

EXECUTION COPY

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "*Agreement*"), made as of the 12th day of August 2004, is by and between The Audio House, Inc., a California corporation ("*Seller*"), and JR Broadcasting LLC, a Minnesota limited liability company ("*Buyer*").

RECITALS

Seller is the licensee of and operates radio broadcast station KSNB(AM), St. Louis Park, Minnesota (the "*Station*"), pursuant to licenses issued by the Federal Communications Commission (the "*FCC*").

Seller and Buyer have agreed that Seller will sell and Buyer will acquire the Station on the terms and subject to the conditions set forth in this Agreement.

The assignment of the FCC Licenses (as herein defined) to Buyer requires the prior consent of the FCC. Definitions of capitalized terms used in this Agreement are set forth in **Article 13**.

Therefore, the parties agree as follows:

ARTICLE 1

ASSETS TO BE CONVEYED

1.1. Closing. Subject to **Section 10.1** hereof and except as otherwise mutually agreed upon by Seller and Buyer, the consummation of the sale and purchase of the Station Assets and the assumption of the Assumed Obligations hereunder (the "*Closing*") shall take place (in person or by facsimile exchange of the documents to be delivered at the Closing) at the offices of Leventhal Senter & Lerman PLLC, 2000 K Street, N.W., Washington, D.C., two (2) business days after the date of the FCC Consent. Alternatively, the Closing may take place at such other place, time or date as the parties may mutually agree upon in writing. The date on which the Closing is to occur is referred to herein as the "*Closing Date*." The effective time of the Closing shall be 11:59 p.m., Minneapolis, Minnesota time, on the Closing Date (the "*Effective Time*").

1.2. Station Assets. At the Closing, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, all of Seller's right, title and interest in the following assets:

(a) the licenses, permits and other authorizations issued to Seller by the FCC that are used exclusively in the conduct of the business and operation of the Station including any renewals, temporary waivers, special temporary authorizations or pending applications therefor, as set forth on Schedule 1.2(a) (the “*FCC Licenses*”), and, to the extent that they are assignable, all other licenses, permits, franchises, authorizations and other similar rights issued by any federal, state or local governmental authority that are used exclusively in the operation of the Station;

(b) all equipment and tangible personal property located at 11320 Valley View Road, Eden Prairie, Minnesota (the “*Transmitter Site*”) including, but not limited to, the items listed on Schedule 1.2(b)(i) (transmitter equipment) and Schedule 1.2(b)(ii) (studio equipment in storage), but excluding the items described on Schedule 1.3(xiv) (Excluded Assets);

(c) the equipment described on Schedule 1.2(c) (the items described on Schedules 1.2(b)(i), 1.2(b)(ii) and 1.2(c) are hereafter referred to as “*Personal Property*”);

(d) the contracts and agreements, including Time Sales Agreements and Trade Agreements, listed in Schedule 1.2(d) (the “*Station Contracts*”) to the extent, and only to the extent, such Station Contracts relate exclusively to the operation of the Station;

(e) the call letters “KSNB;” and

(f) the public inspection file for the Station, any technical information and engineering data relating to Personal Property in Seller’s possession and any manufacturer’s warranties related to the Personal Property to the extent assignable.

The assets to be transferred to Buyer hereunder are hereinafter collectively referred to as the “*Station Assets*.” The Station Assets shall be delivered as is, where is, without any representation or warranty by Seller except as expressly set forth in **Article 5** of this Agreement and Buyer acknowledges that it has not relied on or been induced to enter into this Agreement by any representation or warranty other than those expressly set forth in **Article 5** hereof. The Station Assets shall be transferred to Buyer free and clear of liens, mortgages, pledges, security interests, claims and encumbrances (“*Liens*”) except for (i) Assumed Obligations (as defined in **Section 2.2**), (ii) Liens for taxes not yet due and payable, (iii) such Liens, easements, rights of way, building and use restrictions, exceptions, reservations and limitations that do not in any material respect detract from the value of the property subject thereto or impair the use thereof in the ordinary course of the business of the Station (collectively, “*Permitted Liens*”).

1.3. Excluded Assets.

(a) The Station Assets shall only include that asset expressly described in **Section 1.2.** Without limiting the generality of the foregoing, the Station Assets shall not include the following:

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

(ii) 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, or deposits or prepaid expenses of Seller;

(iii) all accounts receivable arising out of the operation of the Station for services performed or provided prior to the Effective Time (the "*Accounts Receivable*");

(iv) all insurance policies, promissory notes, amounts due from employees, bonds, letters of credit or other similar items, or any cash surrender value in regard thereto;

(v) 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;

(vi) interest in and to refunds of taxes for periods prior to the Closing Date;

(vii) tangible and intangible personal property disposed of or consumed between the date of this Agreement and the Closing Date, as permitted under this Agreement;

(viii) any real property;

(ix) the studios and office facilities of the Station, all equipment and furniture located therein, and all contracts relating to such office or studio space or equipment located therein;

(x) personnel records of employees of the Station;

(xi) all items of personal property owned by personnel at the Station;

- (xii) any collective bargaining agreement;
- (xiii) all contracts that have terminated or expired prior to the Effective Time in the ordinary course of business or as permitted hereunder; and
- (xiv) the equipment, tangible personal property and records located at the Transmitter Site set forth on Schedule 1.3(xiv).

(b) Buyer acknowledges that Seller will retain the offices and studio and tower site for the Station. At the Closing, Seller shall enter into a lease agreement for the tower site with Buyer substantially in the form attached at Exhibit A hereto ("*Tower Site Lease*"). Seller will deliver all Personal Property not located at the tower site at or within a reasonable time after the Closing, but Seller will have no obligation to install such equipment.

