

STOCK TRANSFER AGREEMENT
(All Shares of Pacific Broadcasting Company)

This Stock Transfer Agreement (Agreement) is made and entered into on this 14th day of February, 2003, by and among (a) Robertson C. Scott, as Trustee of the Survivor's Trust, Robertson & Henryetta Scott Trust, Robertson C. Scott, Jr., Michael Towbes, David H. Anderson, Trustee of the David H. Anderson Trust u/d/t dated June 18, 1992, Jean K. Schuyler, Trustee of the Jean Kellogg Schuyler Trust u/d/t dated December 21, 1990, and Arent H. Schuyler, Jr., Trustee of the Arent Henry Schuyler Trust u/d/t dated December 21, 1990, (collectively, Shareholders), who collectively own one hundred percent (100%) of the issued and outstanding common stock of Pacific Broadcasting Company, a California corporation (Corporation); (b) the Corporation; and (c) the Santa Barbara Foundation, a California nonprofit public benefit corporation (Foundation), with reference to the following facts and intentions:

A. Shareholders are the owners of 7,169,317 shares of common stock of the Corporation which represents all of the issued and outstanding shares of common stock of Corporation (Stock), and no other ownership rights or entitlements within the Corporation exist.

B. Corporation is in the business of operating (Station) a classical music radio station KDB-FM with a production studio located at 23 West Micheltorena in Santa Barbara, California.

C. In an effort to preserve classical music in the community of Santa Barbara, California, Shareholders desire to transfer to the Foundation, and the Foundation desires to accept from Shareholders, all of the Stock pursuant to the terms and conditions of this Agreement (Transfer), so that immediately after said Transfer, the Foundation will be the sole shareholder of Corporation.

NOW, THEREFORE, the parties agree as follows:

1. **Transfer of Stock.** Subject to the contingencies, terms and conditions stated in this Agreement, on the Closing Date, as defined below, Shareholders shall sell, transfer, convey, and/or otherwise contribute to the Foundation, and the Foundation shall purchase and/or otherwise accept from Shareholders, all of Shareholders' right, title and interest in and to the Stock. For all purposes regarding the Transfer under this Agreement, Shareholders and Corporation waive all preemptive rights and restrictions on transfers of shares, as set forth in the Articles of Incorporation, Articles Fourth and Fifth.

2. **Application to FCC; Closing Date.** Notwithstanding anything to the contrary, the transfer of the control of the Corporation is subject to the prior written consent and approval of the Federal Communications Commission (FCC). The Foundation and Shareholders, upon execution of this Agreement, shall file an application with the FCC requesting the FCC's written consent to the transfer of control of Corporation to the Foundation as contemplated by this Agreement (FCC Application). Shareholders and Foundation shall diligently take all steps that are proper and necessary or desirable to expedite the preparation of the FCC Application and its prosecution to a favorable conclusion. The closing of the Transfer shall take place one (1) business day after the date on which the FCC order approving the transaction herein contemplated becomes a "Final Order"

(Closing Date). For purposes of this Agreement, "Final Order" shall mean an action by the FCC granting the FCC Application and approving the Transfer which shall not have been reversed, stayed, enjoined, set aside, annulled or suspended and is no longer subject to administrative or judicial review, reconsideration or appeal.

3. **Bargain Sale to Charity; Consideration; Closing.**

a. **Bargain Sale to Charity.** The Shareholders have retained the services of a qualified appraiser to value each share of Stock (Appraised Share Price). Each Shareholder intends for its transfer of Stock to be (i) a "bargain sale to charity," that is, part sale and part charitable contribution under Section 170 of the Internal Revenue Code and the Treasury Regulations promulgated thereunder; and/or (ii) a charitable contribution under Section 170 of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

b. **Consideration.** Based on the Appraised Share Price, which value shall be listed on Exhibit A to this Agreement, the Shareholders have agreed that to the extent any of their Stock is sold to the Foundation, the selling price per share of Stock shall be the lesser of the Appraised Share Price or Four Hundred Fifty Eight Dollars and Sixteen Cents (\$458.16), which share price shall be referred to as the "Initial Share Price." At each Shareholder's sole and absolute discretion, each Shareholder shall identify the quantity of its shares (i) to be sold to the Foundation at the Initial Share Price; (ii) to be sold to the Foundation at an amount less than the Initial Share Price (Reduced Share Price); and (iii) to be wholly gifted to the Foundation. These Shareholder determinations are set forth in Exhibit B to this Agreement and are incorporated by this reference. The total consideration to be paid by the Foundation for the Stock shall be the sum of the shares at the Initial Share Price plus the shares at the Reduced Share Price (Consideration), but not to exceed Three Million Two Hundred Eighty Four Thousand Six Hundred Ninety Four Dollars and Twenty Eight Cents (\$3,284,694.28). At any time prior to the gaining of the FCC Final Order, the Shareholders may amend Exhibit B to reduce the Consideration through additional gifting of shares of Stock, at their sole discretion.

