

EXECUTION COPY**ASSET PURCHASE AGREEMENT**

This ASSET PURCHASE AGREEMENT (this "*Agreement*"), made as of the 3rd day of May, 2002, is by and between KBL Broadcasting Corp., a Texas corporation ("*Seller*"), and Ramar Communications II, Ltd., a Texas limited partnership ("*Buyer*").

RECITALS

Seller holds certain licenses, permits and authorizations issued by the Federal Communications Commission (the "*FCC*") for the operation of commercial radio station KHDY(FM), Plainview, Texas (the "*Station*") and Seller owns and/or leases certain assets used in the operation of the Station.

Seller and Buyer have agreed that Seller will sell and Buyer will acquire all of the assets used or useful in connection with the operation of the Station, on the terms and subject to the conditions set forth in this Agreement.

Therefore, the parties agree as follows:

ARTICLE 1
ASSETS TO BE CONVEYED

1.1. Closing. Subject to Section 17.1 hereof and except as otherwise mutually agreed upon by Seller and Buyer, the closing of this transaction (the "*Closing*") shall take place on a date agreed upon by Buyer and Seller within ten (10) days after all of the conditions specified in Sections 11.2 and 12.2 hereof have been fulfilled (or waived by the party entitled to waive such condition). The Closing shall be held at such place and time as the parties may mutually agree.

1.2. Station Assets. At the Closing, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, all of the assets used or useful in connection with business and operation of the Station, including but not limited to the following assets:

(a) Seller's rights in and to all licenses, permits and other authorizations issued to Seller by any governmental authority and used in the conduct of the business and operation of the Station, including the Station Licenses listed in Schedule 1.2(a), together with any additions thereto (including renewals or modifications of such licenses, permits and

authorizations and applications therefor) between the date hereof and the Closing Date and all of Seller's rights in and to the call letters KHDY;

(b) with the exception of the real property leases listed on Schedule 1.3, all of the real property leased by Seller and used in connection with the Station and Seller's right, title and interest in and to any buildings, fixtures, improvements and other real property leased by Seller in connection with the Station, together with any additions thereto between the date hereof and the Closing Date, as listed in Schedule 1.2(b) attached hereto (the "*Real Property Leases*").

(c) subject to the provisions of Article 3 hereof, all of Seller's rights under and interest in all Contracts listed in Schedule 1.2(c) hereto, together with all of Seller's rights under and interest in all Contracts entered into or acquired by Seller between the date hereof and the Closing Date in accordance with this Agreement;

(d) all of Seller's rights in and to the trademarks, trade names, service marks, franchises, copyrights, including registrations and applications for registration of any of them, jingles, logos, slogans, licenses, permits and privileges owned by Seller and used in the conduct of the business and operation of the Station listed in Schedule 1.2(d), together with any additions thereto between the date hereof and the Closing Date;

(e) all files, records, books of account, and logs relating to the operation of the Station, including, without limitation, receivable records, the Station's public inspection file, and all records required by the FCC to be retained by the Station, technical information and engineering data, filings with the FCC and copies of all written Contracts to be assigned hereunder;

(f) all accounts receivable and notes receivable arising in connection with the operation of the Station prior to the Closing Date (the "*Accounts Receivable*").

(g) all rights under manufacturers' and vendors' warranties as exist at Closing and which relate to any of the Station Assets, as defined herein.

The assets to be transferred to Buyer hereunder are hereinafter collectively referred to as the "*Station Assets*". The Station Assets shall be transferred to Buyer free and clear of any debts, liens, or encumbrances of any kind or nature except for Permitted Liens and any other obligation or liability of Seller that Buyer may expressly agree in writing to assume.

1.3. Excluded Assets. The Station Assets shall not include the following (the "*Excluded Assets*"):

(a) the assets identified on Schedule 1.3;

(b) Seller's books and records pertaining to the organization, existence or capitalization of Seller, and duplicate copies of such records as are necessary to enable Seller to file tax returns and reports;

(c) all cash, cash equivalents, or similar type investments of Seller, such as certificates of deposit, treasury bills, and other marketable securities on hand and/or in banks, other than the Accounts Receivable included under Section 1.2(g);

(d) all insurance policies, except for any rights that may be assigned pursuant to Article 20 hereof; and

(e) all pension, profit sharing or cash or deferred (Section 401(k)) plans and trusts and the assets thereof and any other employee benefit plan or arrangement.

ARTICLE 2

PURCHASE PRICE

2.1. Purchase Price. As consideration for the Station Assets, Buyer shall pay to Seller Seven Hundred Fifty Thousand Dollars (\$750,000) (the "*Purchase Price*"), subject to adjustment as provided in Article 5.

2.2. Payment of Purchase Price. Upon the execution of this Agreement and an Escrow Agreement among Buyer, Seller and Media Services Group, Inc. ("*Escrow Agent*"), (the "*Escrow Agreement*"), Buyer shall deposit with Escrow Agent the amount of Thirty-Seven Thousand Five Hundred Dollars (\$37,500) (the "*Escrow Deposit*") to be held pursuant to the terms and conditions of the Escrow Agreement. At the Closing, Buyer and Seller shall cause Escrow Agent to pay by wire transfer of immediately available funds the Escrow Deposit to Seller, and to pay any interest earned on the Escrow Deposit to Buyer. In addition, at the Closing, Buyer shall pay to Seller by wire transfer of immediately available funds, the balance of the Purchase Price, subject to adjustment as provided in Article 5.