1.4. Section 1031 Asset Exchange. Seller may desire to effect the transfer and conveyance of the Station Assets as part of a deferred like-kind exchange under Section 1031 of the Code for other like-kind assets to be identified and acquired with the Purchase Price. In order to effect the deferred like-kind exchange, Seller may give written notice to Buyer of its intention to effect the deferred like-kind exchange. Seller may at any time at or prior to the Closing assign its right to receive the Purchase Price, or any part thereof, under this Agreement to a "qualified intermediary" as defined in Treas. Reg. Sec. 1.1031(k)-1(g)(4), subject to all of Buyer's rights and obligations hereunder, and shall promptly provide written notice of such assignment to all parties hereto. Buyer shall cooperate with all reasonable requests of Seller and the qualified intermediary in arranging and effecting the deferred like-kind exchange as one which qualifies under Section 1031 of the Code; provided, however, that Buyer shall not incur any tax disadvantage as a result of its cooperation and the Closing shall not be delayed. Buyer shall in no event be responsible for Seller's failure to obtain Section 1031 treatment with respect to the disposition of the Station Assets. Seller agrees to indemnify and hold harmless Buyer from and against all costs, taxes and expenses arising from Seller's election to effect the acquisition and disposition of the Station Assets as a like-kind exchange. Without limiting the generality of the foregoing, Buyer shall acknowledge in writing the notification by Seller of the assignment to the qualified intermediary of its right to receive the Purchase Price and other rights hereunder and Buyer agrees to pay the Purchase Price to the qualified intermediary rather than to Seller.

ARTICLE 2

PURCHASE PRICE

2.1. Purchase Price. In consideration for the sale of the Station Assets to Buyer, in addition to the assumption of the Assumed Obligations, Buyer shall deliver to Seller \$3,000,000 (the "*Purchase Price*"). Simultaneously with the execution of this Agreement, Buyer is depositing cash in the amount of \$300,000 (the "*Escrow Deposit*") with U.S. Bank National Association (the "*Escrow Agent*") to be held pursuant to the terms and conditions of the escrow

agreement attached at Exhibit B hereto (the “*Escrow Agreement*”). At the Closing, Buyer shall (a) direct the Escrow Agent to pay the Escrow Deposit to Seller, and (b) pay the balance of the Purchase Price, plus or minus any adjustments under **Section 2.3** (Prorations), **Section 6.5** (Employee Matters) or **Section 6.7** (Termination of Station Contracts), by wire transfer of immediately available federal funds pursuant to wire instructions which Seller shall provide to Buyer. Any interest or earnings on the Escrow Deposit shall be paid to Buyer.

2.2. Assumption of Obligations. Buyer agrees to assume, pay and perform (collectively, the “*Assumed Obligations*”):

- (a) all obligations or liabilities of Seller that arise or accrue at or after the Effective Time under the Station Contracts or the FCC Licenses;
- (b) all obligations or liabilities arising from or relating to the ownership of the Station at or after the Effective Time;
- (c) Seller’s commitment to broadcast sports programming on the Station when such programming is pre-empted on station WCCO(AM) as set forth in more detail on Schedule 2.2(c);
- (d) Seller’s obligations or liabilities as set forth in **Sections 6.5** (Employee Matters) and **6.7** (Termination of Station Contracts); and
- (e) any other liability of Seller in respect of which Buyer receives a credit under **Section 2.3**.

Except as set forth in this **Section 2.2**, Buyer 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 (the “*Retained Liabilities*”).

2.3. Prorations.

(a) **Proration of Income and Expenses.** All income and expenses arising from the conduct of the business and operation of the Station except for Trade Agreements shall be prorated between Buyer and Seller as of the Effective Time in accordance with GAAP. Such prorations shall be based upon the principle that Seller shall be responsible for all liabilities and obligations accruing in connection with the operation of the Station until the Effective Time, and Buyer shall be responsible for all liabilities and obligations accruing thereafter. Such prorations shall include, without limitation, all utility expenses, wages and salaries of Transferred Employees, liabilities and obligations under all Station Contracts 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 12.1**. All income

derived from the sale of advertising time on the Station prior to the Closing shall be for the benefit of and shall be collected by Seller, provided that if an advertiser on one of the Station has paid in advance for commercial announcements scheduled to air after the Effective Time, such advance payments shall be prorated between Seller and Buyer as of the Effective Time. Liabilities and obligations under Trade Agreements shall be prorated in favor of Buyer to the extent that the liability (determined in accordance with GAAP) of the Station for air time as of the Effective Time exceeds by Five Thousand Dollars (\$5,000) the fair market value of the property and services to be received by Buyer under such agreements and shall be prorated in favor of Seller to the extent that the fair market value of the property to be received by Buyer under such agreements exceeds by Five Thousand Dollars (\$5,000) the liability (determined in accordance with GAAP) of the Station for air time under such agreements.

