

# **ASSET PURCHASE AGREEMENT**

*Entered into Between*

**SIGNAL COMMUNICATIONS, INC.**

[ *SELLER* ]

*and*

**ALEXANDRA COMMUNICATIONS, INC.**

[ *BUYER* ]

**For Purchase and Sale of  
Assets Pertaining to**

**Radio Station  
KEUG (FM)  
Cottage Grove, Oregon**

September , 2003

## TABLE OF CONTENTS

*Section*

*Page*

# ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), made and entered into this \_\_\_\_ day of September, 2003 by and between **Signal Communications, Inc.**, an Oregon corporation (hereinafter referred to as "Seller"), and **Alexandra Communications, Inc.**, a Washington corporation (hereinafter referred to as "Buyer"):

WITNESSETH:

**WHEREAS**, Seller is the owner, operator, and licensee of Radio Station **KEUG (FM), Cottage Grove, Oregon** ("Station"), pursuant to valid licenses issued by the Federal Communications Commission ("FCC" or the "Commission"); and

**WHEREAS**, Buyer desires to acquire certain of the real and personal property, assets and rights used, useful or intended to be used, in the business and operation of Station and to secure an assignment of the licenses and other authorizations ("FCC Licenses") issued by the Commission for the operation of Station, and Seller desires to sell, assign, transfer and convey the same to Buyer; and

**WHEREAS**, Seller and Buyer will not be able to consummate this Agreement and the FCC Licenses may not be assigned until after the Commission has granted its consent and approval to the transactions contemplated herein;

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

**1. DEFINITIONS.** Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

**1.1 Assignment Application** (or Application) refers to an application which the parties hereto will join in and file with the Commission requesting its written consent to the terms of this Agreement and the assignment of the FCC Licenses from Seller to Buyer.

**1.2 Closing Date** means a date mutually to be designated by Buyer and Seller which shall not be earlier than January 1, 2004, and which shall not be prior to the date the Commission Notice of grant of the Assignment Application becomes a Final Order, as defined herein;

**1.3 Final Order** means an Order of the Commission granting its consent and approval to the assignment of the FCC Licenses to Buyer, which Order is no longer subject to rehearing, reconsideration or review by the Commission, or to a request for stay, an appeal or review by any court under the Communications Act of 1934, or the Rules and Regulations of the Commission.

**1.4 Closing Place** means the offices of Station in Cottage Grove, or such other convenient place to which Buyer and Seller may mutually agree.

**2. ASSETS SOLD AND PURCHASED.** Seller, on the Closing Date at the Closing Place, will sell, transfer, convey, assign and deliver to Buyer the following assets, business, rights, privileges and immunities of Seller and Station:

2.1 The Station, as a going concern, together with all FCC Licenses and authorizations, and all right, title and interest in and to the Call Letters, "KEUG (FM)." A listing of the FCC Licenses is attached hereto as **Appendix A** and made a part of this Agreement.

2.2 All tangible personal property, physical assets, fixtures, leasehold improvements, and equipment, including supplies, owned or hereinafter acquired by Seller, used, useful, or intended for use, in the operation of Station, all of which items are listed in **Appendix C** attached hereto, together with any replacements or additions thereto made between the date hereof and the Closing Date, less any retirements made in the ordinary and usual course of business.

2.3 The leases, contracts, franchises and agreements listed and described in **Appendix D-1** attached hereto, together with such other leases, contracts, franchises, permits, and agreements made in the ordinary course of business which may be in effect on the Closing Date.

2.4 All contracts and agreements for the sale of time on Station. A full and complete schedule or listing of all such contracts or agreements shall be furnished to Buyer on the Closing Date.

2.5 All Trade and Barter Accounts of Seller, a listing of which is included in **Appendix D-2** attached hereto. A complete listing shall be provided to Buyer by Seller on the Closing Date.

2.6 Seller's rights in and to copyrights, tradenames, trademarks, service marks, logos, and the like and such other intangibles owned or held by Seller for the operation of Station which are listed in **Appendix E**.

2.7 The documents maintained in the Station's Public File.

2.8 The program, operating and maintenance logs of Station.

2.9 All goodwill.

2.10 Prepaid items, and pre-paid taxes, as pro-rated at Closing.

**3. EXCLUDED ASSETS AND LIABILITIES.** It is understood and agreed that the assets and liabilities being sold to Buyer do not include cash on hand, or in bank, accounts receivable, notes receivable or securities owned by Seller, credit lines with local banks, debts of Seller, current accounts payable due on or before the Closing Date, or any other assets or liabilities not specified in this Agreement or the attached Appendices, which assets and liabilities shall remain the property and/or responsibility of Seller.

**4. PURCHASE PRICE, ALLOCATION, AND METHOD OF PAYMENT.**

**4.1 Purchase Price.** The purchase price to be paid by Buyer to Seller for all of the property, assets, contracts, and rights to be acquired hereunder shall, subject to the adjustments provided for below, be the sum of One Million and no/100 Dollars (\$1,000,000.00).

**4.2 Allocation.** The Purchase Price shall be allocated among the Purchased

Assets in accordance with an Allocation Schedule prepared pursuant to Section 1060 of the Code and set forth in **Appendix F**, attached hereto and made a part hereof.

