing as of the date of this Agreement will be required, with respect to Buyer, to obtain the FCC Order.

3.2 Status.

(a) Buyer. Buyer is a limited liability company duly organized, in good standing and validly existing under the laws of the State of Delaware. Buyer is (or will be at the Closing) duly authorized to transact business in the State of Washington. Buyer has the requisite power to carry on its business as it is now being conducted and to enter into and complete the transactions contemplated by this Agreement.

(b) Approvals and Consents. There are no approvals or consents of Persons not a party to this Agreement that are legally or contractually required to be obtained by Buyer in connection with the consummation of the transactions contemplated by this Agreement, other than the FCC Order.

3.3 No Defaults. Neither the execution, delivery and performance by Buyer of this Agreement nor the consummation by Buyer of the transactions contemplated hereby is an event that, of itself or with the giving of notice or the passage of time or both, will: (a) violate or conflict with any provision of the Operating Agreement of Buyer, (b) constitute a violation of, conflict with or result in any breach of or any default under, result in any termination or modification of, or cause any acceleration of any obligation under any contract, mortgage, indenture, agreement, lease or other instrument to which Buyer is a party or by which it is bound or the assets of it are bound, or by which it may be affected, or result in the creation of any Security Interest on any of the assets of

Buyer, or (c) violate any judgment, decree, order, statute, law, rule or regulation of any court, arbitrator or government or regulatory body applicable to Buyer or the assets of Buyer.

3.4 Litigation. There are no suits, arbitrations, administrative charges or other legal proceedings, claims or governmental investigations pending or, to Buyer's Knowledge, threatened against Buyer affecting Buyer's qualification to hold an FCC license or its ability to purchase and acquire the Assets nor, to Buyer's Knowledge, is there any basis for any such suit, arbitration, administrative charge or other legal proceedings, claim or governmental investigation. Buyer has not been operating under or subject to, or in default with respect to, any order, writ, injunction or decree of any court or federal, state, municipal or other governmental department, commission, board, agency or instrumentality which would have an adverse effect on Buyer's ability to enter into this Agreement or consummate the transactions contemplated hereby.

3.5 Entity Action. All actions and proceedings necessary to be taken by or on the part of Buyer or its members, if required by applicable law, in connection with the performance, execution and delivery of this Agreement have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with and subject to its terms.

3.6 Brokers. There is no broker or finder or other Person who would have any valid claim through Buyer against any of the parties to this Agreement for a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of or action taken by Buyer.

3.7 Due Diligence. Buyer has requested from Seller all information that is identified herein or that Buyer believed to be relevant and to its Knowledge has received all such information. Buyer has completed its due diligence investigation. The foregoing shall not constitute a waiver of, and shall not preclude Buyer from asserting, any breach of representations or warranties based upon information that it may subsequently discover.

3.8 Financial Operations of Seller. The revenues and other results of financial operations of Seller or the Stations or any changes therein are not a factor in Buyer's entering into this Agreement or proceeding with the Closing hereunder.

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

ARTICLE 4
COVENANTS OF SELLER

Seller covenants and agrees that, from the date hereof until the completion of the Closing, except as contemplated under the terms and conditions of the LMA:

4.1 Actions Affecting the Assets. Seller shall operate the Stations in the ordinary course of business, in compliance with the terms of the Authorizations and all applicable laws, rules and regulations, including, without limitation, FCC rules and regulations in all material respects. Seller shall not sell, lease, transfer or assign any of its assets, tangible or intangible. Seller shall not enter into any agreement, contract or lease affecting any of the Assets, other than as expressly otherwise permitted under this Agreement. Seller shall not permit the imposition of any Security Interests upon any of the Assets, which will not be discharged at or as part of the Closing.

4.2 Access to Facilities, Files and Records. For purposes of permitting Buyer to monitor matters under Section 2.22 above, at the reasonable request of Buyer and on reasonable advance notice, Seller shall from time to time promptly give or cause to be given to the officers, employees, accountants, counsel, agents, consultants and representatives of Buyer full access during normal business hours to: (i) all facilities, properties, accounts, books, deeds, title papers, insurance policies, agreements, contracts, commitments, records and files of every character, including, without limitation, equipment, machinery, fixtures, furniture, vehicles, accounts payable and receivable relating to the Stations; and (ii) all such other information concerning the Stations and the Assets as Buyer may reasonably request. Seller shall cause its accountants and any of its agents in possession of Seller's books and records to cooperate with Buyer's requests for information pursuant to this Agreement and shall request such accountants to provide Buyer access to all of the accountants' audit and tax work papers with respect to the Assets or the Stations.

4.3 Representations and Warranties. Seller shall give detailed written notice to Buyer promptly on learning of the occurrence of any event that would cause or constitute a breach, or that would have caused a breach had such event occurred or been known to Seller on or before the date of this Agreement, of any of Seller's representations or warranties contained in this Agreement or in any Schedule attached hereto. Any such notice to Buyer, similar informal notice by Seller to Buyer, or independent investigation, examination, or other source of knowledge by Buyer regarding a breach of Seller's representations and warranties shall not in any way diminish or obviate any representations or warranties of Seller made in this Agreement, the Exhibits, Schedules and documents delivered pursuant to this Agreement.

4.4 Consents. Seller shall use its best efforts to obtain, prior to Closing, the consent or approval of any third Person required under any Contract and Real Property Lease to assign any such Contract from Seller to Buyer, including providing adequate notice of the assignment where applicable and for the Antenna Sublease. Buyer shall not be obligated to

accept at Closing an assignment of any Contract or the Antenna Sublease or any liability under such Contract or Antenna Sublease for which a Consent is not obtained and, if such consent is obtained after the Closing (pursuant to Section 11.5 below), Buyer will not be required to assume any liability under such Contract or Antenna Sublease until such Consent is obtained and Buyer is placed in the position it would have been in if the Consent had been obtained before the Closing.

4.5 Notice of Proceedings. Seller will promptly notify Buyer in writing on: (a) receiving notice of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder; or (b) receiving any notice from any governmental department, court, agency or commission of its intention (i) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (ii) to nullify or render ineffective this Agreement or such transactions if consummated.