c. **Payment of Consideration; Closing.** Closing shall occur at the offices of Hatch & Parent, 21 East Carrillo Street, Santa Barbara, California, at which time the Foundation shall deliver the Consideration to the Shareholders. On or before the Closing Date, the Shareholders shall deliver to the law offices of Hatch & Parent (i) their share certificates representing the Stock to be transferred; (ii) executed stock powers transferring such Stock to the Foundation; and (iii) a letter executed by each Shareholder authorizing Hatch & Parent to deliver the share certificates and effectuate the transfer upon satisfaction of the conditions precedent set forth in this Agreement and the gaining of a Final Order as stated in Section 2.

4. **Shareholders' and Corporation's Representations and Warranties.** Shareholders and Corporation, jointly and severally, make the following representations and warranties to the Foundation, each of which is true and correct on the date hereof and shall survive the closing of the transactions provided for herein. All references to "the best knowledge of Shareholders" shall be deemed to include only the actual knowledge of Shareholders.

a. Corporate Status and Authority. Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of California, with all necessary corporate powers and authority to carry on the business of the Corporation as now operated by it and to enter into and perform this Agreement.

b. Stock of Corporation and Shareholders' Authority. The authorized capital stock of Corporation consists of 10,000 shares of common stock of which only 7,169.317 shares are issued and outstanding. Shareholders are the owners of all of the Stock free and clear of all liens, encumbrances, security agreements, equities, claims, charges and restrictions and have full power and authority to enter into and perform this Agreement and to transfer the Stock to the Foundation without obtaining the consent or approval of any other person or entity with the exception of the FCC. The shares are validly issued, fully paid and non-assessable.

c. Financial Documents. To the best knowledge of Shareholders, all material financial statements, balance sheets, income statements and such other financial documents that are related to Corporation have been made available to the Foundation (Financial Statements). To the best knowledge of Shareholders, the Financial Statements are true and correct in all material respects and fairly represent the financial condition of Corporation as of December 31, 2002. To the best knowledge of Shareholders, there has been no material change in the financial condition of Corporation since December 31, 2002, other than changes that have occurred in the ordinary course of business, none of which materially affects Corporation or the operation of the Station adversely.

d. Absence of Undisclosed Liabilities In Financial Statements. To the best knowledge of Shareholders, Corporation has no debt, liability, or obligation of any material nature, whether accrued, absolute, contingent, or otherwise, and whether due or to become due, that is not reflected in the Financial Statements other than attorneys' fees (the law firms of Hatch & Parent and Fletcher, Heald and Hildreth only) and payments that may be due under any severance arrangements as approved by the Corporation, Shareholders and Foundation.

e. Tax Returns and Audits. To the best knowledge of Shareholders, within the times prescribed by law, Corporation has prepared and filed all income, franchise, property, payroll, sales and other tax returns, reports and estimates required to be filed by it and has paid, or made adequate provision on its books and records for the payment of, all taxes, assessments and penalties which are due and payable based upon said returns, reports and estimates, including 2002 taxes. To the best knowledge of Shareholders, there are no current disputes as to any taxes of any nature payable by Corporation.

f. Tangible Personal Property. To the best knowledge of Shareholders, all machinery, equipment, furniture, fixtures, supplies, tools and all other tangible personal property owned by, in the possession of, or used by Corporation in connection with its operation of the Station are currently located at either 23 West Micheltorena, Santa Barbara, California or Corporation's transmitter site on Gibraltar Peak, Santa Barbara County, California.

g. Accounts Receivable. To the best knowledge of Shareholders, all material accounts receivable of Corporation shown on the Financial Statements produced to the Foundation, and all material accounts receivable of Corporation created after that date arose from valid sales in

the ordinary course of the operation of the Station, and all such accounts either have been collected in full or are collectible, subject to a reasonable allowance for discounts and uncollectibles.

h. Unfair Competition. To the best knowledge of Corporation and Shareholders, neither has received any claim that the Corporation has violated the trademarks of any third person or engaged in unfair competition in the context of the operation of the Station. To the best knowledge of Corporation and Shareholders, neither has received any claim that Corporation has libeled, slandered or invaded the right of privacy of any person in the context of the operation of the Station.