**4.3 Method of Payment.** The purchase price shall be paid by Buyer to Seller in the following manner:

4.3.1 Buyer has made an escrow deposit of Fifty Thousand and no/100 Dollars (\$50,000.00). The Escrow funds shall be held in escrow in an interest bearing account in accordance with the terms of the Escrow Agreement attached hereto as **Appendix G** and made a part of this Agreement. At Closing the principal amount of the Escrow Funds shall be released and delivered to Seller as a credit against the purchase price. All accrued interest earned on the Escrow Funds shall be paid over to Buyer at Closing.

4.3.2 At the Closing, Buyer shall deliver to Seller, in the form of a certified bank cashier's check, wire transfer, or other immediately available funds, the sum of Nine Hundred Fifty Thousand and no/100 Dollars (\$950,000.00), as adjusted pro-rata, which, together, with the Escrow Funds, shall constitute payment in full. The Option Payment previously made by Buyer shall be deducted from the Closing down payment.

**5. PRORATIONS AND ADJUSTMENTS.** The expenses attributable to the operation of Station up to the closing of business on the Closing Date shall be for the account of Seller and thereafter for the account of Buyer. The proration shall be made and paid, insofar as feasible, on the Closing Date, with a final settlement to be held, if necessary, three (3) months after the Closing Date.

**6. CONSENT OF THE COMMISSION.** It is specifically understood and agreed that the consummation of this Agreement shall be subject to the prior consent of the Commission without conditions materially adverse to Buyer. Upon the execution of this Agreement, Seller and Buyer will, each at their own expense, proceed to expeditiously prepare and file with the Commission the requisite Assignment Application to secure such consent, together with such other necessary instruments and documents as may be required within fifteen (15) days of the date hereof, and thereafter to prosecute said Application with diligence, and to cooperate with each other and to use their best efforts in good faith to obtain the requisite consent and approval promptly and to carry out the provisions of this Agreement.

**7. LEGAL NOTICE OF ASSIGNMENT APPLICATION.** Upon the filing of the Assignment Application, Seller shall be responsible for, and shall take the necessary steps, to provide such local public notice concerning the filing as is required by the Rules of the Commission.

**8. POSSESSION AND CONTROL.** Between the date of this Agreement and the Closing Date, Buyer shall not control the operation of Station, but such operation shall be the responsibility of Seller. Buyer shall, however, be entitled to reasonable inspection of the premises and assets, and to notice of any unusual operating problems or developments with the purpose that an uninterrupted and efficient transfer of ownership may be accomplished.

**9. TERMINATION OF AGREEMENT.** This Agreement may be terminated in the following circumstances:

**9.1 No Action by the FCC.** If the Commission has not acted upon and granted its consent and approval to the Assignment Application within six (6) months from the date the Application is announced in the FCC's Public Notices as accepted for filing with the Commission, this Agreement, at the option of either Seller or Buyer, and upon ten (10) days written notice to the other party, will become null and void; provided, however, that the party giving such notice is not in default of any provision of this Agreement.

**9.2 Default of Either Party.** This Agreement may also be terminated either Party in the event of the other Party's default hereunder, provided that the notifying Party is not itself in default. The notifying party shall provide notice to the defaulting party regarding the default, and shall provide the defaulting party with 30 days to cure the default.

**9.3 Failure to Close.** This Agreement may be terminated by the non-defaulting Party with notice to the defaulting Party if either Party fails to close timely. Termination shall be effective upon notice, and no cure period shall be available.

## **10. REMEDIES OF PARTIES**

**10.1 Seller's Remedies.** The parties hereto understand and agree that the damages to Seller as a result of Buyer's failure to consummate this Agreement would be difficult to ascertain with any degree of precision. Accordingly, in the event this Agreement is not consummated by reason of a default on the part of Buyer in material breach of Buyer's covenants, warranties and representations, or other obligations under this Agreement, the Fifty Thousand and no/100 Dollars (\$50,000.00) Escrow deposit, together with all accrued interest thereon, shall be paid to Seller as liquidated damages for Buyer's default, it being agreed that said sum shall constitute full payment for any damages suffered by Seller by reason of Buyer's failure to consummate this Agreement.

**10.2 Buyer's Remedies.** The parties mutually understand and agree that the assets and property to be transferred pursuant to this Agreement are unique and cannot readily be purchased on the open market. For that reason, in the event Seller fails to consummate this Agreement, and such failure is by reason of a default of Seller or material breach of Seller's obligations under this Agreement, the rights of Buyer under this Agreement, as well as the obligations of Seller, shall be enforceable by decree of specific performance, subject to Commission consent. In the event that Buyer does not seek specific performance, Buyer shall be entitled to return of the Escrowed Funds, together with all interest thereon, in addition to any other damages to which it may be entitled.

**11. SELLER'S AFFIRMATIVE COVENANTS, REPRESENTATIONS AND WARRANTIES.**  
Seller covenants, represents and warrants to Buyer that:

**11.1 Organization and Standing.** Seller is now, and on the Closing Date will be, a corporation duly organized, validly existing, and permitted to carry on the business of Station as presently conducted under the laws of the State of Oregon.

**11.2 Authorization.** Seller has full power and authority to enter into this Agreement; the execution and delivery of this Agreement have been duly approved by the Board of Directors and shareholders of Seller; and the Agreement constitutes a valid and binding obligation of Seller in accordance with its terms.

