

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (the "Agreement"), made and entered into as of the 8th day of October, 2003, by and among ALC COMMUNICATIONS COMPANY, a Washington general partnership (the "Company" and collectively with the Partners as defined below, the "Seller"), THOMAS D. HODGINS, an individual ("Hodgins"), CHRISTOPHER GILBRETH, an individual ("Gilbreth" and collectively with Hodgins, the "Partners") and RADIO STATION KMJY, LLC, a Delaware Limited Liability Company ("Buyer").

WITNESSETH:

WHEREAS, Seller is the licensee of Radio Station KMJY (FM), Newport, Washington, Facility ID 29911 (the "Station");

WHEREAS, the Parties desire that Buyer purchase from Seller all the assets used or useful in the operation of the Station and acquire from Seller the authorizations issued by the Federal Communications Commission (the "FCC") for the operation of the Station; and

WHEREAS, the authorizations issued by the FCC may not be assigned to Buyer without the FCC's prior consent.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties, intending to be legally bound, agree as follows:

1. RULES OF CONSTRUCTION

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

- "Assignment Application" or "Transfer Applications" means the application on FCC Form 314 that Seller and Buyer shall join in and file with the FCC using the FCC's electronic filing system to request the FCC's consent to the assignment of the FCC Licenses or "Station Licenses" from Seller to Buyer.
- "Closing" means the consummation of the Transaction.
- "Closing Date" means the date on which the Closing takes place, as determined pursuant to Section 11 hereof.
- "Communications Act" means the Communications Act of 1934, as amended and in effective as of the Closing Date.
- "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

- “ERISA Affiliate” means any corporation or other business entity that is included in a controlled group of corporations within which the Seller is also included, as provided in Section 414(b) of the Code; or which is a trade or business under common control with the Seller, as provided in Section 414(c) of the Code; or which constitutes a member of an affiliated service group within which the Seller is also included, as provided in Section 414(m) of the Code; or which is required to be aggregated with the Seller pursuant to regulations issued under Section 414(o) of the Code.
- “Final Order” means any FCC action that, by lapse of time or otherwise, is no longer subject to administrative or judicial reconsideration, review, appeal or stay.
- “Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any agency, court or other entity that exercises executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
- “Governmental Body” means any foreign, federal, state, local or other governmental authority or regulatory body.
- “Knowledge” when used in connection with any representation or warranty by a person or entity means the actual knowledge of such person or entity at the time the representation is made without any requirement or expectation that such person or entity has made any investigation or inquiry regarding the matter at issue.
- “Leased Premises” shall refer to the Station’s broadcast tower site known as “Moon Hill” located at geographic coordinates North Latitude: 48-23-09, West Longitude: 117-14-15, and any leases or contracts pertaining to office and/or studio space associated with the operations of the Station including the lease agreement by and between the Seller and Riley Creek Lumber Company dated August 28, 2003.
- “Liability” means any and all claims, debts, liabilities, obligations and commitments of any nature whatsoever, whether known or unknown, asserted or unasserted, fixed, absolute or contingent, matured or unmatured, accrued or unaccrued, liquidated or unliquidated or due or to become due, whenever or however arising (including those arising out of any contract or tort, whether based on negligence, strict liability or otherwise) and whether or not the same would be required by generally accepted accounting principles to be reflected as a liability in financial statements or disclosed in the notes thereto.

- “Material Adverse Effect” means a material adverse effect on the business, operations, or financial condition of the Station, the Business, the Station Assets, or on the ability of the Seller to consummate the transactions contemplated hereby, or any event or condition which would reasonably be expected, with the passage of time, to constitute such a “material adverse effect,” other than (i) any effect resulting from changes in conditions (including economic conditions, regulatory matters, and legislative actions) that are generally applicable to the economy or the radio broadcasting industry in general on a national, regional or state basis or (ii) any change in competition due solely to the actions of the owner of any radio station, other than the Station, that is in the same market as the Station.
- “Ordinary Course of Business” means the ordinary course of business of the Business consistent with its past custom and practice of the Business (including with respect to quantity and frequency).
- “Plans” means: (i) all employee benefit plans as defined in Section 3(3) of ERISA and all other pension, retirement, profit sharing, severance pay, deferred compensation, excess or supplemental benefit, vacation, stock, stock option, and incentive plans, contracts, schemes, programs, funds, commitments, or arrangements of any kind; and (ii) all other plans, contracts, schemes, programs, funds, commitments, or arrangements providing money, services, property, or other benefits, whether written or oral, qualified or nonqualified, funded or unfunded, registered or unregistered, and including any that have been frozen or terminated, which pertain to any employee, former employee, director, officer, shareholder, consultant, or independent contractor of the Seller or any ERISA Affiliate or other Affiliate of the Seller and (a) to which the Seller or any ERISA Affiliate or other Affiliate of the Seller is or has been a party or by which any of them is or has been bound or (b) with respect to which the Seller or any ERISA Affiliate or other Affiliate of Company has made any payments or contributions since December 31, 1991 or (c) to which the Seller or any ERISA Affiliate or other Affiliate of the Seller may otherwise have any liability (including any such plan or arrangement formerly maintained by the Seller or any ERISA Affiliate or other Affiliate of the Seller).
- “Tax” or “Taxes” means any United States, provincial, state, local, or foreign income, gross receipts, sales, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real or immovable property, personal or movable property, sales, use, transfer, value added, alternative or add-on

minimum, goods and services, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

- “Transaction” means the sale and purchase and assignments and assumptions contemplated by this Agreement and the respective obligations of Seller and Buyer set forth herein.

1.2. Other Definitions. Other capitalized terms used in this Agreement shall have the meanings ascribed to them herein.

1.3. Number and Gender. Whenever the context so requires, words used in the singular shall be construed to mean or include the plural and vice versa, and pronouns of any gender shall be construed to mean or include any other gender or genders.

1.4. Headings and Cross-References. The headings of the Sections and Paragraphs hereof have been included for convenience of reference only, and shall in no way limit or affect the meaning or interpretation of the specific provisions of this Agreement. All cross-references to Sections or Paragraphs herein shall mean the Sections or Paragraphs of this Agreement unless otherwise stated or clearly required by the context. All references to Exhibits and Schedules herein shall mean the Exhibits and Schedules to this Agreement that have been separately initialed for identification by Seller and Buyer. Words such as “herein” and “hereof” shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement unless otherwise stated or clearly required by the context.