i. FCC Matters. To the best knowledge of Shareholders, the FCC authorizations are in full force and effect, and are not currently subject to any revocation, suspension, cancellation, rescission, termination or expiration. To the best knowledge of Shareholders, there is not pending, or threatened, any action by or before the FCC to revoke, suspend, cancel, rescind or modify any of the FCC authorizations, other than the FCC Application referenced in Section 2 of this Agreement, and to the best knowledge of Shareholders, there is no order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Corporation that is threatened, pending or outstanding, by or before the FCC. To the best knowledge of Shareholders, the Station is operating in material compliance with the FCC authorizations and the current rules and regulations of the FCC.

j. Title to Assets. To the best knowledge of Shareholders, Corporation has good and marketable title to all of its assets and interest in assets, whether real, personal, mixed, tangible, or intangible, which constitute all of the assets and interests in assets that are used in the operation of the Business, and all said assets are free and clear of mortgages, liens, pledges, charges, encumbrances or claims except those disclosed in the Financial Statements or the disclosure materials provided to the Foundation by Corporation and Shareholders prior to the execution of this Agreement.

k. Compliance With Laws. To the best knowledge of Shareholders, Corporation is not currently subject to any notice of any violation of any applicable federal, state, or local statute, law, or regulation (including, without limitation, any application building, zoning, environmental protection, hazardous substance, or other law, ordinance, or regulation) materially affecting its properties or the operation of the Station.

l. Radiation Matters. To the best knowledge of Shareholders, Corporation complies in all material respects with all federal, state, and local environmental electromagnetic radiation laws and regulations and has not been cited for any violation of any such law or regulation.

m. Litigation. To the best knowledge of Shareholders, there is no pending or threatened, suit, action, arbitration, or legal administrative, or other proceeding, or governmental investigation against or affecting Corporation or the Station, other than the FCC Application referenced in Section 2 of this Agreement.

n. Other Contracts. To the best knowledge of Shareholders, there is no default or event that with notice would constitute a default by Corporation under any lease or any other contract pertaining to the operation of the Business. To the best knowledge of Shareholders, as of the Closing

Date, there are no obligations under any lease or other agreement pertaining to the Station studios located at 23 West Micheltorena Street in Santa Barbara, California.

o. Licenses and Permits. To the best knowledge of Shareholders, Corporation has all federal, state, and local governmental licenses and permits necessary to the conduct of the Station as currently conducted, such licenses and permits are in full force and effect, and not currently subject to any notice of any violation and no proceeding is pending or threatened to revoke or limit any thereof.

p. Employees. To the best knowledge of Shareholders, Corporation is in compliance in all material respects with all currently applicable laws and regulations respecting employment, terms and conditions of employment and wages and hours. Corporation has no pension plan, profit sharing plan, deferred compensation plan, stock option or stock bonus plan, savings plan, welfare plan, incentive bonus or other bonus plan, or other benefit plan or arrangement, policy, practice, or procedure concerning employee benefits or fringe benefits of any kind, whether or not governed by ERISA, relating to or covering any employees of Corporation except as set forth in the severance arrangements and agreements as approved by the Corporation, Shareholders and the Foundation.

q. Section 73.1150 Statement. Shareholders do not retain any right of reversion of the licenses for the Station, any right to the reassignment of the licenses for the Station in the future, and have not reserved the right to use the facilities of the Station in the future for any reason whatsoever.

r. Brokerage. Corporation and Shareholders have neither retained nor are obligated to any person for brokerage, finder's fees or commissions or other similar charges resulting from or arising out of the transactions contemplated in this Agreement, and will hold the Foundation harmless from any broker or other party claiming through Corporation and/or Shareholders.

s. No Breach. The execution and delivery by Shareholders of this Agreement and the performance by Shareholders of their obligations hereunder will not violate or contravene any order, judgment or decree of any court or governmental agency or any provisions of Shareholders' governing documents, and will not violate, be in conflict with, result in a breach of, or constitute a default under any contract to which Shareholders are a party or by which Shareholders are or may be bound.

t. Absence of Conflicting Agreements. The execution, delivery and consummation of this Agreement by Shareholders will not (i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any provision of law, or any indenture, agreement, decree, judgment or other instrument to which Shareholders are now subject, and (ii) require the consent of any third party except as specified herein.

u. Full Disclosure. Shareholders are not aware of any impending or contemplated event or occurrence that would cause any of the foregoing representations not to be true and complete on the Closing Date.