**11.3 FCC Licenses.** Seller is now and on the Closing Date will be the holder of the FCC Licenses and permits as listed in *Appendix A*. The FCC Licenses are now and on the Closing Date will be, in full force and effect. Seller shall have a reasonable opportunity prior to the Closing Date to contest in good faith or otherwise seek removal or rescission of any Notice of Violation or Apparent Liability issued or threatened by the Commission after the date hereof (so that no delay in the Closing will result), or to pay the same in full, without being deemed in default or in breach hereunder.

**11.4 Operation of Station.** Between the date hereof and the Closing Date, the Station shall be operated in the normal and usual manner and in material compliance with the FCC Licenses, the Communications Act, and the Rules and Regulations of the Commission.

**11.5 Schedules of Assets.** All of the Personal Tangible Assets are, without material omission, properly described and accurately listed in *Appendix C* attached hereto.

**11.6 Title to Personal Tangible Assets.** On the Closing Date Seller shall have good and marketable title to the Personal Tangible Assets to be conveyed and assigned pursuant to this Agreement, free and clear of all liens, charges, security interests, equities, encroachments and encumbrances, except as otherwise disclosed on *Appendix C*.

**11.7 Adequacy, Condition and Maintenance of Equipment.** Buyer has inspected all of the Personal Tangible Assets and accepts their condition on an “as is) where is” basis. On the Closing Date the equipment will be in substantially the same operating condition as it is on the date this Agreement is signed, normal wear and tear excepted.

**11.8 Litigation.** Except as listed in *Appendix H*, there is not now, and on the Closing Date there will not be, any judgment outstanding, or any claim, litigation, proceeding or investigation pending, or to the knowledge of Seller, threatened against Seller which would result in any material adverse change in the business, condition or earnings of Station.

**11.9 Access to Records.** Between the Date hereof and the Closing Date, Buyer and representatives of Buyer shall, upon reasonable advance notice and during normal business hours, be entitled to inspect the properties, titles, physical assets, contracts, and sales accounts of Station.

**11.10 Disclosure.** To Seller's knowledge and belief, no covenant, representation or warranty by Seller and no written statement, schedule or certificate furnished or to be furnished by it pursuant thereto or pursuant to the Closing hereunder contains or will contain any untrue statement of a material fact.

**11.11 Operation in Ordinary Course.** Between the date hereof and the Closing Date, Seller shall continue to operate Station in the usual and ordinary course of business.

**11.12 Employees.** Prior to the Closing Date, Seller will make appropriate arrangements for discharge of Station employees. Seller shall be responsible for payment of all payroll, vacation pay and all retirement, health benefits, and pension benefits that may be due to employees as of the Closing Date.

## **12. BUYER'S COVENANTS, REPRESENTATIONS AND WARRANTIES.**

Buyer covenants, represents and warrants to Seller that:

**12.1 Organization and Standing.** Buyer is, or will be, on the Closing Date, a corporation duly organized, validly existing and in good standing under the laws of the State of Washington, and will be entitled and fully qualified to do business in Oregon.

**12.2 Authorization.** Buyer has full power and authority to enter into this Agreement; the execution and delivery of this Agreement have been duly approved by the Board of Directors and shareholders of Buyer; and the Agreement constitutes a valid and binding obligation of Buyer in accordance with its terms.

**12.3 Assignment.** Buyer may not assign its rights and obligations under this Agreement to any party without the prior written consent of Seller. In the event of such approval, and Buyer's rights and obligations hereunder are assigned to a new or different corporation controlled by, controlling, or under common control with, Buyer, the Officers, Directors and stockholders of the corporation will take all legal steps necessary to ratify the execution of this Agreement, to legally bind the corporation, and to ensure that, on the Closing Date it will be a corporation duly organized and validly existing, and that it will be authorized to do business under the laws of the State of Oregon. Buyer hereby guarantees the full and complete performance of any such corporation.

**12.4 Assumption.** Buyer will, on the Closing Date, assume and fully and faithfully perform all obligations of Seller under the leases and executory contracts to be assigned and transferred to Buyer under this Agreement, as set forth in **Appendix D-1**, and the Trade and Barter Accounts of Seller outstanding as of the Closing Date.

**12.5 Financially Qualified.** Buyer has the financial resources to consummate and fully perform this Agreement according to its terms.

**12.6 FCC Qualifications.** Buyer possesses all of the requisite qualifications to become a Licensee of the Federal Communications Commission, and knows of no reason why the Commission should not find the Buyer fully qualified. Buyer shall cooperate fully and in good faith in supply the Commission with any information requested on the Assignment Application or thereafter, and shall take no action, nor fail to take such action as is required to demonstrate to the Commission Buyer's qualifications to be a licensee of the Commission.

**13. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS.** The obligation of Seller to consummate the transaction contemplated hereby and to assign, transfer and convey all of the assets and rights described herein to Buyer, is subject to the fulfillment prior to or at the Closing Date of each of the following conditions:

**13.1 Commission Approval.** That the Commission shall have consented to the Assignment Application without conditions materially adverse to Seller, and such consent shall have become a Final Order.

**13.2 Taxes, Fees and Expenses.** That, except as otherwise provided herein, Buyer shall have paid at or before Closing, all sales, documentary, transfer or other taxes or fees assessed or



levied against it in connection with the sale to Buyer hereunder, together with all costs and expenses of its performance of and compliance with all agreements and covenants contained in this Agreement to be performed or complied with by it. Provided, however, that Buyer shall pay any fee or charge made by the Commission pertaining to the filing, processing and granting of the Assignment Application.

