

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("Agreement") is made and entered into this 20th day of August, 2002 by and among **SABRE COMMUNICATIONS INC.**, a Delaware corporation (the "Company"), and, for the purposes expressly set forth herein, **JOEL M. HARTSTONE**, an individual resident of Bloomfield, Connecticut ("Hartstone"), **PAUL H. ROTHFUSS**, an individual resident of Eagles Mere, Pennsylvania ("Rothfuss"), **DANIEL J. FARR**, an individual resident of Montoursville, Pennsylvania ("Farr"), **ROTHFUSS FAMILY LIMITED PARTNERSHIP**, a Delaware limited partnership ("RFLP"), and **AXIOM VENTURE PARTNERS, LIMITED PARTNERSHIP**, a Delaware limited partnership ("Axiom") (Hartstone, Rothfuss, Farr, RFLP and Axiom being sometimes hereinafter referred to individually as a "Seller" and collectively as "Sellers"), and, for the purposes set forth herein, **SABRE INDEMNITOR, LLC**, a Connecticut limited liability company ("Sabre Indemnitor"), and **BACKYARD BROADCASTING HOLDINGS, LLC**, a Delaware limited liability company ("Buyer").

BACKGROUND:

A. The Company owns all of the outstanding capital stock of Arrow Communications of NY, Inc., a Georgia corporation ("Arrow"), Chemung County Radio, Inc., a New York corporation ("Chemung"), South Williamsport SabreCom, Inc., a Maryland corporation ("South Williamsport"), Muncie SabreCom, Inc., a Delaware corporation ("Muncie SabreCom"), Indiana SabreCom, Inc., a Delaware corporation ("Indiana SabreCom"), and Hornell Radio, Inc., a Delaware corporation ("Hornell"). Arrow, Chemung, South Williamsport, Muncie SabreCom, Indiana SabreCom and Hornell are sometimes hereinafter individually referred to as a "Subsidiary" and collectively as the "Subsidiaries." The Subsidiaries are the licensees of the following radio broadcast stations (each a "Station" and collectively the "Stations"):

<u>Subsidiary</u>	<u>Call Letters</u>	<u>City of License</u>	<u>State</u>
Chemung	WNKI (FM)	Corning	NY
Chemung	WPGI (FM)	Horseheads	NY
Chemung	WNGZ (FM)	Montour Falls	NY
Chemung	WWLZ (AM)	Horseheads	NY
Chemung	WGMF (AM)	Watkins Glen	NY
South Williamsport	WCXR (FM)	Lewisburg	PA
South Williamsport	WZXR (FM)	S. Williamsport	PA
South Williamsport	WBZD (FM)	Muncy	PA
South Williamsport	WILQ (FM)	Williamsport	PA
South Williamsport	WWPA (AM)	Williamsport	PA
Indiana SabreCom	WURK (FM)	Elwood	IN

<u>Subsidiary</u>	<u>Call Letters</u>	<u>City of License</u>	<u>State</u>
Muncie SabreCom	WXFN (AM)	Muncie	IN
Muncie SabreCom	WLBC (FM)	Muncie	IN
Indiana SabreCom	WHBU (AM)	Anderson	IN
Indiana SabreCom	WERK (FM)	Muncie	IN
Indiana SabreCom	WHTI (FM)	Alexandria	IN
Arrow	WHDL (AM)	Olean	NY
Arrow	WPIG (FM)	Olean	NY
Indiana SabreCom	WHTY (FM)	Hartford City	IN

B. The Company has a total of 32,000,000 authorized shares consisting of 22,000,000 shares of Common Stock, par value \$.001 per share ("Common Stock"), and 10,000,000 shares of Preferred Stock, par value \$.001 per share ("Preferred Stock"). The total number of authorized shares of Common Stock includes 12,500,000 shares designated as "Class A Common Stock." The total number of authorized shares of Preferred Stock consists of 4,465,000 shares designated as "Series A Preferred Stock" and 5,535,000 shares designated as "Series B Preferred Stock." Sellers are the beneficial and record owners of all of the outstanding shares of Common Stock and Preferred Stock (the "Shares"). The Shares are held by Sellers in the amounts (and classes and series) shown in Schedule 4.2 to the Disclosure Statement delivered by the Company to Buyer contemporaneously with the execution of this Agreement (the "Disclosure Statement").

C. The Company has issued warrants to purchase up to 65,247.46 shares of Class A Common Stock to York Street Capital, L.P., which are outstanding pursuant to a Second Amended and Restated Stock Purchase Warrant dated as of January 31, 2002 (the "York Street Warrant"), and an option to purchase up to 6,624.25 shares of Class A Common Stock to Rolland Johnson, which are outstanding pursuant to a Second Amended and Restated Stock Purchase Option dated January 31, 2002 (the "Johnson Option").

D. On, as provided in, and subject to, the terms and conditions set forth in this Agreement and the other agreements, instruments and documents provided by this Agreement to be executed and delivered by the parties in furtherance of the Transaction (as defined below) (such other agreements, instruments and documents being hereinafter referred to as the "Related Agreements"), Buyer desires to purchase from Sellers, and Sellers desire to sell and assign to Buyer, all of the Shares (the "Transaction"). The parties acknowledge that the Transaction and the resulting transfer of control of the licenses issued for the operation of the Stations by the Federal Communications Commission (the "Commission" or "FCC") may not be effected without the prior written consent of the Commission.

AGREEMENT:

Accordingly, in consideration of the foregoing and of the mutual promises, covenants and conditions set forth below, the parties agree as follows:

1. LIABILITIES OF THE COMPANY AND THE SUBSIDIARIES; CERTAIN ASSETS.

1.1 (a) Liabilities to be Discharged. At or prior to the Closing (as hereinafter defined), except as provided in Section 1.2 and/or 1.3 below, the Company shall, and shall cause the Subsidiaries to, pay in full any and all of the Company's and the Subsidiaries' liabilities, obligations and indebtedness and satisfy all other contractual duties that by the terms of such contract or agreement are required to be satisfied prior to Closing, in each case other than Retained Obligations (as defined below). Without limiting the generality of the foregoing, at or prior to the Closing, the Company shall, and shall cause the Subsidiaries to, discharge and satisfy in full any and all liabilities, obligations and indebtedness and satisfy all other contractual duties that are susceptible of satisfaction as of a particular date, in each case which do not constitute Retained Obligations, and which arise out of:

(i) the operations and activities of the Company, the Subsidiaries or the Stations prior to the Closing (as hereinafter defined) (including Taxes which, absent any change or amendment of tax treatment or elections made after Closing by the Company or any Subsidiary, are (A) attributable to any Pre-Closing Period (as such terms are hereinafter defined) and (B) payable in cash with respect to such period) to the extent that such liabilities, obligations, indebtedness and duties are attributable to the period prior to the Closing,

(ii) all agreements, contracts and leases not constituting Permitted Contracts (as hereinafter defined), and

(iii) agreements, contracts and leases constituting Permitted Contracts to the extent that such liabilities, obligations, indebtedness or duties are attributable to the period prior to the Closing.

(b) Pre-Closing Liabilities. The liabilities, obligations, indebtedness and duties that are required by this Agreement to be discharged by the Company or the Subsidiaries at or prior to the Closing are sometimes hereinafter referred to as "Pre-Closing Liabilities."

(c) Attribution of Certain Accounting Items. Whenever used in this Agreement to refer to any liability, item of indebtedness, obligation, duty, revenue, expense, income, or asset (including, without limitation, any intangible asset, such as a prepaid item of expense) of any Person, in any case arising from any transaction, from the ownership by such Person of any property, or from the operation by such Person of any business (collectively, "Attributable Items"), in reference to any periods of time divided by a particular occurrence (such as before and after the Closing), the term "attributable" shall mean that, irrespective of the date on which such Person incurred any obligation in respect of such Attributable Item under any agreement relating thereto, the date on which liability for such Attributable Item was first incurred, or the date on which any payment was made or will be due with respect to such Attributable Item, such Attributable Item would be apportioned to the period of time before the occurrence and after the occurrence, as applicable, by application of Modified GAAP (as hereinafter defined) but subject to the following sentences of this Section 1.1(c). To the extent that any Attributable Item is based on any written agreement of such Person providing for the purchase by such Person of

services with a stated term over one year (a "Term Agreement"), the portion of the stated term thereof elapsing before and after the occurrence shall be used to determine the portion attributable to the period before and after the occurrence. To the extent that any services are provided to such Person under an agreement other than a Term Agreement, or under an at-will arrangement, the expenses thereunder or relating thereto will be apportioned based on the respective periods before and after such occurrence during which services were received by such Person. The parties contemplate that the same business operation could give rise to both an asset to be attributed and a liability to be attributed between two periods. For example, if a Person prepaid for services that were rendered during both the period before and the period after the occurrence, the expense attributable to the period before and after the occurrence in such case would give rise to attributable liabilities and the prepayment would give rise to an attributable, prepaid asset. In each case, such amounts would be apportioned between a pre-occurrence period and a post-occurrence period based on (a) the portion of the term, in the case of a Term Agreement, or (b) the period during which the services were actually rendered in the case of services provided other than under a Term Agreement, in each case elapsing prior to and after such occurrence.

1.2 Election Not to Discharge Liabilities. Notwithstanding Section 1.1 hereof:

(i) Buyer and Sellers hereby agree to permit the Company and/or the Subsidiaries to remain subject, on and after the Closing, to indebtedness for money borrowed prior to the Closing summarized on **Schedule 4.16** to the Disclosure Statement (such indebtedness for money borrowed prior to the Closing being hereinafter referred to as "Scheduled Funded Debt"), which Scheduled Funded Debt would otherwise constitute Pre-Closing Liabilities, but excluding (A) the indebtedness noted on Schedule 4.16 to the Disclosure Statement as requiring satisfaction at Closing, and (B) the indebtedness (the "GE Indebtedness") to GE (as hereinafter defined) under the GE Credit Agreement (as hereinafter defined), unless (x) Buyers shall have elected to permit the GE Indebtedness to remain outstanding after the Closing, (y) GE shall have consented to the GE Indebtedness remaining outstanding and in effect after the Closing, and (z) GE shall have provided terminations of all subordination agreements to which GE and any of Sellers or any of Seller's Affiliates are parties, and a consent to the Company paying at Closing all amounts then due to Sellers and such Affiliates, and

(ii) Buyer and Sellers may together elect, as evidenced by their mutual agreement at Closing to a schedule thereof (the "Schedule of Remaining Indebtedness"), specific items of indebtedness ("Scheduled Indebtedness"), if any, to which they will cause the Company and/or the Subsidiaries to remain subject, on and after the Closing, which would, but for such election, constitute Pre-Closing Liabilities. In the event that, at the election of both Buyer and Sellers, as provided in this Section 1.2, the Company and/or the Subsidiaries remain subject, after the Closing, to any Scheduled Funded Debt or Scheduled Indebtedness, the amount of such Scheduled Funded Debt and/or Scheduled Indebtedness, including, without duplication, all accrued and unpaid interest, penalties and accrued and unpaid default interest (if any) thereon (in each case outstanding both immediately before and following the Closing) shall constitute current liabilities or long term liabilities, as the case may be, for purposes of calculating or determining the Purchase Price, the Closing Payment Amount, the Buyer's CPA and the Adjusted CPA (collectively, "Calculated Amounts"). Neither Sellers nor the Company shall be in default hereunder because any Scheduled Funded Debt or any Scheduled Indebtedness cannot remain outstanding following Closing, nor shall Sellers or the Company be liable to Buyer for any damages, costs, expenses or other charges or fees as a result of any default in, under, or with respect to any Scheduled Funded Debt or Scheduled Indebtedness, except as otherwise provided in Section 8.20.

1.3 Post-Closing Liabilities of the Company and the Subsidiaries. (a) After the Closing, the Company and/or the Subsidiaries shall be responsible for, and Sellers shall have no responsibility for, those liabilities, obligations, indebtedness and duties that:

(i) relate to, or arise from, the operation of, the Company, the Subsidiaries or the Stations after the Closing, or

(ii) are attributable to the period after, or which constitute non-monetary obligations or duties which by the terms of the applicable contract or agreement cannot be discharged at or prior to, the Closing under the Permitted Contracts ("non-monetary" obligations being obligations other than an obligation to pay a sum of money which is stated or calculable under a contract or agreement), or

(iii) are taken into consideration in the calculation or determination of any Calculated Amount, or

(iv) comprise the obligation to fulfill trade or barter obligations under the automobile lease referred to in clause (ii) of Section 1.4, or

(v) constitute Scheduled Funded Debt or Scheduled Indebtedness (and which has been included, without duplication, in the calculation or determination of any Calculated Amount).

(b) Obligations identified in this Section 1.3 as liabilities, obligations, indebtedness and duties with respect to which both (a) the Companies and/or the Subsidiaries may remain subject pursuant to this Agreement, and (b) the Company and/or the Subsidiaries do remain subject after Closing, are hereinafter sometimes referred to as "Retained Obligations". After the Closing, the Company and/or the Subsidiaries shall pay or satisfy the Retained Obligations as and when the same are required by their terms to be paid or satisfied. No Seller shall in any way be liable for any Retained Obligations (and the Company and Buyer shall indemnify and hold Sellers harmless from any and all liabilities, obligations, indebtedness and duties with respect to such Retained Obligations in accordance with Section 11.1.2).