2.3 Allocation of Purchase Price. The Purchase Price shall be allocated as mutually agreed upon by Buyer and Seller prior to Closing. In the event that Buyer and Seller shall be unable to mutually agree upon the allocation by Closing, Buyer and Seller shall each select an independent certified public accountant within ten (10) days after the Closing and such independent certified public accountant shall within ten (10) days select a third independent certified public accountant who shall make a determination of the allocation within sixty (60) days after his or her selection. Buyer and Seller agree that the allocation determined by their mutual agreement or otherwise by the independent certified public accountant, as the case may be, shall be conclusive and binding on Buyer and Seller for all purposes, including without limitation, reporting and disclosure requirements of the Internal Revenue Service.

ARTICLE 3 ASSUMPTION OF OBLIGATIONS

3.1. Assumption of Obligations. Subject to the provisions of this Article 3 and of Article 5 of this Agreement, at the Closing Buyer shall assume and undertake to pay, satisfy or discharge the liabilities, obligations and commitments of Seller arising or accruing after the Closing Date under the Leases listed in Schedule 1.2(b), and the Contracts listed in Schedule 1.2(c).

3.2. Limitation. Except as set forth in Section 3.1 hereof, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Seller of any nature whatsoever.

ARTICLE 4 REQUIRED CONSENTS

4.1. FCC Application. The assignment of the Station Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC. No later than seven (7) business days after the date of this Agreement, Buyer and Seller shall file the FCC Application. Seller and Buyer shall thereafter prosecute the FCC Application with all reasonable diligence and otherwise use their best efforts to obtain the grant of the FCC Application as expeditiously as practicable. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; *provided, however*, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to Article 17 hereof.

4.2. Other Governmental Consents. Promptly after the date of this Agreement, the parties shall prepare and file with the appropriate governmental authorities any other requests for approval or waiver that are required from such governmental authorities in connection with the transactions contemplated hereby and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and waivers.

ARTICLE 5 PRORATIONS

5.1. Proration of Expenses. All expenses arising from the conduct of the business and operation of the Station, including expenses under the Contracts and Leases shall be prorated between Buyer and Seller as of the Effective Time. Such prorations shall be based upon the principle that Seller shall be responsible for all liabilities and obligations incurred or accruing

in connection with the operation of the Station until the Effective Time, and Buyer shall be responsible for such liabilities and obligations incurred by Buyer thereafter. Such prorations shall include, without limitation, all ad valorem, real estate and other personal property taxes (if any), business and license fees, utility expenses, any accrued sick time or vacation, liabilities and obligations under all Leases and Contracts to be assumed by Buyer, rents and similar prepaid and deferred items, except taxes arising by reason of the transfer of the Station Assets as contemplated hereby, which shall be paid in accordance with Section 14.2. If applicable, to the extent not known, real estate taxes shall be apportioned on the basis of taxes assessed for the preceding year, with a reapportionment as soon as the new tax rate and valuation can be ascertained.

5.2. Payment of Proration Items. The items to be prorated as of the Closing Date shall include, without limitation, power and utility charges, personal property taxes upon the basis of the most recent tax bills and information available, property and equipment rentals, applicable copyright or other fees, sales and service charges, telephone usage and facility charges, license fees, rents, security deposits and similar prepaid and deferred items. On the Closing Date, the prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made in accordance with the procedures set forth in this subsection 5.2. Within thirty (30) days after the Closing Date, Seller shall prepare and deliver to Buyer a closing balance sheet/income statement (the "*Closing Balance Sheet*") as of the Effective Time. Within sixty (60) days after the Closing Date, final adjustments pursuant to this subsection 5.2 and any required refund or payment to Seller or Buyer, as the case may be, shall be made on the basis of the Closing Balance Sheet. If any dispute arises over the amount to be refunded or paid, such refund or payment shall nonetheless be promptly made to the extent such amount is not in dispute.

If any such dispute cannot be resolved by the parties within sixty (60) days after the Closing Date, it shall be referred to a mutually satisfactory independent public accounting firm which has not been employed by any party hereto for the two years preceding the date of such referral. The determination of such firm shall be conclusive and binding on each party, and judgment upon any such determination can be entered in any court having jurisdiction over the matter. One-half of the fees of such firm shall be borne by Seller and one-half shall be borne by Buyer.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

6.1. Organization and Standing. Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Texas.

6.2. Authorization and Binding Obligation. Buyer has all necessary power and authority to enter into and perform under this Agreement and the transactions contemplated hereby, and Buyer's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting creditors' rights or equitable principles generally.

6.3. FCC Qualifications. To Buyer's knowledge, there are no facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Buyer as assignee of the Station Licenses or delay the consummation of the transactions contemplated by this Agreement. Buyer has sufficient funds to consummate the transactions contemplated by this Agreement and make payment of the Purchase Price in accordance with the terms hereof. Buyer's acquisition of the Station will not violate the FCC's multiple ownership rules. Buyer will not request any waiver of or exemption from the FCC's rules to acquire the Station.

6.4. Absence of Conflicting Agreements or Required Consents. Except as set forth in Article 4 with respect to FCC and other governmental consents, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Buyer: (a) do not and will not require the consent of any third party; (b) do not and will not violate any provisions of Buyer's organizational documents; (c) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Buyer is a party; and (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, instrument, license or permit to which Buyer is now subject.