**13.3 Representations and Warranties.** That the representations and warranties of Buyer contained in this Agreement, or in any related document attached or delivered pursuant hereto, shall be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of such time.

**13.4 Performance.** That Buyer shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

**14. RISK OF LOSS.** The risk of loss, damage or destruction to any of the property or assets to be transferred to Buyer hereunder from fire or other casualty or cause shall be borne by Seller at all times up to the close of business on the Closing Date, and thereafter shall be borne by Buyer. In the event that the property suffers damage prior to the Closing Date, and is not completely repaired, replaced or restored on or before the Closing Date, the parties, by agreement: (a) may elect to postpone Closing until such time as the property has been repaired, replaced or restored; or (b) may elect to consummate the Closing, with Buyer accepting the property in its then condition, in which event Seller shall assign to Buyer all proceeds of insurance theretofore received covering the property involved, any excess insurance proceeds to be redelivered to Seller.

**15. INDEMNIFICATION.**

**15.1 By Seller.** Seller hereby agrees to indemnify and hold Buyer, its successors and assigns, harmless from and against:

15.1.1 Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the operation of the Station prior to close of business on the Closing Date.

15.1.2 Any and all damages or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any material agreement or obligation on the part of Seller under this Agreement.

15.1.3 Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees incident to any of the foregoing provisions.

If any claim or liability shall be asserted against Buyer which would give rise to a claim by Buyer against Seller for indemnification under the provisions of this Paragraph, Buyer shall promptly notify Seller in writing of the same and Seller shall, at its own expense, respond to or defend against any such claim.

**15.2 By Buyer.** Buyer hereby agrees to indemnify and hold Seller, its successors and

assigns, harmless from and against:

15.2.1 Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the operation of the Station subsequent to close of business on the Closing Date, including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed subsequent to the close of business on the Closing Date under any contract or instrument assumed by Buyer hereunder.

15.2.2 Any and all damages or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any material agreement or obligation on the part of Buyer under, or pursuant to this Agreement, or from any material misrepresentation in or material omission from any certificate or other instrument furnished to Seller pursuant to this Agreement or in connection with any of the transactions contemplated hereby.

15.2.3 Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees incident to any of the foregoing provisions.

If any claim or liability shall be asserted against Buyer which would give rise to a claim by Seller against Buyer for indemnification under the provisions of this Paragraph, Seller shall promptly notify Buyer in writing of the same and Buyer shall, at its own expense, respond to or defend against any such claim.

**15.3 Materiality.** For purposes of this Paragraph, a material misrepresentation or omission or breach of warranty shall be deemed one in which the dollar amount in question exceeds the sum of Two Thousand Five hundred Dollars (\$2,500.00).

**16. SELLER'S PERFORMANCE AT CLOSING.** On the Closing Date at the Closing Place Seller shall execute and deliver or cause to be delivered to Buyer:

16.1 An Assignment to Buyer of the FCC Licenses for Station, together with any and all other related authorizations.

16.2 An Assignment to Buyer of all right, title and interest in and to the Call Letters KEUG (FM).

16.3 One or more Bills of Sale assigning, transferring and conveying to Buyer all of the Personal Tangible Assets to be acquired by Buyer pursuant to the terms of this Agreement.

16.4 An Assignment to Buyer of the leases, contracts, franchises and agreements to be assigned by Seller hereunder, and the original copies of said documents.

16.5 An Assignment of all intangibles sold by Seller.

16.6 An Assignment of all documents maintained in the Public File of the Station.

16.7 The files, records, and logs of Station, or copies thereof.

16.8 A copy of a Resolution of Seller's Board of Directors and shareholders, certified by Seller's Secretary, authorizing the execution, delivery and performance of this Agreement.

16.9 A Certification by Seller that all of the warranties and representations of Seller set forth in this Agreement are true as of the Closing Date, and that all of the covenants, agreements, and

obligations of Seller required to be performed prior to or on the Closing Date have been so performed.

16.10 Such instructions to the Escrow Agent so as to cause the Escrow Deposit provided for herein, to be released and delivered to Seller and Buyer as provided in the Escrow Agreement.

**17. BUYER'S PERFORMANCE AT CLOSING.** On the Closing Date at the Closing place Buyer shall deliver to Seller:

17.1 A certified bank cashier's check or other immediately available funds in the amount of Nine Hundred Fifty Thousand and no/100 Dollars (\$950,000.00);

17.2 Such documents as may be required in order to assume those contracts and agreements which Buyer has agreed to assume and perform.

17.3 A copy of a Resolution of Buyer's Board of Directors and shareholders, certified by an Officer of Buyer, authorizing the execution, delivery and performance of this Agreement.

17.4 A Certification by Buyer that all of the warranties and representations of Buyer set forth in this Agreement are true as of the Closing Date, and that all of the covenants, agreements, and obligations of Buyer required to be performed prior to or on the Closing Date have been so performed.

17.5 Such instructions to the Escrow Agent so as to cause the Escrow Deposit provided for herein, together with all accrued interest, to Seller and Buyer as provided in the Escrow Agreement.

**18. SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES.** The parties hereto understand and agree that all representations, covenants and warranties and agreements contained in this Agreement shall be deemed to be continuing and shall survive the Closing Date, the delivery of the property and assets to Buyer and the payment of the purchase price to Seller for a period of one (1) year.