1.4 Excluded Assets. It is understood and agreed that the following assets and properties (and liabilities and obligations related thereto) (the "Excluded Assets") shall not be among the assets and properties (and liabilities and obligations) retained by the Company or any of the Subsidiaries after the Closing (and all of which may be distributed, assigned or conveyed to Sellers or Sabre Indemnitor, or otherwise disposed of, prior to the Closing):

(i) the Company's and the Subsidiaries' cash and cash equivalents on hand or in banks, certificates of deposit, money market funds, and investment securities;

(ii) the automobile presently used by Rothfuss (and the lease relating to such automobile described on Schedule 4.9 to the Disclosure Statement; provided that the Company or any Subsidiary shall fulfill any trade or barter obligation with respect to such lease);

(iii) agreements, contracts and leases not constituting Permitted Contracts;

(iv) life insurance policies insuring the lives of any of Sellers;

- (v) claims against officers, directors, shareholders and affiliates of the Company arising at any time prior to the Closing Date; and
- (vi) other assets (if any) listed in Schedule 1.4 to the Disclosure Statement.

2. PURCHASE PRICE AND DELIVERY OF THE SHARES.

2.1 Agreement to Sell and Buy the Shares. Upon the terms and subject to the conditions set forth in this Agreement, each Seller hereby agrees to sell, transfer, convey and deliver to Buyer at the Closing, and Buyer hereby agrees to purchase from each Seller at the Closing, the Shares owned by such Seller, free and clear of all Encumbrances; provided, that Buyer shall have no obligation to purchase any Shares from any Seller unless Buyer can simultaneously purchase all of the Shares of all Sellers at Closing.

2.2 Purchase Price.

2.2.1 Subject to the terms and conditions of this Agreement, Buyer shall, in accordance with Section 2.4 and Section 11.5, pay for the Shares an aggregate amount equal to (such amount being hereinafter referred to as the "Purchase Price") \$41,000,000 (the "Base Amount");

plus (a) the sum of:

(i) if the Company or any of the Subsidiaries shall have theretofore consummated the transactions contemplated by the WSFT Agreement (as hereinafter defined) in accordance with the terms thereof (and without entering into any amendment to the WSFT Agreement after the date of this Agreement which imposes any material non-monetary obligations on the Company or any Subsidiary), an amount equal to \$1,350,000; plus

(ii) if the Company or any of the Subsidiaries shall have theretofore consummated the transactions contemplated by the New York Agreement (as hereinafter defined) in accordance with the terms thereof (and without entering into any amendment to the New York Agreement which requires the consent of Buyer pursuant to Section 8.12.1(b), unless such consent was obtained), an amount equal to the purchase price under the New York Agreement; plus

(iii) an amount equal to the remainder, if any (but in no event a negative amount), of (a) the Company's and the Subsidiaries' consolidated current assets (including, without limitation, cash deposits and prepaid items, but excluding all Excluded Assets) less (b) the Company's and the Subsidiaries' consolidated current liabilities, in each case determined in accordance with Modified GAAP (as hereinafter defined) upon the consummation of the Closing; plus

(iv) if the Company or any of the Subsidiaries shall not have theretofore consummated the transaction contemplated by the WSFT Agreement in accordance with the terms thereof, unless Buyer has theretofore requested the Company to terminate the WSFT Agreement (and provided that the WSFT Agreement is in full force and effect at Closing), the sum of \$50,000 plus, if not included among consolidated current assets for purposes of clause (iii) of this Section 2.2.1(a) and clause (i) of Section 2.2.1(b), the additional sum of \$50,000 which represents the amount of the advance payment toward the purchase price payable under the WSFT Agreement; and

(v) the Deferred Purchase Consideration (as hereinafter defined) to be paid under Section 11.5;

minus (b) the sum of:

(i) an amount equal to the remainder, if any (but in no event a negative amount), of (a) the Company's and the Subsidiaries' consolidated current liabilities less (b) the Company's and the Subsidiaries' consolidated current assets (including, without limitation, cash deposits and prepaid items, but excluding all Excluded Assets), in each case determined in accordance with Modified GAAP upon the consummation of the Closing; plus

(ii) an amount equal to the amount of the Company's and the Subsidiaries' consolidated long-term liabilities outstanding upon the Closing (calculated after the retirement of all indebtedness to be discharged in connection with the Closing); plus

(iii) if the Company or any of the Subsidiaries shall not have theretofore consummated the transaction contemplated by the WSFT Agreement in accordance with the terms thereof, the amount, if any, by which the purchase price and other amounts in addition to the purchase price payable to Bald Eagle Broadcast Associates, Inc. after the Closing pursuant to the closing of the transactions contemplated by the WSFT Agreement (including any assumption of liabilities (other than liabilities arising under any contracts or agreements to the extent related to the period after closing of the transaction contemplated by the Agreement)) exceed \$1,300,000.00; provided that the WSFT Agreement is in full force and effect at Closing; plus

(iv) the amount, if any, by which Net Trade Obligations (as hereinafter defined) exceed \$80,000.00 on the Closing Date; plus

(v) any legal, accounting and other expenses incurred by Sellers or the Company in connection with the consummation of the Transaction which are to be paid by the Company and the Subsidiaries after the Closing (but only if such expenses are not otherwise included among consolidated current liabilities in the calculation or determination of any Calculated Amount); plus

(vi) any payment made at Closing by Buyer or the Company to any Person as consideration for a release or non-competition agreement required under Section 8.6 to the extent not paid prior to Closing or not included among consolidated current liabilities in the calculation or determination of any Calculated Amounts; plus

(vii) if any thereof remain to be completed as of the Closing or any later date as of which any Calculated Amount shall be calculated or determined, the then estimated cost to complete (based on contracts or proposals theretofore obtained with respect thereto and, if work or fulfillment has commenced, under which the Company or any Subsidiary has received goods and services) the repairs or property acquisitions described on Schedule 8.23 to the Disclosure Statement (provided that a final reconciliation of actual costs incurred for such purpose shall be conducted as part of the final calculation or determination of the Adjusted CPA under Section 3.2); plus

(viii) the amount of any fee payable to GE in connection with the amendment of the GE Credit Agreement (as hereinafter defined) in order to consummate the transactions

contemplated by the WSFT Agreement to the extent not paid prior to Closing or not included among consolidated current liabilities in the calculation or determination of any Calculated Amount; plus

(ix) the amount of any severance obligations to Rothfuss or Farr or to former employees of the Company or any Subsidiary who were terminated pursuant to Section 8.5 (but in each case only if such obligations shall remain a liability of the Company or any Subsidiary after Closing and are not included among consolidated current liabilities in the calculation or determination of any Calculated Amount) (and, if any such severance obligation remains a liability of the Company or any Subsidiary after Closing, the Company shall pay to the former employees all such amounts deducted from the Purchase Price under this clause (b)(viii) or included among consolidated current liabilities in the calculation or determination of any Calculated Amount); plus

(x) the amount of any fees payable to Patrick (as hereinafter defined) as a result of the consummation of the Transaction (but only if such liability remains a liability of the Company or any Subsidiary after Closing and is not included among consolidated current liabilities in the calculation or determination of any Calculated Amount); plus

(xi) the amount of \$20,000.00 in full satisfaction of any amount required to repair or replace the transmitter for WNKI-FM.

2.2.2 (a) For purposes of this Agreement, (i) "GAAP" shall mean generally accepted accounting principles as in effect in the United States and as applied by the Company in the preparation of the December 31, 2001 Financial Statements (as hereinafter defined) (which have been delivered to Buyer and which were the subject of Buyer's due diligence investigation), and (ii) "Modified GAAP" shall mean GAAP, except as otherwise provided by this Section 2.2.2, Section 3.1 and Schedule 3.1 to the Disclosure Statement. For purposes of calculating consolidated current assets, consolidated current liabilities and consolidated long-term liabilities, in connection with the calculation or determination of any Calculated Amount, appropriate reserves and adjustments shall be made as of the Closing in accordance with Modified GAAP.

(b) For purposes of calculating consolidated current assets, consolidated current liabilities and consolidated long-term liabilities, in connection with the calculation or determination of any Calculated Amount, current maturities of consolidated long-term liabilities shall be treated as consolidated long-term liabilities. For purposes of calculating consolidated current liabilities under clauses (a)(iii) and (b)(i) of Section 2.2.1, and for purposes of calculating consolidated long-term liabilities under clause (b)(ii) of Section 2.2.1, such liabilities shall include, as applicable and without duplication, any Scheduled Funded Debt and Scheduled Indebtedness only to the extent not paid before or at Closing and outstanding pursuant to Section 1.2 hereof after the Closing, and the amount of any thereof, but, without duplication, shall include any premium, penalty or accrued and unpaid default interest (if any) applicable thereto by the terms thereof in the event of prepayment thereof, whether or not levied at Closing or thereafter, and any current and long-term liabilities for money owing associated with WSFT-FM, WHHO-AM and WKPQ-FM, to the extent owed by the Company or any of the Subsidiaries as of and after the Closing (other than liabilities attributable to the period after the closing of the acquisition of WSFT, WHHO-AM or WKPQ-FM, as applicable, under operating contracts and agreements of, or relating to, such stations), but excluding any liabilities arising from contracts or agreements constituting Excluded Assets. "Net Trade Obligations" shall mean the amount, if any, by which the aggregate value of time owed by the Stations pursuant to trade agreements and barter agreements other than Approved Barter Agreements and Promotional Barter Agreements (as such terms

are hereinafter defined) (based upon the generally prevailing rates for cash sales on the Stations in effect on the date of each trade or barter agreement) exceeds the sum of (a) the aggregate value of property and/or services in the possession of, or owed to, the Stations pursuant to trade and barter agreements other than Approved Barter Agreements and Promotional Barter Agreements and (b) any positive balance owing to the Company and its Subsidiaries under the Approved Barter Agreements and Promotional Barter Agreements.

2.3 Escrow Deposit. On or before August 23, 2002 (the "Outside Escrow Date"), Buyer shall place the sum of \$1,500,000.00 in escrow with Wilmington Trust Company (the "*Escrow Agent*") to be held in escrow in accordance with an escrow agreement in the form of the Escrow Agreement attached hereto as **Exhibit 1** and executed by Buyer, Sabre Indemnitor and Escrow Agent (the "*Escrow Agreement*"). The cash sum held at any time by the Escrow Agent in escrow as contemplated by this Section 2.3 is hereinafter referred to as the "Escrow Deposit." Buyer and Sabre Indemnitor covenant and agree that, if the Escrow Agreement is not executed and delivered by such parties contemporaneously with the execution and delivery of this Agreement, each such party shall execute and deliver the Escrow Agreement prior to August 23, 2002.

2.4 Cash at Closing; Delivery of Certificates

2.4.1 (a) Subject to the terms and conditions hereof, at the Closing, Buyer shall pay the Closing Payment Amount (as hereinafter defined) as follows:

(i) to Wilmington Trust Company (the "Adjustment Escrow Agent"), \$500,000 in cash (the "Adjustment Escrow Deposit") to be held pursuant to an escrow agreement in the form of the Escrow Agreement attached hereto as **Exhibit 1(A)** (the "Adjustment Escrow Agreement");

(ii) on behalf of Sellers (but without limiting Buyer's rights under Section 11.1.1) to Wilmington Trust Company (the "Indemnification Escrow Agent"), \$1,500,000 in cash (the "Indemnification Escrow Amount") to be held pursuant to an escrow agreement in the form of the Indemnification Escrow Agreement (as hereinafter defined); and

(iii) to Sabre Indemnitor, an aggregate amount equal to the Closing Payment Amount, less an amount equal to the sum of (a) the Adjustment Escrow Deposit, (b) the Indemnification Escrow Amount.

(b) Buyer shall cause the Company to pay at Closing (including by providing all funds necessary) (i) all amounts required to satisfy in full all amounts owing to lenders or other Persons at the time of Closing holding indebtedness of the Company or any of the Subsidiaries shown on Schedule 4.16 to the Disclosure Statement and with respect to which an election has not been made pursuant to Section 1.2 to have the indebtedness to such lender or other Person remain outstanding after Closing (each a "Creditor" and collectively the "Creditors") (the aggregate amount required to satisfy such indebtedness being hereinafter referred to as the "Indebtedness Payoff Amount"), and (ii) all amounts required to satisfy other liabilities of the Company or the Subsidiaries which are outstanding, and which are due, or otherwise required to be paid, at the time of Closing (the aggregate amount of such liabilities being hereinafter referred to as the "Liabilities Payoff Amount"). Notwithstanding the foregoing, to the extent that the Indebtedness Payoff Amount or the Liabilities Payoff Amount, as applicable, is not included in the calculation or determination of any Calculated Amount, Buyer shall, on

behalf of the Company and/or the Subsidiaries and in lieu of paying such amount to Sabre Indemnitor under Section 2.4.1(a)(iii), at Closing pay (i) the Indebtedness Payoff Amount to the Creditors, and (ii) the Liabilities Payoff Amount to the Persons entitled to payment thereof. At Closing, the Company or Sabre Indemnitor shall provide Buyer with a schedule or other listing of all amounts owed, and the Persons to whom such amounts are owed, which comprise the Liabilities Payoff Amount.

2.4.2. (a) Except as hereinafter provided with respect to the funds held by the Escrow Agent, all amounts to be paid by Buyer at Closing shall be paid by wire transfer of immediately available funds pursuant to wire transfer instructions delivered to Buyer by the Person (as hereinafter defined) entitled to such payment at least two (2) business days prior to the date scheduled for Closing.

(b) Prior to the Closing, Buyer and Sabre Indemnitor shall deliver joint written instructions to the Escrow Agent to, at Buyer's election, either (i) deliver the Escrow Deposit to Sabre Indemnitor at the Closing, or (ii) transfer the Escrow Deposit to an account established by the Escrow Agent for purposes of holding the Indemnification Escrow Deposit pursuant to the Indemnification Escrow Agreement. Any interest earned on the Escrow Deposit shall, if delivered to Sabre Indemnitor at Closing, be applied to the Closing Payment Amount payable under Section 2.4.1.