5. **Foundation's Representations and Warranties.** The Foundation makes the following representations and warranties to Corporation and Shareholders, each of which is true and correct on the date hereof, and shall survive the closing of the transactions provided for herein. All references to the "best knowledge of Foundation" shall be deemed to include only the actual knowledge of the Foundation.

a. **Authority.** The Foundation has full power and authority to acquire and/or otherwise accept the shares, to execute, deliver and perform this Agreement and to carry out the transactions contemplated hereby.

b. **Brokerage.** The Foundation has neither retained nor are obligated to any person for brokerage, finder's fees or commissions or other similar charges resulting from or arising out of the transactions contemplated in this Agreement, and will hold Shareholders and Corporation harmless from any broker or other party claiming through the Foundation.

c. **No Breach.** The execution and delivery by the Foundation of this Agreement and the performance by the Foundation of its obligations hereunder will not violate or contravene any order, judgment or decree of any court or governmental agency or any provisions of the Foundation's governing documents, and will not violate, be in conflict with, result in a breach of, or constitute a default under any contract to which the Foundation is a party or by which the Foundation is or may be bound.

d. **Licensee Qualifications.** To the best knowledge of Foundation, the Foundation has not engaged in any course of conduct which would preclude or impair Corporation's ability to maintain its FCC authorizations and knows of no reason why the FCC would not permit the transfer of control of the Corporation to the Foundation as contemplated by this Agreement.

e. **Absence of Conflicting Agreements.** The execution, delivery and consummation of this Agreement by the Foundation will not (i) conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any provision of law, or any indenture, agreement, decree, judgment or other instrument to which the Foundation is now subject, and (ii) require the consent of any third party except as specified herein.

f. **No Litigation.** To the best of Foundation's knowledge, there is no judgment or decree, outstanding litigation or other investigation pending, or proceeding pending or threatened, which might adversely affect the Foundation's power, authority or ability to enter into this Agreement and to carry out the transactions contemplated herein; the Foundation does not know or have reasonable grounds to know of any basis for such litigation, proceeding or investigation.

g. **Full Disclosure.** The Foundation is not aware of any impending or contemplated event or occurrence that would cause any of the foregoing representations not to be true and complete on the Closing Date.

6. **Covenants of Corporation and Shareholders.** Corporation and Shareholders agree that between the date of this Agreement and the Closing Date:

- a. Conduct of Business in Normal Course. Shareholders will cause Corporation to carry on the business and other activities of Corporation diligently and in substantially the same manner as they previously have been carried on and shall not make or institute any unusual or novel methods of operation that vary materially from those methods used by Corporation and Shareholders as of the date of this Agreement, except as otherwise approved by the Foundation in advance.
- b. Preservation of Business and Relationships. Shareholders will use their best efforts to preserve the business of the Corporation intact, and to preserve Corporation's present relationships with suppliers, customers, advertisers and others having business relationships with Corporation.
- c. Corporate Matters. Except with the prior written consent of the Foundation, Shareholders will not, nor cause Corporation to: (i) amend its articles of incorporation or bylaws; (ii) issue any additional shares of its capital stock; or (iii) issue or create any warrants, obligations, subscriptions, options, convertible securities, or other commitments under which any additional shares of Corporation's capital stock of any class might be directly or indirectly authorized, issued or transferred from treasury.
- d. Maintenance of Insurance. Shareholders will use reasonable efforts to cause Corporation to continue to carry its existing policies of insurance, subject to variations in amounts required by the ordinary operations of the Station.
- e. Employees and Compensation. Except as provided in Section 7.g. hereof and any other employment or severance arrangements approved in advance by the Foundation, Shareholders will not cause Corporation to do, or agree to do, any of the following acts without the Foundation's prior consent: (i) make any change in compensation payable or to become payable by it, to any officer or director of Corporation; (ii) make any change in benefits payable to any officer or director of Corporation; (iii) enter into any written employment agreement with any employee of Corporation or in any way alter the "at-will" employment status of the employees of Corporation; or (iv) enter into any severance or similar arrangement in respect of any present or former employee of Corporation.
- f. No Material Contracts. Shareholders will not cause Corporation, without the Foundation's prior consent, to enter into any contract, commitment, or transaction not in the usual and ordinary course of the business of the Corporation, except as may be reasonably required in relation to attorneys fees, accountants fees, engineers fees and all other reasonable costs related to the Transfer contemplated by this Agreement.
- g. Payment of Liabilities and Waiver of Claims. Shareholders will not cause Corporation to do, or agree to do, any of the following acts: (i) pay any obligation or liability, fixed or contingent, of Corporation, other than current liabilities incurred in the ordinary course of the Business or in relation to attorneys fees, accountants fees, and all other costs related to the Transfer contemplated by this Agreement; (ii) waive or compromise any material right or claim of Corporation; or (iii) cancel, without full payment, any material note, loan or other obligation owing to Corporation.