4.6 Consummation of Agreement; Wire Instructions. Subject to the provisions of Section 11.1 of this Agreement, Seller shall use its best efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and use its best efforts to cause the transactions contemplated by this Agreement to be fully carried out. No less than three (3) business days prior to the Closing Date, Seller shall deliver wire transfer instructions to Buyer to enable Buyer to make a wire transfer of funds on the Closing Date pursuant to Section 1.5(b) above.

4.7 Application for FCC Consents. Within fifteen (15) days after the full execution of this Agreement, Seller shall cause to be filed an application with the FCC requesting the FCC's written consent to the assignment of the Authorizations to Buyer. Seller shall use its best efforts, to take all steps that are proper, necessary or desirable to expedite the preparation of such application and its prosecution to a favorable conclusion. Seller shall promptly provide Buyer with a copy of any pleading, order or other document served Seller relating to such application. Seller shall furnish all information required of it by the FCC. If Closing occurs hereunder after the FCC Order has been granted, but prior to the FCC Order becoming Final, then Seller's obligations under this Section shall survive the Closing until the FCC Order becomes Final. Seller shall bear one-half of the cost of application filing fees relating to the assignment of the Authorizations to Buyer.

4.8 Estoppel Certificates; Security Interest Reports. Seller, at Seller's expense, will obtain and deliver to Buyer written estoppel certificates (the "Estoppel Certificates") duly executed by the landlords for the Leased Real Property, in form and substance reasonably satisfactory to Buyer.

4.9 Real Property. With respect to any Real Property, within thirty (30) days after the date of this Agreement, to the extent that Seller has not already provided the same, Seller shall deliver to Buyer copies of (A) all existing soil, engineering and environmental reports and

studies with respect to the ownership, maintenance, use, occupancy and operation of any parcel of the Real Property in its possession or accessible by Seller, (B) any existing surveys and plats for the Leased Real Property, in its possession or accessible by Seller, and (C) any permits issued to Seller by any Governmental Agency and related to the ownership, use or lease of any of the Real Property. Seller will allow Buyer, at Buyer's own expense, to conduct any and all investigations, examinations and studies for the Real Property as Buyer deems necessary including, but not limited to, a title examination, survey and any environmental study of the Real Property before Closing; provided, however, that all environmental studies shall be completed within sixty (60) days after the date of mutual execution of this Agreement. Seller will cooperate with Buyer and Seller will use its best efforts to obtain the consent of any lessor of any Leased Real Property to an environmental study of the Leased Real Property.

4.10 Publicity. Seller shall not issue or cause the publication of any press release or any other public statement or any correspondence or other communication with respect to the execution and Closing of this Agreement unless Buyer shall have had the prior opportunity to review and comment thereon and such release or statement has been consented to by Buyer.

4.11 Exclusivity. Seller will not (i) solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of any of the voting securities of Seller, or any portion of the Assets outside the Ordinary Course of Business (including any acquisition structured as a merger, consolidation, or share exchange), (ii) refinance, issue new equity, or perform any material reorganization of its ownership, governance, capital or debt structure, or (iii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any Person to do or seek any of the foregoing. Seller will notify Buyer immediately if any Person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

4.12 Confidentiality. Any and all information, disclosures, knowledge or facts regarding Buyer and its operations derived from or resulting from Seller's acts or conduct (including, without limitation, acts or conduct of Seller's managers, partners, officers, employees, accountants, counsel, agents, consultants or representatives, or any of them (collectively, "Representatives")) under the provisions of this Section or otherwise obtained by Seller (or its Representatives) pursuant to or in connection with this Agreement, shall be confidential and shall not be divulged, disclosed or communicated to any other Person, except as required by law and to Seller's Representatives and their respective attorneys for the purpose of consummating the transactions contemplated by this Agreement. Seller shall be responsible for any breach of confidentiality by any such Person. If this Agreement terminates before Closing, Seller shall return promptly any information obtained regarding Buyer and Seller shall instruct its Representatives also to return any such information.

4.13 Tax Information. Seller agrees to furnish or cause to be furnished to Buyer, upon request, as promptly as practicable, such information and assistance relating to the

Assets as is reasonably necessary for the filing of all returns relating to Taxes, and the making of any elections related to Taxes, the preparation for any audits by any Governmental Authority, and the prosecution or defense of any claim, suit or proceeding relating to any Taxes. Seller shall cooperate with Buyer in the conduct of any audit or other proceeding relating to Taxes involving the Stations or the Assets.

ARTICLE 5 COVENANTS OF BUYER

Buyer covenants and agrees that, from the date hereof until the completion of the Closing:

5.1 Representations and Warranties. Buyer shall give detailed written notice to Seller promptly on learning of the occurrence of any event that would cause or constitute a breach, or that would have caused a breach had such event occurred or been known to Buyer on or before the date of this Agreement, of any of Buyer's representations or warranties contained in this Agreement or in any Schedule attached hereto. Any such notice to Seller, similar informal notice by Buyer to Seller, or independent investigation, examination, or other source of knowledge by Seller regarding a breach of Buyer's representations and warranties shall not in any way diminish or obviate any representations or warranties of Buyer made in this Agreement, the Exhibits, Schedules and documents delivered pursuant to this Agreement.

5.2 Consents. Buyer shall cooperate with Seller to obtain the Consents of any third Person required under any Contract listed on Schedule 1.1(d) for the assignment from Seller to Buyer and for the Antenna Sublease.

5.3 Notice of Proceedings. Buyer will promptly notify Seller in writing on: (a) becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder; or (b) receiving any notice from any governmental department, court, agency or commission of its intention (i) to institute an investigation into, or institute a suit or proceeding to restrain or enjoin, the consummation of this Agreement or such transactions, or (ii) to nullify or render ineffective this Agreement or such transactions if consummated.

5.4 Consummation of Agreement. Subject to the provisions of Section 11.1 of this Agreement, Buyer shall fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.