1.5. Computation of Time. Whenever any time period provided for in this Agreement is measured in “business days” there shall be excluded from such time period each day that is a Saturday, Sunday, recognized federal legal holiday, or other day on which the FCC’s offices are closed and are not reopened prior to 5:30 p.m. Washington, D.C. time. In all other cases all days shall be counted.

2. ASSETS TO BE CONVEYED. Upon the terms and subject to the conditions of this Agreement, on the Closing Date, the Seller shall sell, transfer, assign, convey and deliver to Buyer, and the Buyer shall purchase from the Seller free and clear of all encumbrances all of the assets, properties and business (excepting only the Excluded Assets) of every kind and description, wherever located, real, personal or mixed, tangible or intangible, relating to the Station, or the business of the Station (the “Business”) as the same shall exist on the Closing Date (herein collectively referred to as the “Purchased Assets”), including, without limitation, all right, title and interest of the Seller in, to and under the Purchased Assets.

2.1. Licenses. All licenses, permits, permissions and other authorizations issued to the Seller for the operation of the Station by the FCC or any other governmental agencies, including, but not limited to, those listed on Schedule 2.1 (the “Station Licenses”) and the right to use the Station’s call letters, and all applications for modification, extension or renewal thereof, and any pending applications for any new licenses, permits, permissions or

authorizations pending on the Closing Date, including, but not limited to, those listed on Schedule 2.1;

2.2. Tangible Property. All machinery, equipment (including computers and office equipment), auxiliary and translator facilities, transmitting towers, transmitters, broadcast equipment, antennae, supplies, inventory (including all programs, records, tapes, recordings, compact discs, cassettes, spare parts and equipment), advertising and promotional materials, engineering plans, records and data, vehicles, furniture and other personal property owned by the Seller used in or relating to the Station or the Business;

2.3. Leases. All personal property leases and the personal property leased thereunder listed in Schedule 2.3 and all real property leases including the lease agreements for the Leased Premises;

2.4. Intangible Property. The trademarks, trade names (including the right to use the trade name "KMJY"), service marks and copyrights (and all goodwill associated therewith), registered or unregistered, relating to the Station or the Business, and the applications for registration thereof and the patents and applications therefor and the licenses relating to any of the foregoing. All advertising customer lists, mailing lists, processes, trade secrets, know-how and other proprietary or confidential information used in or relating to the Business or the Station. All rights, claims or causes of action of the Seller against third parties arising under warranties from manufacturers, vendors and others in connection with the Station or the Business, to the extent they relate to the period after the Closing. All prepaid rentals and other prepaid expenses (except for prepaid insurance) arising from payments made by the Seller in connection with the operation of the Business prior to the Closing Date for goods or services. All jingles, slogans, commercials and other promotional materials used in or relating to the Station or the Business;

2.5. Business Records. All books and records (including all computer programs used primarily in connection with the operation of the Business or the Station Assets) of the Seller relating to the assets, properties, business and operations of the Business, the Station Assets, or the Station including, without limitation, all files, logs, programming information and studies, technical information and engineering data, news and advertising studies or consulting reports and sales correspondence;

2.6. Contracts. (i) All contracts for the sale of broadcast time for advertising on the Station made in the ordinary course of business and consistent with past practice, (ii) the contracts, agreements or understandings either listed or described in Schedule 2.6 and designated on such Schedule as an "Assumed Contract," and (iii) any other contract, agreement or understanding (evidenced in writing) entered into by the Seller in respect of the Business; and

2.7. General. Subject to the other provisions of this Agreement, all other assets or properties not referred to above which are acquired by the Seller for use by the Station or in connection with the operation of the Business in the Ordinary Course of the Business except the Excluded Assets.

3. EXCLUDED ASSETS. The following assets are expressly excluded from the Station Assets being conveyed hereunder and shall be retained by Seller:

3.1. Cash and Cash Equivalents. The Seller's cash, cash equivalents and accounts receivable;

3.2. Claims of Insurance. Any claims that Seller may have under any insurance policies or contracts and any other claims that Seller may have against third parties;

3.3. Corporate Books and Records. The Seller's minute books, organizational documents and such other books and records relating to their organization, existence and capitalization and similar internal matters as well as any other books and records relating to the Seller generally and not involving or relating to the Station Assets, or the operation of the Station;

3.4. Miscellaneous. All other tangible and intangible assets of Seller listed on Schedule 3.4.

4. PURCHASE PRICE AND CONSIDERATION.

4.1. Purchase Price and Method of Payment. The purchase price for the Station Assets (the "Purchase Price") shall be One Million Three Hundred Thousand Dollars (\$1,300,000.00). At the Closing, Buyer shall pay to the Partners the Purchase Price by wire transfer of immediately available funds to an account designated by the Partners.

4.2. Allocation of Purchase Price. The Purchase Price shall be allocated between the Tangible Property and the Intangible Property in accordance with an allocation to be prepared by Buyer, and that shall be reasonably satisfactory to Seller, which allocation schedule shall be agreed to by the parties on or before the Closing Date. Seller and Buyer shall use such allocation for all purposes related to the valuation of the Station Assets, including, without limitation, in connection with any federal, state, county or local tax returns and neither Seller nor Buyer shall take any position in any tax return, tax proceeding, tax audit or otherwise that is inconsistent with such allocation.

5. PRORATIONS. Seller shall be responsible for all expenses arising out of the operation of the Station until 11:59 p.m. on the Closing Date (as defined below) and Buyer shall be responsible for all expenses arising out of the operation of the Station after 11:59 p.m. on the Closing Date. All overlapping items of expense shall be prorated, or reimbursed, as the case may be, as of 11:59 p.m. on the Closing Date (the "Prorations"). In the event that the exact amount of any personal property taxes or the Annual FCC Regulatory Fee (as set forth in the Communications Act) that is to be prorated is not known on the Closing Date, such taxes or fee shall be prorated on the basis of the most recent tax or fee assessment and such Proration shall be final. To the extent practical, the Prorations shall be made on the Closing Date and any net amount due as a result of the Prorations shall be added to, or subtracted from, the Purchase Price.

Within 30 days after the Closing Date, Buyer's accountant and Seller's accountant shall agree to any final Prorations that are necessary to carry out the parties' intentions as reflected in this Section and any final amount due Seller, or Buyer, shall be paid promptly by check from the party owning the final amount made payable to the party to whom the payment is due.