(b) **Payment of Proration Items.** Three (3) business days prior to Closing, Seller shall deliver to Buyer a preliminary list of all items to be prorated pursuant to **Section 2.3(a)** (the “*Preliminary Proration Schedule*”), and, to the extent feasible, such prorations shall be credited against or added to the Purchase Price at Closing. In the event Buyer and Seller do not reach a final agreement on such prorations and adjustments at Closing, Seller shall deliver to Buyer a schedule of its proposed prorations and adjustments (the “*Proration Schedule*”) no later than forty-five (45) days after the Closing Date. The Proration Schedule shall be conclusive and binding upon Buyer unless Buyer provides Seller with written notice of objection (the “*Notice of Disagreement*”) within ten (10) days after Buyer's receipt of the Proration Schedule, which notice shall state the prorations of expenses proposed by Buyer (the “*Buyer's Proration Amount*”). Seller shall have ten (10) days from receipt of a Notice of Disagreement to accept or reject Buyer's Proration Amount. If Seller rejects Buyer's Proration Amount, and the amount in dispute exceeds five thousand dollars (\$5,000), the dispute shall be submitted by either party within ten (10) days to an independent certified public accountant mutually agreeable to Buyer and Seller (the “*Referee*”) for resolution, such resolution to be made within twenty (20) days after submission to the Referee and to be final, conclusive and binding on Seller and Buyer. Buyer and Seller agree to share equally the cost and expenses of the Referee, but each party shall bear its own legal and other expenses, if any. If the amount in dispute is equal to or less than five thousand dollars (\$5,000), such amount shall be divided equally between Buyer and Seller. Payment by Buyer or Seller, as the case may be, of the proration amounts determined pursuant to this **Section 2.3(b)** shall be due five (5) days after the last to occur of (i) Buyer's acceptance of the Proration Schedule or failure to give Seller a timely Notice of Disagreement; (ii) Seller's acceptance of Buyer's Proration Amount or failure to reject Buyer's Proration Amount within ten (10) days of receipt of a Notice of Disagreement; (iii) Seller's rejection of Buyer's Proration Amount in the event the amount in dispute equals or is less than five thousand dollars (\$5,000); and (iv) notice to Seller and Buyer of the resolution of the disputed amount by the Referee in the event that the amount in dispute exceeds five thousand dollars (\$5,000). Any payment required by Seller to Buyer or by Buyer to Seller, as the case may be, under this **Section 2.3(b)** shall be paid by wire transfer of immediately available federal funds to the account of the payee with a financial institution in the United States as designated by Seller in the Proration Schedule or by Buyer in the Notice of Disagreement (or by separate notice in the event that Buyer does not send

a Notice of Disagreement). If either Buyer or Seller fails to pay when due any amount under this **Section 2.3(b)**, interest on such amount will accrue from the date payment was due to the date such payment is made at a per annum rate equal to the Prime Rate *plus* two percent (2%), and such interest shall be payable upon demand.

ARTICLE 3 **REQUIRED CONSENTS**

3.1. FCC Application. The assignment of the FCC Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC. No later than one (1) business day 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 10** hereof prior to the Closing.

3.2. 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 this **Article 3**, shall be borne equally by Buyer and Seller.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

4.1. Organization. Buyer is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. Buyer has the requisite power and authority to execute and deliver this Agreement and all of the other agreements, certificates and instruments to be executed and delivered by Buyer pursuant hereto or in connection with the transactions contemplated hereby (collectively, the "*Buyer Ancillary Agreements*"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

4.2. Corporate Authorization. The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent

of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.3. Governmental Authorization. The execution, delivery and performance by Buyer of this Agreement and each Buyer Ancillary Agreement and the consummation of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with or notification to any federal, state or local or any foreign government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body ("*Governmental Authority*") other than the FCC and any such action by or in respect of or filing with any Governmental Authority as to which the failure to take, make or obtain would not have or would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer's ability to perform its obligations under this Agreement or the Buyer Ancillary Agreements.

4.4. No Conflicts. Neither the execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements or the consummation by Buyer of any of the transactions contemplated hereby or thereby nor compliance by Buyer with or fulfillment by Buyer of the terms, conditions and provisions hereof or thereof will conflict with any organizational documents of Buyer or any law, judgment, order or decree to which Buyer is subject, or require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, other than the FCC.

4.5. Qualification. Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Station under the Communications Act of 1934, as amended (the "*Communications Act*") and the rules, regulations and policies of the FCC. There are no facts that would, under existing law and the existing rules, regulations, policies and procedures of the FCC, disqualify Buyer as an assignee of the FCC Licenses or as the owner and operator of the Station. No waiver of any FCC rule or policy is necessary for the FCC Consent to be obtained. There is no action, suit or proceeding pending or, to Buyer's knowledge, threatened against Buyer which questions the legality or propriety of the transactions contemplated by this Agreement or could materially adversely affect the ability of Buyer to perform its obligations hereunder.

4.6. Financing. Buyer has or will have prior to Closing sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the Purchase Price and any other amounts to be paid hereunder.

4.7. Absence of Litigation. There is no claim, litigation, arbitration, 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, or that would materially hinder or impair Buyer's performance of its obligations under this Agreement.

4.8. Broker's Fees. Except as regards American Media Services, LLC, which has been retained by Buyer in connection with the transaction contemplated by this Agreement, neither Buyer nor any person or entity acting on Buyer's 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, and no person or entity is entitled to any such payment from Buyer in connection with the transactions contemplated by this agreement. Buyer will be solely responsible for any payment due American Media Services, LLC, as a consequence of the transaction contemplated by this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

5.1. Organization. Seller is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. Seller has the requisite power and authority to execute and deliver this Agreement and all of the other agreements, certificates and instruments to be executed and delivered by Seller pursuant hereto or in connection with the transactions contemplated hereby (collectively, the "*Seller Ancillary Agreements*"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

5.2. Corporate Authorization. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all necessary action of Seller and do not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Governmental Authorization. The execution, delivery and performance by Seller of this Agreement and each Seller Ancillary Agreement and the consummation of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with

or notification to any Governmental Authority other than (a) the FCC and (b) any such action by or in respect of or filing with any Governmental Authority as to which the failure to take, make or obtain would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. “*Material Adverse Effect*” means a material adverse effect on: (a) the ability of Seller to perform its obligations under this Agreement or any Seller Ancillary Agreement or (b) the condition (financial or otherwise) of the Station Assets; provided, however, that any Material Adverse Effect shall not include any change in, or effect on the condition of the Station Assets that is primarily attributable to (i) any change or development generally applicable to the radio broadcast industry (including legislative or regulatory matters), (ii) general economic conditions, or (iii) any public announcement of the transactions contemplated by this Agreement.