5.5 Application for FCC Consent. Within fifteen (15) days after the full execution of this Agreement, Buyer shall cooperate with Seller to prepare and file the application

requesting the FCC's written consent to the assignment of the Authorizations to Buyer as provided in Section 4.7 and take all such steps that are proper, necessary or desirable to expedite the prosecution of such application to a favorable conclusion. If Closing hereunder occurs after the FCC Order have been granted, but prior to the FCC Order becoming Final, then Buyer's obligations under this Section shall survive the Closing until the FCC Order become Final. Buyer shall bear one-half of the cost of application filing fees relating to the assignment of the Authorizations to Buyer.

5.6 Security Interest Reports. If Buyer desires any UCC, judgment, or state or federal tax lien search reports (the "Security Interest Reports"), it shall obtain the same at its expense by April 30, 2005. Copies of the Security Interest Reports, if obtained, shall be delivered to Seller within five (5) days after receipt by Buyer. Buyer may update the Security Interest Reports prior to the Closing, delivering copies of the same to Seller not less than five (5) days prior to the Closing.

5.7 Publicity. Buyer shall not issue or cause the publication of any press release or any other public statement or any correspondence or other communication with respect to the execution and Closing of this Agreement unless Seller shall have had the prior opportunity to review and comment thereon and such release or statement has been consented to by Seller.

5.8 Confidentiality. Any and all information, disclosures, knowledge or facts regarding Seller and the Assets derived from or resulting from Buyer's acts or conduct (including, without limitation, acts or conduct of Buyer's Representatives) under the provisions of this Section or otherwise obtained by Buyer (or its Representatives) pursuant to or in connection with this Agreement, shall be confidential and shall not be divulged, disclosed or communicated to any other Person, except as required by law and to Buyer's Representatives and their respective attorneys for the purpose of consummating the transactions contemplated by this Agreement. Buyer shall be responsible for any breach of confidentiality by any such Person. If this Agreement terminates before Closing, Buyer shall return promptly any information obtained regarding Seller or the Assets and Buyer shall instruct its Representatives also to return any such information.

ARTICLE 6

RELOCATION PROJECT AND CONSTRUCTION OF BOOSTERS

6.1 Relocation of Station KAYO-FM Transmitter/Antenna. Seller covenants that, as soon as reasonably practicable after execution of this Agreement, and on a best efforts basis, it will seek and apply for a construction permit or permits from the FCC to relocate the Station KAYO-FM transmitter and antenna site to the South Mountain Complex. Following execution of this Agreement Seller shall, at Seller's expense, build facilities for Station KAYO-FM's transmitter and antenna at the South Mountain Complex in accordance with the terms of the construction permit or permits issued to it. The technical specifications of all applications, plans

and contracts associated with the relocation and construction shall be subject to the prior review and consent of Buyer, not to be unreasonably withheld or delayed. After the Closing and if requested by Seller, Buyer shall lend funds to Seller for payment of costs associated for this relocation project up to a maximum amount of Two Million Dollars (\$2,000,000) pursuant to the terms of a Construction Loan Promissory Note in the form attached hereto as Exhibit B. Under the terms of the Construction Loan Promissory Note, Seller shall present written requests for a Construction Cost Advance ("CCA"), with a proposed detailed budget evidencing the planned use of the funds requested in connection with the project and a schedule for completing such tasks. Requests for funds shall be made by submission of a CCA not less than twenty (20) days in advance of the date such funds are required, to allow Buyer sufficient time to obtain the necessary funds from its financial sources. Seller's CCA requests shall be in increments of not less than Fifty Thousand Dollars (\$50,000), but in no event for an amount greater than Three Hundred Thousand Dollars (\$300,000) under any one CCA. Seller shall pay interest under the Construction Loan Promissory Note for funds advanced by Buyer at a rate of ten percent (10%) per annum. Upon advancement of funds to Seller by Buyer under any CCA, Seller shall grant a first priority security interest in the facilities under construction in favor of Buyer to secure repayment of all funds advanced to Buyer. Seller's obligation under this Section to complete the relocation project shall survive the Closing. Upon Relocation Completion (as defined in Section 1.5(c) above), Buyer shall pay to Seller the Relocation Payment subject to offset against all amounts due under the Construction Loan Promissory Note, in accordance with Section 1.5(c) above.

6.2 Construction of Boosters. Seller covenants that, as soon as reasonably practicable after execution of this Agreement, and on a best efforts basis, it will seek and apply for a construction permit or permits from the FCC for one or more FM booster stations designed to meet the New Booster Criteria defined in Section 1.5(d) above. Upon grant of such construction permit(s) by the FCC, Seller shall, at Seller's expense, build the new booster facilities in accordance with the terms of the construction permit(s). The technical specifications of all applications, plans and contracts associated with the location, specifications and construction of the new boosters shall be subject to the prior review and consent of Buyer, not to be unreasonably withheld or delayed. After the Closing and if requested by Seller, Buyer shall lend funds to Seller for payment of costs associated for this relocation project up to a maximum amount of One Million Dollars (\$1,000,000) pursuant to the terms of a Construction Loan Promissory Note in the form attached hereto as Exhibit B. Under the terms of the Construction Loan Promissory Note, Seller shall present written requests for CCAs, with a proposed detailed budget evidencing the planned use of the funds requested in connection with the project and a schedule for completing such tasks. Requests for funds shall be made by submission of a CCA not less than twenty (20) days in advance of the date such funds are required, to allow Buyer sufficient time to obtain the necessary funds from its financial sources. Seller's CCA requests shall be in increments of not less than Fifty Thousand Dollars (\$50,000), but in no event for an amount greater than Three Hundred Thousand Dollars (\$300,000) under any one CCA. Seller shall pay interest under the Construction Loan Promissory Note for funds advanced by Buyer at

a rate of ten percent (10%) per annum. Upon advancement of funds to Seller by Buyer under any CCA, Seller shall grant a first priority security interest in the facilities under construction in favor of Buyer to secure repayment of all funds advanced to Buyer. Seller's obligation under this Section to complete the new booster station(s) shall survive the Closing. Upon New Booster Completion (as defined in Section 1.5(d) above), Buyer shall pay to Seller the New Booster Payment subject to offset against all amounts due under the Construction Loan Promissory Note, in accordance with Section 1.5(d) above.