h. No Asset Sale. Shareholders will not cause Corporation to sell, lease or transfer any of the material assets or properties of Corporation except for incidental sales, leases or transfers in the ordinary course of the operation of the Station.

i. Maintenance of Property. Shareholders shall cause Corporation to operate, maintain and repair its assets used in the operation of the Station in the usual and ordinary course of the business of the Corporation.

j. Continuing Obligation of Disclosure. Shareholders shall have a continuing obligation to promptly notify the Foundation in writing with respect to any matter actually known to Shareholders hereafter arising or discovered that Shareholders believe would be material information to the Foundation.

7. Conditions Precedent to Foundation's Performance. The obligations of the Foundation to purchase and/or otherwise accept the Stock under this Agreement are subject to the satisfaction, on or before the Closing Date, of all of the conditions set out below in this Section 7. The Foundation may waive, in writing, any or all of said conditions in whole or in part without prior notice.

a. Accuracy of Corporation's and Shareholders' Representations and Warranties. All representations and warranties by Corporation and Shareholders in this Agreement, or in any written document that shall be delivered to the Foundation by Corporation and/or Shareholders under this Agreement, shall be true to the best knowledge of Shareholders on and as of the Closing Date as though made on and as of that date.

b. Performance by Corporation and Shareholders. Corporation and Shareholders shall have performed, satisfied, and complied with all covenants, agreements, and conditions required by this Agreement to be performed satisfied or complied with by Corporation and/or Shareholders on or before the Closing Date.

c. Absence of Litigation. No litigation shall have been commenced or threatened, and no investigation by any governmental entity shall have been commenced, against the Foundation, Corporation and/or Shareholders seeking to enjoin or terminate the transactions contemplated hereby.

d. FCC Authorization. All FCC approvals and authorizations contemplated by this Agreement shall have been granted, and unless waived by the Foundation, such grants shall have become a Final Order, without any conditions materially adverse to the Foundation, and on terms no more onerous to the Foundation than are the terms to Corporation and Shareholders under the existing FCC authorizations.

e. No Material Adverse Change. During the period from the date of this Agreement to the Closing Date, there shall not have been any material adverse change in the financial condition or the results of operations of Corporation, except due to the incurrence of liabilities for costs, such as attorneys' fees and accountants' fees related to the transaction

contemplated by this Agreement, Corporation shall not have sustained any loss or damage to its assets, whether or not insured, that adversely and materially affects its ability to conduct a material part of the Business.

f. Other Consents. All other necessary agreements with and consents from Shareholders, Corporation and third parties, to the consummation of the transactions contemplated by this Agreement, or otherwise pertaining to the matters covered by it, shall have been obtained.

g. Employment Contracts. The Foundation shall have approved any employment contracts between the Corporation and any employee, including Robertson C. Scott, Jr. and Robertson C. Scott.

h. Sale of Michael's Plaza. That certain real property commonly referred to as "Michael's Plaza", which is located at 4020-4040 East Main Street in Ventura, California, shall have been sold and the Foundation shall have received cash sufficient to pay the Consideration set forth in this Agreement.

8. Conditions Precedent to Shareholders' Performance. The obligations of Shareholders to sell and/or otherwise contribute the Stock under this Agreement are subject to the satisfaction, on or before the Closing Date, of all of the conditions set out below in this Section 8. Shareholders may waive any or all of said conditions in whole or in part without prior notice; provided, however, that any such waiver of a condition shall constitute a waiver by Shareholders of all related rights or remedies, at law or in equity, whether or not the Foundation should be in breach of any of its representations, warranties, or covenants under this Agreement.

a. Accuracy of Foundation's Representations and Warranties. All representations and warranties made by the Foundation contained in this Agreement or in any written document delivered to Shareholders by Foundation under this Agreement shall be true to the best knowledge of Foundation on and as of the Closing Date as though made on or as of that date.

b. Performance by Foundation. The Foundation shall have performed, satisfied, and complied with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by it on or before the Closing Date.

c. Absence of Litigation. No litigation shall have been commenced or threatened, and no investigation by any governmental entity shall have been commenced, against Foundation, Corporation and/or Shareholders seeking to enjoin or terminate the transactions contemplated hereby.

d. FCC Authorization. All FCC approvals and authorizations contemplated by this Agreement shall have been granted, and unless waived by Foundation, such grants shall have become a Final Order.

e. Other Consents. All other necessary agreements with and consents from the Foundation and third parties to the consummation of the transactions contemplated by this Agreement, or otherwise pertaining to the matters covered by it, shall have been obtained.