**19. FINDERS, CONSULTANTS AND BROKERS.** Seller and Buyer hereby mutually represent and warrant that MCH Enterprises, Inc. is the sole and exclusive broker involved in this transaction. Buyer and Seller Agree that upon Closing, MCH Enterprises Inc. shall be paid a fee equal to seven and one-half percent (7 1/2 %) of the purchase price, and that Seller and Buyer shall share equally in this payment.

**20. NOTICES.** Any notice, consent, waiver or other communications hereunder shall be sent by certified or registered mail, return receipt requested, postage prepaid, or USPS Express air service, overnight air courier service or same day delivery service, to the address specified below (or at such other address which party shall specify to the other party in accordance herewith):

*If to Seller:*

Mr. Bernard Foster  
Signal Communications, Inc.  
P.O. Box 3088  
Portland, OR 97228

*with Copy to:*

Denise B. Moline, Esq.  
PMB #215  
1212 So. Naper Blvd., #119  
Naperville, IL 60540

*If to Buyer:*

Mr. Thomas D. Hodgins  
Alexandra Communications, Inc.  
1600 Gray Lynn Dr.  
Walla Walla, WA 99362

*with Copy to:*

Robert L. Thompson, Esq.  
Taylor, Thiemann & Aitkens  
908 King Street, Ste. 300  
Alexandria, VA 22314

Notice shall be deemed to have been given three business days after mailing if sent by registered or certified mail, or on the next business day if sent by USPS express mail, overnight air courier, or same day delivery service.

**21. FURTHER ASSURANCES.** The parties to this Agreement hereby each pledge to the other that they shall take whatever steps are reasonably necessary, in good faith, and shall use their best efforts to carry out their obligations under this Agreement so that the transactions contemplated herein shall be consummated in a complete and expeditious manner.

**22. OTHER DOCUMENTS.** The parties shall execute such other documents as may be necessary and desirable to the implementation and consummation of this Agreement.

**23. APPENDICES.** All Appendices attached to this Agreement shall be deemed to be part of this Agreement and incorporated in it, where applicable, as if fully set forth in the body of this Agreement. If any provision in any Appendix conflicts with or is not consistent with the provisions of this Agreement, the terms of this Agreement shall govern.

**24. SEPARATE COUNSEL.** Each party has retained independent counsel in connection with the negotiation and preparation of this Agreement, and have consulted with and sought advice from their respective counsel, prior to execution, concerning their respective rights and duties under this Agreement.

**25. HEADINGS.** The headings of the Sections of this Agreement are inserted as a matter of convenience and for reference purposes only and in no way define, limit or describe the scope of this Agreement nor the intent of any Section.

**26. CONSTRUCTION.** This Agreement shall be construed and enforced in accordance with the laws of the State of Oregon.

**27. ENTIRE AGREEMENT.** This Agreement contains all of the terms and conditions agreed upon with respect to the subject matter. No alteration, modification or change of this Agreement shall be valid unless by like instrument.

**28. SEVERABILITY.** If any provision or provisions contained in this Agreement is held to be invalid, illegal or unenforceable, this shall not affect any other provision hereof, and this Agreement shall

be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained herein.

**29. MODIFICATION AND WAIVER.** No modification or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing signed by the party against whom the waiver is sought to be enforced, and then such waiver and consent shall be effective only in the specific instance and for the purpose for which given.

**30. NO WAIVER; REMEDIES CUMULATIVE.** No failure or delay on the part of either party in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Seller and Buyer herein provided are cumulative and are not exclusive of any right or remedies which they may otherwise have.

**31. BENEFIT.** The parties understand and agree that this Agreement shall be binding upon and inure to the benefit of the parties hereto and, their successors and their assigns.

**32. ATTORNEYS' FEES.** In the event any action, suit or other proceeding is instituted by a party to enforce any of the terms and provisions contained herein, the prevailing party in such action shall be entitled to recover its costs and expenses, including reasonable attorneys' fees.

**33. COUNTERPARTS.** This Agreement may be signed by any number of counterparts with the same effect as if the signature of each such counterpart were upon the same instrument.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK**

**IN WITNESS WHEREOF**, the parties, by their duly-authorized representatives, have executed this Agreement as of the date and year first above written.

**SELLER**

**SIGNAL COMMUNICATIONS, INC.**

By:

Witness

Bernard Foster, President

**BUYER:**

**ALEXANDRA COMMUNICATIONS, INC.**

By:

Witness

Thomas D. Hodgins, President

## **A P P E N D I C E S**

<b>Appendix A</b>	FCC Licenses, Authorizations and Permits
<b>Appendix B</b>	Description of Real Property (None)
<b>Appendix C</b>	Inventory of Tangible Assets and Equipment
<b>Appendix D-1</b>	Contracts, Leases and Agreements to be Assumed by Buyer
<b>Appendix D-2</b>	Trade and Barter Accounts to be Assumed by Buyer
<b>Appendix E</b>	Copyrights, Trademarks, Tradenames, etc. (None)
<b>Appendix F</b>	Allocation of Purchase Price
<b>Appendix G</b>	Litigation (none)

KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX A  
KEUG (FM) LICENSES AND AUTHORIZATIONS

KEUG (FM) Construction Permit,   Granted: 9/15/1997

KEUG (FM) License                   Granted: 6/15/1998; expires 2/1/2006

Antenna Structure Registration      A0014488 - Western PCS-1 Corporation  
  A0048411 - Western Wireless Corporation

WPNM968 (Auxiliary License for Aural STL for use with KEUG)



KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX C  
TANGIBLE PERSONAL PROPERTY

**SCHEDULE "A"**  
**EQUIPMENT SCHEDULE**

QTY	EQUIPMENT DESCRIPTION	SERIAL NO
	<b><u>HARRIS CORPORATION</u></b>	
1	SNDLR 19 Inch x 6 Foot Cabinet	
1	Orban Digital Optimod with Three Digital Signal Processing (DSP) Cards	
1	Burk Technology Additional Studio Unit	
1	Burk Tech Enhanced Speech Intl	
1	Burk Computer Display Logging	
1	Burk Tech Auto Xmit Ctrl Software	
1	Moseley Transmitter for PCL6020/6030	
200 Ft	Andrew 1/2 Inch Foam Heliax Cable	
4	Andrew N Jack Female for 1/2 IN	
1	Comsat 6'940-960MHZ Grid NPres	
1	Sage Endec Eas Unit	
1	Comrex Auto-Answer Coupler	

**ABOVE EQUIPMENT LOCATION: 210 S. 5th Street, Cottage  
Grove, OR 97424**

KEUG 105.5

**SCHEDULE "A"**  
**EQUIPMENT SCHEDULE**

QTY	EQUIPMENT DESCRIPTION	SERIAL NO
	<b><u>HARRIS CORPORATION</u></b>	
1	Harris Z5CD 5kW Solid-state FM Transmitter equipped with Harris Digit Digital FM Exciter; for 1-phase AC mains power, 1 5/8" EIA flanged output connector.	MP001190-00004
1	Harris FML-3E Low Power Circularly Polarized FM Antenna, including the following components:	
1	FML Quarter Wave DC Shorting Stub	
380'	Andrew HJ7-50A 1- 5/8" Air Dielectric Heliax Coaxial Cable, 50 Ohm, Jacketed	
1	Andrew 87R 1-5/8" EIA Flange	
1	Andrew 87G 1-5/8" EIA Flange with Gas Barrier	
2	Andrew >=1-1/4IN & <=100Ft ANDCONNFE3	
1	Andrew 24312A Hoisting Grip, 1-5/8" Cable	
5	Andrew 42396A-2 Stainless Steel Hanger,	
2	Andrew 204989-4 Grounding Kit w/Attached Lug for 1-5/8: Cable	
2	Andrew 1-5/8 Inch EIA Flange GP	
2	Andrew 1061A, 1-5/8", 90 D. EIA Miter Elbow, Flanged	
5	5" to 6" leg, 2-1/2" Clearance	
5	Andrew 31670-5 Round Member Adaptors, 5" to 6" O.D.	
1	Andrew 40525A Manual Dehydrator 0.9 cu. ft./min (25 liters/min) dry air output, 120V, 60 Hz, 275 Watts.	
1	Signal To Link Processing Equipment, as follows:	
1	Moseley Receiver Only 9551995	
1	Scala Miniflector STL Antenna	
1	SNDLR 19 Inch X 6 Foot Cabinet	
1	Burk Technology Additional Transmitter Unit, Burk Unit is to have universal modems in both units with 92 KHZ subcarrier and 110 KHZ Mux, includes modem to connect to existing transmitter or existing studio unit.	
1	Burk Technology Relay Interface Panel	

**SCHEDULE "A"**  
**EQUIPMENT SCHEDULE**

QTY	EQUIPMENT DESCRIPTION	SERIAL NO
200 Ft	Andrew 1/2 Inch Foam Helix Cable	
4	Andrew N Jack Female for 1/2 In	
5	Andrew 43211 Stainless Steel Hangers, Kit of 10	
5	Andrew 31769-1 Hardware Kit of 10 Fillister-Head Bolts 3/8x1"	
	Lockwasher and Nuts	
5	Andrew 31760-1 Round Member Adaptors	
2	Andrew 204989-1 Grounding Kit w/Attached Lug, for 1/2" Cable	
1	Andrew 43094 Hoist Grip	
1	Andrew 40656-3 Wall/Roof Feed Thru	

**ABOVE EQUIPMENT LOCATION:** Atop Hansen Butte,  
Pleasant View Road (2.3 Kilometers Southeast of Cottage Grove)  
Cottage Grove, OR 94724

**HARRIS CORPORATION**

1	Burk Technologies SCA-2 Subcarrier Receiver, ARC-16TC-8. Provides 2-wire audio out to R/C studio unit when SCA telemetry return is used
2	Sennheiser Dynmc, Cardioid Mic
2	Sony CD Player without Infrared REM
2	Audiometrics Microphone Arm with Riser and Black Finish
2	Technics Double Auto-Revs Cassette Deck
1	Audioarts Console
1	Arrakis Deskstar Furniture Package
1	ATI Quad 1 x 4 + 18 Balance Distribution Amplifier
1	Alesis Reference Monitors (PR)
1	Crown Amplifier
1	Otari 1/4 Inch Two Track Record/Reproducer Reel to Reel Machine with Speaker

**SMARTS BROADCAST SYSTEMS**

1	SMASCASTER MPEG System with 1 gigabyte IDE Hard Drive, 8x2 SMART Switcher, 8 megabytes of RAM and a industrial rack mountable case
1	5 Gigabyte IDE Hard Drivr
1	28,800/33,600 Baud High Speed Modum