(c) In the event that the Escrow Agent complies with an instruction pursuant to clause (ii) of Section 2.4.2(b) and so transfers such funds upon the Closing to the Indemnification Escrow Account, such transfer will constitute satisfaction of the payment required by Section 2.4.1(ii). In the event that the Escrow Agent refuses or is prevented from complying with such joint instructions, the Closing shall nonetheless occur on the date provided for in Section 10.1, subject to the following conditions: (i) if the Escrow Agent refuses or is prevented from complying with such joint instructions for any reason other than a claim having been made with respect to the Escrow Deposit by a Person asserting such claim against Sabre Indemnitor or any of Sellers, then (A) Buyer shall, deliver the separate sum of \$1,500,000 to the Indemnification Escrow Agent pursuant to Section 2.4.1(ii) on behalf of Sabre Indemnitor at Closing and (B) Sabre Indemnitor (for itself and each of Sellers) shall at Closing release and assign to Buyer any and all right, title and interest that Sellers (or Sabre Indemnitor on their behalf) may have to the Escrow Deposit and under the Escrow Agreement; and (ii) if the Escrow Agent refuses or is prevented from complying with such joint instructions by reason of a claim having been made with respect to the Escrow Deposit by a Person asserting such claim against Sabre Indemnitor or any of Sellers, then Buyer shall at Closing assign to Sabre Indemnitor all right, title and interest in and to the Escrow Deposit (including all interest accrued thereon) and under the Escrow Agreement (and Sabre Indemnitors and Sellers shall at the Closing accept such assignment as a portion of the amount due under Section 2.4.1(a)(iii), in lieu of the receipt of cash, in the amount of the Escrow Deposit (plus all interest accrued thereon).

2.4.3 Subject to the terms and conditions hereof, at the Closing, Sellers shall deliver to Buyer certificates representing the Shares, duly endorsed in blank for transfer or accompanied by duly executed stock powers in blank with respect thereto.

3. DETERMINATION OF CERTAIN COMPONENTS OF PURCHASE PRICE.

3.1 Determination of Consolidated Current Assets, Consolidated Current Liabilities and Consolidated Long-Term Liabilities.

(a) In calculating consolidated current assets, consolidated current liabilities and consolidated long-term liabilities for purposes of calculating or determining any Calculated Amount, the Company's and the Subsidiaries' books shall be deemed to have been closed, as if the Company and the Subsidiaries closed their books for a fiscal year-end as of the Closing, in accordance with Modified GAAP, and all calculations shall be made as of, the Closing. Any Person (a "Determining Party") calculating or determining any Calculated Amount shall, in making any such calculation or determination, except as otherwise required by Modified GAAP, where necessary or appropriate, determine assets and liabilities based upon an apportionment of revenue and expenses between the periods prior to and after Closing by application of the principles of attributing revenues and expenses set forth in Section 1.1(c) (provided that if the Closing occurs on December 31, 2002 or on January 2, 2003, the time of Closing shall be deemed for all purposes of this Agreement to have occurred at 12:00:01 a.m. on January 1, 2003).

(b) In calculating or determining any Calculated Amount (i) the specific manner of apportioning or calculating certain assets and liabilities described or provided for in Schedule 3.1 to the Disclosure Statement shall be used for all purposes of such calculations of such Calculated Amount by the Determining Party charged with such calculation, and (ii) the amount of accounts receivable of the Company and the Subsidiaries ("Receivables") included among the consolidated current assets as of the Closing (the "Current Receivables") shall be an amount equal to the lesser of (A) eighty percent (80%) of the aggregate amount of Receivables outstanding as of the Closing, or (B) the sum of one hundred percent (100%) of Receivables for advertising placed by advertising agencies, time buying agencies or other representative firms ("Agency Receivables") outstanding as of the Closing for no more than 120 days and one hundred percent (100%) of all Receivables other than Agency Receivables outstanding as of the Closing for no more than 90 days; provided, that the calculation of Receivables as provided in this clause (ii) for purposes of calculating or determining any Calculated Amount shall not abrogate Buyer's responsibility to pay to Sellers, and any calculation or determination of the Purchase Price shall include, the Deferred Purchase Consideration. Schedule 3.1 to the Disclosure Statement also sets forth, as an example, an illustration of the calculation of the Purchase Price, as if the numbers shown therein were actual and accurate as of Closing.

3.2 Manner of Determining The Closing Payment Amount. Section 2.2.1 will be determined in accordance with the following procedures:

(a) Not later than fifteen (15) days following the final publication of the last to be granted FCC consent comprising a part of the FCC Consent, the Company shall commence the process of conferring with representatives of Buyer (and shall thereafter, as necessary, continue to confer with representatives of Buyer) regarding the preparation of a preliminary statement (the "Closing Statement") which shall set forth the Company's good faith estimate of the Purchase Price pursuant to Section 2.2.1 excluding the Deferred Purchase Consideration (such amount being sometimes referred to herein as the "Closing Payment Amount") as of the Closing Date elected by Buyer in a notice given pursuant to Section 10.1. Not later than five (5) days prior to the date scheduled for Closing pursuant to Section 10.1, the Company shall prepare and deliver to Buyer the Closing Statement. The Closing Statement shall contain all information reasonably necessary and used to determine the Closing Payment Amount

under Section 2.2.1, including the Indebtedness Payoff Amount and such other information as may be reasonably requested by Buyer to better understand, analyze or verify (recognizing that several of the amounts scheduled will necessarily be estimates) such calculations.

(b) Not later than forty-five (45) days after the Closing Date, Buyer shall prepare and deliver to Sabre Indemnitor a statement (the "Post Closing CPA Statement") which sets forth Buyer's good faith calculation of the Closing Payment Amount pursuant to (and in accordance with) Section 2.2.1 as of the Closing. If Sabre Indemnitor disputes the calculation of the Buyer's CPA shown in the Post Closing CPA Statement, Sabre Indemnitor shall deliver to Buyer, within fifteen (15) days after Sabre Indemnitor's receipt of Buyer's Post Closing CPA Statement (such fifteen (15) day period being hereinafter referred to as the "Resolution Period"), a statement ("Objection Statement") setting forth Sabre Indemnitor's objections to any amounts set forth in the Post Closing CPA Statement which Sabre Indemnitor in good faith believes are not in accordance with Section 2.2.1. If Sabre Indemnitor notifies Buyer of its acceptance of Buyer's Post Closing CPA Statement, or if Sabre Indemnitor fails to deliver an Objection Statement within the Resolution Period, Buyer's calculation of the Buyer's CPA shall become conclusive and binding on the parties as of the last day of the Resolution Period (and Buyer's CPA shall be the "Adjusted CPA" for all purposes hereunder). Buyer and Sabre Indemnitor shall use good faith efforts to resolve during the Resolution Period any disagreement involving the calculation of the Buyer's CPA under Section 2.2.1. If Buyer and Sabre Indemnitor agree on the final determination of the Closing Payment Amount, as provided herein, such agreed-upon amount shall be the "Adjusted CPA" for all purposes hereunder. If the parties are unable to agree on all items before expiration of the Resolution Period, the Determiner (as hereinafter defined) shall resolve the disagreement by determining, as a Determining Party, the correct Closing Payment Amount payable under Section 2.2.1 as of the time of Closing, in accordance with Section 3.1 and Modified GAAP within thirty (30) days of its appointment (in which case, the amount so determined by the Determiner shall be the "Adjusted CPA" for all purposes hereunder). The "Determiner" shall mean either (i) the Person designated by mutual agreement of Buyer and Sabre Indemnitor prior to or within the two (2) day period following expiration of the Resolution Period, or (ii) if Buyer and Sabre Indemnitor are unable to jointly agree upon such Person prior to or within two (2) days following expiration of the Resolution Period, Buyer and Sabre Indemnitor shall, within five (5) days following expiration of the Resolution Period, each designate an independent certified public accountant, which independent certified public accountants shall together designate a third independent certified public accountant which has no past or present relationship with Buyer, the Company or any Seller within ten (10) days following expiration of the Resolution Period to serve as the Determiner. The Determiner's resolution of any such disagreement shall be final and binding on the parties. The costs and expenses of the Determiner and its services rendered pursuant to this Section 3.2(b) shall be borne one-half by Sellers and one-half by Buyer. Buyer shall provide, and shall cause the Company and the Subsidiaries to provide, the Determiner with access to all primary financial data necessary or appropriate to enable the Determiner to resolve such disagreement and determine the Adjusted CPA.

3.3 Post-Closing Adjustment. After the Adjusted CPA shall have been finally determined pursuant to Section 3.2(b), payments shall be made as follows:

(a) If the Adjusted CPA exceeds the Closing Payment Amount, then (i) at such time as the Adjusted CPA is determined, all rights of Buyer in and to the Adjustment Escrow Deposit shall, ipso facto, terminate and the Adjustment Escrow Deposit shall be held by the Adjustment Escrow Agent for the sole benefit of Sabre Indemnitor, and (ii) within three (3) business days after the Adjusted CPA is finally determined pursuant to Section 3.2, Buyer shall (A) pay an amount equal to such excess to Sabre

Indemnitor, and (B) join with Sabre Indemnitor in executing and delivering to the Adjustment Escrow Agent instructions to release the full amount of the Adjustment Escrow Deposit to Sabre Indemnitor.

(b) If the amount of the Adjusted CPA as finally determined pursuant to Section 3.2 is less than the Closing Payment Amount, then within three (3) business days after the amount of the Adjusted CPA is finally determined pursuant to Section 3.2, (i) Sabre Indemnitor shall join with Buyer in executing and delivering to the Adjustment Escrow Agent instructions to release to Buyer a portion of the Adjustment Escrow Deposit equal to such shortfall (which instructions will also direct the Adjustment Escrow Agent to deliver any excess amount of the Adjustment Escrow Deposit to Sabre Indemnitor), and (ii) Sellers shall pay to Buyer an amount, if any, equal to the shortfall (the "CPA Shortfall") between (a) the remainder of (x) the Closing Payment Amount less (y) the Adjusted CPA and (b) the Adjustment Escrow Deposit. In the event that Sabre Indemnitor or Sellers fail to pay the CPA Shortfall, Buyer may offset such sum against the amount that would otherwise be payable to Sabre Indemnitor as Deferred Purchase Consideration pursuant to Section 11.5 (without prejudice to any rights Buyer may have under this Agreement to obtain from Sellers the amount of the CPA Shortfall in excess of the amount of the Adjustment Escrow Deposit without exercising such right of offset). If the CPA Shortfall exceeds the amount of the Adjustment Escrow Deposit, then at such time as the Adjusted CPA is determined, all rights of Sabre Indemnitor in and to the Adjustment Escrow Deposit shall, ipso facto, terminate and the Adjustment Escrow Deposit shall be held by the Adjustment Escrow Agent for the sole benefit of Buyer.

(c) All amounts payable pursuant to this Section 3.3 (except as contemplated by the last sentence of Section 3.3(b)) shall be paid by wire transfer of immediately available funds pursuant to wire transfer instructions delivered to the party obligated to make such payment in writing by the party entitled to such payment or, if applicable, contained in the joint written instruction to the Adjustment Escrow Agent.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company makes the following representations and warranties all of which have been relied upon by Buyer in entering into this Agreement and all of which are true and correct on the date of this Agreement.

4.1 Organization. The Company and the Subsidiaries are each corporations duly organized, validly existing and in good standing under the laws of their respective states of incorporation, and each has full legal power and authority to own, lease and operate its assets and properties, to conduct its business as currently conducted and to enter into and perform in every material respect this Agreement and the Related Agreements in all material respects. The Company has delivered to Buyer true, correct and complete copies of: (i) the articles of incorporation and by-laws or the applicable charter and governance documents of the Company and each of the Subsidiaries, as amended to the date of this Agreement; and (ii) the minute books, shareholder journals, stock ledgers and other records in which the issuance and transfer of the capital stock of the Company and each of the Subsidiaries is recorded, which accurately reflect all issuance and transfer transactions that shall have occurred with respect to the capital stock of each of the Company and the Subsidiaries prior to the consummation of the Transactions. The minute books of the Company and the Subsidiaries contain records of all meetings and other corporate actions taken by its shareholders, board of directors and committees thereof insofar as required to be maintained under applicable law. Such minute books have been made available for review by Buyer and will be delivered to Buyer at the Closing. Other than the Subsidiaries, the Company does not have any

direct or indirect subsidiaries; nor does the Company own any securities issued by, or have any other ownership interest in, any other corporation, business organization or entity (other than the Subsidiaries). Except as set forth in **Schedule 4.1** to the Disclosure Statement, the Subsidiaries do not have any direct or indirect subsidiaries nor do any of the subsidiaries own any securities issued by, or have any ownership interest in, any other Person.

4.2 *Capital Structure of the Company and the Subsidiaries.* The entire authorized, issued and outstanding capital stock of the Company and the Subsidiaries is as set forth in **Schedule 4.2** to the Disclosure Statement. All of the issued and outstanding shares of capital stock of the Company and the Subsidiaries have been duly authorized, are fully paid and non-assessable, are not, except as described in **Schedule 4.2** to the Disclosure Statement, subject to preemptive rights and were issued in compliance with all federal, state and local laws, rules and regulations. The Company is, and will be on Closing, the sole record and beneficial owner of good and marketable title to the shares of capital stock of the Subsidiaries shown as outstanding on **Schedule 4.2** to the Disclosure Statement, free and clear of all Encumbrances other than Permitted Encumbrances. Except as set forth in **Schedule 4.2** to the Disclosure Statement, there are no outstanding or authorized subscriptions, options, warrants, calls, commitments, agreements or arrangements of any kind relating to the issuance, transfer, delivery or sale of any additional shares of capital stock or other securities of the Company or any of the Subsidiaries, including, but not limited to, any right of conversion or exchange under any outstanding security, agreement or other instrument. Except as described in **Schedule 4.2** to the Disclosure Statement, there are no (i) authorized or outstanding close corporation agreements, voting agreements, voting trusts, proxies, shareholder agreements, rights to purchase, transfer restrictions, or other similar arrangements, or (ii) authorized or outstanding stock appreciation, phantom stock, profit participation or similar rights.