9. **Indemnification.**

a. **Shareholders' Indemnity.** Shareholders, jointly and severally, shall indemnify, defend, and hold harmless Corporation and the Foundation against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorneys' fees, that Corporation and/or Foundation shall incur or suffer and which arise, result from, or relate to: (i) operations, activities, or claims, whether or not known or expressed, concerning the Station or this Agreement arising prior to the Closing Date; (ii) any breach of any representation or warranty of Shareholders contained in or made pursuant to this Agreement; and/or (iii) the breach of any covenant of Shareholders contained in this Agreement. Corporation and/or Foundation shall promptly notify Shareholders in writing of the existence of any claim, demand, or other matter to which Shareholders' indemnification obligations would apply and shall give Shareholders a reasonable opportunity to defend the same at Shareholders' own expense and with counsel of Shareholders' own selection but reasonably acceptable to Corporation and Foundation, provided that Corporation and/or Foundation shall at all times also have the right to fully participate in the defense at their own expense. If Shareholders shall, within a reasonable time after said notice, fail to defend, Corporation and/or Foundation shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), said claim, demand or other matter on behalf, for the account, and at the risk, of Shareholders.

b. **Foundation's Indemnity.** Foundation shall indemnify, defend and hold harmless Shareholders against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorneys' fees, that Shareholders shall incur or suffer and which arise, result from, or relate to: (i) operations, activities, or claims, whether or not known or expressed, concerning the Station or this Agreement arising on or after the Closing Date; (ii) any breach of any representation or warranty of Foundation contained in or made pursuant to this Agreement; and/or (iii) the breach of any covenant of Foundation contained in this Agreement. Shareholders shall promptly notify Foundation in writing of the existence of any claim, demand, or other matter to which Foundation's indemnification obligations apply and shall give Foundation a reasonable opportunity to defend the same at Foundation's own expense and with counsel of Foundation's own selection but reasonably acceptable to Shareholders, provided that Shareholders shall at all times also have the right to fully participate in the defense at their own expense. If Foundation shall, within a reasonable time after said notice, fail to defend, Shareholders shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), said claim, demand or other matter on behalf, for the account, and at the risk, of Foundation. This Section 9.b. shall not apply to any taxes, liabilities or claims arising out of, resulting from, or relating to the Shareholders' characterization of the Transfer for purposes of reporting the Transfer to federal and state taxing authorities.

10. **Corporate Changes.** On the Closing Date, concurrently with the closing of the Transfer, the Shareholders shall elect and appoint new directors and officers of Corporation in accordance with Corporation's Articles, Bylaws and other corporate documents, according to the requests of the Foundation, in its sole discretion.

11. Termination.

a. Termination of Agreement. This Agreement may be terminated at any time on or prior to the Closing Date: (i) by the mutual consent of Shareholders and Foundation; (ii) by any party hereto if the FCC has denied the approvals contemplated by this Agreement in an order which has become Final; (iii) by any party hereto if the FCC Final Order is not received by March 1, 2004; (iv) by Foundation if the conditions set forth in Section 7 have not been satisfied on or before the Closing Date; (v) by Shareholders if the conditions set forth in Section 8 have not been satisfied on or before the Closing Date; (vi) by Foundation in the event of a material breach by Shareholders of any of their representations, warranties, covenants and agreements under this Agreement which is not cured by Shareholders; (vii) by Shareholders in the event of a material breach by Foundation of any of its representations, warranties, covenants and agreements under this Agreement which is not cured by Foundation; or (viii) by Foundation pursuant to Section 11.b.

b. Risk of Loss. The risk of loss, damage or destruction to any of the assets of Corporation used in the operation of the Business from fire or other casualty or cause shall be borne by Shareholders at all times up to the Closing Date, and it shall be the responsibility of Shareholders to repair or cause to be repaired and to restore said assets to their condition prior to any such loss, damage or destruction. In the event that such assets are not completely repaired, replaced or restored on or before the Closing Date, or are not reasonably anticipated to be repaired, replaced or restored within ten (10) days after the Closing Date, Foundation at its sole option: (i) may elect to postpone Closing until such time as such assets have been completely repaired, replaced or restored to the reasonable satisfaction of Foundation and, if necessary, Shareholders shall join Foundation in requesting from the FCC any extensions of time in which to consummate the Closing that may be required in order to complete such repairs; (ii) may elect to consummate the Transfer and accept the assets of Corporation in their then condition; or (iii) may terminate this Agreement.