ARTICLE 7 CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement are, at its option, subject to the fulfillment of the following conditions before or on the Closing Date:

7.1 Representations, Warranties and Covenants.

(a) Representations True. Each of the representations and warranties of Buyer contained in this Agreement shall have been true and correct as of the date when made and shall be deemed to be made again on and as of the Closing Date and shall then be true and correct in all respects other than such representations and warranties that are qualified by materiality, which shall be true and correct in all material respects;

(b) Buyer Compliance. Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it before or on the Closing Date;

(c) Certificate of Buyer. Buyer shall have furnished Seller with a certificate, dated the Closing Date and duly executed by an officer or manager of Buyer to the effect that the conditions set forth in Sections 7.1(a) and (b) have been satisfied; and

(d) Other Documents. Seller shall be furnished with such certificates, documents or instruments with respect to Buyer as Seller may have reasonably requested before the Closing to carry out the intent and purposes of this Agreement.

7.2 Proceedings.

(a) No Injunction. No party shall be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

(b) Postponement. In the event such a restraining order or injunction is in effect, this Agreement may not be terminated by Seller pursuant to this Section 7.2 before the Final Closing Date but the Closing shall be delayed during such period. This Agreement may be terminated after such date if such restraining order or injunction remains in effect.

7.3 Deliveries. Buyer shall have complied with each and every one of its obligations set forth in Section 9.2.

7.4 Authorizations. The FCC Order shall have been granted.

ARTICLE 8 CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are, at its option, subject to the fulfillment of the following conditions before or on the Closing Date:

8.1 Representations, Warranties and Covenants.

(a) Representations True. Each of the representations and warranties of Seller contained in this Agreement shall have been true and correct as of the date when made and shall be deemed to be made again on and as of the Closing Date and shall then be true and correct in all respects other than such representations and warranties that are qualified by materiality, which shall be true and correct in all material respects;

(b) Seller's Performance. Seller shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it before or on the Closing Date;

(c) Seller's Certificates. Seller shall have furnished Buyer with certificates, dated the Closing Date and duly executed by an officer of Seller, to the effect that the conditions set forth in Sections 8.1(a) and (b) have been satisfied; and

(d) Other Documents. Buyer shall be furnished with such certificates, documents or instruments with respect to Seller as Buyer may have reasonably requested before the Closing to carry out the intent and purposes of this Agreement.

8.2 Proceedings.

(a) No Injunction. No party shall be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

(b) Postponement. If such a restraining order or injunction is in effect, then this Agreement may not be terminated by Buyer pursuant to this Section 8.2 before the Final Closing Date, but the Closing shall be delayed during such period. This Agreement may be terminated after such date if such restraining order or injunction remains in effect.

8.3 Licns Released. All Security Interests pertaining to the Assets shall be released of record and there shall be no Security Interests in respect of the Assets, except Permitted Encumbrances.

8.4 Deliveries. Seller shall have complied with each and every one of its obligations set forth in Section 9.1.

8.5 Authorizations. The FCC Order shall be effective and shall have become Final. "Final" means an order (i) which is effective, (ii) with respect to which no appeal, request for stay, request for reconsideration or other request for review is pending, (iii) with respect to which the time for appeal, requesting a stay, requesting reconsideration or requesting other review has expired, and (iv) which cannot be set aside *sua sponte*. Notwithstanding the foregoing, the FCC Consent shall not be considered a Final Order until all FCC Debt applicable to the Stations or Seller has been eliminated.

8.6 Other Consents. Seller shall have obtained all Consents, including, without limitation, all approvals and waivers of governmental agencies as are required for the consummation of the transactions contemplated by this Agreement, without any change in the terms thereof, except those approved by Buyer in writing.

8.7 Revised Schedules. Seller shall have delivered to Buyer such revised forms of each of the Schedules or updated information for addition to or inclusion in the Schedules as are necessary to reflect changes in such Schedules as of the Closing Date; *provided, however*, that, except for changes that are permitted by the terms of this Agreement, no change in any Schedule will be binding on Buyer without its prior written consent, which consent may be withheld by Buyer for any or no reason.

8.8 Environmental Studies. Buyer shall have received the results of any environmental studies of the Real Property that Buyer may elect to perform under the provisions of Section 4.9 above and within the time period provided therein, and such results are satisfactory to Buyer in its sole discretion.

8.9 No Material Change in Business of the Stations or Assets. There shall not have been any Material Adverse Change in the technical condition of the Stations or the Assets (the term "Material Adverse Change" shall mean any change that would materially affect the Stations or any of the Assets, individually or as a whole, that would be materially adverse to the operations of the Stations by Buyer), any material uncured default by Seller under any Contract (including leases for the Leased Real Property), or any material physical damage or loss to any of the Assets (except where such damage or loss was covered by insurance and/or repair or replacement of the damaged or lost assets has been completed). Buyer shall maintain the right, up to fifteen (15) days before Closing, to inspect the Tangible Personal Property to ensure that all items are in material compliance with the representations and warranties contained in Section 2.13(c) of this Agreement to Buyer's reasonable satisfaction. If Buyer determines that any item of Tangible Personal Property

is not in such compliance, Buyer shall notify Seller in writing immediately, and if the non-compliance is not a Waived Condition under Section 8.10 below, the non-compliant item(s) shall be: (a) completely repaired, replaced or restored to the reasonable satisfaction of Buyer by Seller, at Seller's expense, within fifteen (15) days of Buyer's notice of non-compliance; or (b) if Seller is unwilling or unable to repair, replace or restore the item(s) within the specified period, the estimated cost of such repair, replacement or restoration shall be deducted from the Purchase Price.

8.10 Waived Condition. Notwithstanding any provisions of this Agreement to the contrary, Buyer shall waive as a condition of the Closing and as a breach or potential breach of this Agreement, any failure or failures of any one or more of the conditions under Sections 8.1(a), 8.1(b), 8.3, 8.7, 8.8, or 8.9 including multiple failures of the same condition, if collectively the failures (a) would not entail monetary expenditures reasonably estimated in the aggregate to be more than Twenty Thousand Dollars (\$20,000) to cure, and (b) would not materially impair Buyer's ability to operate the Stations immediately after the Closing in substantially the same manner as operated by Seller (either, a "Waived Condition"). A Waived Condition may be included as part of the indemnification by Seller in accordance with Article 10 below.