6. SELLER'S LIABILITIES.

(a) As additional consideration for the Station Assets, Buyer shall assume, perform, and discharge the obligations of the Seller under, and indemnify and hold harmless the Seller from only the following liabilities and obligations of the Business (the "Assumed Liabilities"), such assumption and obligations of Buyer to be further evidenced by assignment and assumption agreements to be executed and delivered at the Closing (the "Assumption Agreements") in form and substance substantially as set forth in Exhibit 6 hereto, and as otherwise mutually acceptable to Buyer and the Seller:

(i) those obligations to be performed under the Assumed Contracts from and after the Closing Date (but not any liability or obligation thereunder arising out of or in connection with any breach of any such Assumed Contract occurring on or prior to the Closing Date).

(b) Except for the Assumed Liabilities, Buyer shall not assume, and the Seller shall be and remain liable for, any and all obligations, Liabilities of the Seller, whether due or to become due, absolute or contingent, direct or indirect, or asserted or unasserted, and whether relating to the Business or otherwise, and regardless of whether any such liability is disclosed herein or in any Schedule or Exhibit attached hereto.

7. SELLER'S REPRESENTATIONS, WARRANTIES, AND COVENANTS.

As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Company and each Partner hereby represents and warrants to Buyer that all of the statements contained in this Section 7 are correct and complete as of the date of this Agreement, and hereby covenants that said statements (together with, and as modified by, any supplements to the Seller Disclosure Schedule made between the date hereof and the Closing Date, including supplements to those sections of the Seller Disclosure Schedule referred to in any other section of the Company Disclosure Schedule referred to herein) will be correct and complete as of the Closing Date (as though made as of the Closing Date and as though the Closing Date were substituted for the date of this Agreement throughout said statements), except as set forth in the disclosure schedule attached hereto (the "Seller Disclosure Schedule").

7.1. Organization and Qualification. The Company is a general partnership validly existing and in good standing under the laws of the State of Washington. The Company has all requisite power and authority to carry on the Business and to own and use the properties owned and used by it in the Business. The Company is qualified to conduct business and is in good standing under the laws of each jurisdiction wherein the nature of its operation of the Business or its ownership of the Station Assets requires it to be so qualified, except where the failure to be so qualified would not, individually or in the aggregate, have a Material Adverse

Effect. Schedule 7.1 of the Seller Disclosure Schedule lists all jurisdictions in which the Seller is qualified to do business in connection with their conduct of the Business.

7.2. Authorization of Transaction. The Partners have all requisite partnership power and authority to execute and deliver this Agreement and each and every agreement and instrument contemplated to be executed in connection with this Agreement (the Agreement, together with such other agreements and instruments are collectively referred to herein as the “Transaction Documents”) and to perform its obligations hereunder and thereunder. The entry into and performance of the Transaction Documents to which each Partner and the Company are a party have been, or prior to the Closing Date will be, duly authorized by all necessary partnership action on the part of the Company in accordance with applicable law, and the Transaction Documents to which the Company is a party constitute the valid and legally binding obligations of each Partner and the Company enforceable against them in accordance with their terms.

7.3. Noncontravention. Neither the execution and the delivery of the Transaction Documents to which the Seller is a party, nor the consummation of the transactions contemplated hereby and thereby will (a) constitute a violation by the Company or any Partner of any statute, regulation, law, rule, ordinance or common law doctrine, (b) violate or conflict in any way with any judgment, order, decree, stipulation, injunction, charge or other restriction of any government, governmental agency or court to which the Seller is subject, or (c) conflict with, result in a breach of, constitute a default under (with or without notice or lapse of time, or both), result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or approval under, any Contract, agreement, lease, sublease, license, sublicense, franchise, permit, indenture, agreement for borrowed money, or other arrangement to which the Seller is a party or by which it is bound or to which any of the Station Assets are subject, except where such violations, conflicts, breaches, defaults or other events would not, individually or in the aggregate, result in a Material Adverse Effect or materially delay the consummation of the transactions contemplated hereby or by the Transaction Documents.

7.4. Subsidiaries. The Seller does not conduct any part of the Business through any other corporation, partnership, limited liability company, trust, or other business association or subsidiary.

7.5. Contracts. Seller shall utilize commercially reasonable efforts to ensure that the Assumed Contracts listed in Schedule 2.3, the stated duration of which extends beyond the Closing Date, will, at Closing, be in full force and effect, unimpaired by any acts or omissions of the Company or each Partner, officers or directors, or Seller’s employees or agents and constitute all contracts and leases necessary for the operation of the Station as it is currently operated by Seller. If any Assumed Contract requires the consent of any third party in order for Seller to assign that contract or lease to Buyer, Seller shall use commercially reasonable efforts to obtain such consent prior to Closing.

7.6. Governmental Permits. The Seller owns, holds or possesses all licenses, franchises, permits, privileges, immunities, approvals and other authorizations from a Governmental Body (other than the FCC Licenses) that are necessary to entitle the Seller to own or lease, operate and use their assets and to carry on and conduct the Business substantially as conducted immediately prior to the date of this Agreement, except for such Governmental Permits as to which the failure to so own, hold or possess would not have a Material Adverse Effect (herein collectively called "Governmental Permits"). Schedule 7.6 sets forth a list and brief description of each such Governmental Permit held by the Seller as of the date of this Agreement. Except as set forth in Schedule 7.6, the Seller has fulfilled and performed in all material respects its obligations under each of the Governmental Permits, and no event has occurred or condition or state of facts exists which constitutes or, after notice or lapse of time or both, would constitute a material breach or material default under any such Governmental Permit. No notice of cancellation, of default or of any dispute concerning any such Governmental Permit, or of any event, condition or state of facts described in the preceding sentence, has been received by the Seller. Except as set forth in Schedule 7.6, each such Governmental Permit is valid, subsisting and in full force and effect (subject to expiration or termination in accordance with its terms), and may be assigned and transferred to the Buyer in accordance with this Agreement and at the time of assignment or transfer of control to the Buyer will be in full force and effect, in each case without (i) the occurrence of any breach, default or forfeiture of rights thereunder or (ii) the consent, approval or act of, or the making of any filing with, any Governmental Body or other party.

7.7. FCC Licenses.

(a) Set forth on Schedule 7.7 is a list of the Station Licenses issued by the FCC to the Seller for the operation of the Station and all applications for modification, extension or renewal thereof, and any applications for any new licenses, permits, permissions or authorizations pending on the date hereof (the "FCC Licenses").