6.5. Absence of Litigation. There is no claim, litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer which seeks to enjoin or prohibit, or which otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

6.6. Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Buyer, are pending or, to the best of Buyer's knowledge, threatened, and Buyer has not made any assignment for the benefit of creditors or taken any action in contemplation of or which would constitute the basis for the institution of such insolvency proceedings.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

7.1. Organization and Standing. Seller is a corporation duly formed, validly existing and in good standing under the laws of the State of Texas, and has all necessary power and authority to own, lease and operate the Station Assets and to carry on the business of the Station as now being conducted and as proposed to be conducted by Seller between the date hereof and the Closing Date.

7.2. Authorization and Binding Obligation. Seller has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and Seller's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Seller and constitutes its valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting the enforcement of creditors' rights or equitable principles generally.

7.3. Absence of Conflicting Agreements or Required Consents. Except as set forth in Article 4 with respect to FCC and other governmental consents and/or as disclosed on Schedule 7.3, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Seller (a) do not and will not require the consent of any third party; (b) do not and will not violate any provisions of Seller's organizational documents; (c) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Seller is a party or by which it or the Station Assets are bound; (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under any lease, contract, agreement, instrument, license or permit to which either Seller or the Station Assets are now subject; and (e) do not and will not result in the creation of any lien, charge or encumbrance on any of the Station Assets.

7.4. FCC Authorizations.

(a) Schedule 1.2(a) contains a true and complete list of the Station Licenses, including their expiration dates. Seller has delivered to Buyer true and complete copies of the Station Licenses. The Station Licenses and other licenses, permits and authorizations listed in Schedule 1.2(a) are validly held by Seller, and are in full force and effect, and except as disclosed in Schedule 1.2(a), none is subject to any restriction or condition.

(b) Except as set forth on Schedule 1.2(a), there are no applications, complaints or proceedings pending or, to the best of Seller's knowledge, threatened before the FCC relating to the operation of the Station or that may result in the revocation, materially adverse modification, non-renewal or suspension of any of the Station Licenses, or the imposition of any fines, forfeitures, or other administrative actions by the FCC with respect to the Station or its operation other than proceedings affecting the broadcasting industry generally. Except as disclosed in Schedule 1.2(a), Seller is not subject to any outstanding judgment or order of the FCC relating to the Station.

(c) The construction permit for the Station granted June 8, 2001 (FCC File No. BPH-20000705ACX) is valid, in full force and effect, is in compliance with all FCC rules and regulations, and is able to be licensed by the FCC pursuant to its terms in compliance with all FCC rules and regulations.

(d) To Seller's knowledge, there are no facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Seller as assignor of the Station Licenses or delay the consummation of the transactions contemplated by this Agreement.

7.5. Real Property. Seller does not own any real property used in connection with the operation of the Station. With the exception of the leases listed on Schedule 1.3, Schedule 1.2(b) hereto includes all Real Property Leases used by Seller in connection with the operation of the Station. The Real Property Leases listed on Schedule 1.2(b) constitute valid and binding obligations of Seller and, to the best of Seller's knowledge, of all other parties thereto, and are in full force and effect as of the date hereof. No event of default has occurred under the Real Property Leases and to Seller's knowledge, no event which, with the giving of notice or the passage or lapse of time, would be an event of default under any of the Real Property Leases has occurred. Seller is current with the payment of all monetary obligations under the Real Property Leases. Seller has all requisite power and authority to assign its rights under the Real Property Leases to Buyer in accordance with this Agreement on terms and conditions no less favorable than those in effect on the date hereof, and such assignment will not affect the validity, enforceability or continuity of any of the Real Property Leases.

7.6. Contracts. The Contracts listed on Schedule 1.2(c) constitute valid and binding obligations of Seller and, to the best of Seller's knowledge, of all other parties thereto, and are in full force and effect as of the date hereof. Seller is not in default under any of the Contracts and, to the best of Seller's knowledge, the other parties to such Contracts are not in default thereunder. Seller has not received or given written notice of any default thereunder from or to any of the other parties thereto. Seller has all requisite power and authority to assign its rights under the Contracts to Buyer in accordance with this Agreement on terms and conditions no less favorable than those in effect on the date hereof, and such assignment will not affect the validity, enforceability or continuity of any such Contracts.

7.7. Litigation. Seller is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree affecting the Station. There is no claim, litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against the Station in any federal, state or local court, or before any administrative agency, arbitrator or other tribunal authorized to resolve disputes. There is no claim, litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against Seller, which might have an adverse effect upon the Station Assets or condition of the Station or which seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

7.8. Compliance With Laws. Except as set forth in Schedule 7.8, to Seller's knowledge, Seller has operated and is operating in material compliance with all laws, regulations and governmental orders applicable to the operation of the Station, and its present use of the Station Assets does not violate any such laws, regulations or orders in any material respect. Seller has not received any notice asserting any noncompliance with any applicable statute, rule or regulation, in connection with the operation of the Station.

7.9. Taxes. Seller has duly, timely and in the required manner filed all federal, state, local and foreign income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid.