**ABOVE EQUIPMENT LOCATION:** 1 East Broadway, Suite 200,  
Eugene, OR 97401 (Lane County)

KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX D-1  
CONTRACTS TO BE ASSUMED

1. AP Agreement
2. Studio Lease

TH

KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX D-1; Schedule 1  
List of Advertising Contracts as of Sept. 23, 2003

**Customer**

AAA Homes & Interiors  
Ace Continous Gutters  
American Family Insurance  
books on main  
Bunny's Hangout  
Cascade Auto of Springfield  
Cascade Home Center  
Cottage Grove Chamber of Commerce  
Cottage Grove Depot  
Daily and Associates- SAFEWAY  
Debt Reduction Services  
El Rey Family  
Farmhand Feed & Homes Co  
Four Corner Buy & Sell  
Hidden Valley Steak & Seafood  
In-Touch Cellular/Paging  
Jerald Skeen  
Jim the Shoe Dr  
Klaasic Gift Basket Co.  
McCallum's Custom Catering  
Octavio Mendoza  
Oregon Lottery  
Oregon Shepherd  
Pacific Roofing  
Soccer Zone  
Szechuan Chinese Resaurant  
Toshi's Ramen  
United Broadcasting  
Village Green Resort Hotel  
Videos to Go & More  
Volcano, The  
Water Pure Inc.

KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX D-2  
TRADE AND BARTER CONTRACTS

The Red Lion  
Beymer's Heating & Sheet Metal  
Mr. Logo

KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX F  
ALLOCATION SCHEDULE



KEUG (FM) ASSET PURCHASE AGREEMENT  
APPENDIX G  
ESCROW AGREEMENT

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is entered into this 13th day of May, 2003, by and among **Alexandra Communications, Inc.**, a Washington corporation ("Buyer"), **Signal Communications, Inc.**, an Oregon corporation ("Seller"), and **Denise B. Moline, Esq.** and **Minnick-Hayer, P.S.**, a Washington professional service corporation ("Co-Escrow Agents").

### RECITALS

- A. Buyer and Seller have entered into a Memorandum of Understanding dated \_\_\_\_\_ with respect to the purchase and sale of radio station assets for Station KEUG (FM), Cottage Grove, OR.
- B. Buyer and Seller are in the process of drafting an Asset Purchase Agreement for the purchase and sale of radio station assets for the aforementioned radio station assets (the "Purchase Agreement").
- B. The parties wish to provide for an orderly disposition of escrowed funds referenced in the Purchase Agreement.

ACCORDINGLY, the parties agree as follows:

- 1. **DELIVERY OF ESCROW DEPOSIT TO Co-Escrow AGENTS.** The parties acknowledge that Buyer has delivered to the Co-Escrow Agents the sum of Fifty Thousand and no/100 Dollars (\$50,000.00).
- 2. **INVESTMENT OF ESCROW DEPOSIT.** The Co-Escrow Agents shall invest and reinvest the Escrow Deposit and all earnings on the Escrow Deposit (the "Interest" and, together with the Escrow Deposit, the "Escrow Funds") in bank accounts which permit the prompt transmission of funds to the parties upon disbursement of the Escrow Funds in accordance with Section 3 of this Agreement, and which cannot erode the Escrow Deposit. Acceptable investments include savings accounts, bank money market accounts, and other comparable accounts and money market funds, but exclude corporate equity or debt securities, repurchase agreements, banker's acceptances, commercial paper and municipal securities.
- 3. **DISPOSITION OF ESCROW FUNDS.** The Co-Escrow Agents shall distribute and dispose of the Escrow Funds as follows:
  - 3.1. In the event of the closing of the transactions contemplated by the Purchase Agreement, and upon joint instructions from Seller and Buyer, the principal Escrow Funds shall be paid to Seller as partial payment of the purchase price referenced in the Purchase Agreement. All interest accrued upon the Escrow Funds shall be paid to Buyer.
  - 3.2. In the event of the termination of the Purchase Agreement due to the material breach by or default of Buyer, the Escrow Deposit together with all interest accrued thereon shall be paid to Seller.
  - 3.3. In the event of the termination of the Purchase Agreement due to material breach by or default of Seller, the Escrow Deposit together with all interest accrued thereon shall be paid to Buyer.

3.4. In all other events, if the Purchase Agreement is terminated or if the transactions or closing contemplated by the Purchase Agreement are otherwise not consummated, the Escrow Deposit together with all interest accrued thereon shall be returned to Buyer.

4. **CONTROVERSIES.** The Co-Escrow Agents shall discharge his duties of distribution and disposal pursuant to Section 3 upon the joint written instructions of Seller and Buyer or their duly designated representatives. If the Co-Escrow Agents shall not have received such joint written instructions and a controversy shall exist between Buyer and Seller as to the correct disposition of the Escrow Funds, the Co-Escrow Agents shall continue to hold the Escrow Funds until:

4.1. the receipt by the Co-Escrow Agents of the joint written instructions of Seller and Buyer as to the disposition of the Escrow Funds; or

4.2. the receipt by the Co-Escrow Agents of a final order entered by a court of competent jurisdiction determining the disposition of the Escrow Funds; or

4.3. the Co-Escrow Agents shall have, at their option, filed an action or bill in interpleader, or similar action for such purpose, in a court of competent jurisdiction and paid the Escrow Funds to such court, in which event, the Co-Escrow Agents' duties, responsibilities and liabilities with respect to the Escrow Funds and this Agreement shall terminate.