(b) The FCC Licenses are all of the licenses, permits, and other authorizations issued by the FCC used or necessary to lawfully operate the Station in the manner and to the full extent as they are now operated, and the FCC Licenses are validly issued in the name of the Seller. The Seller has delivered to Buyer true and complete copies of the FCC Licenses, including any and all amendments and other modifications thereto. Except as set forth on Schedule 7.7, the FCC Licenses are in full force and effect, are valid for the balance of the current license term applicable generally to radio stations licensed to communities in the state where the Station is located, and are free and clear of any restrictions that do, or could reasonably be expected to, limit the full operation of the Station in the manner and to the full extent that it is now operated (other than restrictions under the terms of the FCC Licenses themselves or generally applicable under the rules and regulations of the FCC). Except as set forth on Schedule 7.7, the Seller has not received any notice of any violations of the FCC Licenses, the Communications Act or the rules and regulations thereunder that remain pending and unresolved. Except as set forth on Schedule 7.7, there is no action by or before the FCC currently pending or, to the knowledge of the Seller, threatened to revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the FCC Licenses. Except as set forth

on Schedule 7.7, there are no applications, proceedings, or complaints pending at the FCC or, to the knowledge of the Seller, threatened which may have an adverse effect on the Business, the Station Assets or the operation of the Station (other than rulemaking proceedings that apply to the radio broadcasting industry generally). The Seller is not aware of any reason reasonably likely to result in those of the FCC Licenses subject to expiration not being renewed in the ordinary course for a full term without material qualifications or of any reason reasonably likely to result in any of the FCC Licenses being revoked. The Station is in compliance with the FCC's policy on human exposure to radio frequency radiation. No renewal of any FCC License would constitute a major environmental action under the rules and regulations of the FCC in existence as of the date of this Agreement. To the knowledge of the Seller, there are no facts pertaining to the Station, or any persons or entities affiliated therewith, which, under the Communications Act or the existing rules and regulations of the FCC, would (i) disqualify the Seller from assigning the FCC Licenses to Buyer or from consummating the transactions contemplated herein, or (ii) materially delay the obtaining of the approvals required for the transactions contemplated herein. The Seller maintains an appropriate public inspection file at the studios of the Stations in accordance with FCC rules and regulations in all material respects. Access to the Station's transmission facilities is restricted in accordance with the policies, rules and regulations of the FCC in all material respects.

(c) All information provided by the Seller, and to the knowledge of the Seller, all information provided by unaffiliated third parties, contained in any applications for modification, extension or renewal of the FCC Licenses, and any pending applications for any new licenses, permits, permissions or authorizations relating to the Station pending on the Closing Date, including, but not limited to, those listed on Schedule 7.7, is true, complete and accurate in all material respects and was updated to the extent required by the Communications Act and the rules and regulations of the FCC as circumstances may have changed during the pendency thereof.

(d) Schedule 7.7, contains a list of the antenna registration numbers for each tower owned by the Seller as of the date of this Agreement that requires registration under the rules and regulations of the FCC and that is included in the Station Assets (such towers the "Owned Towers").

7.8. Undisclosed Liabilities. The Seller does not have any Liability directly relating to the Business or the Station Assets (and there is no basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand against the Seller giving rise to any such Liability), except for (i) Liabilities otherwise expressly disclosed in or contemplated by this Agreement or the Seller Disclosure Schedule, and (ii) Liabilities incurred in the Ordinary Course of Business for or related to commitments for the sale of product or purchase of inventory, or payment of compensation or rent, or for services rendered to or for the Business (none of which relates to any breach of contract, breach of warranty, tort, environmental liability, product liability, infringement, or violation of law or arose out of any charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand).

7.9. Utilities. All utilities that are necessary for Seller's present operation of the Station, including without limitation, electric power, water, sewer, and telephone services, have been connected to the Leased Property and are in good working order.

7.10. Litigation. Except for proceedings affecting radio broadcasters generally, there is no complaint, investigation, or proceeding pending or, to Seller's Knowledge, threatened before or by the FCC, any other Governmental Authority, or any other person or entity relating to the business or operations of the Station. There is no other litigation, action, suit, investigation or proceeding pending or, to the best of Seller's Knowledge, threatened that may give rise to any claim against any of the Station Assets or adversely affect Seller's ability to consummate the Transaction as provided herein. Seller is not aware of any facts that could reasonably result in any such proceedings.

7.11. Compliance with Law.

(a) Seller has, in its conduct of the Station's business, complied in all respects material to this transaction with all applicable statutes, regulations and orders relating to the employment of labor, including those concerning wages, hours, equal employment opportunity, collective bargaining, pension and welfare benefit plans, and the payment of Social Security and similar taxes, and Seller is not liable for any arrears of wages or any tax penalties due to any failure to comply with any of the foregoing.

(b) On or before the Closing Date, Seller will pay and discharge all Taxes, assessments, excises and other levies relating to the Station Assets, including all FCC Regulatory Fees, that, if due and not paid, would interfere with Buyer's full enjoyment and use of the Station Assets after Closing, except for such taxes, assessments, and other levies as will not be due until after the Closing Date.

7.12. Environmental Matters. To the Partners' Knowledge no hazardous or toxic waste, substance or material, as those or similar terms are defined in or for purposes of applicable federal, state and local environmental laws, and including without limitation any asbestos or asbestos-related products, oils or petroleum-derived compounds, CFCs, or PCBs (collectively "Hazardous Substances") are contained in structures or equipment used or useful in the operation of the Station which is located on or about Leased Premises unless, in the case of equipment containing CFCs and PCBs, such CFCs and PCBs are properly contained and labeled. No "underground storage tank" (as that term is defined in regulations promulgated by the federal Environmental Protection Agency) is used in the operation of the Station or, to the Partners' Knowledge, is located on the Leased Property. To the Partners' Knowledge: (i) the Leased Premises has not previously been used for the manufacture, refining, treatment, storage, or disposal of any Hazardous Substances; (ii) none of the soil, ground water, or surface water of the Leased Premises is contaminated by any Hazardous Substances and there is no reasonable potential for such contamination from neighboring real estate; (iii) no Hazardous Substances are being emitted, discharged or released from the Leased Premises, directly or indirectly, into the environment; (iv) neither Seller nor any former owner or operator of the Leased Premises is liable for cleanup or response costs with respect to the emission, discharge, or release of any

Hazardous Substances due to its ownership, occupation, use or operation of such premises. The present operation of the Station complies in all applicable federal, state and local laws relating to electrical transformers and human exposure to radio frequency radiation and, to the Partners' knowledge, complies in all material respects with all other applicable federal, state and local environmental laws.