4.3 *Ownership of Shares.* Sellers are the sole record owners of the Shares set forth opposite their respective names on **Schedule 4.2** to the Disclosure Statement, and all such shares are duly authorized, validly issued, fully paid and non-assessable. Except as permitted pursuant to Section 8.7(j) Sellers are, and will be at Closing, the sole beneficial owners of good and marketable title to the Shares set forth opposite their respective names on **Schedule 4.2** to the Disclosure Statement. Sellers own such Shares free and clear of all Encumbrances (as hereinafter defined) (other than Encumbrances which will be released at Closing), and, at the Closing, Buyer will acquire good and marketable title to all of the Shares free and clear of all Encumbrances.

4.4 *Authorization.* The execution, delivery and performance of this Agreement (and the Related Agreements) by the Company has been duly authorized by all necessary action on the part of the Company. This Agreement and the Related Agreements have been duly approved by the directors and the shareholders of the Company, have been duly executed by the Company and each of Sellers and validly delivered to Buyer, and constitute legal, valid, and binding obligations of the Company and each of Sellers enforceable in accordance with their respective terms and the execution and delivery of this Agreement by each Seller shall constitute such Seller's individual written consent as a stockholder (and, if such Seller is a director, as a director) to such execution, delivery and performance of this Agreement by the Company and shall constitute irrefutable evidence thereof.

4.5 *Consents; No Breach.* Except as specified in **Schedule 4.5** to the Disclosure Statement, and except for Nonmaterial Consents (as hereinafter defined), the execution, delivery and performance by the Company and Sellers of this Agreement and the agreements and instruments called for hereunder will not require the consent, approval or authorization of notice to, or filing with any person, entity or

governmental authority (each, a "Consent") other than the FCC. For purposes hereof, the term "Nonmaterial Consent" means a Consent of such a nature that the failure to have secured the grant thereof, taking into account other Consents required to be obtained but which have not been obtained, could not reasonably be expected to result in a Material Adverse Effect, assuming the continuation after Closing of the radio broadcasting business of the Company and its Subsidiaries as heretofore operated. None of (i) the execution, delivery and performance of this Agreement and the Related Agreements by the Company or Sellers, (ii) the consummation of this Agreement and the Related Agreements, or (iii) the Company's or Sellers' compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate, result in termination, cancellation or acceleration of any right under (A) the Company's or any Subsidiary's articles of incorporation or bylaws, (B) any judgment, decree, order or injunction applicable to the Company, any Subsidiary, any of Sellers, the Station Equipment, the Owned Real Property or the Stations, or (C) (except as disclosed in **Schedule 4.5** to the Disclosure Statement and except to the extent that such conflict, breach, default or violation would not have a Material Adverse Effect) any agreement, contract, lease, commitment or other instrument to which the Company, any of the Subsidiaries or any of Sellers is a party or by which the Company, any of the Subsidiaries or any of Sellers are legally bound or to which any of the Station Equipment, the Owned Real Property or any of the Stations are subject, or any law, ordinance, rule, or regulation applicable to the Company, any of the Subsidiaries, any of the Sellers, any of the Station Equipment, the Owned Real Property, or the operation of any of the Stations.

4.6 Station Licenses. The Company and the Subsidiaries hold all licenses, permits and other authorizations issued by the Commission (the "FCC Licenses") and relating to the primary broadcasting facility of each Station (such FCC Licenses relating to such primary facilities being herein referred to as "Primary FCC Licenses") and such other FCC Licenses and such other licenses, permits and authorizations of other governmental agencies as are necessary to operate the Stations in all material respects (taken as a whole) as operated on June 30, 2002 ("Additional Licenses"). For purposes hereof, "Station Licenses" shall mean the Primary FCC Licenses and the Additional Licenses. The parties agree that no FCC licenses for any Station's additional, back-up or auxiliary broadcast facilities are necessary to operate the Stations in all material respects as operated on June 30, 2002. **Schedule 4.6** to the Disclosure Statement lists (i) all of the FCC Licenses held by the Company or any Subsidiary as of the date of this Agreement, together with (ii) all applications for new Station Licenses or other FCC Licenses pending before the Commission on the date of this Agreement (if any). Any Station Licenses which are FCC Licenses were validly issued in the names of the Subsidiaries indicated thereon pursuant to Final Orders. The Station Licenses are all of the licenses, permits, and other authorizations necessary to operate the Stations in substantial accordance with the Communications Act of 1934, as amended (the "Communications Act") and the rules, regulations and policies of the FCC. The Station Licenses are in full force and effect. Except as set forth on **Schedule 4.6** to the Disclosure Statement, there are no proceedings or complaints pending or, to the Company's knowledge, threatened (including, without limitation, any action, proceeding, investigation or order to show cause, notice of violation, notice of apparent liability, notice of forfeit or complaint involving the Company, any Subsidiary or any of the Stations by or before the FCC) with respect to any Station License (other than rulemaking proceedings that apply generally to companies with operations in the radio broadcasting industry). As of the date of this Agreement, except as set forth in **Schedule 4.6** to the Disclosure Statement, none of the Stations is operating pursuant to special temporary authority or a temporary waiver of any rule, regulation or policy of the FCC. The Company has no Knowledge (as hereinafter defined) of any reason why, upon proper application therefor filed at the appropriate time, those of the Station Licenses subject to expiration would not, based on current laws, FCC rules, regulations and policies, be renewed in the ordinary course

or of any reason why any of the Station Licenses might properly, based on current laws, FCC rules, regulations or policies, be revoked. The Stations have been operated in all material respects in accordance with the Station Licenses and in compliance with the Communications Act of 1934, as amended, and the rules, regulations and policies of the Commission. True and complete copies of each of the Station Licenses which are FCC Licenses have been delivered to Buyer.

The Company has no Knowledge that the operation of the Stations causes or results in exposure of workers or the general public to levels of radio frequency radiation in excess of the "Radio Frequency Protection Guides" recommended in "American National Standard Safety Levels with Respect to Human Exposure to Radio Frequency Electromagnetic Fields 3kHz to 300 Ghz (ANSI/IEEE C95.1-1992) issued by the American National Standards Institute, adopted by the FCC effective October 15, 1997, and described in OET Bulletin No. 65. Renewal of the Station Licenses would not constitute a "major action" within the meaning of Section 1.1301, et seq., of the FCC's rules.

4.7 Assets. The Company and the Subsidiaries hold title to, or hold leasehold interests in leases relating to, all tangible personal property (including, but not limited to, transmitters, broadcasting towers, studio equipment, mobile transmitting equipment, furniture, fixtures, machinery, equipment, motor vehicles, automotive equipment and other personal property but excluding the Excluded Assets) necessary to operate the Stations in all material respects (taken as a whole) as operated on June 30, 2002 (such necessary tangible personal property being hereinafter referred to as the "Station Equipment"). Schedule 4.7 to the Disclosure Statement lists tangible personal property located at the studio or tower facilities of the Stations (the "Facilities") and owned by the Company or any Subsidiary on the date of this Agreement. The listed personal property that constitutes Station Equipment owned by the Company or any Subsidiary, together with any replacements or additions thereto constituting Station Equipment owned by the Company or any Subsidiary, and subject to any retirements thereof or omissions or deletions therefrom made between the date of this Agreement and the Closing Date in accordance with this Agreement, is hereinafter referred to as the "Owned Equipment". Except as set forth on Schedule 4.7 to the Disclosure Statement, the Company or a Subsidiary has good and marketable title to the Owned Equipment, free and clear of all mortgages, deeds of trust, liens, pledges, collateral assignments, security interests, leases, easements, covenants, restrictions and encumbrances or any defect of title of any kind whatsoever (collectively, but excluding any of the foregoing granted or created by the Company or any Subsidiary at the instant of, or after, Closing at Buyer's direction or with Buyer's consent, "Encumbrances") other than Permitted Encumbrances (as hereinafter defined). On the Closing Date, the Company or a Subsidiary shall possess good and marketable title to the Owned Equipment free and clear of any and all Encumbrances (other than the Permitted Encumbrances). None of the Excluded Assets constituting tangible personal property is necessary for the Stations to operate in all material respects as operated on June 30, 2002.

4.8 Condition, Quality and Quantity of Equipment. The Station Equipment constitutes all of the personal property that is presently used by the Company or any of the Subsidiaries in the operation of the Stations (other than the Excluded Assets). The Station Equipment is sufficient, in all material respects and taken as a whole, to permit the Stations to operate in accordance with the Station Licenses and the rules, regulations and policies of the Commission. All Station Equipment which is necessary to operate the Stations as currently operated is, in all material respects and taken as a whole, in good operating condition and repair (ordinary wear and tear excepted).

4.9 Contracts. As of the date of this Agreement, the Company and/or the Subsidiaries are parties to the following agreements, contracts and leases: (a) agreements, contracts and leases

specifically described in Schedule 4.9 to the Disclosure Statement ("Scheduled Agreements"); (b) contracts, agreements and leases not listed in Schedule 4.9 to the Disclosure Statement or not described in the following clauses (c), (d), (e), (f), (g) or (h) which would not after Closing in any individual case impose financial obligations on the Company or any Subsidiary in excess of \$85,000 or which do not, in the aggregate, impose financial obligations on the Company and the Subsidiaries in excess of \$150,000 ("Basket Agreements"); (c) agreements, contracts and leases, even if not described on Schedule 4.9 to the Disclosure Statement or not constituting Basket Agreements, that Buyer elects to have the Company or any Subsidiary retain after Closing ("Accepted Agreements"); (d) all contracts and agreements for the purchase, license or other provision of programming (whether for cash or trade), (i) which will expire, or which the Company or any Subsidiary may terminate without penalty, at any time prior to ninety (90) days following the Closing Date, and (ii) those listed on Schedule 4.9 to the Disclosure Statement (collectively, including those described in clause (i) and those listed on Schedule 4.9 to the Disclosure Statement, the "Programming Agreements"); (e) such other contracts (other than for the sale of time on the Stations), agreements and leases entered into by the Company or any of the Subsidiaries after the date hereof with the consent of Buyer (the "Additional Agreements"); (f) all contracts for the sale of time on the Stations for cash ("Sales Agreements"); (g) all trade agreements and barter agreements which (i) do not in the aggregate represent Net Trade Obligations in excess of \$80,000.00 on the Closing Date, (ii) are entered into after the date hereof upon the recommendation of, or with the consent of, Buyer ("Approved Barter Agreements"), or (iii) are entered into by the Company or any Subsidiary in order to obtain products or services to promote, build or sustain audience for any of the Stations ("Promotional Barter Agreements"); and (h) contracts and agreements which are terminable by the Company or any Subsidiary at will and without penalty (collectively, "At-Will Contracts"). In the event that the Company or any Subsidiary submits any agreement or contract to Buyer in writing for its consent, such consent shall be deemed to have been given if Buyer does not notify the Company of its rejection of such contract or agreement in writing within seven business (7) days after its receipt of the Company's written request for such consent (which request may be sent to Buyer by facsimile with a copy sent by facsimile to Backyard Broadcasting Management, LLC, in each case to the facsimile number listed in Section 14.3(c)). The Scheduled Agreements, Basket Agreements, Accepted Agreements, Programming Agreements, Additional Agreements, Sales Agreements, Approved Barter Agreements, Promotional Barter Agreements, At-Will Contracts, and other agreements, contracts and leases consented to by Buyer are sometimes hereinafter collectively referred to as "Permitted Contracts." The Permitted Contracts in the aggregate constitute all of the agreements, contracts, leases and commitments necessary for the Company and the Subsidiaries to operate the Stations on the Closing Date in all material respects as operated on June 30, 2002. The Permitted Contracts which are designated as "Material Contracts" on Schedule 4.9 to the Disclosure Statement (the "Material Contracts") shall remain in full force and effect after the Closing without the need to obtain the Consent of the other parties thereto (and without any breach or default resulting from the consummation of the Transaction), or, if Consent of the other party to the Material Contract is required for such contract to remain in full force and effect upon the consummation of the Transaction, the Company shall, if requested by Buyer, use commercially reasonable efforts to secure such consents before the Closing Date. The Company has delivered to Buyer true and correct copies of all Material Contracts (including any amendments or other modifications thereto). The Company has no Knowledge of any reason why any of the other parties to the Material Contracts whose Consent is so required thereunder would refuse to issue such Consent. There has not occurred as to any Permitted Contract any default by the Company or any Subsidiary or any event that, with the lapse of time or otherwise, could become a default by the Company or any Subsidiary, except for defaults which would not have a Material Adverse Effect. There has not occurred as to any Material Contract any default by the Company or any Subsidiary or any event that, with the lapse of time or otherwise, could

become a default by the Company or any Subsidiary, except for defaults which would not have a Market Adverse Effect and defaults cured prior to Closing. The Company has no Knowledge that there has occurred as to any (i) Material Contract any default by any other party thereto or any event that, with the lapse of time or otherwise could become a default by such party and which could reasonably be anticipated to have a Market Adverse Effect, or (ii) any Permitted Contract any default by any other party thereto or any event that, with the lapse of time or otherwise, could become a default by such party and which could reasonably be anticipated to have a Material Adverse Effect. Notwithstanding any of the foregoing to the contrary, the Company makes no representation or warranty of any kind with respect to any contract or agreement designated on Schedule 4.9 to the Disclosure Statement as not being the subject of any representation or warranty.