12. General Provisions.

a. Good Faith. Wherever in this Agreement a party has the right to approve an act of another party, the former shall exercise such discretion in good faith and according to normal commercial standards. Similarly, where a party is required to satisfy a condition or complete an act in a certain fashion or within a specified time period, that party shall pursue such objectives in good faith and make all reasonable efforts to accomplish the same; the other party shall likewise in good faith cooperate and assist the other party in accomplishing this task to cause the consummation of the agreement as intended herein. The parties shall further cooperate to obtain promptly the approval of the FCC with respect to the application for transfer of control of Corporation.

b. Other Instruments. The parties shall, whenever and as often as reasonably requested to do so by the other party, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered any and all documents and instruments as may be necessary, expedient or proper in the reasonable opinion of the requesting party to carry out the intent and purposes of this Agreement, provided that the requesting party shall bear the cost and expense of such further instruments or documents (except that each party shall bear its own attorneys' fees).

c. Construction. The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of all parts of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party, as each party has participated in the drafting of this document and had the opportunity to have their counsel review it.

d. Captions, Headings, Exhibits and Abbreviations. The captions and headings of this Agreement are for convenience only and have no force and effect in the interpretation or construction of this Agreement. Words indicated in parenthesis signify an abbreviation for the previous set of words or terms, so that when the abbreviation is used within the Agreement, it shall have the same meaning as a full statement of the words or terms. All exhibits attached to this Agreement are incorporated by this reference as though fully stated in this Agreement.

e. Severability. If any term, provision, covenant or condition of this Agreement shall be or become illegal, null, void or against public policy, or shall be held by any court of competent jurisdiction to be illegal, null, void or against public policy, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected or invalidated thereby. The term, provision, covenant or condition that is so invalidated or held to be unenforceable shall be modified or changed by the parties to the extent possible to carry out the intentions and directives set forth in this Agreement.

f. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

g. Assignment. A party shall not voluntarily or by operation of law assign, hypothecate, give, transfer, mortgage, sublet, license, or otherwise transfer or encumber all or any part of its rights, duties or other interests in this Agreement or the proceeds thereof (Assignment), without the other party's prior written consent. Any attempt to make an Assignment in violation of this provision shall be a material default under this Agreement and shall be null and void.

h. Successors and Assigns. This Agreement shall be binding on and shall inure to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns.

i. Waiver. The waiver of any breach of any provision hereunder by any party to this Agreement shall not be deemed to be a waiver of any preceding or subsequent breach hereunder, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

j. Governing Law. The validity and interpretation of this Agreement shall be governed by the laws of the State of California, with venue for all purposes to be proper only in the County of Santa Barbara, State of California.

k. Notices. All notices, approvals, acceptances, demands and other communications required or permitted hereunder, to be effective, shall be in writing and shall be delivered either in person or by U.S. mails (postage prepaid, registered or certified, return receipt requested) or by

Federal Express or other similar overnight delivery service to the party to whom the notice is directed at the address of such party as follows:

To Shareholders:

Robertson C. Scott, Trustee
4005 Ramitas Road
Santa Barbara, CA 93110

Robertson C. Scott, Jr.
4989 Yapple Avenue
Santa Barbara, CA 93111

Michael Towbes
21 East Victoria Street, Suite 200
Santa Barbara, CA 93101-2605

David H. Anderson, Trustee
1114 State Street, Suite 200
Santa Barbara, CA 93101

Jean and Arent Schuyler, Trustees
3239 Cliff Drive
Santa Barbara, CA 93109

To Foundation:

Dr. Charles O. Slosser, President
Santa Barbara Foundation
15 E. Carrillo Street
Santa Barbara, CA 93101

Any written communication given by mail shall be deemed delivered two (2) business days after such mailing date and any written communication given by overnight delivery service shall be deemed delivered one (1) business day after the dispatch date. Either party may change its address by giving the other party written notice of its new address as herein provided.

l. Arbitration. Any dispute or controversy arising under, out of, or in connection with this Agreement, or relating to the breach, enforcement or interpretation of this Agreement, shall be submitted to and be determined and settled by arbitration with a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any award rendered by such arbitrator shall be final, conclusive, and binding on each and all of the parties hereto, their respective heirs, personal representative, successors and assigns, and judgment thereon shall be entered and subject to confirmation in any Santa Barbara Superior Court.