7.13. Insolvency Proceedings. No insolvency proceedings of any character, including without limitation bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting either of the Partners or the Company or the Station Assets are pending or threatened. Seller has not made an assignment for the benefit of creditors or taken any action with a view to, or that would constitute a valid basis for, the institution of any insolvency proceedings. Upon consummation of the transactions provided for herein, the Partners (i) will have sufficient capital to carry on their business and transactions, (ii) will be able to pay their debts as they mature or become due, and (iii) will own assets the fair market value of which will be greater than the sum of all liabilities of Seller not specifically assumed by Buyer pursuant to the terms of this Agreement.

7.14. Insurance. Set forth on Schedule 7.14 all insurance policies, binders or self-insurance authorizations related to the Business which are in force as of the date of this Agreement. Except as set forth in Schedule 7.14, Seller does not self-insure any type of liability claims, whether vehicular liability, general liability or otherwise.

7.15. Employees and Employment Plans. Schedule 7.15 sets forth all contracts for the employment, retention or severance of any employee or consultant involved in the Business, and all collective bargaining agreements covering any employees involved in the Business. Schedule 7.15 lists each Plan that the Company sponsors, maintains or to which it contributes or has sponsored, maintained or contributed to in the last three (3) years.

7.16. No Omissions. This Agreement and the Seller Disclosure Schedules do not and will not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements made not misleading.

8. BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

8.1. Existence and Power. Upon Closing, Buyer shall be a Limited Liability Company validly existing and in good standing under the laws of the State of Delaware, and shall be authorized to conduct business in the State of Washington, with the full power to enter into, deliver and perform this Agreement.

8.2. Binding Agreement. The execution, delivery, and performance of this Agreement by Buyer has been duly authorized by all necessary limited liability company action of Buyer. This Agreement has been duly executed and delivered to Seller by Buyer and constitutes a legal, valid, and binding obligation of Buyer enforceable against Buyer in accordance with its terms.

8.3. No Violation. The execution and performance of this Agreement by Buyer will not violate Buyer's articles of formation, membership agreement, operating agreement or any material order, rule, judgment or decree to which Buyer or its principals or employees is subject, or breach any contract, agreement or other commitment to which Buyer or its principals or employees is a party or is bound.

8.4. Licensee Qualifications. To the Buyer's Knowledge there is no reason it is not qualified to acquire the Station from the Seller pursuant to the Communications Acts and published regulations of the FCC, as promulgated on the date hereof. **[Under Review by FCC counsel]**.

8.5. Litigation. There is no action, suit, investigation or other proceeding pending or to Buyer's Knowledge threatened that may adversely affect Buyer's ability to perform its obligations under this Agreement in accordance with the terms hereof, and Buyer is not aware of any facts that could reasonably result in any such proceeding.

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

9.1. Application for FCC Consent.

(a) As promptly as practicable after the date of this Agreement, but in any event no later than five (5) business days thereafter, the Seller and Buyer shall file with the FCC applications requesting its consent to the assignment of the FCC License (and any extensions or renewals thereof) to Buyer from the Seller (the "Transfer Applications"). The Seller and Buyer will cooperate in the preparation of such Transfer Applications and will diligently take and will cooperate in the taking of all reasonable steps necessary to prosecute expeditiously the Transfer Applications and will use their reasonable best efforts to obtain promptly the FCC's consent and approval of the Transfer Applications. Any fees assessed by the FCC incident to the filing or grant of such applications shall be borne equally by Buyer and the Seller, with each party responsible for one half of any such fees assessed; provided that Buyer will reimburse the Seller for Buyer's share of such fees paid by the Seller, and the Seller will reimburse the Buyer for the Seller's share of such fees paid by the Buyer. Each of the Seller and Buyer shall make available to the other, promptly after the filing thereof, copies of all reports filed by it on or prior to the Closing Date with the FCC in respect to the Station.

(b) The Seller and the Buyer shall each use reasonable best efforts to obtain all consents, amendments or permits from Governmental Bodies which are required by the terms thereof or this Agreement for the consummation of the transactions contemplated by this Agreement, and shall jointly, diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and waivers.

9.2. Access. Between the date hereof and the Closing Date, Seller shall give Buyer and representatives of Buyer reasonable access during normal business hours to the Station

Assets and to the books and records of Seller relating to the business of the Station. No inspection or investigation made by or on behalf of Buyer or Buyer's failure to make any inspection or investigation shall affect Seller's representations, warranties, and covenants hereunder or be deemed to constitute a waiver of any of those representations, warranties, and covenants.

9.3. Administrative Violations. If Seller receives any finding, order, complaint, citation or notice prior to Closing which states that any aspect of the Station's operations violates any rule, regulation or order of the FCC or of any other Governmental Authority that affects the Station Assets (an "Administrative Violation"), including without limitation any rule, regulation or order concerning environmental protection, the employment of labor, or equal employment opportunity, Seller shall use its best efforts to remove or correct the Administrative Violation and shall be solely responsible for the payment of all costs associated therewith, including any fines or back pay that may be assessed.

9.4. Risk of Loss. Risks or damage to the Station Assets shall be upon Seller at all times prior to Closing. In the event of material loss or damage, Seller shall promptly notify Buyer thereof and use its best efforts to repair, replace or restore the lost or damaged property to its former condition as soon as possible. In the event that any lost or damaged property has not been repaired or replaced by the Closing Date, the Closing shall nevertheless occur as scheduled and Seller shall assign to Buyer Seller's rights to receive any insurance proceeds with respect to the lost or damaged property.

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

(a) Seller shall operate the Station in the normal and usual manner and conduct the Station's business in the ordinary course and in material compliance with all applicable laws, regulations and orders of the FCC and other governmental authorities. To the extent consistent with such operations, Seller shall use its best efforts to maintain all of the Station Assets in good operating condition, ordinary wear and tear excepted and comply in all material respects with all laws, rules and regulations of all Governmental Authorities.

(b) Seller shall not: (i) sell or otherwise dispose of any of the Station Assets except in the ordinary course of business and only if any material property disposed of is replaced by property of like or better kind, quality, and utility prior to Closing; (ii) enter into any contract, lease, or agreement that will impose any material obligation on Buyer after Closing; or (iii) change the Station's current call sign.