4.10 Employees. There are no strikes, pickets, organized slowdowns, work stoppages, grievance proceedings, union organization efforts, or other controversies pending or threatened between the Company or any of the Subsidiaries and any of its employees or agents or any union or collective bargaining unit. The Company and the Subsidiaries are, in all material respects and taken as a whole, in compliance with all material laws and regulations relating to the employment of labor, including without limitation provisions relating to wages, hours, collective bargaining, occupational safety and health, equal employment opportunity, and the withholding of income taxes and social security contributions. The Company has received no demands for recognition, or any other requests or demands, from a labor organization for representative status with respect to any Station Employees, and the Company has no Knowledge that any such activity is threatened. Neither the Company nor any Subsidiary is a party to any collective bargaining agreements or other contracts or agreements with labor unions, relating to, involving, or affecting the Station Employees, and none of the Company or the Subsidiaries has any obligation to bargain with any labor organization with respect to any such persons. None of the Company or the Subsidiaries is currently, nor during the past five years has any of the Company or the Subsidiaries been, the subject of any certification or decertification drive, and the Company has no Knowledge that any such organizing activity is threatened. None of the Company or the Subsidiaries has recognized or agreed to recognize or is required to recognize any union as the collective bargaining representative for any Station Employee. The Company has provided Buyer, as Schedule 4.10 to the Disclosure Statement, with a list of (a) all employees of the Subsidiaries (the "Stations' Employees") showing the rate of compensation (including salary, bonuses and commissions) of each such employee, and (b) all persons employed directly by the Company ("Corporate Employees") showing the rate of base compensation of each Corporate Employee (bonuses being discretionary), which list, in each such case, is accurate in all material respects as of the date of this Agreement.

4.11 Employee Benefit Plans. Schedule 4.11 to the Disclosure Statement lists all of the employee benefit plans, programs and arrangements (each a "Plan" and collectively the "Plans") maintained for the benefit of current or former employees, officers, directors or shareholders (in any such case, as a group) of the Company or any of the Subsidiaries. The Company has delivered, or will prior to Closing deliver, to Buyer true and correct copies of all documents embodying the Plans. Except for the Plans described on Schedule 4.11, neither the Company nor the Subsidiaries maintains any Plans which constitute an "employee welfare benefit plan" or an "employee pension benefit plan" as such terms are defined in Section 3(1) and 3(2), respectively, of the Employee Retirement Income Security Act of 1974, as amended. As of the date of this Agreement, except as described in Schedule 4.2 to the Disclosure Statement, neither the Company nor any Subsidiary is a party to any written employment agreement with any employee of the Company or any Subsidiary which has the effect of changing the status of such employee from that of an "at will" employee.

4.12 Litigation. As of the date of this Agreement, (i) there is no outstanding order or decree or unsatisfied judgment against the Company, any of the Subsidiaries or any of the assets and properties of the Company or any of the Subsidiaries, and (ii) except as described in Schedule 4.12 to the Disclosure Statement, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature pending against the Company, any of the Subsidiaries or the assets or properties of the Company or any of the Subsidiaries. As of the date of this Agreement, the Company has no Knowledge of any action, suit, arbitration, litigation, proceeding, claim or investigation of any nature threatened against the Company, any of the Subsidiaries or the assets or properties of the Company or any of the Subsidiaries which could reasonably be anticipated to have a Market Adverse Effect.

4.13 Taxes.

(a) (i) The Company and the Subsidiaries have (A) duly and timely filed or caused to be filed with the Internal Revenue Service or other applicable state government entity or state authority (collectively, "Taxing Authorities") all Tax Returns (as defined below) that are required to be filed by or on behalf of the Company and the Subsidiaries, which Tax Returns are true, correct and complete. All Taxes Payable (as hereinafter defined) as shown on any such Tax Returns required to be filed by the Company and the Subsidiaries have been properly accrued or, to the extent such Taxes Payable have become due and payable prior to the Closing, paid. The Financial Statements (as defined in Section 4.16 hereof) reflect an adequate reserve in accordance with GAAP (without regard to any amounts reserved for deferred Taxes) for all Taxes Payable by the Company and the Subsidiaries for all Tax periods and portions thereof through the respective dates of each of such Financial Statements. All unpaid Taxes Payable (other than Taxes resulting from consummation of the Transaction) of the Company and the Subsidiaries which are due and owing in any periods ending on or before the Closing (the "Pre-Closing Periods") shall (without duplication by inclusion in any other category of liabilities) be included in consolidated current liabilities in the calculation or determination of any Calculated Amount. "Taxes Payable" by any Person means, at any time, Taxes which (a) are due and payable by such Person at such time, or (b) can at such time be calculated and which would, at such time, be an obligation that (whether payable before or after such time) would be a liability of such Person. In no event shall Taxes Payable include deferred Taxes.

(ii) The Company and the Subsidiaries have duly and timely complied with all applicable federal, state and local laws, ordinances, regulations and orders relating to the collection or withholding of Taxes, and the reporting and direct remittance thereof to the applicable taxing authorities.

(iii) No audit, examination, investigation, reassessment or other administrative or court proceeding (collectively, a "Tax Proceeding") is pending (and the Company has no Knowledge that any such Tax Proceeding is proposed) with regard to any Tax or Tax Return referred to in clause (i) or (ii) above. Except as described in Schedule 4.13 to the Disclosure Statement, none of the Tax Returns filed by the Company and the Subsidiaries with respect to fiscal years ending after December 31, 2000 have been audited by any Taxing Authority. Neither the Company nor the Subsidiaries has executed any waiver or extension of any statute of limitations with respect to the assessment or collection of any Tax or with respect to any liability arising therefrom.

(iv) No unresolved claim has been made by a Taxing Authority in a federal and state jurisdiction where the Company or any Subsidiary has not paid Tax or filed Tax Returns relating to the Company or any Subsidiary and asserting that the Company or any Subsidiary is or may be subject to Tax in such jurisdiction.

(v) **Schedule 4.13** to the Disclosure Statement lists all federal and state jurisdictions where material Tax Returns are required to be filed with respect to the Company and the Subsidiaries.

(vi) Neither the Company nor any Subsidiary (a) was included or is includible in any consolidated, combined or unitary Tax Return with any Person (other than with respect to one another), or (b) has any liability for the Taxes of any Person (other than the Company and the Subsidiaries) pursuant to Section 1.1502-6 of the Treasury Regulations promulgated under the Internal Revenue Code or comparable provisions of any Taxing Authority in respect of a consolidated, combined or unitary Tax Return.

(vii) No consent under Section 341(f) of the Internal Revenue Code has been filed with respect to the Company or any Subsidiary.

(viii) Each of the Company and the Subsidiaries has had since its inception and will continue to have through the Closing Date the federal tax status (i.e., partnership or C corporation) such entity reported on its 2001 federal Tax Returns.

(ix) Neither the Company nor any Subsidiary has been at any time a member of any partnership, joint venture or other arrangement or contract that is treated as a partnership for federal, state, local or foreign tax purposes or the holder of a beneficial interest in any trust for any period for which the statute of limitations for any Tax has not expired.

(x) There are no tax sharing agreements or similar arrangements with respect to or involving the Company or the Subsidiaries.

(xi) Neither the Company nor any Subsidiary has, other than in the ordinary course of business, transferred any tangible asset to any other Person (other than the Company or any Subsidiary) in a transaction in which payment has been, or will be, received by the Company or Subsidiary prior to Closing but the income or gain resulting from such transaction shall be deferred until after Closing.

(xii) Neither the Company nor any Subsidiary has engaged in a transaction described in Treasury Regulation Section 1.6011-4T(b)(2).

(b) The Company has provided to Buyer true and complete copies of all material Tax Returns relating to, and all reports, correspondence and documents relating to each material Tax Proceeding with respect to, the taxable periods ending on December 31, 1999 and December 31, 2000.

(c) As used herein, (i) "Tax Return" means any return, declaration, report, information return or statement, and any amendment thereto, including without limitation any consolidated, combined or unitary return or other document (including any related or supporting information), filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection, payment, refund or credit of any federal, state, local or foreign Tax or the administration of any laws relating to any Tax, and (ii) "Tax" or "Taxes" means any and all taxes, charges, fees, levies, deficiencies or other assessments of whatever kind or nature including, without limitation, all net income, gross income, profits, gross receipts, excise, real or personal property, sales, ad valorem, withholding, social security, retirement, excise, employment, unemployment, minimum,

estimated, severance, property, occupation, environmental, windfall profits, use, service, net worth, payroll, franchise, license, gains, customs, transfer, recording and other taxes, customs duty, fees assessments or charges of any kind whatsoever, imposed by any Taxing Authority, together with any interest, penalties or additions to tax relating thereto.

(d) Notwithstanding anything to the contrary contained in this Section 4.13 or elsewhere in this Agreement, neither the Company nor any of Sellers make or give, and expressly disclaim, any representation or warranty, express, or implied, or, in the absence of this disclaimer provision provided by law, with respect to the availability to the Company or any Subsidiary after the Closing of any net operating losses accrued prior thereto (and no adjustment will be made at or in connection with the Closing of the Transaction by reason of availability, lack of availability or the amount of any such net operating losses).

4.14 Compliance With Laws. As of the date of this Agreement, except for laws, ordinances, regulations, orders, judgments, decrees and injunctions the non-compliance with which would not reasonably be anticipated to have a Market Adverse Effect, the Company and the Subsidiaries have complied, and are in compliance, with all laws, ordinances, regulations, orders, judgments, decrees and injunctions applicable to the Company, to the Subsidiaries, to the assets and properties of the Company and the Subsidiaries, to the Stations or to the business and operations of the Stations, including all material federal, state and local laws, ordinances, regulations, and orders, pertaining to employment or labor, safety, health, zoning and other matters.

4.15 Patents, Trademarks, Copyrights. The Company or a Subsidiary owns or possesses the right to use, and will at Closing continue to own or possess the right to use, to the extent necessary or required to continue the use thereof as presently used, all right, title and interest in and to the call signs and all material slogans, logos, copyrights, trademarks, tradenames, service marks, internet domain names, website agreements and other intangible property rights necessary to operate the Stations in all material respects (taken as a whole) as operated on June 30, 2002 (the "Intellectual Property"). All material Intellectual Property held by the Company or any Subsidiary on the date of this Agreement is listed or described on **Schedule 4.15** to the Disclosure Statement. The Company has no Knowledge that, nor has the Company or any Subsidiary received any notice to the effect that, the Company's or any of the Subsidiaries' use of any of the Intellectual Property may or are claimed to infringe on the right of another, which infringement could reasonably be anticipated to have a Material Adverse Effect. The Stations that broadcast music have maintained licenses appropriate for their formats with ASCAP, BMI and any other music licensing agents as necessary for the lawful use of copyrighted material. The Company has no Knowledge of any infringement or unlawful or unauthorized use of such Intellectual Property by any person or entity (other than the Company or a Subsidiary), which infringement or unauthorized use could reasonably be anticipated to have a Material Adverse Effect.

4.16 Financial Statements; Liabilities. The Company has furnished Buyer with audited financial statements for the Company and the Subsidiaries for the fiscal years ending December 31, 2000 and 2001 (the "Financial Statements") and monthly internally prepared financial statements for each month ending between January 1, 2002 and June 30, 2002 (the "Interim Statements"). The Company has provided Buyer with true and correct copies of the Financial Statements and the Interim Statements. The Financial Statements and the Interim Statements (taken as a whole) are in accordance with the books and records of the Company and the Subsidiaries and in all material respects fairly present (a) the financial results of the operations of the Company and its Subsidiaries on a consolidated basis, and (b) the financial results of the operations and broadcast cash flows of the Stations on a consolidated basis, in

each case for the periods indicated, and the financial condition of the Company and the Subsidiaries on a consolidated basis, in each case as of the dates indicated. As of the date of this Agreement, except as set forth on Schedule 4.16, since the date of the most recent Interim Statement, the Company and the Subsidiaries (taken as a whole) have incurred no material liabilities or obligations of any kind whatsoever which would survive the Closing, whether or not contingent, absolute, determined or determinable, other than those which were incurred in the ordinary course of business or which are reflected or reserved against in such Interim Statement. The Financial Statements have been prepared in accordance with GAAP, consistently applied. The Interim Statements have been prepared in the ordinary course from the books and records of the Company and the Subsidiaries consistent with the manner in which interim statements have been prepared in the past. As of the date of this Agreement, except as provided in or arising pursuant to the loan or credit agreements listed on Schedule 4.16 to the Disclosure Statement, neither the Company nor any of the Subsidiaries has any indebtedness for money borrowed.

4.17 No Misleading Statements. The Company has no Knowledge that any statement made by the Company or any of Sellers to Buyer in this Agreement or in the Disclosure Statement (or any information specifically referred to in this Agreement or in the Schedules to the Disclosure Statement which has been provided to Buyer) contains any untrue statement of a material fact, or omits a material fact necessary in order to make such statement or information, in light of the circumstances under which such statement or information is made or provided, not misleading (in each such case taking such statements and information as a whole and determining materiality with reference to the Company and the Subsidiaries on an aggregate basis). Notwithstanding the foregoing, neither the Company nor any of Sellers makes or gives, and Buyer acknowledges that it has been provided all such statements and information on the express condition that neither the Company nor any of Sellers makes or gives, and Sellers expressly disclaim, any representation, warranty or other assurance with respect to any (a) information contained in any daily revenue estimates or reports delivered to Buyer or (b) forward-looking financial information, including, without limitation, financial projections and budgets.