5.4. No Conflicts. Neither the execution and delivery by Seller of this Agreement and the Seller Ancillary Agreements or the consummation by Seller of any of the transactions contemplated hereby or thereby nor compliance by Seller with or fulfillment by Seller of the terms, conditions and provisions hereof or thereof will conflict with any organizational documents of Seller or any law, judgment, order, or decree to which Seller is subject.

5.5. FCC Licenses. Seller is the holder of the FCC Licenses. Except as set forth on Schedule 1.2(a), the FCC Licenses are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated and have not expired. To Seller's knowledge, no petition to deny or other objection has been filed with respect to any pending application with respect to any of the FCC Licenses. Except as set forth on Schedule 1.2(a), no action is pending by or before the FCC to revoke, suspend, cancel, rescind or adversely modify any of the FCC Licenses (other than proceedings to amend FCC rules of general applicability), and there is not now issued or outstanding, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture against Seller with respect to the Station. The Station is operating in all material respects in conformity with the FCC Licenses, the Communications Act, and the rules, regulations and policies of the FCC applicable radio licensees. Other than the FCC Licenses, no licenses, permits or other similar authorizations issued by the FCC are required to own and operate the Station in substantially the same manner as it is being operated on the date hereof. Seller has filed or made all applications, reports and other disclosures required by the FCC to be filed or made by Seller with respect to the Station and has timely paid all FCC regulatory fees with respect to the Station, except where the failure to do so would not reasonably be expected to result in a Material Adverse Affect on the Station.

5.6. Personal Property. Seller has title to the Personal Property free and clear of Liens other than Permitted Liens. Buyer has inspected and is satisfied with the condition of the Personal Property described on Schedules 1.2(b)(i) and 1.2(c). At Closing, the Personal Property described on Schedules 1.2(b)(i) and 1.2(c) will be in substantially the same or better condition as at the time of Buyer's inspection. Seller warrants that any equipment described on

Schedule 1.2(b)(ii) will be operational at the Closing. If any equipment on Schedule 1.2(b)(ii) fails during the period ending 90 days after the Closing, Seller will repair such equipment or replace it with new or used equipment of substantially equivalent utility at Seller's discretion, provided that Seller will not be required to spend more than \$20,000 in the aggregate.

5.7. Contracts. The Station Contracts are in effect and are binding upon Seller and, to Seller's knowledge, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). Seller has performed its obligations under the Station Contracts in all material respects, and is not in material default thereunder, and to Seller's knowledge, no other party to the Station Contracts is in default thereunder in any material respect.

5.8. Personnel Information. Schedule 5.8 contains a list of certain persons employed by Seller exclusive in the operation of the Station (the "*Available Employees*"), the job title or description of the capacity in which such person is employed, whether such Available Employee is a union or non-union employee, each Available Employee's salary as of the date of this Agreement and a general description of benefits, including severance benefits if any. Seller has not incurred nor reasonably expects to incur (either directly or indirectly, including as a result of any of the transactions contemplated hereby or any indemnification obligation) any liability (including, without limitation, withdrawal liability) that could become a liability of Buyer, under or pursuant to Title I or IV of the Employment Retirement Income Security Act of 1974, as amended ("*ERISA*"), or the penalty, excise tax or joint and several liability provisions of the Code relating to employee benefit plans, and no event, transaction or condition has occurred or exists which could result in any such liability. Seller has made all contributions to all multi-employer plans within the meaning of Section 3(37) of ERISA.

5.9. Absence of Litigation. There is no claim, litigation, arbitration or proceeding pending before or by any court, governmental authority or arbitrator that seeks to enjoin or prohibit, that questions the validity of, or that might materially hinder or impair Seller's performance of its obligations under this Agreement.

5.10. Compliance With Laws. Other than with respect to matters addressed by **Section 5.5**, (a) Seller has complied in all material respects with all laws, regulations, rules, writs, injunctions, ordinances, franchises, decrees or orders of any court or of any foreign, federal, state, municipal or other governmental authority which are applicable to the operation of the Station, (b) to Seller's knowledge, there is no action, suit or proceeding pending against Seller in respect of the Station that will prevent the consummation of the transactions contemplated by this Agreement, and (c) to Seller's knowledge, there are no governmental claims or investigations pending against Seller in respect of the Station (except those affecting the radio station industry generally).

5.11. Broker's Fees. Neither Seller nor any person or entity acting on Seller's 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, and no person or entity is entitled to any such payment from Seller in connection with the transactions contemplated by this Agreement.

ARTICLE 6

COVENANTS

6.1. Conduct of Business.

(a) **Affirmative Covenants.** Between the date of this Agreement and the Closing Date, except as expressly permitted by this Agreement or with the prior written consent of Buyer, which consent shall not be unreasonably withheld, Seller shall:

(i) comply in all material respects with all laws applicable to Seller's use of the Station Assets, and operate and maintain the Station in all material respects in conformity with the FCC Licenses and all applicable laws, ordinances, regulations, rules and orders;

(ii) Seller shall use commercially reasonable efforts to maintain the Station Assets in their current condition, except for ordinary wear and tear and damage by casualty governed by **Section 6.4**;

(iii) timely make or provide all payments, services or other consideration due under the Station Contracts so that all payments required to be made as of the Closing Date will have been paid, except for any amounts being contested by Seller in good faith;

(iv) pay or cause to be paid or provided for all taxes, and any penalties arising therefrom, relating to the operation of the Station, their assets and employees, required to be paid to governmental authorities up to the Closing Date, except for any taxes or penalties being contested by Seller in good faith;