9.6. Control of Station. This Agreement shall not be consummated until after the FCC has given its written consent thereto, and between the date of this Agreement and the Closing Date, Buyer shall not directly or indirectly control, supervise or direct, or attempt to control, supervise or direct the operations of the Station. Such operations shall be the sole responsibility of Seller.

9.7. Adverse Developments. The Seller shall promptly notify Buyer of any materially adverse developments that occur prior to Closing with respect to the Station Assets, or the operation of the Station or the Business, or with respect to the Transfer Applications; provided, however, that compliance with the disclosure requirements of this Section 9.7 shall not relieve the Seller of any obligation with respect to any representation, warranty or covenant of the Seller in this Agreement or waive any condition to Buyer's obligations under this Agreement.

9.8. Additional Covenant. The Seller and Buyer shall make all commercially reasonable efforts to cause the consummation of the transactions contemplated by this Agreement. The Seller and Buyer shall not take any action that is inconsistent with their obligations under this Agreement in any material respect or that could reasonably be expected to materially hinder or materially delay the consummation of the transactions contemplated by this Agreement.

9.9. No Solicitation Covenant. The Seller shall not, and the Seller shall use its best efforts to cause its representatives and agents (including, without limitation, investment bankers, attorneys and accountants) not to, directly or indirectly, through any officer, director, member, partner, agent or otherwise, enter into, solicit, initiate, conduct or continue any discussions or negotiations with, or encourage or respond to any inquiries or proposals or offers by, or provide any information to, or otherwise cooperate in any other way with, any corporation, partnership, person or other entity or group, other than the Buyer and its representatives and agents, concerning (i) any sale of all or any portion of the Station Assets including without limitation the Business and the Station, (ii) any merger, acquisition, consolidation, recapitalization, liquidation, dissolution or similar transaction involving the Station Assets, the Business or the Station, or (iii) any transaction that would have an effect similar to the transactions described in (i) or (ii).

10. CONDITIONS PRECEDENT TO CLOSING.

10.1. Mutual Conditions. The obligation of both Buyer and Seller to consummate the Transaction is subject to the satisfaction of each of the following conditions:

(a) **Approval of Assignment Application.** The FCC shall have granted the Assignment Application and such grant shall be in full force and effect on the Closing Date.

(b) **Absence of Litigation.** As of the Closing Date, no action, suit or proceeding seeking to enjoin, restrain, or prohibit the consummation of the Transaction shall be pending before any court, the FCC, or any other Governmental Authority; provided, however, that this Paragraph may not be invoked by a party if any such action, suit, or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, such party.

10.2. Conditions to Buyer's Obligation. In addition to satisfaction of the mutual conditions contained in Section 10.1, the obligation of Buyer to consummate the Transaction is subject, at Buyer's option, to the satisfaction of each of the following conditions:

(a) **Representations and Warranties.** The representations and warranties of Seller to Buyer shall be true, complete, and correct in all material respects as of the Closing Date with the same force and effect as if then made.

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

(c) **Closing Documents.** Seller shall have delivered or caused to be delivered to Buyer all of the closing documents specified in Section 11.2.1, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably acceptable to Buyer.

(d) **Tower Construction.** Seller and Seller's agents shall have completed the main transmitter facility and all related construction as set forth in the construction permit dated _____, 2003 to the satisfaction of the Buyer and the Buyer's agents.

10.3. Conditions to Seller's Obligation. In addition to satisfaction of the mutual conditions contained in Section 10.1, the obligation of Seller to consummate the Transaction is subject, at Seller's option, to satisfaction of each of the following conditions:

(a) **Representations and Warranties.** The representations and warranties of Buyer to Seller shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made.

(b) **Compliance with Conditions.** All of the terms, conditions and covenants to be complied with or performed by Buyer on or before the Closing Date shall have been duly complied with and performed in all material respects.

(c) **Payment.** Buyer shall have delivered to Seller the Purchase Price.

(d) **Closing Documents.** Buyer shall have delivered to Seller all the closing documents specified in Section 11.2.2, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably satisfactory to Seller.

11. CLOSING.

11.1. Closing Date and Method. Unless Seller and Buyer agree otherwise: (i) the Closing Date shall be no later than the tenth (10th) business day after the date on which all of the closing conditions (except for the deliveries that Buyer or Seller is required to make on the Closing Date) have been satisfied or waived and (ii) the Closing shall be accomplished on the Closing Date by exchanging the closing documents required by this Agreement and such other closing documents as the parties may reasonably require in person, by mail or air courier.

11.2. Performance at Closing. The following documents shall be delivered at Closing:

11.2.1. By Seller. Seller shall deliver to Buyer:

(a) A certificate executed by each Partner attesting to (i) Seller's compliance with the matters set forth in Section 10.2 (a).

(b) Assignments in form and substance reasonably satisfactory to Buyer transferring to Buyer all of the interests of Seller in and to the FCC Licenses and all other transferable licenses, permits, and authorizations issued by any other Governmental Authorities that are used in or necessary for the lawful operation of the Station.

(c) Bills of sale in form and substance reasonably satisfactory to Buyer conveying to Buyer all of the Tangible and Intangible Property of the Station.

(d) One or more assignments assigning to Buyer all of the Assumed Contracts including the lease agreement for the Leased Premises.

11.2.2. By Buyer. Buyer shall deliver to Seller or Seller's designee(s):

(a) A certificate executed by Buyer's Managing Member attesting to (i) Buyer's compliance with the matters set forth in Section 10.3 (a).

(b) The Purchase Price.

(c) The Assumption Agreement.