4.18 Insurance. The Company has provided Buyer with copies or summaries of all material policies of title, property, fire, casualty, liability, life, workmen's compensation, business interruption and other forms of insurance of any kind owned or held by the Company or the Subsidiaries on the date of this Agreement and relating to the Company, the Subsidiaries, the Assets, or the business and operations of the Stations. All such policies: (i) are in full force and effect; (ii) are sufficient for compliance in all material respects by the Company and the Subsidiaries with all requirements of law and of all agreements (other than those relating to indebtedness) to which the Company or any Subsidiary is a party; (iii) are valid, outstanding, and enforceable policies; and (iv) insure against risks of a kind, and in an amount, consistent with the past practice of the Company and the Subsidiaries. The Company has no Knowledge that, since January 1, 1999, any insurance policy of the Company or the Subsidiaries has been canceled or refused to be renewed by the insurer and no application of any of the Company or the Subsidiaries for insurance has been rejected by any insurer, in any such case as a result of the insurer's underwriting review of the Company, the Subsidiaries and the Stations.

4.19 Real Property. Set forth on Schedule 4.19 to the Disclosure Statement is a true and complete list of all ownership, leasehold and license interests created by a document, instrument, or other writing held by the Company and any Subsidiary on the date of this Agreement in real property and a description of the nature of the Company's and/or the Subsidiaries' interest therein, whether owned, leased or licensed (including, if in the Company's possession, the street address and, with respect to owned real property, legal description of such real property) (collectively, the "Real Property"). The Real Property comprises all real property interests necessary to conduct the business and operations of

the Stations in all material respects (taken as a whole) as conducted on June 30, 2002. The Company or the Subsidiaries have good and marketable title to all Real Property described as owned in **Schedule 4.19** to the Disclosure Statement, including all buildings and other improvements thereon (the "Owned Real Property"), free and clear of all Encumbrances, other than the Permitted Encumbrances, and hold a valid and enforceable lease or license to all Real Property described as leased by or licensed to the Company and/or such Subsidiary in **Schedule 4.19** to the Disclosure Statement (the "Real Estate Contracts"). The real properties which are the subject of the Real Estate Contracts are sometimes hereinafter referred to as the "Leased Real Property". The Owned Real Property and all improvements thereon presently comply in all material respects with, or are pre-existing and grandfathered with respect to, and will at the time of the Closing comply in all material respects with, or will continue to be pre-existing and grandfathered with respect to, all applicable restrictive covenants, zoning and subdivision ordinances, building and fire codes, health and environmental laws and regulations, and all other applicable municipal, state or federal laws, rules and regulations the non-compliance with which could reasonably be anticipated to have a Material Adverse Effect. The Company has received no notice of any condemnation or eminent domain proceedings involving any of the Owned Real Property (nor has it engaged in any negotiations for the purchase of any of the Owned Real Property in lieu of condemnation or eminent domain), and the Company has no Knowledge that any condemnation or eminent domain proceeding has been threatened with respect to the Owned Real Property or any portion of the Owned Real Property. The Owned Real Property and the improvements thereon do not encroach upon the real property or improvements of any other party (and none of the real property or improvements of any such other party encroaches upon the Owned Real Property or the improvements thereon). As of the date of this Agreement, the Company has no Knowledge of any material structural, electrical, mechanical, plumbing, air conditioning or heating defects or other material defects in the buildings located on the Owned Real Property. As of the date of this Agreement, the Company has no Knowledge that the roof of any building located on Owned Real Property is not free from leaks or is not in reasonably good condition (normal wear and tear for their age excepted). "Permitted Encumbrances" means (i) liens for Taxes, assessments or other governmental charges not yet due and payable by the Company or any of the Subsidiaries; (ii) inchoate and unperfected workers', mechanics' or similar liens arising in the ordinary course of business of the Company or any of the Subsidiaries (subject to adjustment of the Purchase Price for the amount secured by such inchoate or unperfected lien); (iii) pledges or deposits of money securing statutory obligations under workmen's compensation, unemployment insurance, social security or public liability laws or similar legislation; (iv) except with respect to the Owned Real Property, pledges or deposits of money securing bids, tenders, contracts (other than contracts regarding the repayment of borrowed money) or leases to which the Company or any Subsidiary is a party; (v) except with respect to the Owned Real Property, deposits securing, or in lieu of, surety, appeal or customs bonds in proceedings to which the Company or any Subsidiary is a party; (vi) Encumbrances with respect to any of the Owned Real Property which are disclosed on title reports or title insurance policies copies of which have been provided by the Company to Buyer on or prior to the date of this Agreement (but excluding any such Encumbrances securing indebtedness of the Company or any Subsidiary); (vii) zoning restrictions, easements, licenses, covenants and other restrictions on the use of any of the Owned Real Property or other irregularities in title which do not materially adversely affect the continued use or possession of the Owned Real Property as presently used by the Company or any Subsidiary in the conduct of its business; (viii) Encumbrances in favor of GE; and (ix) Encumbrances obtained after the date of this Agreement by any Creditor without any agreement or consent thereto by the Company or any Subsidiary (provided that such Encumbrance would be discharged or removed upon payment in full of the amount owed to such Creditor and provided that such amount, if not paid at Closing, shall be included in the calculation or determination of any Calculated Amount). Other than the Company and its Subsidiaries, and except for lessees or licensees (pursuant to written or oral agreements) of tower facilities located at any of the Owned Real Property,

and except as set forth in Schedule 4.19, there are no parties in possession of any of the Owned Real Property.

4.20 Related Party Transactions. Except as set forth in Schedule 4.20 to the Disclosure Statement, as of the date of this Agreement, none of the shareholders, officers or directors of the Company (i) is an officer, director, employee or consultant of, or owns or otherwise controls, any person or entity which is, or is engaged in business as, a competitor, customer or supplier of the Company or any Subsidiary, or (ii) owns, directly or indirectly, in whole or in part, any tangible or intangible property which the Company or any Subsidiary is using in connection with the business or operation of the Stations. Except as set forth in Schedule 4.20 to the Disclosure Statement, as of the date of this Agreement, the Company has no Knowledge that any of the shareholders, officers or directors of the Company has any cause of action or other claim whatsoever against, or owes any amount to the Company or any Subsidiary, except for claims in the ordinary course of business, such as for compensation, accrued vacation pay, accrued benefits and other similar matters existing as of the date hereof. Except as set forth in Schedule 4.20 to the Disclosure Statement, as of the date of this Agreement, neither the Company nor any of the Subsidiaries is involved in any business arrangement or business relationship or is a party to any agreement, contract, commitment or transaction with any Affiliate of the Company or any of the Subsidiaries, and no Affiliate of the Company or any of the Subsidiaries owns any material property or right, tangible or intangible, that is used in the business of the Company or the Subsidiaries. For purposes of this Section 4.20, "Affiliate" shall not include any Person or entity which is an Affiliate solely by reason of being an affiliate of Axiom.

4.21 Banking Relations. All of the arrangements which the Company and the Subsidiaries have on the date of this Agreement with any banking, savings or financial institution on the date of this Agreement are described in Schedule 4.21 to the Disclosure Statement, indicating, with respect to each of such arrangements, the type of arrangement maintained (such as, but not limited to, checking accounts, charge accounts, loans, safety deposit boxes, etc.) and the account number in respect thereof (and the Company will, no later than ten (10) days before the Closing, provide Buyer with the names of all authorized signatories to each such account and similar information with respect to any similar arrangements entered into between the date of this Agreement and Closing).

4.22 Sabre Indemnitor. (a) Sabre Indemnitor is a limited liability company duly formed and validly existing under the laws of the State of Connecticut. The execution, delivery and performance of this Agreement and the Related Agreements by Sabre Indemnitor have been duly authorized by all necessary action on the part of Sabre Indemnitor, and this Agreement and the Related Agreements have been approved in the manner required by law and by the governing agreement of Sabre Indemnitor. This Agreement has been duly executed by Sabre Indemnitor and validly delivered to Buyer, and constitutes the legal, valid and binding obligation of Sabre Indemnitor enforceable in accordance with its terms.

(b) The execution, delivery and performance by Sabre Indemnitor of this Agreement and the Related Agreement will not require any consent which has not been, or will not be prior to Closing obtained, other than the FCC Consent. None of (i) the execution, delivery and performance of this Agreement and the Related Agreements by Sabre Indemnitor, (ii) the consummation of this Agreement and the Related Agreements, or (iii) Sabre Indemnitor's compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate, result in termination, cancellation or acceleration of any right or obligation under (A) Sabre Indemnitor's constitutive

documents (if applicable), (B) any judgment, decree, order or injunction applicable to Sabre Indemnitor, or (C) any agreement, contract, lease, commitment or other instrument to which Sabre Indemnitor is a party or by which Sabre Indemnitor is legally bound, or any law, ordinance, rule, or regulation applicable to Sabre Indemnitor.

(c) There is no outstanding order or decree or unsatisfied judgment against Sabre Indemnitor, and, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature pending against Sabre Indemnitor, and the Company has no Knowledge of any action, suit, arbitration, litigation, proceeding, claim or investigation of any nature, threatened against Sabre Indemnitor, which in any such case could reasonably be anticipated to adversely affect the ability of Sabre Indemnitor to perform its obligations in accordance with the terms of this Agreement. As of the date of this Agreement, the Company has no Knowledge of any facts which could reasonably result in any such proceeding.

4.23 Integration of Representations and Warranties. Each of the representations and warranties of the Company set forth in this Section 4 and of Sellers set forth in Section 5 (including the Schedules to the Disclosure Statement) shall be qualified to the extent of any and all other information set forth elsewhere in this Section 4 or in Section 5 (and in the Schedules to the Disclosure Statement) which a reasonable person would interpret to be relevant, contradictory or supplemental to such representation or warranty.

5. REPRESENTATIONS AND WARRANTIES OF SELLERS. Each Seller makes the representations and warranties set forth in this Section 5 (but only with respect to such Seller's individual circumstances and such Seller's Shares), all of which have been relied upon by Buyer in entering into this Agreement and all of which are true and correct on the date of this Agreement.

5.1 Organization; Capacity; Ownership of Shares. If such Seller is a limited partnership, such Seller is duly formed and validly existing under the laws of its state of formation, and such Seller has full legal power and authority to own the Shares set forth opposite its name on Schedule 4.2 to the Disclosure Statement and to enter into and perform in every material respect its obligations under this Agreement. If such Seller is an individual, such Seller is of sound mind, legal age and otherwise has the capacity to understand and agree to the terms hereof. Such Seller is the sole record owner of the Shares set forth opposite his or its name on Schedule 4.2 to the Disclosure Statement, and all such shares have been duly authorized, validly issued, fully paid and non-assessable. Such Seller is, and except as permitted pursuant to Section 8.7(j) will be at Closing, the sole beneficial owner of good and marketable title to the Shares set forth opposite his or its name on Schedule 4.2 free and clear of all Encumbrances (other than Encumbrances which will be released at Closing), and, at the Closing, Buyer will acquire good and marketable title to all of such Seller's Shares free and clear of all Encumbrances.

5.2 Authorization. If such Seller is a limited partnership, the execution, delivery and performance of this Agreement (and the Related Agreements) by such Seller that is a limited partnership has been duly authorized by all necessary action on the part of such Seller, and this Agreement and the Related Agreements have been duly approved in the manner required by law and by the governing agreements of such Seller. This Agreement has been duly executed by such Seller (whether a limited partnership or an individual) and validly delivered to Buyer, and constitutes the legal, valid, and binding obligations of such Seller enforceable in accordance with its terms. The execution and delivery of this Agreement by such Seller shall constitute such Seller's written consent as a stockholder of the Company

(and, if such Seller is an individual who is a director of the Company, as a director) to such execution, delivery and performance of this Agreement and shall constitute irrefutable evidence thereof.

5.3 Consents; No Breach. Except as specified in Schedule 4.5 to the Disclosure Statement, the execution, delivery and performance by such Seller of this Agreement and the Related Agreements will not require any Consent which has not been, or will not be prior to Closing, obtained, other than the FCC Consent. None of (i) the execution, delivery and performance of this Agreement and the Related Agreements by such Seller, (ii) the consummation of this Agreement and all other Related Agreements, or (iii) such Seller's compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate, result in termination, cancellation or acceleration of any right or obligation under (A) such Seller's constitutive documents (if applicable), (B) any judgment, decree, order or injunction applicable such Seller, or (C) except as disclosed in Schedule 4.5 to the Disclosure Statement any agreement, contract, lease, commitment or other instrument to which such Seller is a party or by which such Seller is legally bound, or any law, ordinance, rule, or regulation applicable to such Seller.

5.4 Litigation. As of the date of this Agreement, there is no outstanding order or decree or unsatisfied judgment against such Seller, and, except as described in Schedule 4.12 to the Disclosure Statement, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature pending against such Seller and, to such Seller's actual knowledge, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature, threatened against such Seller, which in any such case could reasonably be anticipated to adversely affect the ability of such Seller to perform its or his obligations in accordance with the terms of this Agreement. As of the date of this Agreement, such Seller is unaware of any facts which could reasonably result in any such proceeding.

6. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer makes the following representations and warranties, all of which have been relied upon by the Company and Sellers in entering into this Agreement.

6.1 Organization. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and has full power and authority to enter into and perform this Agreement.

6.2 Authorization. The execution, delivery and performance of this Agreement (and the Related Agreements) by Buyer has been duly authorized by all necessary limited liability company action on the part of Buyer. Evidence of such authorizations reasonably acceptable to Sellers shall be delivered to Sellers at Closing. This Agreement and the Related Agreements have been duly approved by the directors and the members of Buyer, have been duly executed by Buyer and validly delivered to Sellers and the Company, and constitute legal, valid, and binding obligations of Buyer enforceable in accordance with their respective terms. The execution, delivery and performance by Buyer of this Agreement and the Related Agreements will not require the consent, approval or authorization of any person, entity or governmental authority other than the FCC.

6.3 No Breach. None of (i) the execution, delivery and performance of this Agreement and the Related Agreements by Buyer, (ii) the consummation of this Agreement and all other Related Agreements, or (iii) Buyer's compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate Buyer's articles of formation or operating agreement, any judgment, decree,

order or injunction applicable to Buyer, or any agreement, lease, commitment or other instrument to which Buyer is a party or by which Buyer is legally bound, or any law, ordinance, rule, or regulation applicable to Buyer and its operations.