(v) maintain in full force and effect the FCC Licenses, and take any action necessary before the FCC, including the preparation and prosecution of applications for renewal of the FCC Licenses, if necessary, to preserve such licenses without material adverse change; and

(b) **Negative Covenants.** Between the date of this Agreement and the Closing Date, except as expressly permitted by this Agreement or with the prior written consent of Buyer, which consent shall not be unreasonably withheld, Seller shall not:

(i) terminate, modify or amend any Station Contract, other than in the

ordinary course of business consistent with Seller's past practice;

(ii) take, or fail to take, any action which will cause a breach of, or default under, or termination of any Station Contract;

(iii) create, assume or permit to exist any Lien on any of the Station Assets, other than the Permitted Liens; or

(iv) sell, assign, lease or otherwise transfer or dispose of any of the material Station Assets, except for assets consumed or disposed of in the ordinary course of business.

(c) **Deemed Consent.** If Seller requests consent to modify, change, or renew a Station Contract in accordance with the notice provisions of **Section 12.8** hereof (except that copies of such requests need not be sent to attorneys for the Buyer), Buyer shall respond within 5 business days after receipt of such request or be deemed to have granted the requested consent or approval.

(d) **Control of Station.** Subject to the provisions of **Section 6.1(a)** and **6.1(b)**, Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Station prior to the Closing. Such operations shall be the sole responsibility of Seller and shall be in its complete discretion.

6.2. Access; Confidentiality; Publicity.

(a) Between the date hereof and the Closing Date, upon prior reasonable notice, Seller shall give Buyer and its representatives reasonable access to the Station Assets. Buyer, at its sole expense, shall be entitled to make such engineering and other inspections of the Station Assets as Buyer may desire, so long as such inspections do not unreasonably interfere with the operations of the Station.

(b) Each party shall keep, and cause their agents, attorneys, employees and representatives to keep confidential all information obtained by it with respect to the Station and the other party in complete accordance with the confidentiality agreement dated July 26, 2004 between Buyer and Seller, which such agreement is incorporated hereby by reference. The obligations of the parties under this **Section 6.2(b)** shall survive the Closing, or termination otherwise of this Agreement.

(c) No news release or other public announcement pertaining to the transactions contemplated by this Agreement will be made by or on behalf of any party hereto without the prior written approval of the other party (such consent not to be unreasonably withheld or delayed) unless otherwise required by law or any regulation or rule of any stock exchange binding upon such party. Where any announcement, communication or circular

concerning the transactions contemplated by this Agreement is required by law or any regulation or rule of any stock exchange, it shall be made by the relevant party after consultation, where reasonably practicable, with the other party and taking into account the reasonable requirements (as to timing, contents and manner of making or dispatch of the announcement, communication or circular) of the other party.

6.3. Risk of Loss. Seller shall bear the risk of any casualty loss or damage to any of the Station Assets prior to the Effective Time. Seller shall be responsible for repairing or replacing (as appropriate under the circumstances) any lost or damaged Station Asset (the “*Damaged Asset*”) unless such Damaged Asset was obsolete and unnecessary for the continued operation of the Station consistent with Seller’s past practice. If Seller is unable to repair or replace a Damaged Asset by the date on which the Closing would otherwise occur under this Agreement, Seller shall reimburse all reasonable out-of-pocket costs incurred by Buyer in repairing or replacing the Damaged Asset after Closing.

6.4. Consents to Assignment. The parties shall use commercially reasonable efforts to obtain any third-party consents necessary for the assignment of any of the Station Contracts; provided, however, that Seller shall have no obligation to pay consideration to any third party to obtain such consent. To the extent that any of the Station Contracts may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant hereto shall not constitute an assignment thereof, but to the extent permitted by law shall constitute an equitable assignment by Seller and assumption by Buyer of Seller’s rights and obligations under the applicable Station Contract, with Seller making available to Buyer the benefits thereof, provided that Buyer complies with the terms of any such Station Contract.

6.5. Employee Matters.

(a) Within 30 days of the date of this Agreement, Buyer shall notify Seller as to which Available Employees, if any, Buyer wishes to offer employment (the “*Offer Employees*”). At or prior to Closing, Buyer shall offer employment to the Offer Employees, assuming such Offer Employees are still employed by Seller on the Closing Date. Offer Employees who accept employment with Buyer on or after the Closing Date are referred to herein as the “*Transferred Employees*”. The initial terms and conditions of employment for those Transferred Employees who do not have employment agreements with the Seller shall be at-will employment in at least the same positions, for at least the same direct cash compensation as he or she received from Seller at the time of the Closing. The initial terms and conditions of employment for those Transferred Employees who have employment agreements with the Seller shall be dictated by such employment agreements. For purposes of determining the amount of any entitlement of any Transferred Employee under any vacation policy maintained by Buyer, Buyer will take into account and credit such Employee’s length of service at the Station or with Seller, whichever is greater. Except as expressly set forth in this Agreement, Seller shall be solely responsible for all salaries and other compensation which will or may become payable to

any Transferred Employee in respect of any period of employment by Seller prior to the Effective Time, and Buyer shall be solely responsible for any salaries and other compensation which will or may become payable to any Transferred Employee in respect of any period thereafter. Seller will be responsible for providing appropriate notices to any Transferred Employee pursuant to the Consolidated Budget Reconciliation Act of 1985 (“*COBRA*”) and will satisfy any obligations to provide continuation coverage (COBRA coverage) to any of Seller’s employees in accordance with law.