12. INDEMNIFICATION. The parties agree as follows with respect to the period subsequent to Closing:

12.1. Buyer's Right to Indemnification. For a period of 1 year following the Closing Date, each Partner jointly and severally undertakes and agrees to indemnify and hold Buyer harmless against (i) any breach, misrepresentation, or violation of any of the Company's or the Partners' representations, warranties, covenants, or other obligations contained in this Agreement; (ii) all liabilities of Seller that are not assumed by Buyer; (iii) any claims by third parties against Buyer attributable to Seller's ownership or operation of the Station Assets prior to Closing and not otherwise assumed by Buyer under this Agreement, and (iv) all claims asserted by any third party by virtue of Seller's not having complied with the provisions of any applicable bulk sales law applicable to the Transaction and not otherwise assumed by Buyer under this Agreement. This indemnity is intended by Seller to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel), arising within said 1-year period whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

12.2. Seller's Right to Indemnification. For a period of one (1) year following the Closing, Buyer undertakes and agrees to indemnify and hold Seller harmless against (i) any breach, misrepresentation, or violation of any of Buyer's representations, warranties, covenants, or other obligations contained in this Agreement; (ii) all liabilities of Buyer; and (iii) any claims by third parties against Seller attributable to Buyer's operation of the Station after Closing. This indemnity is intended by Buyer to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel), arising during said one (1) year period whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

12.3. Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "Claimant") shall give written notice to the party from which indemnification is sought (the "Indemnitor") promptly after the Claimant learns of any claim or proceeding covered by the foregoing Sections 12.1 and 12.2 to indemnify and hold harmless; provided, however, that the Claimant's failure to give the Indemnitor prompt notice shall not bar the Claimant's right to indemnification unless such failure has materially prejudiced the Indemnitor's ability to investigate or defend against the claim or proceeding.

(b) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have 30 days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purpose of this investigation, the Claimant agrees to make available to the Indemnitor and its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 30-day period (or any mutually agreed upon extension hereof), the Claimant may seek appropriate legal remedies.

(c) With respect to any third-party claims as to which the Claimant is entitled to indemnification, the Indemnitor shall have the right to employ counsel reasonably acceptable to the Claimant to defend against any such claim or proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor. The parties will fully cooperate in any such action, and shall make available to each other any books or records useful for the defense of any such claim or proceeding. If the Indemnitor fails to acknowledge in writing its obligation to defend against or settle such claim or proceeding within 20 days after receiving notice thereof from the Claimant (or such shorter time specified in the notice as the circumstances of the matter may dictate) the Claimant shall be free to engage counsel of its choice and defend against or settle the matter, all at the expense of the Indemnitor.

12.4. Indemnification Not Sole Remedy. The right to indemnification hereunder shall not be the exclusive remedy of either party in connection with any breach by the

other party of its representations, warranties, or covenants, nor shall such indemnification be deemed to prejudice or operate as a waiver of any remedy to which either party may otherwise be entitled as a result of any such breach by the other party.

13. TERMINATION.

13.1. Failure to Obtain FCC Consent. This Agreement may be terminated at the option of either party upon written notice to the other if the Closing has not occurred within 6 months after the date on which the FCC releases a public notice that the Assignment Application has been accepted for filing; provided, however, that a party may not terminate this Agreement if such party is in default hereunder, or if a delay in any decision or determination by the FCC respecting the Assignment Application has been caused or materially contributed to (i) by any failure of such party to furnish, file or make available to the FCC information within its control; (ii) by the willful furnishing by such party of incorrect, inaccurate or incomplete information to the FCC; or (iii) by any other action taken by such party for the purpose of delaying the FCC's decision or determination respecting the Assignment Application.

13.2. Termination Due to Breach. Either party may terminate this Agreement due to a material breach of this Agreement by the nonbreaching party giving written notice of such termination and the breaching party not having cured the breach within 15 days after such notice.

14. ENFORCEMENT OF REMEDIES; DISPUTES. Except for the right of either party to enforce the provisions of or any determination made pursuant to this section, the parties agree to resolve any disputes arising out of or in connection with this Agreement as provided in this section.

14.1. Appointment of Dispute Panel. If any dispute is not resolved in the time permitted by this Agreement or, if no time is specified, within 5 days of the date either party gives the other notice that it intends to invoke the provisions of this section, each party will immediately name one arbitrator who shall be a person with one of the following qualifications (a) substantial experience in radio ownership or management, (b) an accountant with experience in radio broadcasting, or (c) a radio broadcasting consultant, and, within 5 days of their appointment, the two arbitrators so selected shall select a third arbitrator with similar qualifications (the "Dispute Panel").

14.2. Decision Process. Each party may submit such materials as it may elect to the Dispute Panel provided that a copy of such material is delivered by hand or overnight courier to the other party. Neither party will contact any member of the Dispute Panel to discuss the dispute unless the other party is present in person or by conference telephone call or the other party consents. The Dispute Panel will request and review such information as its members deem necessary to resolve the dispute. The Dispute Panel and each party will treat all information received by it as confidential and will destroy such information when the dispute is resolved. The Dispute Panel will resolve the matters presented to it so as to give each Party the benefit of its bargain by applying the provisions of this Agreement and, to the extent the

Agreement is not dispositive, the customs and practices which, in the view of Dispute Panel, are common to transactions of this nature. The Dispute Panel will render its decision as soon as possible, but in any event, within 30 days of the appointment of the third arbitrator. The decision will be in writing and signed by each member of the dispute panel. The decision may include an award of damages as permitted by this agreement. Any third party may rely upon an original copy of the written decision or a copy of the decision certified by any member of the Dispute Panel as evidence of the decision.

14.3. Binding Effect. The decision of a majority of the members of the Dispute Panel will be binding and final with respect to both parties and may be enforced by seeking preliminary and permanent injunctive relief or entry of a judgment by a court of competent jurisdiction.

14.4. Costs and Fees. Each party will bear the costs and fees of the arbitrator appointed by it plus half of the costs and expenses of the third arbitrator. If the Dispute Panel determines by majority decision that the position of a party lacks substantial merit or was taken primarily to delay or otherwise impair the business efforts of the other party, then that party will pay the costs and fees of all the members of the panel plus the other party's reasonable attorney's fees.

15. GENERAL PROVISIONS.

15.1. Brokerage. ~~TH~~ ^{NONE} Seller has employed MHC Enterprises, Inc. as a broker in connection with this Transaction and Seller shall be solely responsible for any commissions or fees owed to that company. Except as stated in the preceding sentence, each party represents to the other that it has not employed any broker or finder in connection with the Transaction and agrees to indemnify the other party and hold it harmless against any claim from any broker or finder based upon any agreement, arrangement, or understanding alleged to have been made by Seller or Buyer, as the case may be.

15.2. Expenses. The FCC filing fee for the Assignment Application shall be paid equally by Buyer and Seller. Any sales, use or transfer taxes applicable to this Transaction shall be paid by the party who customarily pays such taxes in transactions completed in the State of Washington. Except as otherwise provided herein, all other expenses incurred in connection with this Agreement or the Transaction shall be paid by the party incurring those expenses whether or not the Transaction is consummated.