8.11 Antenna Sublease. Seller and Buyer have mutually agreed upon the terms and conditions of the Antenna Sublease and the landlord has given its consent.

ARTICLE 9 ITEMS TO BE DELIVERED AT THE CLOSING

9.1 Deliveries by Seller. At the Closing, Seller shall deliver to Buyer, duly executed by Seller or such other signatory as may be required by the nature of the document:

(a) Bills of Sale, Assignments, Etc. Bills of sale, certificates of title, endorsements, assignments and other good and sufficient instruments of sale, conveyance, transfer and assignment, in form and substance satisfactory to Buyer, sufficient to sell, convey, transfer and assign to Buyer all right, title and interest of Seller in and to the Assets and to quiet Buyer's title thereto;

(b) Board Resolutions. Certified copies of resolutions, duly adopted by the members 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 this Agreement and all other agreements and instruments contemplated by this Agreement, and the consummation of the transactions contemplated hereby;

(c) Officer's Certificate. The certificate referred to in Section 8.1(c);

(d) Opinions. An opinion of FCC counsel for Seller, dated as of the Closing Date, in the form attached hereto as Exhibit C, which may be relied upon by Buyer and its lenders;

(e) Estoppel Certificates. Landlord estoppel certificates, consents and waivers concerning the Leased Real Property in form and substance satisfactory to Buyer and its lenders;

(f) Consents. The Consents in form and substance satisfactory to Buyer;

(g) Consent to Collateral Assignment. Seller's consent to the collateral assignment of Buyer's rights and remedies under this Agreement to Wells Fargo Foothill, Inc., the Agent ("Agent") with respect to Buyer's financing arrangements, in the form attached hereto as Exhibit D;

(h) [Intentionally deleted]

(i) Non-Competition Agreements. Executed copies of Non-Competition Agreements, in the forms attached hereto as Exhibits E-1 and E-2. Other than the Purchase Price to be paid to Seller in connection with this Agreement, and the personal benefits that accrue to Seller's Managers, Gregory J. Smith and Edward T. Hardy, thereby, no additional monetary consideration shall be payable by Buyer under the Non-competition Agreements.

(j) Antenna Sublease. An executed copy of the Antenna Sublease.

9.2 Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller, duly executed by Buyer or such other signatory as may be required by the nature of the document:

(a) Purchase Price. The Purchase Price, which shall be paid in the manner specified in Section 1.5;

(b) Assumption Agreements. An instrument or instruments of assumption of the Contracts to be assumed by Buyer pursuant to this Agreement, in form and substance satisfactory to Seller and the Antenna Sublease; and

(c) Officer's Certificate. The certificate referred to in Section 7.1(c).

(d) Non-Competition Agreements. Executed copies of the Non-Competition Agreements, in the form attached hereto as Exhibit E.

ARTICLE 10 SURVIVAL; INDEMNIFICATION

10.1 Survival. All representations and warranties contained in this Agreement, or in any Exhibit, Schedule, certificate, agreement or statement delivered pursuant hereto, shall survive for two (2) years after the Closing Date. One party's knowledge of a false representation or a breach of warranty on the part of the other at the time of Closing shall not be deemed to constitute a

waiver of such representation or warranty. If a Deficiency is asserted by either party, before the expiration of the survival or limitations period, such asserted Deficiency shall survive until the existence of such Deficiency has been finally established and the Deficiency is resolved as provided below.

10.2 Basic Provision.

(a) Buyer Indemnitees. Seller (an "Indemnifying Party") hereby agrees to indemnify and hold harmless Buyer, its managers, officers and members (collectively, the "Buyer Indemnitees") from, against and in respect of, and to reimburse the Buyer Indemnitees for the amount of any and all Deficiencies.

(b) Seller Indemnitees. Buyer (an "Indemnifying Party"), hereby agrees to indemnify and hold harmless Seller and its managers, officers and members (collectively, the "Seller Indemnitees") from, against and in respect of, and to reimburse Seller Indemnitees for the amount of any and all Deficiencies.

10.3 Definition of "Deficiencies".

(a) Deficiencies for Buyer. As used in this Article 10, the term "Deficiencies" when asserted by the Buyer Indemnitees or arising out of a third party claim against the Buyer Indemnitees shall mean any and all losses, fines, diminution in value, lost profits, damages (including, without limitation, consequential, punitive and incidental damages), liabilities and claims assessed against, suffered, incurred, or sustained by the Buyer Indemnitees and arising out of, related to, in the nature of, caused by, based on or resulting from:

(i) Any misrepresentation, breach of warranty or any non-fulfillment of any representation, warranty, covenant, obligation or agreement on the part of Seller contained in or made in this Agreement or in an Exhibit, Schedule, certificate, agreement or statement delivered pursuant to this Agreement;

(ii) Any failure by Seller to pay or discharge any Excluded Liability or any other liability of Seller and the Seller Indemnitees, direct or contingent, that is not expressly assumed by Buyer pursuant to the provisions of this Agreement;

(iii) Any litigation, proceeding or claim by any third party to the extent relating to the businesses or operations of Seller, the Assets or the Stations before the Effective Time;

(iv) Any payment required to be paid by Seller with respect to any employee or consultant of Seller;

(v) Except for obligations or liabilities expressly assumed by Buyer herein, Seller's operation of the Stations or the ownership of the Assets before the

Effective Time (including, but not limited to, any and all claims, liabilities, and obligations arising or required to be performed by Seller under any lease, contract, or agreement or under this Agreement before the Effective Time);

(vi) Except for obligations or liabilities expressly assumed by Buyer herein, any transaction entered into by Seller or arising in connection with the Stations or the operation of its business or any of the Assets before the Effective Time;

(vii) Any and all acts, suits, proceedings, demands, assessments and judgments and all reasonable fees, costs and expenses of any kind, related or incident to any of the foregoing (including, without limitation, any and all reasonable fees (whether of attorneys, accountants or other professionals), costs and expenses of any kind reasonably incurred by any Person identified herein and its counsel in investigating, preparing for, defending against, or providing evidence, producing documents or taking other action with respect to any threatened or asserted claim ("Legal Expenses")); or

(viii) Any hazardous or toxic substance in, or under the Real Property that existed on or prior to the Closing Date as a result of any act or omission of Seller or its managers, officers, members, agents, or contractors.