m. Equitable Remedies. Each party acknowledges that a remedy at law for any breach or attempted breach of this Agreement will be inadequate, agrees that each other party shall be entitled to specific performance and injunctive and other equitable relief in case of any such breach or attempted breach, and further agrees to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

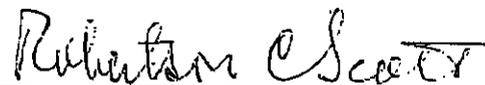
n. Authorizations. All officers and individuals executing this and other documents on behalf of the respective parties do certify and warrant that they have the capacity and have been duly authorized to so execute the documents on behalf of the entity so indicated. Each signatory shall also indemnify the other parties to this Agreement, and hold them harmless, from any and all damages, costs, attorneys' fees, and other expenses, if the signatory is not so authorized.

o. Survival. The representations, warranties, covenants and indemnification provisions made in this Agreement shall survive the closing of the transactions contemplated in this Agreement.

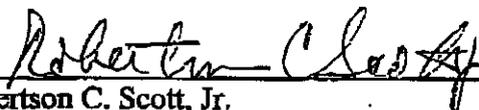
p. Entire Agreement and Amendment. This Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature binding except as stated in this Agreement. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

SHAREHOLDERS



Robertson C. Scott, Trustee
Survivor's Trust, Robertson & Henryetta Scott
Trust



Robertson C. Scott, Jr.



Michael Towbes



David H. Anderson, Trustee of the David H.
Anderson Trust u/d/t dated June 18, 1992



Jean K. Schuyler, Trustee of the Jean Kellogg
Schuyler Trust u/d/t dated December 21, 1990

Arent H. Schuyler, Jr. Trustee
Arent H. Schuyler, Jr., Trustee of the Arent/Henry
Schuyler Trust u/d/t dated December 21, 1990

FOUNDATION

SANTA BARBARA FOUNDATION,
a California nonprofit public benefit corporation

Charles O. Slosser
By: Charles O. Slosser, President

ATTEST:

By: Shirley Ann Hueley
Secretary

CORPORATION

PACIFIC BROADCASTING COMPANY,
a California corporation

By: Robertson C. Scott, Jr.
Robertson C. Scott, Jr., President

ATTEST:

By: Jean K. Schuyler
Jean K. Schuyler, Secretary

EXHIBIT B

A	B	C	D	E	F	G	H	I
Robertson C. Scott, Jr.	1,126,3284	1,126,3284	\$516,038.62	0	N/A	N/A	0	\$516,038.62
Robertson C. Scott as Trustee of the Survivor's Trust, Robertson & Henryetta Scott Trust	943,8356	943,8356	\$432,427.72	0	N/A	N/A	0	\$432,427.72
Michael Towbes	1,699.7177	0	N/A	0	N/A	N/A	1,699.7177	\$0
David H. Anderson, as Trustee of the David H. Anderson Trust w/d/t dated 6/18/92	1,699.7177	849.8589	\$389,371.35	0	N/A	N/A	849.8588	\$389,371.35
Arent H. Schuyler, Jr., as Trustee of the Arent Henry Schuyler Trust w/d/t dated 12/21/90	850.3588	425.1794	\$194,800.19	0	N/A	N/A	425.1794	\$194,800.19
Jean K. Schuyler, as Trustee of the Jean Kellogg Schuyler Trust w/d/t dated 12/21/90	849.3588	424.6794	\$194,571.11	0	N/A	N/A	424.6794	\$194,571.11
Column Totals	7,169.317	3,769.8817	\$1,727,208.99	0	N/A	N/A	3,399.4353	\$1,727,208.99

Exhibit B Approved:

Robertson C. Scott, Jr.
Robertson C. Scott, Jr.

Dated: 2/14/03

Robertson C. Scott
Robertson C. Scott, Trustee of the Survivor's Trust,
Robertson & Henryetta Scott Trust

Dated: 2/14/03

Michael Towbes
Michael Towbes

Dated: 2/14/03

David H. Anderson
David H. Anderson, Trustee of the
David H. Anderson Trust u/d/t dated 6/18/92

Dated: _____

Arent H. Schuyler, Jr.
Arent H. Schuyler, Jr., Trustee of the
Arent Henry Schuyler Trust u/d/t dated 12/21/90

Dated: _____

Jean K. Schuyler, Jr.
Jean K. Schuyler, Jr., Trustee of the
Jean Kellogg Schuyler Trust u/d/t dated 12/21/90

Dated: _____