15.3. Notices. Any notice, demand, or request required or permitted to be given under the provisions of the Agreement shall be deemed effective if made in writing (including telecommunications) and delivered to recipient's address or facsimile number set forth under its name below by any of the following means: (a) upon hand delivery (or refusal thereof), (b) 5 days after deposit with the U.S. Postal Service, by registered or certified mail, postage pre-paid, (c) 24 hours after delivery to Federal Express, express mail or like courier service that guarantees overnight delivery, or (d) 24 hours after transmission by facsimile.

To Seller: ALC Communications Company
1600 Gray Lynn Drive
Walla Walla, WA 99362
Attn: Thomas D. Hodgins
Fax: (509) 529-5534

To Buyer: Radio Station KMJY, LLC
1203 Highgate Court
Libertyville, IL 60048
Attn: Warner Tillman
Fax: _____

With a Copy to: Sachnoff & Weaver, Ltd.
30 S. Wacker Drive
Suite 2900
Chicago, IL 60606
Attn: Stewart Dolin
Fax: (312) 207-6400

Either party may change its address for notices by written notice to the other given pursuant to this Section. Any notice purportedly given by a means other than as set forth in this Section shall be deemed ineffective.

15.4. Assignment. Neither party may assign its rights and obligations hereunder without the written consent of the other party which consent shall not be unreasonably withheld or delayed. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assignees.

15.5. Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (i) confer any rights or remedies on any person other than Seller, Buyer, and their respective successors and permitted assignees; (ii) to relieve or discharge the obligations or liability of any third party; or (iii) to give any third party any right of subrogation or action against either Seller or Buyer.

15.6. Indulgences. Unless otherwise specifically agreed in writing to the contrary: (i) the failure of a party at any time to require performance by another party of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by the another party shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by a party for the performance of any obligation or act by another party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

15.7. Survival of Representations and Warranties. The several representations, warranties, and covenants of the parties contained herein shall survive the Closing for a period of 1 year; provided, however, that those specific matters as to which claims for indemnification

have been duly made before the expiration of such 1-year period shall survive until those claims have been resolved.

15.8. Merger. This Agreement supersedes in all respects all prior and contemporaneous oral and written negotiations, understandings and agreements between the parties with respect to the subject matter hereof. All of said prior and contemporaneous negotiations, understandings and agreements are merged herein and superseded hereby.

15.9. Schedules and Exhibits. The Schedules and Exhibits attached hereto or referred to herein are a material part of this Agreement, as if set forth in full herein.

15.10. Entire Agreement; Amendment. This Agreement and the Exhibits and Schedules to this Agreement set forth the entire understanding between the parties in connection with the Transaction, and there are no terms, conditions, warranties or representations other than those contained, referred to or provided for herein and therein. Neither this Agreement nor any term or provision hereof may be waived, altered or amended in any manner except by an instrument in writing signed by the party against whom the enforcement of any such change is sought.

15.11. Counsel. Each party has been represented by its own counsel in connection with the negotiation and preparation of this Agreement and, consequently, each party hereby waives the application of any rule of law that would otherwise be applicable in connection with the interpretation of this Agreement, including but not limited to any rule of law to the effect that any provisions of this Agreement shall be interpreted or construed against the party whose counsel drafted the provision.

15.12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Illinois without regard to the choice of law rules utilized in that jurisdiction.

15.13. Severability. If any term of this Agreement is illegal or unenforceable at law or in equity, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any illegal or unenforceable term shall be deemed to be void and of no force and effect only to the minimum extent necessary to bring such term within the provisions of applicable law and such term, as so modified, and the balance of this Agreement shall then be fully enforceable.

15.14. Waiver of Jury Trial; Attorney's Fees. If, notwithstanding the provisions of Section 14, any law suit is filed to resolve an issue as to the interpretation or enforcement of this agreement and is not dismissed on the basis of Section 14, each party irrevocably waives trial by jury and the right thereto in any and all litigation in any court with respect to, in connection with, or arising out of this Agreement.

15.15. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same


instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

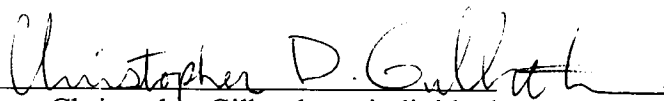
IN WITNESS WHEREOF, and to evidence their assent to the foregoing, Company, Partners and Buyer have executed this Asset Purchase Agreement as of the date first written above.

COMPANY
ALC COMMUNICATIONS COMPANY

BY: 
Thomas D. Hodgins, Managing Partner

PARTNERS


Thomas D. Hodgins, an individual


Christopher Gilbreth, an individual

BUYER
RADIO STATION KMJY, LLC

BY: _____
Warner Tillman, Managing Member


instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

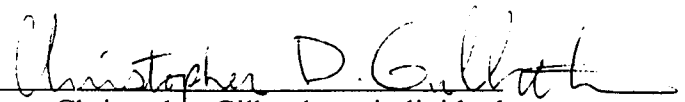
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COMPANY
ALC COMMUNICATIONS COMPANY

BY: 
Thomas D. Hodgins, Managing Partner

PARTNERS


Thomas D. Hodgins, an individual


Christopher Gilbreth, an individual

BUYER
RADIO STATION KMJY, LLC

BY: 
Warner Tillman, Managing Member

DISCLOSURE SCHEDULES

Schedule 2.1 – Station Licenses

FCC License File Number: BLH-20031017ACO

Facility ID: 29911

Call Sign: KMJY-FM

Grant Date: November 4, 2003

Expiration Date: 3:00am local time, February 1, 2006

Schedule 2.3 – Leases

- Lease Agreement dated August 28, 2003 between ALC Communications and Riley Creek Lumber Company.
- Undated Lease Agreement between KMJY and Meadow Brook Star LLC.

Schedule 2.6 – Contracts

None.

Schedule 3.4 – Miscellaneous (Excluded Assets)

None.

Schedule 7.1 – Organization and Qualification

Jurisdictions Qualified to Do Business

-Washington State

Schedule 7.6 – Governmental Permits

See Schedule 2.1.

Schedule 7.7 – FCC Licenses

See Schedule 2.1.

Schedule 7.14 – Insurance

See attached Insurance Coverage Exhibit.

Schedule 7.15 – Employees and Employment Plans

- Shirley Sands, Operations & Sales
- Levi Howe, Production Assistant