6.4 Litigation. As of the date of this Agreement, there is no unsatisfied judgment against Buyer and there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature pending against Buyer and, to Buyer's knowledge, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature threatened against Buyer which may adversely affect Buyer's ability to perform in accordance with the terms of this Agreement. As of the date of this Agreement, Buyer is unaware of any facts which could reasonably result in any such proceeding.

6.5 No Misleading Statements. To Buyer's knowledge, no statement made by Buyer to Sellers set forth in this Agreement, or information delivered or to be delivered to the Company or Sellers in satisfaction of a requirement of this Agreement, contains any untrue statement of a material fact or omits a material fact necessary in order to make such statements or information, in light of the circumstances under which such statement or information is delivered, not misleading (in each case taking such statements and information as a whole).

6.6 Qualification as Broadcast Licensee. As of the date hereof, there are no facts relating to Buyer which would reasonably be expected to establish a legal basis for the Commission or the United States Department of Justice to disapprove, refuse to consent to or enjoin the consummation of the Transaction.

6.7 Financial Capacity. Buyer has provided, or will provide when required to be deposited with the Escrow Agent, the full sum of the Escrow Deposit from its own funds.

6.8 Buyer's Due Diligence. Buyer acknowledges having had an opportunity to conduct due diligence with respect to the Company, the Subsidiaries, the assets and properties of the Company and the Subsidiaries and the Stations, to review all documents provided by the Company, and to obtain responses to any inquiries posed by Buyer (provided that the foregoing acknowledgment shall not prejudice the rights of Buyer expressly set forth in this Agreement). As of the date of this Agreement, Buyer has no knowledge, based upon any written report of any expert (other than legal counsel, with respect to privileged communications) hired by Buyer, of any breach by the Company or Sellers of any representation or warranty of the Company or Sellers set forth herein.

6.9 Backyard Mississippi. Backyard Mississippi (as hereinafter defined) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has full power and authority to enter into and perform its obligations under this Agreement. Buyer is the sole member of Backyard Mississippi. The execution and delivery of this Agreement by Buyer shall constitute Buyer's written consent as a member of Backyard Mississippi (and if Buyer serves in any other capacity for Backyard Mississippi, in such capacity) to such execution, delivery and performance of this Agreement and shall constitute irrefutable evidence thereof. This Agreement has been duly executed by Backyard Mississippi and validly delivered to the Company and Sellers, and constitutes the legal, valid and binding obligation of Backyard Mississippi enforceable in accordance with its terms.

7. ENVIRONMENTAL MATTERS.

7.1 Definitions.

7.1.1. "Hazardous Materials" means substances defined as "hazardous wastes," "hazardous substances," "toxic substances," "pollutants," "contaminants," "radioactive materials," "petroleum or any fraction thereof," under and regulated pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), 42 U.S.C. § 9601 *et seq.*; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. § 2601 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 9601 *et seq.*; the Clean Water Act ("CWA"), 33 U.S.C. § 1251 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*; the Clean Air Act ("CAA"), 42 U.S.C. § 7401 *et seq.*; or any analogous federal or state law; and in the rules, regulations or ordinances adopted, or other enforceable criteria and guidelines promulgated pursuant to the preceding laws; all as in effect as of the Closing Date (collectively the "Environmental Laws").

7.1.2 "Environmental Conditions" means conditions of the environment, including the ocean, natural resources (including flora and fauna), soil, surface water, ground water, any present or potential drinking water supply, subsurface strata or the ambient air, relating to or arising out of the use, handling, storage, treatment, recycling, generation, transportation, release, spilling, leaking, pumping, pouring, emptying, discharging, injecting, escaping, leaching, disposal, dumping or threatened release of Hazardous Materials on or into the Owned Real Property and, to the extent set forth in Section 7.2, the Leased Real Property.

7.1.3 "Environmental Noncompliance" means: (1) the release or threatened release of any Hazardous Materials into the environment, any storm drain, sewer, septic system or publicly owned treatment works, in violation of any effluent or emission limitations, standards or other Environmental Law; (2) any noncompliance with applicable Environmental Laws; (3) any facility operations, procedures, designs, etc. which do not conform in all material respects to applicable statutory or regulatory requirements of the CAA, the CWA, the TSCA, the RCRA or any other applicable Environmental Laws intended to protect public health, welfare and the environment; (4) the failure to have obtained permits, variances or other authorizations required under applicable Environmental Laws for the operation of any equipment, process, facility or any other activity; (5) the operation of any facility or equipment in violation of any permit condition, schedule of compliance, or administrative or court order.

7.1.4 "Environmental Claims" means claims, demands, suits, causes of action for personal injury or property damage (including any depreciation of property values and lost use of property) arising directly or indirectly out of Environmental Conditions or Environmental Noncompliance; claims for damages to natural resources arising directly or indirectly out of Environmental Noncompliance; claims for the recovery of response costs, or administrative or judicial orders directing the performance of investigations, response or remedial actions under CERCLA, RCRA, or other applicable Environmental Laws; a requirement to implement a "corrective action" plan pursuant to any order or permit issued pursuant to RCRA; claims for restitution, contribution or indemnity from third parties or any governmental agency arising directly or indirectly out of Environmental Conditions or Environmental Noncompliance; fines, penalties, liens against property arising directly or indirectly out of Environmental Conditions or Environmental Noncompliance; claims for injunctive relief or other orders or notices of violation from federal, state or local agencies or courts arising directly or indirectly

out of Environmental Conditions or Environmental Noncompliance; and, with regard to any present or former employees, claims for exposure to or injury from Environmental Conditions.

7.1.5 "Expenses" includes any liability, loss, cost or expense arising directly or indirectly from an Environmental Condition or Environmental Noncompliance, including, without limitation, costs of investigation, cleanup, remedial or response action, the costs associated with posting financial assurances for the completion of response, remedial or corrective actions, the preparation of any closure or other necessary or required plans or analyses, or other reports or analyses submitted to or prepared by regulating agencies, including the cost of health assessments, epidemiological studies and the like, retention of engineers and other expert consultants, legal counsel, capital improvements, operation and maintenance testing and monitoring costs, power and utility costs and pumping taxes or fees, and administrative costs incurred by governmental agencies.

7.2 The Company's Environmental Representations. Except as set forth in, or described or referenced on, Schedule 7.2 to the Disclosure Statement, the Company hereby represents that:

7.2.1 No Proceedings. No Environmental Claims are pending, and the Company has no Knowledge that any Environmental Claims are threatened, against the Company or any Subsidiary based on Environmental Conditions or Environmental Noncompliance at the Owned Real Property, or any part thereof, or otherwise arising from the Company's or any Subsidiary's activities at the Owned Real Property involving Hazardous Materials. As of the date of this Agreement, the Company has no Knowledge of any Environmental Claim affecting any of the Leased Real Property which could reasonably be anticipated to have a Material Adverse Effect.

7.2.2 Environmental Compliance. The Company has no Knowledge that, with respect to operations being conducted at the Owned Real Property and the Leased Real Property by the Company or any Subsidiary, the Company and the Subsidiaries are not in compliance with applicable Environmental Laws. The Company has no Knowledge that any operations conducted by any Person at any of the Owned Real Property is not in compliance with applicable Environmental Laws the non-compliance with which could reasonably be anticipated to have a Material Adverse Effect;

7.2.3 Asbestos. The Company has no Knowledge that any structures, improvements, equipment, fixtures or facilities on the Owned Real Property are constructed with, use or otherwise contain unencapsulated friable asbestos-containing construction materials. The Company has no Knowledge that any structures, improvements, equipment, or facilities used by the Company or any Subsidiary on any of the Leased Real Property are constructed with, use or otherwise contain unencapsulated friable asbestos-containing construction materials in such a manner that the construction, use or presence of such materials could reasonably be anticipated to have a Material Adverse Effect.

7.2.4 Hazardous Materials; Releases. The Company has no Knowledge of any conditions, facilities, procedures or any other facts or circumstances which could give rise to any Expenses to, or governmental action against, the Company, any Subsidiary or Buyer in connection with any Hazardous Materials present at or disposed of from the Owned Real Property, including without limitation the following conditions arising out of, resulting from, or attributable to, the assets, business, or operations of the Company at the Owned Real Property: (A) the presence of any Hazardous Materials on the Owned Real Property or the release of any Hazardous Materials into the environment from the Owned Real Property; (B) the off-site disposal of Hazardous Materials originating from the Owned Real Property or the business or operations of the Company or any Subsidiary; or (C) the release or threatened

release of any Hazardous Materials into any storm drain, sewer, septic system or publicly owned treatment works. The Company has no Knowledge of any conditions, facilities, procedures or any other facts or circumstances which could give rise to any Expenses to, or governmental action against, the Company, any Subsidiary or Buyer in connection with any Hazardous Materials present at or disposed of from the Leased Real Property and which could reasonably be anticipated to have a Material Adverse Effect.

7.2.5 Underground Storage Tanks. The Company has no Knowledge that there are any underground storage tanks, or underground piping associated with such tanks, used currently or in the past for the management of Hazardous Materials at the Owned Real Property. The Company has no Knowledge that there are any underground storage tanks, or underground piping associated with such tanks, used for the management of Hazardous Materials at the Leased Real Property and which could reasonably be anticipated to have a Material Adverse Effect.

8. PRE-CLOSING OBLIGATIONS. The parties covenant and agree as follows with respect to the period prior to the Closing Date:

8.1 Application for Commission Consent. As soon as practicable, and in no event later than ten (10) business days after the date of this Agreement, the Company, Sellers and Buyer shall join in and file an application or applications requesting the Commission's written consent to the transfer of control of the Station Licenses from Sellers to Buyer upon consummation of the Closing (the "Transfer Applications") and they will diligently take all commercially reasonable steps necessary or desirable and proper to prosecute expeditiously the Transfer Applications and to obtain FCC Consent (as defined below) which, unless waived by Buyer, shall be without any conditions adverse to Buyer, the Company, the Subsidiaries or the Stations after the Closing or which in any way diminish the operating rights with respect to the Stations (except any such conditions which are expressly accepted by Buyer in writing and except any such conditions in effect on the date of this Agreement or which do not adversely affect the ability of the Company and the Subsidiaries to operate each Station in all material respects as operated on June 30, 2002) and to cause the FCC Consent to become a Final Order (as defined below) without any such conditions. The parties shall each promptly provide to the other a copy of any pleading, order or other document served on such party relating to the Transfer Applications, shall furnish all information required by the FCC and shall be represented at all meetings or hearings scheduled to consider the Transfer Applications. "Final Order" means an order or action of the Commission as to which, under FCC Rules, the time for filing a request for administrative or judicial review, or for instituting administrative review *sua sponte*, shall have expired without any such filing having been made or notice of such review having been issued; or, in the event of such filing or review *sua sponte*, as to which such filing or review shall have been disposed of favorably to the grant and the time for seeking further relief with respect thereto under the applicable FCC or court rules shall have expired without any request for such further relief having been filed. Between the date of this Agreement and the Closing Date, Buyer shall take no action which would render untrue or inaccurate as of any such date any representation or warranty of Buyer set forth in Section 6.6 (or which would otherwise delay or hinder the consummation of the Transaction).

8.2 Consents. Sellers and, prior to Closing, the Company shall use commercially reasonable efforts to obtain the Consents of the other contracting parties to those of the Permitted Contracts (i) which require such Consent in order for the Company or any Subsidiary to continue to have the benefits of such Contracts following consummation of the Transaction and (ii) with respect to which Buyer has requested the Company to endeavor to obtain Consent, in each case without any change in the

terms or conditions of any such Contract that would have a Material Adverse Effect following Closing. Buyer shall not be obligated to pay any consideration to any third party from whom any such Consent is sought, and the Company shall not be required to pay any sum to any third party after the Closing in consideration of the granting of such Consent unless such sum is included as an adjustment to the Purchase Price.

8.3 Confidentiality. (a) Each party acknowledges that, during the course of its negotiation of this Agreement and in connection with the consummation of the Transaction, such party and certain of its affiliates have obtained and may obtain access to information relating to the Company's and the Subsidiaries' or Buyer's business, properties, operations, condition (financial and otherwise), programming, equipment and other technical matters, employees, sales representatives, agents, advertisers, and prospects. All such information except (a) information which at the time of disclosure is already known to the receiving party or such affiliate or is in the public domain or (b) information which after such disclosure becomes known to the receiving party through a third party or becomes part of the public domain by publication or otherwise through no fault of such party or any of its affiliates, is hereinafter referred to as "Confidential Information." Except as required by law or legal process which appears genuine (the party receiving notice thereof having no duty to investigate the genuineness thereof), each party shall use, and shall cause its Agents to use, all Confidential Information solely for purposes of analyzing or furthering the Transaction and none of them shall disclose any Confidential Information to any third party except (i) to Persons participating in the Transaction or advising the parties on the Transaction, including attorneys and accountants, who in each case are under a duty to maintain such information as confidential (collectively for purposes of this Section 8.3(a), "Agents") or (ii) as otherwise required by law (or as permitted pursuant to this Section 8.3 or Section 14.16 hereof). If for any reason the Transaction shall not close, (i) all Confidential Information and all copies of Confidential Information in the possession of any party or in the possession of such party's Agents shall, promptly following request from the disclosing party, be returned by the receiving party or its Agents (whichever has such Confidential Information) to the disclosing party or destroyed by such party or such party's Agents with confirmation thereof furnished to the disclosing party; and (ii) each party and its Agents shall promptly destroy all analyses and reports prepared by such party, any affiliate of such party or any of such party's Agents based upon Confidential Information of the other party. Notwithstanding anything to the contrary contained herein, after Closing, (i) Buyer shall be entitled to disclose any Confidential Information regarding the Company and the Subsidiaries as it may, in its discretion, determine, (ii) Hartstone's, Rothfuss' and Farr's obligations under this Section 8.3 shall be superceded by any non-competition agreement or non-solicitation agreement executed by such Seller at Closing pursuant to Section 8.6 hereof, and (iii) Axiom's obligations under this Section 8.3 shall be governed by Section 8.3(b).