7.10. Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of the Station Assets, are pending or, to the best of Seller's knowledge, threatened, and Seller has not made any assignment for the benefit of creditors or taken any action in contemplation of or which would constitute the basis for the institution of such insolvency proceedings.

7.11. Environmental Matters. To Seller's knowledge, (a) there has been no release, or threat of a release, of any Hazardous Substance or Hazardous Waste at or from the leased real property; (b) there are no Hazardous Substances or Hazardous Wastes present on the leased real property in each case except for ordinary quantities of properly stored Hazardous Substances or Hazardous Wastes found in consumer or commercial products that are used in the normal course of broadcast station operations, including grounds and building operation and maintenance; (c) there are no aboveground or underground storage tanks, whether in use or closed, on or under the leased real property; (d) neither the leased real property, equipment or installations on the leased real property nor any Personal Property contain PCBs or asbestos in quantities sufficient to mandate the labeling or removal of such PCBs or asbestos in accordance with federal, state or local government environmental standards or to warrant the imposition of any penalty, civil or criminal, against Seller; and (e) Seller has complied in all material respects with all Environmental Laws, including but not limited to the FCC's guidelines regarding RF radiation. The terms "*Hazardous Substance*" and "*Hazardous Waste*" shall have the meanings

set forth in the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, any other applicable Environmental Law, and the regulations promulgated under all such laws in each case, as of the date hereof. Seller has not received any notice, nor does Seller have any knowledge of any administrative or judicial investigations, proceedings or actions with respect to violations, alleged, or proved, of any Environmental Law involving station operations or the leased real property.

7.12. UCC Financing Statements. All of the Station Assets are and have been located in the State of Texas since the Station Assets were acquired by Seller. No party has filed a financing statement with respect to the Station Assets.

ARTICLE 8

COVENANTS OF BUYER

8.1. Notification. Buyer shall notify Seller of any litigation, arbitration or administrative proceeding pending or threatened against Buyer which challenges the transactions contemplated hereby, including any challenges to the FCC Application, and shall use its reasonable efforts to take such steps as may be necessary to remove any such impediment to the transactions contemplated by this Agreement.

8.2. No Inconsistent Action. Buyer shall not take any action materially inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement.

ARTICLE 9

COVENANTS OF SELLER

9.1. Interim Operation. Between the date of this Agreement and the Closing Date, except with the prior written consent of Buyer:

(a) Seller shall conduct the operation of the Station in the ordinary and normal course of operation consistent with past practice, including continuation of the current broadcast hours of the Station and the carriage of programming during such hours;

(b) Seller shall not sell, assign, lease or otherwise transfer or dispose of any of the Station Assets, except where no longer used or useful in the operation of the Station or where replaced by a like asset;

(c) Seller shall not create, assume or permit to exist any mortgage, lien, pledge, or encumbrance of any nature whatsoever upon the Station Assets, except for those in existence on the date of this Agreement, all of which will be removed on or prior to the Closing Date unless they are to be assumed by Buyer in accordance with Section 3.1 of this Agreement, and for taxes which are not yet due;

(d) Seller shall operate the Station in compliance with the FCC's rules and regulations and the Station Licenses and with all other applicable laws, regulations, rules and orders;

(e) Seller shall comply in all respects with the Leases and Contracts; and

(f) Seller shall promptly notify Buyer of any default by, or claim of default against, any party under any of the Contracts or Leases which are material, individually or in the aggregate, to the operation of the Station, and any event or condition which, with notice or lapse of time or both, would constitute an event of default under such Leases.

9.2. Access to Station. Between the date of this Agreement and the Closing Date, Seller shall give Buyer and Buyer's counsel, accountants, engineers and other representatives, reasonable access during normal business hours to the properties, records and employees relating to the Station, and shall furnish Buyer with all information related to the Station that Buyer reasonably requests. The rights of Buyer under this Section 9.2 shall not be exercised in such a manner as to interfere unreasonably with or disrupt the business or operation of the Station.

9.3. Notification. If Seller receives notice thereof or otherwise becomes aware of same, Seller shall notify Buyer of any litigation, arbitration or administrative proceeding pending or threatened against Seller which challenges the transactions contemplated hereby, including any challenges to the FCC Application, and shall use its reasonable efforts to take such steps as may be necessary to remove any such impediment to the transactions contemplated by this Agreement.

9.4. Third-Party Consents. Seller shall use its best efforts to obtain the consent of any third party necessary for the assignment to Buyer of any Lease or Contract to be assigned hereunder.

9.5. Closing Covenant. On the Closing Date, Seller shall transfer, convey, assign and deliver to Buyer the Station Assets as provided in Article 1 of this Agreement.

9.6. Payment of Indebtedness; Financing Statements. Seller shall secure the release of all liens or encumbrances on the Station Assets that secure the payment of any indebtedness and shall deliver to Buyer at the Closing releases or terminations under the Uniform Commercial Code and any other applicable federal, state or local statutes or regulations of any

financing or similar statements filed against any Station Assets in (a) the jurisdictions in which the Station Assets are and have been located since such Station Assets were acquired by Seller, and (b) any other location specified or required by applicable federal, state or local statutes or regulations.

9.7. No Inconsistent Action. Seller shall not take any action which is materially inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement.

ARTICLE 10

JOINT COVENANTS

10.1. Conditions. If any event should occur between the date hereof and the Closing, either within or without the control of any party hereto, which would prevent fulfillment of the conditions upon the obligations of any party to consummate the transactions contemplated by this Agreement, the parties shall use their reasonable efforts to cure the event as expeditiously as possible.

10.2. Commercially Reasonable Efforts. Between the date of this Agreement and the Closing, each party shall use commercially reasonable efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of the other party to consummate the sale and purchase under this Agreement.

10.3. Control of Station. Between the date of this Agreement and the Closing, Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Station. Such operations shall be the sole responsibility of Seller and, subject to the provisions of Article 9, shall be in its complete discretion.

10.4. Confidentiality. Buyer and Seller shall each keep confidential all information obtained by it with respect to the other in connection with this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to the other, without retaining a copy thereof, any schedules, documents or other written information, including all financial information, obtained from the other in connection with this Agreement and the transactions contemplated hereby, except where such information is known or available through other lawful sources or where such party is advised by counsel that its disclosure is required in accordance with applicable law.

10.5. Access to Records. For a period of two (2) years from the Closing Date, each party to this Agreement shall provide to the other party access during normal business hours to such financial records as may be necessary for either party to prepare any required tax filings.

ARTICLE 11
CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE

The obligations of Buyer hereunder are, at its option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

11.1. Representations, Warranties and Covenants.

(a) All representations and warranties of Seller made in this Agreement shall be true and complete in all material respects on and as of the Closing Date as if made on and as of that date.

(b) All of the terms, covenants and conditions to be complied with and performed by Seller on or prior to Closing Date shall have been complied with or performed in all material respects.

11.2. Governmental Consents. The conditions specified in Article 4 of this Agreement shall have been satisfied, and the FCC Consent shall have been granted and become a Final Order.

11.3. Governmental Authorizations. Seller shall be the lawful holder of the Station Licenses and all other material licenses, permits and other authorizations listed in Schedule 1.2(a), and there shall not have been any modification of any of such licenses, permits and other authorizations which would have a material adverse effect on the operation of the Station. No proceeding shall be pending which seeks or the effect of which reasonably could be to revoke, cancel, fail to renew, suspend or modify adversely any of the Station Licenses or any other material licenses, permits or other authorizations relating to the Station.

11.4. Third-Party Consents. Seller shall have used its best efforts to deliver to Buyer all third-party consents marked with an asterisk on Schedules 1.2(b) and 1.2(c).

11.5. Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

11.6. Adverse Change. There shall have occurred no material adverse change in the condition of the Station or the Station Assets between the date of this Agreement and the Closing Date, other than any change that shall not have a Material Adverse Effect. "Material Adverse Effect" shall be defined as a material adverse effect on the Station Assets taken as a

whole or the business, operations or financial condition of the Station taken as a whole or on the ability of Seller to perform its material obligations under this Agreement, *provided that* the foregoing shall not include any material adverse effect arising out of (i) factors affecting the radio broadcasting industry generally, (ii) general national, regional or local economic conditions, (iii) governmental or legislative laws, rules or regulations, or (iv) actions taken by Buyer or its Affiliate.

11.7. Deliveries. Seller shall have made or stand willing to make all the deliveries required under Section 13.1.

ARTICLE 12

CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

The obligations of Seller hereunder are, at its option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

12.1. Representations, Warranties and Covenants.

(a) All representations and warranties made by Buyer in this Agreement shall be true and complete in all material respects on and as of the Closing Date as if made on and as of that date.

(b) All the terms, covenants and conditions to be complied with and performed by Buyer under this Agreement on or prior to the Closing Date shall have been complied with or performed in all material respects.

12.2. Governmental Consents. The conditions specified in Article 4 of this Agreement shall have been satisfied, and the FCC Consent shall have been granted.

12.3. Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

12.4. Deliveries. Buyer shall have made or stand willing to make all the deliveries required under Section 13.2.

ARTICLE 13
DOCUMENTS TO BE DELIVERED AT THE CLOSING

13.1. Documents to be Delivered by Seller. At the Closing, Seller shall deliver to Buyer the following:

(a) a certificate of an officer of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying to the fulfillment of the conditions set forth in Sections 11.1 through 11.7 hereof;

(b) instruments of conveyance and transfer, in form and substance reasonably satisfactory to counsel to Buyer, effecting the sale, transfer, assignment and conveyance of the Station Assets to Buyer, including, but not limited to, the following:

- (i) assignment of the Station Licenses;
- (ii) bill of sale for all Personal Property;
- (iii) assignment of the Leases and Contracts.

(c) resolutions of Seller's board of directors authorizing the execution, delivery and performance of this Agreement, certified by Seller's secretary;

(d) UCC Termination Statements with respect to Liens which have been placed of record, except for Permitted Liens, on the Station Assets; and

(e) such other documents as may reasonably be requested by Buyer's counsel.

13.2. Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver to Seller the following:

(a) a certificate of an officer of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, certifying to the fulfillment of the conditions specified in Sections 12.1 through 12.4 hereof;

(b) wire transfer of immediately available funds as provided in Section 2.2 hereof;

(c) instruments, in form and substance reasonably satisfactory to Seller and its counsel, pursuant to which Buyer assumes obligations, liabilities and commitments as provided in Article 3;

(d) resolutions of Buyer's governing body authorizing the execution, delivery and performance of this Agreement, certified by an appropriate officer of Buyer; and

(e) such other documents as may reasonably be requested by Seller's counsel.

ARTICLE 14 **FEES AND EXPENSES; TRANSFER TAXES**

14.1. Governmental Filing or Grant Fees. Any filing or grant fees imposed by any governmental authority, the consent of which is required for the transactions contemplated hereby, including all filing fees incurred pursuant to Article 4, shall be borne equally by Buyer and Seller.

14.2. Transfer Taxes. Any taxes arising by reason of the transfer of the Station Assets as contemplated hereby shall be paid by Seller.

14.3. Expenses. Each party hereto shall be solely responsible for and shall pay all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

ARTICLE 15 **BROKER'S COMMISSION OR FINDER'S FEE**

15.1. Buyer's Representation and Agreement to Indemnify. Buyer represents and warrants to Seller that neither it nor any person or entity acting on its behalf has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, nor has it or any person or entity acting on its behalf taken any action on which a claim for any such payment could be based other than Bill Whitley and Media Services Group, Inc., whose brokerage commissions, fees and expenses shall be paid by Seller. Buyer further agrees to indemnify and hold Seller harmless from and against any and all claims, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of a claim by any person or entity based on any such arrangement or agreement made or alleged to have been made by Buyer.

15.2. Seller's Representation and Agreement to Indemnify. Seller represents and warrants to Buyer that neither it nor any person or entity acting on its behalf has agreed to

pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, nor has it or any person or entity acting on its behalf taken any action on which a claim for any such payment could be based other than Bill Whitley and Media Services Group, Inc., whose brokerage commissions, fees and expenses shall be paid by Seller. Seller further agrees to indemnify and hold Buyer harmless from and against any and all claims, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of a claim by any person or entity based on any such arrangement or agreement made or alleged to have been made by Seller.

ARTICLE 16

INDEMNIFICATION

16.1. Indemnification by Seller. Seller agrees that it shall indemnify and hold Buyer harmless from and against any and all losses, expenses, damages, injuries, settlements, judgments, suits, claims and liabilities, including attorney's fees and litigation or appeal expenses (collectively, "*Loss and Expense*"), arising out of: (i) any breach of representation or warranty made by Seller pursuant to this Agreement; (ii) any failure by Seller to perform or fulfill any of its covenants or agreements set forth in this agreement; (iii) any litigation, proceeding or claim by any third party relating to the business or operations of the Station on or prior to the Closing Date; (iv) any and all obligations of Seller not assumed by Buyer pursuant to the terms of this Agreement; or (v) any failure of Seller to pay amounts due on or prior to the Closing Date under the agreements to be assumed by Buyer hereunder.

16.2. Indemnification by Buyer. Buyer agrees that it shall indemnify and hold Seller harmless from and against any and all Loss and Expense arising out of: (i) any breach of representation or warranty made by Buyer pursuant to this Agreement; (ii) any failure by Buyer to perform or fulfill any of its covenants or agreements set forth in this Agreement; (iii) any litigation, proceeding or claim by any third party relating to the business or operations of the Station after the Closing Date; (iv) any and all obligations of Seller assumed by Buyer pursuant to the terms of this Agreement; or (v) any failure of Buyer to pay amounts due after the Closing Date under the agreements to be assumed by Buyer hereunder.

16.3. Notice of Claims. If Seller or Buyer believes that it has suffered or incurred any Loss and Expense, such party shall notify the other promptly in writing, and in any event within thirty (30) days of the Loss or Expense, describing such Loss and Expense, the amount thereof, if known, and the method of computation of such Loss and Expense, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss and Expense shall have occurred. Notwithstanding the foregoing, a party's failure to give the other timely notice shall not preclude the party from seeking indemnification from the other. If any action at law or suit in equity is instituted by a third party with respect to which any of the parties intends to claim any liability or expense as Loss and Expense under this Section, such party shall promptly notify the indemnifying party of such action or suit.

16.4. Defense of Third Party Claims The indemnifying party under this Section shall have the right to conduct and control, through counsel of its own choosing, the defense of any third party claim, action, or suit, but the indemnified party may, at its election, participate in the defense of any such claim, action or suit at its sole cost and expense. If the indemnifying party does not notify the indemnified party within fifteen (15) days after receipt of the notice that it is defending any such claim, action, or suit then the indemnified party may defend, through counsel of its own choosing, such claim, action or suit and settle such claim, action, or suit, and recover from the indemnifying party the amount of such settlement or of any judgment and the costs and expenses of such defense, including, but not limited to reasonable attorneys' fees and disbursements.

16.5. Sole Remedy. After the Closing, the right to indemnification under this Article 16 shall be exclusive remedy of any party in connection with any breach by another party of its representations, warranties and covenants.

ARTICLE 17

TERMINATION RIGHTS

17.1. Termination.

This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in material default or breach of this Agreement, upon written notice to the other upon the occurrence of any of the following:

(a) if, on or prior to the Closing Date, the other party defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements contained herein and such default has not been cured within ten (10) days from receipt of written notice of default from the non-defaulting party;

(b) if the other party has failed to cure a breach of its representations or warranties under this Agreement such that the conditions set forth in Sections 11.1(a) or 11.1(b) (for Seller) or Sections 12.1(a) and 12.1(b) (for Buyer) would not be satisfied as of the Closing Date;

(c) if the FCC denies the FCC Application or designates it for a trial-type hearing;

(d) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing; or

(e) if the Closing has not occurred within nine (9) months of the date the FCC Application is accepted for filing.

17.2. Liability. The termination of this Agreement under Section 17.1 hereof shall not relieve any party of any liability for breach of this Agreement prior to the date of termination. In the event this Agreement is terminated pursuant to Section 17.1 hereof, no party shall have any liability to the other for costs, expenses, damages, loss of anticipated profits or otherwise, unless the termination arises because of any material misrepresentation or breach of warranty of the other party or any material noncompliance or failure of performance by such party with respect to any covenant or agreement contained herein.

ARTICLE 18

SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

The representations, warranties, covenants, indemnities and agreements contained in this Agreement or in any certificate, document or instrument delivered pursuant to this Agreement are and will be deemed and construed to be continuing representations, warranties, covenants, indemnities and agreements and shall survive the Closing for a period of one (1) year after the Closing Date. No claim may be brought under this Agreement or any other certificate, document or instrument delivered pursuant to this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the applicable survival period. In the event such a notice is given, the right to indemnification with respect thereto shall survive the applicable survival period until such claim is finally resolved and any obligations thereto are fully satisfied. Any investigation by or on behalf of any party hereto shall not constitute a waiver as to enforcement of any representation, warranty, covenant or agreement contained herein.

ARTICLE 19

REMEDIES UPON DEFAULT

19.1. Default by Seller. Seller recognizes that, in the event Seller defaults in the performance of its obligations under this Agreement, monetary damages alone will not be adequate. Buyer shall therefore be entitled in such event, in lieu of bringing suit at law or equity for money or other damages (including costs and expenses incurred by Buyer in the preparation and negotiation of this Agreement and in contemplation of the Closing hereunder) or for indemnification under Article 16 hereof, to obtain specific performance of the terms of this Agreement. In any action to enforce the provisions of this Agreement, Seller shall waive the defense that there is an adequate remedy at law or equity and agree that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security. In addition, Buyer shall be entitled to obtain from Seller court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder, plus interest at the Prime Rate on the amount of any judgment obtained against Seller from the date of default until the date of payment of the judgment. As a condition to seeking specific performance, Buyer shall not be required to have tendered the Purchase Price specified

in Section 2.1 of this Agreement, but shall be required to demonstrate that it is willing and able to do so and to perform its other closing obligations in all respects.

19.2. Default by Buyer. If the transactions contemplated by this Agreement are not consummated as a result of Buyer's material breach of this Agreement or wrongful failure to close hereunder, and Seller is not also in material breach hereunder, Seller shall be entitled to payment of Thirty-Seven Thousand Five Hundred Dollars (\$37,500) as liquidated damages in full settlement of any damages of any nature or kind that Seller may suffer or allege to suffer as the result thereof. It is understood and agreed that the amount of liquidated damages represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. Recovery of liquidated damages under this Section 19.2 shall be the sole and exclusive remedy of Seller against Buyer for breach of or failure to consummate this Agreement and shall be applicable regardless of the actual amount of damages sustained. In addition, Seller shall be entitled to obtain from Buyer court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder, plus interest at the Prime Rate on the amount of any judgment obtained against Buyer from the date of default until the date of payment of the judgment. As a condition to obtaining liquidated damages, Seller shall not be required to have tendered the Station Assets but shall be required to demonstrate that it is willing and able to do so and to perform its other closing obligations in all material respects.

ARTICLE 20

RISK OF LOSS

The risk of loss or damage to the Station Assets prior to the Effective Time shall be upon Seller. Seller shall repair, replace and restore any damaged or lost material Station Asset to its prior condition as soon as possible and in no event later than the Effective Time unless such item was obsolete and unnecessary for the continued operation of the Station consistent with past practice. If Seller is unable or fails to repair, restore or replace a lost or damaged item required to be repaired or replaced by Seller prior to the Closing, there shall be an adjustment to the Purchase Price at Closing in Buyer's favor.

ARTICLE 21

OTHER PROVISIONS

21.1. Publicity. Except as required by applicable law or with the other party's express written consent, no party to this Agreement nor any affiliate of any party shall issue any press release or similar public statement regarding the transactions contemplated by this Agreement.

21.2. Benefit and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Neither Buyer nor Seller may assign this Agreement without the prior written consent of the other party

hereto, except that Buyer may assign this Agreement to an Affiliate if Buyer fully guarantees to Seller the performance hereunder of its Affiliate.

21.3. Entire Agreement. This Agreement and the exhibits and schedules hereto embody the entire agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No amendment, waiver of compliance with any provision or condition hereof, or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought. Any matter that is disclosed in a Schedule hereto in such a way as to make its relevance to the information called for by another Schedule readily apparent shall be deemed to have been included in such other Schedule, notwithstanding the omission of an appropriate cross-reference.

21.4. Headings. The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

21.5. Computation of Time. If after making computations of time provided for in this Agreement, a time for action or notice falls on Saturday, Sunday or a Federal holiday, then such time shall be extended to the next business day.

21.6. Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Texas without regard to its principles of conflict of law.

21.7. Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, addressed to the following addresses, or to such other address as any party may request in writing.
If to Buyer:

Ramar Communications II, Ltd.
P.O. Box 3757
Lubbock, Texas 79452
Attn: Mr. Brad Moran
Telephone: 806/745-3434
Facsimile: 806/748-1949

With a copy to:

Leventhal, Senter & Lerman, P.L.L.C.
2000 K Street, N.W.
Suite 600
Washington, D.C. 20006-1809
Attention: Dennis P. Corbett, Esq.
Telephone: 202/429-8970
Facsimile: 202/293-7783

If to Seller:

KBL Broadcasting Corp.
P.O. Box 1118
Haskell, TX 79521
Attention: Mr. Kenneth B. Lane
Telephone: 940/864-8505
Facsimile: 940/864-8001

With a copy to: (which shall not constitute notice)

Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037-1128
Attention: Kathryn R. Schmeltzer, Esq.
Telephone: (202) 663-8217
Facsimile: (202) 663-8007

Any such notice, demand or request shall be deemed to have been duly delivered and received (i) on the date of personal delivery, or (ii) on the date of transmission, if sent by facsimile (but only if a hard copy is also sent by overnight courier), or (iii) on the date of receipt, if mailed by registered or certified mail, postage prepaid and return receipt requested, or (iv) on the date of a signed receipt, if sent by an overnight delivery service, but only if sent in the same manner to all persons entitled to receive notice or a copy.

21.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

21.9. Further Assurances. Seller shall at any time and from time to time after the Closing execute and deliver to Buyer such further conveyances, assignments and other written assurances as Buyer may reasonably request in order to vest and confirm in Buyer (or its

assignees) the title and rights to and in all of the Station Assets to be and intended to be transferred, assigned and conveyed hereunder.

ARTICLE 22

DEFINITIONS

Unless otherwise stated in this Agreement, the following terms when used herein shall have the meanings assigned to them below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"Accounts Receivable" shall have the meaning set forth in Section 2.1(b).

"Affiliate" shall mean any person or entity that is controlling, controlled by or under common control with the named person or entity.

"Agreement" shall mean this Asset Purchase Agreement, including the exhibits and schedules hereto.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

"Buyer's Proration Amount" shall have the meaning set forth in Section 5.2.

"Business Day," whether or not capitalized, shall mean every day of the week excluding Saturdays, Sundays and Federal holidays.

"Claimant" shall have the meaning set forth in Section 16.3(a).

"Closing" shall have the meaning set forth in Section 1.1.

"Closing Balance Sheet" shall have the meaning set forth in Section 5.2.

"Closing Date" shall mean the date on which the Closing is completed.

"Contracts" shall mean the contracts, agreements, including employment agreements, commitments and understandings of Seller or to which Seller is a party, relating to the conduct of the business and operation of the Station.

"Effective Time" shall mean 12:01 a.m., Central time, on the Closing Date.

"Environmental Laws" shall mean any applicable federal, state or local law, statute, charter, ordinance, rule or regulation or any governmental agency interpretation, policy or

guidance, and any permit, order, directive, court ruling or order or consent decree applicable to or affecting the leased real property.

"Escrow Agent" shall have the meaning set forth in Section 2.2.

"Escrow Agreement" shall have the meaning set forth in Section 2.2.

"Escrow Deposit" shall have the meaning set forth in Section 2.2.

"Excluded Assets" shall have the meaning set forth in Section 1.3.

"FCC" shall mean the Federal Communications Commission.

"FCC Application" shall mean the application that Seller and Buyer must file with the FCC requesting its consent to the assignment of the Station Licenses.

"FCC Consent" shall mean the action by the FCC granting the FCC Application.

"Final Order" shall mean action by the FCC (i) which has not been vacated, reversed, stayed, set aside, annulled or suspended, (ii) with respect to which no timely appeal, request for stay or petition for rehearing, reconsideration or review by any party or by the FCC on its own motion, is pending, and (iii) as to which the time for filing any such appeal, request, petition, or similar document or for the reconsideration or review by the FCC on its own motion under the Communications Act of 1934, as amended, and the rules and regulations of the Commission, has expired.

"Indemnitor" shall have the meaning set forth in Section 16.3(a).

"Leases" shall have the meaning set forth in Section 1.2(b).

"Liens" shall mean mortgages, deeds of trust, liens, pledges, collateral assignments, security interests, leases, subleases, conditional sales agreements, easements, covenants, encroachments, encumbrances or other defects of title.

"Material Adverse Effect" shall have the meaning set forth in Section 11.6.

"Prime Rate" shall mean a per annum rate equal to the "prime rate" as published in the Money Rates column of the Eastern Edition of *The Wall Street Journal* (or the average of such rates if more than one rate is indicated).

"Proration Schedule" shall have the meaning set forth in Section 5.2.

"Purchase Price" shall have the meaning set forth in Section 2.1.

"Real Property Leases" shall have the meaning set forth in Section 1.2(b).

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

"Station" shall mean radio broadcast Station KHDY(FM), Plainview, Texas.

"Station Assets" shall have the meaning set forth in Section 1.2.

"Station Licenses" shall mean the licenses, permits and other authorizations, including any temporary waiver or special temporary authorization, issued by the FCC to Seller in connection with the operation of the Station.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

KBL BROADCASTING CORP.

By: _____

Name: _____

Title: _____

RAMAR COMMUNICATIONS II, LTD.

By: GP Ramar, LLC, its General Partner

By: Ramar Communications, Inc., Sole Member

By: _____
Brad Moran, President