(b) Deficiencies for Seller. As used in this Article 10, the term "Deficiencies" when asserted by the Seller Indemnitees or arising out of a third party claim against the Seller Indemnitees shall mean any and all losses, fines, diminution in value, damages (including, without limitation, consequential, punitive and incidental damages), liabilities and claims sustained by the Seller Indemnitees and arising out of, related to, in the nature of, caused by, based on or resulting from:

(i) Any misrepresentation, breach of warranty or any non-fulfillment of any representation, warranty, covenant, obligation or agreement on the part of Buyer contained in or made in this Agreement or in an Exhibit, Schedule, certificate, statement or agreement delivered pursuant to this Agreement;

(ii) Any failure by Buyer to pay or discharge any Assumed Liability; or

(iii) Buyer's operation of the Stations or the ownership of the Assets after the Closing Date (including, but not limited to, any and all claims, liabilities, and obligations arising or required to be performed by Buyer under any lease, contract, or agreement or under this Agreement after the Closing Date).

10.4 Procedures for Establishment of Deficiencies.

(a) Claim Asserted. In the event that any claim shall be asserted by any third party against the Buyer Indemnitees or the Seller Indemnitees (the Buyer Indemnitees or the

Seller Indemnitees, as the case may be, hereinafter, the "Indemnitees"), which, if sustained, would result in a Deficiency, then the Indemnitees, promptly and in all events within fifteen (15) business days after learning of such claim, shall notify the Indemnifying Party of such claim. The Indemnitees shall defend against such claim, at the Indemnifying Party's sole expense and through legal counsel of the Indemnitees' choice, provided that the Indemnitees proceed in good faith, expeditiously and diligently and prior to settling or compromising any such claim shall obtain the prior consent of the Indemnifying Party to the settlement or compromise (such consent not to be unreasonably withheld). The Indemnitees may, at their option, request that the Indemnifying Party defend such claim, and shall, at their option and expense, have the right to participate in any defense undertaken by the Indemnifying Party with legal counsel of the Indemnitees own selection. The parties will cooperate fully in any such action and shall make available to each other any books or records useful for the defense of such claim. No settlement or compromise of any claim which may result in a Deficiency may be made by the Indemnifying Party without the prior written consent of the Indemnitees unless: (a) before such settlement or compromise, the Indemnifying Party acknowledges in writing its obligation to pay in full the amount of the settlement or compromise and all associated expenses and (b) the Indemnitees are furnished with security reasonably satisfactory to the Indemnitees that the Indemnifying Party will in fact pay such amount and expenses or the Indemnifying Party obtains a release of the Indemnitees from all liability in respect of such claim.

(b) Notice. In the event that the Indemnitees assert the existence of any Deficiency against the Indemnifying Party, such Indemnitees shall give written notice, pursuant to Section 11.13, to the Indemnifying Party of the nature and amount of the Deficiency asserted. If the Indemnifying Party within a period of thirty (30) days after the giving of the Indemnitees' notice, shall not give written notice to the Indemnitees announcing its intent to contest such assertion of the Indemnitees (such notice by the Indemnifying Party being hereinafter referred to as the "Contest Notice"), such assertion of the Indemnitees shall be deemed accepted and the amount of the Deficiency shall be deemed established. In the event, however, that a Contest Notice is given to the Indemnitees within such 30-day period, then the parties shall attempt to resolve the contested assertion of a Deficiency through mediation pursuant to Section 11.9.

(c) Agreement. The Indemnitees and the Indemnifying Party may agree in writing, at any time, as to the existence and amount of a Deficiency, and, on the execution of such agreement such Deficiency shall be deemed established.

10.5 Payment of Deficiencies. The Indemnifying Party hereby agrees to pay the amount of established Deficiencies within thirty (30) days after the establishment thereof pursuant to Section 10.4 ("Due Date"). The amount of established Deficiencies shall be paid in wire transfer of immediately available funds. Any amounts not paid by the Indemnifying Party when due under this Section shall bear interest from and after the Due Date thereof until the date paid at a rate equal to the lesser of: (a) 12% per annum, or (b) the highest legal rate permitted by applicable law. Any claim for Deficiencies by Buyer Indemnitees not timely paid by Seller pursuant to this Section 10.5,

may be satisfied by offset against any amounts that Buyer may have be obligated to pay to Seller under this Agreement.

10.6 Limitation on Indemnity. Notwithstanding any other provisions of this Agreement, neither party shall have any obligation to indemnify the other party under Section 10.2 above unless and until the aggregate loss to the party claiming indemnification exceeds Twenty Thousand Dollars (\$20,000), at which time all such losses, not just those in excess of Twenty Thousand Dollars (\$20,000), shall be subject to indemnification as provided in this Agreement. Further, the party claiming indemnification shall be entitled to include within its claim for indemnification and in the calculation of the Twenty Thousand Dollars (\$20,000) threshold the dollar amount of its claims with respect to all Waived Conditions under Section 8.10 to the extent the same have not been previously addressed.

ARTICLE 11 MISCELLANEOUS

11.1 Termination of Agreement. This Agreement may be terminated: (a) by the mutual written consent of Seller and Buyer; (b) by Buyer as provided in Sections 11.7 or 11.8; (c) by either party hereto if the Closing has not taken place within twelve (12) months after the date on which the FCC Application is accepted for filing (the "Final Closing Date"); (d) by either party if any governmental authority with jurisdiction shall have issued an order permanently restraining, enjoining, or otherwise prohibiting consummation of the transactions contemplated by this Agreement, provided, however, that neither Buyer nor Seller may terminate this Agreement pursuant to this subsection unless the party so seeking to terminate this Agreement has used all commercially reasonable efforts to oppose such governmental authorities order or have such order vacated; (e) by Buyer if Seller shall have breached any representation, warranty or covenant and such breach is not cured within thirty (30) days after notice by Buyer to Seller of such breach if such breach is not a Waived Condition; and (f) by Seller if Buyer shall have breached any representation, warranty or covenant and such breach is not cured within thirty (30) days after notice by Seller to Buyer of such breach. A termination pursuant to this Section 11.1 shall not relieve any party of any liability it would otherwise have for a willful breach of this Agreement. If this Agreement is terminated rightfully pursuant to this Article 11, all further obligations of the parties hereunder shall terminate. In the event that (i) this Agreement is terminated by Seller pursuant to Section 11.1(f) above after the applicable cure period for Buyer has expired, and (ii) none of Sections 11.1 (a) - (e), 11.7 or 11.8 is applicable, the Escrow Deposit shall be paid by Buyer to Seller as liquidated damages and as the exclusive remedy of Seller against Buyer. Seller acknowledges that its damages in the event of termination of this Agreement under the provisions of Section 11.1(f) above would be difficult to determine and that the Escrow Deposit is a reasonable and satisfactory substitution for the amount such damages. In the event that this Agreement is terminated pursuant to Sections 11.1(a) - (e), 11.7 or 11.8, the Escrow Agent shall deliver to Buyer the Escrow Deposit by wire transfer of