(b) Buyer shall reimburse Seller for any severance liability that Seller incurs with respect to any Available Employee as a result of the transactions contemplated by this Agreement, regardless of whether Buyer offers employment to such Available Employee. To the extent practicable, the amount of such liability shall be determined prior to the Closing and paid by Buyer at Closing.

(c) Nothing in this Agreement shall require the continued employment of any Transferred Employee or prevent Buyer from taking any action or refraining from taking any action that Seller could take or refrain from taking prior to the Closing Date. No provisions of this Agreement shall create any third party beneficiary rights of any employee or former employee (including any beneficiary or dependent thereof) of Seller in respect of continued employment (or resumed employment) with Buyer or in respect of any other matter.

6.6. Notification. Each party shall notify the other party of any material litigation, arbitration or administrative proceeding pending or, to its knowledge, threatened against Buyer which challenges the transactions contemplated hereby, including any challenges to the FCC Application, and shall use reasonable efforts to remove any such impediment to the transactions contemplated by this Agreement.

6.7. Termination of Station Contracts. At Buyer’s written request, Seller shall give notice of termination of any Station Contract that may be terminated prior to the end of its stated term, provided that Buyer indemnifies and reimburses Seller for any liability incurred by Seller as a result of such termination. Such termination shall be effective the later of the Effective Time or the earliest date Seller can terminate under the agreement. To the extent practicable, the amount of any termination liability shall be determined prior to the Closing and paid by Buyer at Closing.

ARTICLE 7

CONDITIONS PRECEDENT

7.1. To Buyer’s Obligations. 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:

(a) **Representations, Warranties and Covenants.** The representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, and the covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with or performed in all material respects. Buyer shall have received a certificate dated as of the Closing Date from Seller, executed by an authorized officer of Seller to the effect that the conditions set forth in this **Section 7.1(a)** have been satisfied.

(b) **Governmental Consents.** The FCC Consent shall have been granted and shall be effective and in full force and effect. Buyer acknowledges that finality of the FCC Consent is not a condition to its obligation to close.

(c) **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.

(d) **Deliveries.** Seller shall have made or stand willing to make all the deliveries required under **Section 8.1**.

7.2. To Seller's Obligations. 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:

(a) **Representations, Warranties and Covenants.** The representations and warranties of Buyer made in this Agreement, shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, and the covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with or performed in all material respects. Seller shall have received a certificate dated as of the Closing Date from Buyer executed by an authorized officer of Buyer, to the effect that the conditions set forth in this **Section 7.2(a)** have been satisfied.

(b) **Governmental Consents.** The FCC Consent shall have been granted and shall be effective and in full force and effect.

(c) **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.

(d) **Deliveries.** Buyer shall have made or stand willing to make all the deliveries required under **Section 8.2** and shall have paid or stand willing to pay the Purchase Price as provided in **Section 2.1**.

ARTICLE 8

DOCUMENTS TO BE DELIVERED AT THE CLOSING

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

- (a) certified copies of a resolution of its Board of Directors authorizing its execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby;
- (b) the certificate described in **Section 7.1(a)**.
- (c) an Assignment and Assumption Agreement, by which Seller shall assign to Buyer Seller's right, title and interest in the Station Contracts and Buyer shall assume the Assumed Obligations;
- (d) a Bill of Sale for the Personal Property;
- (e) an Assignment of the FCC Licenses; and
- (f) the Tower Site Lease.

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

- (a) the certified copies of a resolution of its Board of Directors authorizing its execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby;
- (b) the certificate described in **Section 7.2(a)**;
- (c) an Assignment and Assumption Agreement, by which Seller shall assign to Buyer Seller's right, title and interest in and to the Station Contracts and Buyer shall assume the Assumed Obligations; and
- (d) the balance of the Purchase Price, plus or minus any adjustments or payments due under **Section 2.3** (Prorations), **Section 6.5** (Employee Matters) or **Section 6.7** (Termination of Station Contracts).

ARTICLE 9
SURVIVAL; INDEMNIFICATION

9.1. Survival. The covenants, agreements, indemnities, representations and warranties in this Agreement shall survive the Closing for a period of twelve (12) months from the Closing Date whereupon they shall expire and be of no further force or effect, except as follows. The third sentence of **Section 5.6** shall not survive the Closing. The last sentence of **Section 5.6** shall survive the Closing for a period of 90 days. **Section 2.2** (Assumed Obligations), including **Section 2.2(b)** relating to Retained Liabilities and the indemnification obligation of Seller under **Section 9.2(a)(iii)**, **Section 2.3** (Prorations) and **Section 12.1** (Expenses), and indemnification obligations with respect to such provisions, shall survive until performed. No claim may be brought under 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 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.

9.2. Indemnification.

(a) Subject to **Section 9.1**, from and after the Effective Time, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, liabilities and expenses, including reasonable attorneys' fees and expenses ("*Damages*"), incurred by Buyer arising out of or resulting from (i) the breach of any of the representations or warranties of Seller hereunder or the breach of any covenant of Seller under this Agreement, (ii) the operation of the Station by Seller prior to the Effective Time or (iii) the Retained Liabilities. Seller shall have no liability to Buyer under clauses (i) and (ii) of this **Section 9.2** until, and only to the extent that, Buyer's aggregate Damages exceed \$30,000, except as provided in the last sentence of **Section 5.6**, and the maximum liability of Seller under clauses (i) and (ii) of this **Section 9.2** shall be \$300,000.

(b) Subject to **Section 9.1**, from and after the Effective Time, Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or resulting from (i) the breach of any of the representations or warranties of Buyer hereunder or the breach of any covenant of Buyer under this Agreement, (ii) the Assumed Obligations, or (iii) the operation of the Station by Buyer from and after the Effective Time.