5. **CONCERNING THE CO-ESCROW AGENTS.** The following shall control the fees, resignation, discharge, liabilities and indemnification of the Co-Escrow Agents:

5.1. The Co-Escrow Agents may resign and be discharged from their duties under this Agreement at any time by giving written notice of such resignation to the parties, specifying the date when such resignation shall take effect. Upon such notice, a successor escrow agent(s) shall be appointed with the mutual consent of Seller and Buyer, and the service of such successor escrow agent shall be effective as of the date of resignation specified in such notice, which date shall not be less than 30 days after the giving of such notice. If Seller and Buyer are unable to agree upon a successor escrow agent(s) within 30 days after such notice, the Co-Escrow Agents shall be authorized to appoint the successor. The Co-Escrow Agents shall continue to serve until the successor escrow agent(s) accepts appointment by written notice to the parties and the Co-Escrow Agents deposit the Escrow Funds with such successor escrow agent(s).

5.2. The Co-Escrow Agents may conclusively rely, and shall be protected in acting or refraining from acting, on any written notice, instrument or signature believed by the Co-Escrow Agents to be genuine and to have been signed or presented by the proper party or parties duly authorized to do so. The Co-Escrow Agents shall have no responsibility for the contents of any writing contemplated in this Agreement and may rely without any liability upon the contents of such writing.

5.3. The Co-Escrow Agents shall not be liable for any action taken or omitted by the Co-Escrow Agents in good faith and believed by him to be authorized by this Agreement or within the rights and powers conferred upon him under this Agreement, nor for action taken or omitted by the Co-Escrow Agents in good faith, or in accordance with advice of counsel and the Co-Escrow Agents shall not be liable for any mistake of fact or error of judgment or for any acts

or omissions of any kind unless caused by the Co-Escrow Agents' own misconduct or gross negligence.

5.4. Each of the Buyer and Seller agrees to indemnify the Co-Escrow Agents and hold the Co-Escrow Agents harmless against any and all liabilities incurred by the Co-Escrow Agents under this Agreement as a consequence of such party's action, and Buyer and Seller agree jointly to indemnify the Co-Escrow Agents and hold the Co-Escrow Agents harmless against any and all liabilities incurred by the Co-Escrow Agents under this Agreement which are not a consequence of any party's actions, except in the case of liabilities incurred by the Co-Escrow Agents resulting from his own misconduct or gross negligence.

6. **CONTROLLING DOCUMENT.** If any provision of this Agreement is in conflict with any provision of the Purchase Agreement, then the provision in the Purchase Agreement shall prevail.

7. **APPLICABLE LAW.** This Agreement shall be construed by and governed in accordance with the laws of the State of Oregon, applicable to agreements executed and to be wholly performed in Oregon.

8. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and assigns.

9. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same document.

10. **NOTICES.** All notices, requests, demands and other communication under this Agreement shall be in writing, shall be given simultaneously to all parties and shall be deemed to have been duly given if made in writing (including telecommunications) and delivered to recipient's address set forth under such party's name below by any of the following means (a) hand delivery, (b) certified mail, postage pre-paid, or (c) Federal Express, express mail or like courier service.

*If to Buyer:*

Mr. Thomas D. Hodgins  
Alexandra Communications, Inc.  
1600 Gray Lynn Dr.  
Walla Walla, WA 99362.

*With Copy to:*

Robert L. Thompson, Esq.  
Taylor, Thiemann & Aitkens  
908 King Street, Ste. 300  
Alexandria, VA 22314

*If to Seller:*

Mr. Bernard Foster  
Signal Communications, Inc.  
P.O. Box 3088  
Portland, OR 97228  
Ph: 503-285-5555 x 501  
Fax: 503-285-3400

*With Copy to:*

Denise B. Moline, Esq.  
PMB #215  
1212 So. Naper Blvd., #119  
Naperville, IL 60540  
Ph: 630-753-0112  
Fax: 630-753-0137

*If to Co-Escrow Agents:*

Denise B. Moline, Esq.  
PMB #215  
1212 So. Naper Blvd., #119  
Naperville, IL 60540  
Ph: 630-753-0112  
Fax: 630-753-0137

James K. Hayner  
Minnick-Hayner  
249 West Alder  
PO Box 1757  
Walla Walla, WA 99362  
Ph: 509-527-3500  
Fax: 509-527-3506

or to such other addresses as any party may have furnished to the other parties in writing, in accordance with the provisions of this Section 10.

11. **DEFINED TERMS.** Terms that appear in this Agreement with their initial letters capitalized and are not otherwise defined shall have the meanings assigned them in the Purchase Agreement unless the context expressly requires otherwise.

12. **TERMINATION.** This Agreement shall terminate upon the distribution of the Escrow Funds in accordance with the terms of this Agreement.

**The Remainder of This Page  
Intentionally Blank**

IN WITNESS WHEREOF, the Parties have executed this Escrow Agreement as of the date set forth above.

“SELLER”: ***Signal Communications, Inc.***

By: \_\_\_\_\_  
Bernard Foster, President

“BUYER”: ***Alexandra Communications, Inc.***

By: \_\_\_\_\_  
Thomas D. Hodgins, President

“CO-ESCROW AGENTS”:

***Denise B. Moline, Esq.***

By: \_\_\_\_\_  
Denise B. Moline

***Minnick-Hayner, P.S.***

By: \_\_\_\_\_  
James K. Hayner, President