immediately available funds or certified check within five (5) business days following the date of such termination.

11.2 Specific Performance. The parties acknowledge that the operation of the Stations is of a special, unique and extraordinary character. Upon a material breach by Seller of its representations, warranties, covenants and agreements under this Agreement, Buyer shall be entitled, in addition to any other remedies to which Buyer may be entitled, to an injunction restraining any such breach or threatened breach or to enforcement of this Agreement by a decree or decrees of specific performance requiring Seller to fulfill its obligations under this Agreement; provided, however, Buyer shall not be entitled to specific performance if it is in material breach of its representations, warranties, covenants and agreements under this Agreement or if it fails to obtain necessary regulatory approvals pursuant to this Agreement.

11.3 Expenses. Except as otherwise specifically provided elsewhere herein, each party hereto shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement including, without limitation, accounting and legal fees incurred in connection herewith; *provided, however*, Buyer shall bear all sales, use, or other transfer taxes arising from the transfer of the Assets to Buyer. In any arbitration or action, at law or in equity, to enforce or interpret the terms of this Agreement or resolve any controversy between the parties hereto, the party most prevailing shall be entitled to recover from the other party thereto reasonable attorneys' fees and expenses in addition to any other relief to which such party may be entitled.

11.4 Remedies Cumulative. Except with respect to payment of the Escrow Deposit to Seller under the provisions of Section 11.1, the remedies provided in this Agreement shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any other remedies against the other party hereto.

11.5 Contract Assignment Consents. Nothing contained in this Agreement shall be construed as an assignment or an attempted assignment of any Contract which is non-assignable without the consent of the other party or parties thereto, unless such consent shall be given. If a Consent to assignment of a Contract is not obtained prior to Closing, Seller shall use its best efforts to obtain such Consent after Closing. Until such Consent is obtained, Seller shall cooperate with Buyer in any arrangements necessary or desirable, on commercially reasonable terms, to provide for Buyer to have the benefits and to have Buyer assume the burdens arising after the Closing Date thereunder, including, without limitation, enforcement for the benefit of Buyer, and assumption by Buyer of the costs of enforcing, any and all rights of Seller thereunder against the other party thereto arising out of the cancellation thereof by such other party or otherwise.

11.6 Further Assurances. From time to time before, on and after the Closing Date, each party hereto will execute all such instruments and take all such actions as any other party, being advised by counsel, shall reasonably request, without payment of further consideration, in connection with carrying out and effectuating the intent and purpose hereof and all transactions

and things contemplated by this Agreement including, without limitation, the execution and delivery of any and all confirmatory and other instruments in addition to those to be delivered on the Closing Date, and any and all actions which may reasonably be necessary or desirable to complete the transactions contemplated hereby. The parties shall cooperate fully with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations under this Agreement.

11.7 Risk of Loss. The risk of loss, damage or destruction to any of the Assets from fire or other casualty or cause shall be borne by Seller at all times before the Effective Time, subject, however, to Buyer's obligations under the terms of the LMA. On any such loss, damage or destruction, the proceeds of any claim for any loss, payable under any insurance policy with respect thereto, shall be used to repair, replace or restore any such property to its former condition, subject to the conditions stated below. It is expressly understood and agreed that, in the event of any loss or damage to any of the Assets from fire, casualty or other causes before the Closing, Seller shall notify Buyer of same in writing immediately. Such notice shall specify with particularity the loss or damage incurred, the cause thereof (if known or reasonably ascertainable) and the insurance coverage. If the damaged property is not completely repaired, replaced or restored on or before the Closing Date, Buyer at its sole option: (a) may elect to postpone Closing until such time as the property has been completely repaired, replaced or restored to the reasonable satisfaction of Buyer if the repair, replacement or restoration can be accomplished within thirty (30) days following the date of the loss or damage or the Closing Date, whichever is the earlier and (b) may elect to consummate the Closing and accept the property in its then condition, in which event Seller shall pay to Buyer all unused proceeds of insurance and assign to Buyer the right to any unpaid proceeds; or (c) terminate this Agreement without liability to any party.

11.8 Broadcast Transmission Interruption. If, before the Closing, the regular broadcast transmission of the Stations in the normal and usual manner is interrupted for a period of 72 continuous hours or more, solely as a result of actions of, or the failure to act by, Seller, then Seller shall give prompt written notice thereof to Buyer. If the regular transmission of the Stations cannot be reasonably expected to be reestablished within forty eight (48) hours, then Buyer shall have the right, by giving written notice to Seller, to (i) terminate this Agreement without liability to Seller, or (ii) postpone (and if necessary re-postpone) the Closing to a date that is fifteen (15) business days after the end of any such interruption.