(c) Neither party shall have any liability to the other party under any circumstances for special, consequential, punitive or exemplary damages.

9.3. Procedures. The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or other

circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party (a “*Claim*”), but a failure to give such notice or delaying such notice shall not affect the indemnified party's right to indemnification and the indemnifying party's obligation to indemnify as set forth in this Agreement, except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced. The obligations and liabilities of the parties with respect to any Claim shall be subject to the following additional terms and conditions:

(a) The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim.

(b) In the event that the indemnifying party shall elect not to undertake such defense or opposition, or, within ten (10) days after written notice (which shall include sufficient description of background information explaining the basis for such Claim) of any such Claim from the indemnified party, the indemnifying party shall fail to undertake to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the indemnifying party (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(c) Anything herein to the contrary notwithstanding (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim, (ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim, and (iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel or other representatives concerning such Claim and the indemnifying party and the indemnified party and their respective counsel or other representatives shall cooperate in good faith with respect to such Claim.

9.4. Sole Remedy. After the Closing, the right to indemnification under this **Article 9** shall be the exclusive remedy of any party in connection with any breach or default by another party under this Agreement.

ARTICLE 10

TERMINATION RIGHTS

10.1. Termination.

(a) 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:

(i) if the other party is in material breach of this Agreement and such breach has not been waived by the party giving such termination notice;

(ii) if there shall be in effect any final judgment, decree or order that would prevent or make unlawful the Closing or if the FCC denies the FCC Application or designates that application for a trial-type hearing; or

(iii) if the Closing has not occurred by the date that is nine months after the date on which the FCC Application was accepted for filing by the FCC (the “*Upset Date*”).

(b) This Agreement may be terminated by mutual written consent of Buyer and Seller.

(c) If either party believes the other to be in breach or default of this Agreement, the non-defaulting party shall, prior to exercising its right to terminate under **Section 10.1(a)(i)**, provide the defaulting party with notice specifying in reasonable detail the nature of such breach or default. Except for a failure to pay the Purchase Price, the defaulting party shall have twenty days from receipt of such notice to cure such default; provided, however, that if the breach or default is due to no fault of the defaulting party and is incapable of cure within such 20-day period, the cure period shall be extended as long as the defaulting party is diligently and in good faith attempting to effectuate a cure. Nothing in this **Section 10.1(c)** shall be interpreted to extend the Upset Date.

10.2. Effect of Termination. In the event of termination of this Agreement pursuant to **Section 10.1**, this Agreement (other than **Section 6.2(b)**, which shall remain in full force and effect) shall forthwith become null and void, and no party hereto (nor any of their respective affiliates, directors, officers or employees) shall have any liability or further obligation, except as provided in this **Article 10** and in **Article 11**; provided, however, that nothing in this **Section 10.2** shall relieve any party from liability for any breach of this Agreement.

ARTICLE 11
REMEDIES UPON DEFAULT; SPECIFIC PERFORMANCE

11.1. Default by Seller; Specific Performance. Seller recognizes that in the event Seller materially defaults in the performance of its obligation to consummate the sale of the Station Assets pursuant to this Agreement, monetary damages alone may not be an adequate remedy for Buyer. Buyer shall therefore be entitled in such event to seek against Seller specific performance of the terms of this Agreement in lieu of termination. In any action by Buyer against Seller to specifically enforce the terms of this Agreement, Seller shall waive the defense that there is an adequate remedy at law. As a condition to seeking specific performance, Buyer shall not be required to have tendered the Purchase Price, but shall be ready, willing and able to do so.

11.2. Default by Buyer. If Seller terminates this Agreement pursuant to **Section 10.1** due to Buyer's material breach or default under this Agreement, then Seller shall be entitled to payment of the Escrow Deposit as liquidated damages. The parties understand and agree that the amount of liquidated damages represents Seller's and Buyer's reasonable estimate of actual damages and does not constitute a penalty. If Seller elects to receive the Escrow Deposit as liquidated damages, such liquidated damages shall be Seller's sole remedy for damages of any nature or kind that Seller may suffer as a result of Buyer's breach or default under this Agreement.

ARTICLE 12
OTHER PROVISIONS

12.1. Transfer Taxes and Expenses. All recordation, transfer, documentary, excise, sales or use taxes or fees imposed on this transaction shall be paid Buyer. Except as otherwise provided in this Agreement, each party shall be solely responsible for and shall pay all other costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

12.2. 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. Buyer may not assign its rights under this Agreement without Seller's prior written consent, which consent may be withheld in Seller's sole discretion.

12.3. Entire Agreement; Waiver; Amendment. This Agreement and the exhibits and schedules hereto embodies the entire agreement and understanding of the parties hereto and supersedes 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. No failure or delay on the part of Buyer or Seller in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

12.4. 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.

12.5. 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.

12.6. Governing Law; Waiver of Jury Trial. The construction and performance of this Agreement shall be governed by the law of the State of New York without regard to its principles of conflict of law and the exclusive forum for the resolution of any disputes arising hereunder shall be the federal or state courts located in the State of Minnesota. BUYER AND SELLER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING IN ANY WAY TO THIS AGREEMENT, INCLUDING ANY COUNTERCLAIM MADE IN SUCH ACTION OR PROCEEDING, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE DECIDED SOLELY BY A JUDGE. Buyer and Seller hereby acknowledge that they have each been represented by counsel in the negotiation, execution and delivery of this Agreement and that their lawyers have fully explained the meaning of the Agreement, including in particular the jury-trial waiver.

12.7. Construction. Any question of doubtful interpretation shall not be resolved by any rule providing for interpretation against the party who causes the uncertainty to exist or against the drafter of this Agreement.