(b) Axiom covenants that it shall not, after Closing, disclose any Confidential Information in its possession, except (i) to partners of Axiom, (ii) accountants, attorneys and other Persons advising Axiom who are under a duty to maintain such information as confidential, and (iii) as otherwise required by law (or as permitted pursuant to Section 14.16 hereof). Axiom represents and warrants to Buyer that the only Confidential Information in its possession on the date of this Agreement is financial information regarding the Company and the Subsidiaries.

(c) Notwithstanding anything to the contrary set forth in this Section 8.3, the parties shall not be prohibited from (i) preparing and filing the Transfer Applications with the Commission as contemplated by Section 8.1 (and all information set forth therein shall, after such filing, be deemed in the "public domain" as used herein), or (ii) making statements, releases or announcements permitted

under Section 14.16. This Section 8.3 supercedes in its entirety the Reciprocal Non-Disclosure and Confidentiality Agreement dated April 2, 2002 between the Company and Boston Ventures Management, Inc., as amended by the letter agreement dated June 25, 2002. All provisions contained in this Section 8.3 shall survive any termination of this Agreement.

8.4 Access. Between the date hereof and the Closing Date, the Company shall give (and shall cause the Subsidiaries to give), upon prior reasonable notice, during normal hours, Buyer or representatives of Buyer (including lenders, consultants, accountants, attorneys and engineers but excluding any officer, director or employee of any broadcasting company other than Buyer) reasonable access to the assets and properties of the Company and the Subsidiaries, including, without limitation, the Station Equipment, the Owned Real Property, the other Facilities and to the books and records of the Company, including, but not limited, to books and records relating to corporate matters, to the business and operation of the Stations, and to officers of the Company and the Subsidiaries. Between the date hereof and the Closing Date, the Company shall forward to Buyer, promptly following request from Buyer, copies of any financial reports (concerning the Company or any Subsidiary) in the Company's (or any Subsidiary's) possession.

8.5 Employee Matters. (a) By no later than forty-five (45) days prior to the Closing, Buyer shall provide written notice (the "Employee Notice") to the Company specifying (i) the identity of any of the Stations' Employees (not to exceed a total of ten (10) Persons) that Buyer desires to have terminated as employees prior to the Closing ("Designated Station Employees"), and (ii) the identity of any Corporate Employees that Buyer desires to retain. Prior to the Closing Date, the Company shall terminate the employment of any and all Designated Station Employees, together with all Corporate Employees other than those which Buyer shall have specified in the Employee Notice as employees it desires to retain and shall endeavor to discharge in full any and all liabilities owed by the Company and any Subsidiary to such terminated Persons ("Terminated Employees"), including accrued vacation payments. Any such liabilities so discharged will be excluded from any calculation or determination of any Calculated Amount.

(b) Upon the written request of Buyer, the Company shall permit Buyer to offer employment to, and to negotiate an employment agreement with, Farr (which employment and employment agreement would not commence until Closing). The Company shall permit Farr to conduct conversations with Buyer for such purposes.

(c) By no later than forty-five (45) days prior to the Closing, the Company shall provide Buyer with copies of all Plans described in Schedule 4.11 to the Disclosure Statement as well as a list of qualified beneficiaries, as defined under Section 4980B(g)(1) of the Code, as of the date of this Agreement.

(d) The Company shall, if notified by Buyer within ten (10) days following the date of this Agreement, terminate the Company's and the Subsidiaries' 401k Plan (the "401k Plan") prior to the Closing, unless the terms of such 401k Plan do not permit termination within such time period (in which case the Company will, to the extent permitted under such 401k Plan, commence the process of, and use commercially reasonable efforts to complete steps that may be completed prior to Closing as part of the process of, terminating such 401k Plan).

8.6 Releases and Non-Competition Agreements.

(a) At Closing, each Seller shall execute and deliver to the Company a general release of any and all claims against the Company and the Subsidiaries, arising on or prior to Closing (other than claims arising under this Agreement), which general release shall be in the form of **Exhibit 8.6(A)**. Not earlier than fourteen (14) days prior to the Closing Date and not later than seven (7) days prior to the Closing Date, Rothfuss and Farr shall execute and deliver to the Company a general release of any and all claims relating to such individual's employment or other relationship with the Company or the Subsidiaries and any claims under the Age Discrimination in Employment Act (other than claims arising under this Agreement), which release shall be effective as of the date of execution and irrevocable as of the Closing Date and in the form of **Exhibit 8.6(B)** (and provided that, in the event of Rothfuss' and/or Farr's failure to execute and deliver such release within the required time period, Buyer's sole remedy shall be to extend the Closing Date until such date as required to ensure that Rothfuss and Farr have executed and delivered such release no less than seven (7) days prior to the Closing Date). At Closing, Rothfuss and Farr shall execute and deliver to the Company a general release of any and all claims against the Company and the Subsidiaries (other than claims arising under this Agreement), including, but not limited to, any claims relating to such individual's employment or other relationship with the Company or the Subsidiaries, which release shall be irrevocable as of the Closing Date and in the form of **Exhibit 8.6(C)**.

(b) At Closing, unless Farr shall have accepted an offer of employment with the Company to commence following Closing (in which case this Section 8.6 shall be inapplicable), Farr shall execute and deliver to Buyer (i) in the event that Buyer shall have extended to Farr, prior to the thirtieth (30th) day following the date of this Agreement, an offer (the "Farr Offer") of employment with the Company in Williamsport, Pennsylvania to commence following the Closing on terms, including term, severance, title and duties which are at least as favorable, and compensation which is in the aggregate at least as favorable, as the terms on which he is employed on the date of this Agreement (and which offer does not require that he execute a non-competition agreement or a non-solicitation agreement more onerous than those set forth as **Schedule 8.6(D) and 8.6(E)**, respectively), and Farr shall have rejected such offer, a non-competition agreement in the form of **Exhibit 8.6(D)**, or (ii) in the event that the Company shall not have extended to Farr the Farr Offer by such date, a non-solicitation agreement in the form of **Exhibit 8.6(E)**.

(c) At Closing, Rothfuss and Hartstone shall, and the Company shall cause Horn to, execute and deliver to Buyer a non-competition agreement in the form of **Exhibit 8.6(F)** (provided that no such non-competition agreement shall directly or indirectly restrict or preclude the party subject thereto from providing, individually or through any of his Affiliates, investment banking services to any Person whether or not such Person is engaged in the ownership or operation of radio stations within or without any of the Markets (as hereinafter defined)).

(d) The Company shall cause any directors of the Company other than Rothfuss, Hartstone and Farr to execute and deliver to Buyer at Closing a general release of any and all claims against the Company arising on or prior to Closing, which release shall be in the form of **Exhibit 8.6(A)**.

(e) Notwithstanding the foregoing, if any Seller or other Person who is required to execute and deliver any instrument or agreement pursuant to the foregoing clauses (a) through (d) of this Section 8.6 is rendered incapacitated or incompetent, or is deceased, at the time that such Seller or other

Person would otherwise be required to execute and deliver such instrument or agreement, or if Buyer fails to cause the Company and each Subsidiary to execute and deliver to such Seller or other Person the release required by Section 8.6(f) for the benefit of such Seller or other Person, the execution and delivery of any such instrument or agreement by such Seller or other Person shall be excused (and the execution and delivery of such instrument or agreement shall not be a condition to Buyer's obligation to consummate the Transaction).

(f) Buyer shall cause the Company and each Subsidiary to execute and deliver at Closing a general release (or releases) of any and all claims against each Seller, each resigning director of the Company who is not a Seller and Claudia Horn (but excluding claims arising against Sellers under this Agreement), which general release (or releases) shall be in the form of **Exhibit 8.6(G)**. Such release shall not, in any case, have the effect of terminating, or releasing claims under, the Affiliate License Agreement dated February 18, 2002 (as heretofore amended) between the Company and Advanced Interactive Marketing, Inc. Notwithstanding the foregoing, Buyer shall not be obligated by this Section 8.6(f) to cause the Company and each Subsidiary to execute and deliver a release of claims against any Seller, resigning director or Claudia Horn if such Person has not executed and delivered the release(s) required of such Person by this Section 8.6, unless the failure of such Person to execute and deliver such release is excused under Section 8.6(e).

8.7 Operations Prior to Closing. Between the date of this Agreement and the Closing Date:

(a) The Company shall (and shall cause the Subsidiaries to): (i) maintain the Station Equipment and improvements on the Owned Real Property at least in their present condition (reasonable wear and tear in normal use excepted); and (ii) maintain inventories of supplies, tubes, and spare parts at levels at least generally consistent with the Stations' prior practices.

(b) The Company shall (and shall cause the Subsidiaries to) maintain its books and records in the usual and ordinary manner, on a basis consistent with prior periods.

(c) The Company shall (and shall cause the Subsidiaries to) use commercially reasonable efforts to comply with all laws, rules, ordinances and regulations applicable to it, to the assets and properties of the Company and the Subsidiaries and to the business and operation of the Stations, which, if not so complied with, could reasonably be anticipated to have a Market Adverse Effect.

(d) The Company shall (and shall cause the Subsidiaries to) (i) pay the Company's and the Subsidiaries' accounts payable incurred in the ordinary course of the Company's and the Subsidiaries' business in a manner consistent with business practices in effect as of June 30, 2002, and (ii) perform other material obligations under the Material Contracts; *provided, however*, that the Company or any Subsidiary may dispute, in good faith, any alleged obligations of the Company or any Subsidiary.

(e) The Company shall not (and shall cause the Subsidiaries to not), without the express written consent of Buyer (i) sell or agree to sell, transfer, lease, grant any rights in or to or otherwise dispose of any of the Station Equipment, the Owned Real Property or any Real Estate Contracts constituting Material Contracts or cause the Company or any Subsidiary to merge or consolidate with any other entity or enter into negotiations or agreements relating thereto, except that (A) the Company or any Subsidiary may dispose of Station Equipment (I) which is expended in the ordinary

course of business and consistent with the Company's or any Subsidiary's past practice, and, in no event, with a fair market value in excess of \$1,000 per Market, or (II) which is replaced prior to Closing by assets of equal or greater worth, and (B) the Company may cause any Subsidiaries operating in the same Market to be merged or consolidated with each other; (ii) sell or agree to sell, transfer, assign or otherwise dispose of, or acquiesce in any infringement, use or impairment of, any of the Stations' call signs, logos, servicemarks or mascots; (iii) enter into any employment, professional service, bonus, severance pay or similar contract (or any amendment or modification thereto) on behalf of the Company or any Subsidiary that will be binding on the Company or any Subsidiary after Closing unless the same is (A) consistent with past practices as in effect on June 30, 2002, (B) terminable at will and without penalty (any notice provision applicable to the termination of an "at will" employee required by any applicable law being deemed to not constitute a penalty), or (C) is for purposes of increasing compensation within the limits of clause (v) below; (iv) enter into any other contract, lease or agreement that will be binding on the Company or any Subsidiary after Closing and that cannot be terminated at any time without penalty at the election of the Company or any Subsidiary, except for Sales Agreements, Approved Barter Agreements, Promotional Barter Agreements and other agreements which constitute Permitted Contracts; or (v) increase the compensation that would be payable to any employee of the Company or any Subsidiary following the Closing, except as consistent with present practices (but in any event the aggregate amount of all such increases shall not exceed an annualized amount of \$18,000.00); (vi) enter into any collective bargaining agreement; (vii) recognize any union or other labor organization as the representative of any of the Stations Employees; (viii) enter into any government contract (other than Sales Agreements, Real Estate Contracts or agreements to use venues for events) which give rise to affirmative action obligations; (ix) have, as of the Closing, increased the aggregate number of the Stations' Employees by more than two (2) persons, or decreased the aggregate number of the Stations' Employees by more than two (2) persons, from the number employed on July 31, 2002 by terminating employees and not reasonably contemporaneously hiring replacements, in each case except for sales representatives of the Stations (all of whom will be hired as at will employees and without a contractual entitlement to severance) (and provided that individual employees of the Company or any of the Subsidiaries may terminate their employment with the Company or any Subsidiary, and the Company or any Subsidiary may terminate the employment of individual employees, and neither the Company nor any Seller shall be in breach or default, or incur any liability, under this Agreement as a result of such occurrence or act), whether or not any such employees are replaced prior to Closing; or (x) enter into any agreement or commitment with any Seller or any Affiliate of any Seller (as the term "Affiliate" is used in Section 4.20) except for agreements described in Schedule 4.20 to the Disclosure Statement and agreements which will not be binding on the Company or any Subsidiary after Closing.

(f) The Company shall not (and shall cause the Subsidiaries to not), without the express written consent of Buyer, enter into any broadcast time sales agreement or other similar agreement or commitment other than on a basis generally consistent with the Company's or any Subsidiary's past practice (but without necessarily matching the specific elements of specific previous advertising, marketing or promotional programs or packages or any specific advertising rates or prices).

(g) The Company shall not (and shall cause the Subsidiaries to not), without the express written consent of Buyer, modify, amend or terminate any of the Material Contracts, other than in the ordinary course of business consistent with past practice; enter into any agreement expressly requiring the Company or any of the Subsidiaries to acquire goods or services exclusively from a single supplier or provider, or expressly prohibiting the Company or any of the Subsidiaries from providing goods or services to any Person other than specified Persons, in each case except in the ordinary course of business consistent with past practice; or enter into any other contract or agreement that would impose