11.9 Controversies: Choice of Jurisdiction. Except as set for in Sections 1.5(d) and 1.6(b), in the event of any controversy that should arise in the performance, interpretation or application of this Agreement, the parties shall have available to them all their rights and remedies under applicable law, provided, however, that no litigation may be commenced with respect to such controversy until after the same has been submitted to mediation. Either party may commence mediation by providing to the other party a written request, setting forth the subject of the controversy and the relief requested. If within fifteen (15) days the parties are unable to reach agreement on a mediator, who shall be a neutral attorney experienced in commercial matters, either of the parties may submit the controversy to Washington Arbitration

and Mediation Services (or such other service that the parties may choose), and the parties will cooperate with such service and with each other in selecting a mediator from a panel of neutrals and in scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith and that they will share equally in its costs. All offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts, and attorneys, and by the mediator shall be confidential, privileged, and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Notwithstanding the foregoing, either party may commence litigation to seek equitable relief to enforce the provisions of this Section 11.9 (and the party seeking enforcement shall be entitled to an award of all costs, fees, and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered) or to preserve the status quo pending the completion of mediation. Any litigation with respect to a controversy that the parties are unable to resolve through mediation as set forth above or to enforce the provisions of this Section 11.9 or to maintain the status quo shall be submitted to Courts with jurisdiction located in the State of Washington which shall be the sole forum for the resolution of all such matters, to the jurisdiction of which the parties hereby each submit.

11.10 Cooperation Between the date hereof and the Closing Date, the parties shall cooperate with each other to provide such information necessary for each party's due diligence review of all legal, regulatory, financial, accounting and business matters customary for a transaction of the nature. The parties agree to maintain all tax records related to the Assets for a period of seven (7) years after the Closing Date, and each party agrees to afford the other party reasonable access to such records during normal business hours.

11.11 Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall be binding on and inure to the benefit of the parties hereto, and their respective representatives, successors and assigns. Seller may not assign any of its rights or delegate any of its duties hereunder without the prior written consent of Buyer. Upon prior written notice to Seller, Buyer may freely assign some or all of its rights and obligations hereunder to any Affiliate, and may collaterally assign said rights to its Agent and/or related lenders.

11.12 Amendments; Waivers. The terms, covenants, representations, warranties and conditions of this Agreement may be changed, amended, modified, waived, discharged or terminated only by a written instrument executed by the party waiving compliance. The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later date to enforce the same. No waiver by any party of any condition or the breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

11.13 Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly made and received when on the date personally served, or on the date of delivery set forth on a signed receipt contained in the records of Federal Express or other recognized national courier service when sent by such service, expenses prepaid, or the third business day after deposit into the United States first class mail, postage prepaid, addressed as set forth below:

(a) If to Seller and if by first class mail, then to:
Puget Sound Broadcasting L.L.C.
P.O. Box 53248
Bellevue, WA 98015-3248
Attn.: Gregory J. Smith

or if by courier service, then to:
Puget Sound Broadcasting L.L.C.
13612 NE 37th Place
Bellevue, WA 98005
Attn.: Gregory J. Smith

with a copy, given in the manner prescribed above, to:
Stafford Frey Cooper, Professional Corporation
601 Union Street, Suite 3100
Seattle, WA 98101
Attn.: William L. Neal, Esq.

(b) If to Buyer then to:
Bustos Media of Seattle, L.L.C.
3100 Fite Circle, Suite 101
Sacramento, CA 95827
Attn.: Amador S. Bustos

with a copy, given in the manner prescribed above, to:
Fletcher Heald & Hildreth, P.L.C.
1300 N. 17th Street, Suite 1100
Arlington, VA 22209
Attn: Francisco R. Montero

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section providing for the giving of notice.

11.14 Captions. The captions of Articles and Sections of this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

11.15 Governing Law. THIS AGREEMENT AND ALL QUESTIONS RELATING TO ITS VALIDITY, INTERPRETATION, PERFORMANCE AND ENFORCEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WASHINGTON, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS THAT MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

11.16 Entire Agreement/Conflicts. This Agreement and the LMA, the Schedules and Exhibits hereto and thereto, and the other documents delivered or that will be delivered hereunder constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and supersede all prior agreements, understandings, inducements or conditions, express or implied, oral or written, relating to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of trade inconsistent with any of the terms hereof. Notwithstanding anything in this Agreement to the contrary, neither Seller nor Buyer shall be deemed to have breached any representation, warranty, covenant or other agreement contained herein, or to have failed to have satisfied any condition precedent to the other party's obligation to perform under this Agreement, in each case to the extent that the inaccuracy of any representation, or the breach of any warranty, covenant or agreement, or the inability to satisfy any condition is caused by: (i) any action or omission of the other party under the LMA, or (ii) the failure of the other party to perform any of its obligations under the LMA, as required under the LMA.

11.17 Execution: Counterparts and Facsimile. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement.

11.18 Gender and Tense. Where appropriate to the context, pronouns of other terms expressed in one number or gender will be deemed to include all other numbers or genders. The use of a word in one tense will include the other tenses, where appropriate to the context.

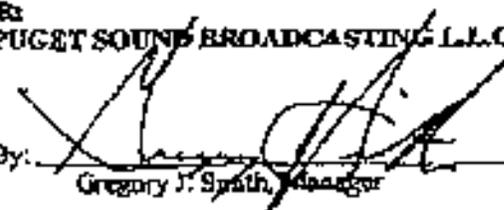
11.19 Third-Party Beneficiaries. This Agreement is intended to benefit only the parties to this Agreement, their successors and permitted assigns. No other Person is an intended or incidental beneficiary of this Agreement.

11.20 No Party Deemed Drafter. The parties acknowledge that they have been represented by counsel in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would require interpretation of any claim ambiguities in this Agreement against the party that drafted it has no application and is expressly waived. Provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties.

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed by their duly authorized signatories, all as of the day and year first above written.

SELLER:

PUGET SOUND BROADCASTING L.L.C.

By: 

Gregory J. Smith, Manager

By: _____

Edward T. Hardy, Manager

BUYER:

BUSTOS MEDIA OF SEATTLE, LLC

By: 

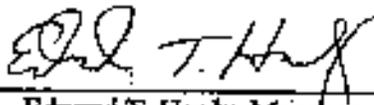
Amanda S. Bugos, President and CEO

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed by their duly authorized signatories, all as of the day and year first above written.

SELLER:

PUGET SOUND BROADCASTING L.L.C.

By: _____
Gregory J. Smith, Manager

By:  _____
Edward T. Hardy, Manager

BUYER:

BUSTOS MEDIA OF SEATTLE, LLC

By: _____
Amador S. Bustos, President and CEO