12.8. 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 Seller:

Infinity Broadcasting Corporation
1515 Broadway, 46th Floor
New York, NY 10036
Attention: Jacques Tortoroli

With a copy, which shall not constitute notice, to:

Leventhal Senter & Lerman PLLC
2000 K Street, N.W.
Suite 600
Washington, DC 20006-1809
Attention: Steven A. Lerman, Esq.

If to Buyer:

JR Broadcasting LLC
1405 North Lilac Drive
Suite 114
Minneapolis, MN 55422
Attn: Janet Robert

With a copy, which shall not constitute notice, to:

Fredrikson & Byron, P.A.
4000 Pillsbury Center
200 South Sixth Street
Minneapolis, MN 55402-1425
Attention: Brian G. Moore, Esq.

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.

12.9. 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. Delivery of executed counterpart signature pages to this Agreement by facsimile or other electronic transmission shall be effective as delivery of original signature pages to this Agreement.

12.10. No Third Party Beneficiaries. Nothing herein express or implied or intended shall be construed to confer upon or give to any other person or entity other than the parties hereto or their permitted successors or assigns, any rights or remedies under or by reason of this Agreement.

ARTICLE 13

DEFINITIONS

13.1. Defined Terms. 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 1.3(a)(iii)**.

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

“Assumed Obligations” shall have the meaning set forth in **Section 2.2**.

“Available Employees” shall have the meaning set forth in **Section 5.8(a)**.

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

“Buyer Ancillary Agreements” shall have the meaning set forth in **Section 4.1**.

“Buyer's Proration Amount” shall have the meaning set forth in **Section 2.3(b)**.

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

“Claim” shall have the meaning set forth in **Section 9.3**.

“Closing” shall have the meaning set forth in **Section 1.1**.

“Closing Date” shall mean the date on which the Closing is to occur.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder, or any subsequent legislative enactment thereof, as in effect from time to time.

“Communications Act” shall have the meaning set forth in **Section 4.5**.

“Damaged Asset” shall have the meaning set forth in **Section 6.3**.

“Damages” shall have the meaning set forth in **Section 9.2**.

“Effective Time” shall mean 11:59 p.m., Minneapolis, Minnesota time, on the Closing Date.

“*ERISA*” shall have the meaning set forth in **Section 5.8**.

“*Escrow Deposit*” shall have the meaning set forth in **Section 2.1**.

“*Escrow Agreement*” shall have the meaning set forth in **Section 2.1**.

“*FCC*” shall mean the Federal Communications Commission.

“*FCC Application*” shall mean the application or applications that Seller and Buyer must file with the FCC requesting its consent to the assignment of the FCC Licenses.

“*FCC Consent*” shall mean the initial action by the FCC granting the FCC Application.

“*FCC Licenses*” shall have the meaning set forth in **Section 1.2(a)**.

“*Governmental Authority*” shall have the meaning set forth in **Section 4.3**.

“*Liens*” shall mean liens, mortgages, pledges, security interests, claims and encumbrances.

“*Material Adverse Effect*” shall have the meaning set forth in **Section 5.3**.

“*Notice of Disagreement*” shall have the meaning set forth in **Section 2.3(b)**.

“*Offer Employees*” shall have the meaning set forth in **Section 6.5(a)**.

“*Permitted Liens*” shall mean (i) Assumed Obligations (as defined in **Section 2.2**), (ii) Liens for taxes not yet due and payable, (iii) such Liens, easements, rights of way, building and use restrictions, exceptions, reservations and limitations that do not in any material respect detract from the value of the property subject thereto or impair the use thereof in the ordinary course of the business of the Station, and (iv) any items listed on Schedule 1.2(b) and Schedule 1.2(c).

“*Personal Property*” shall have the meaning set forth in **Section 1.2(c)**.

“*Preliminary Proration Schedule*” shall have the meaning set forth in **Section 2.3(b)**.

“*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 2.3(b)**.

“Purchase Price” shall have the meaning set forth in **Section 2.1**.

“Referee” shall have the meaning set forth in **Section 2.3(b)**.

“Retained Liabilities” shall have the meaning set forth in **Section 2.2**.

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

“Seller Ancillary Agreements” shall have the meaning set forth in **Section 5.1**.

“Station” shall mean radio broadcast Station KSNB(AM), St. Louis Park,
Minnesota.

“Station Assets” shall have the meaning set forth in **Section 1.2**.

“Station Contracts” shall have the meaning set forth in **Section 1.2(d)**.

“Time Sales Agreements” shall mean contracts for the sale of time exclusively on
the Station.

“To Buyer’s knowledge” or any variant thereof shall mean to the actual knowledge
of Buyer’s President or Chief Financial Officer.

“To Seller’s knowledge” or any variant thereof shall mean to the actual knowledge
of Dick Carlson, Vice President/General Manager of the Station.

“Tower Site Lease” shall have the meaning set forth in **Section 1.3**.

“Trade Agreements” shall mean contracts for the sale of advertising time for
consideration other than cash exclusive to the Station.

“Transferred Employees” shall have the meaning set forth in **Section 6.5(a)**.

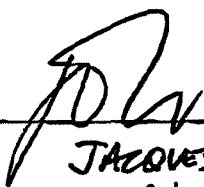
“Transmitter Site” shall have the meaning set forth in **Section 1.2(b)**.

“Upset Date” shall have the meaning set forth in **Section 10.1(a)(iii)**.

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

THE AUDIO HOUSE, INC.

By: 
Name: JACQUES TORTOROLI
Title: EVP & CFO

JR BROADCASTING LLC

By: _____
Name:
Title:

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

THE AUDIO HOUSE, INC.

By: _____
Name:
Title:

JR BROADCASTING LLC

By: James Robert, President
Name:
Title: