

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered this ____ day of April, 2001, between **KRAE, Inc.**, a Wyoming corporation ("Seller"), and **Mountain States Radio, Inc.**, a Wyoming corporation ("Buyer").

RECITALS

WHEREAS, Seller is the licensee and operator of KRAE(AM) and KZCY(FM), licensed to Cheyenne, Wyoming ("Stations"), pursuant to the license issued by the FCC; and

WHEREAS, Seller desires to sell or assign to Buyer the Stations and all of the assets, and the license and authorizing orders of the FCC of Seller related thereto, and Buyer desires to purchase and receive an assignment of the same from Seller, all on the terms and subject to the conditions set forth herein; and

WHEREAS, in order to induce Buyer to enter into this Agreement, Seller is willing to enter into this Agreement and make certain representations and warranties to, and covenants and agreements with, Buyer.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I **DEFINITIONS**

As used herein the following terms shall have the following meanings:

1.01 "Closing" shall mean the consummation of the transactions contemplated by this Agreement.

1.02 "Closing Date" shall mean the date no later than five (5) business days immediately following the date upon which there is an FCC Final Order authorizing, without materially adverse conditions to either Buyer or Seller, the assignment of the FCC License to Buyer. Provided further that Closing Date shall, at Buyer's sole option, be any date after ten (10) days notice after initial grant of approval of the assignment.

1.03 "FCC" shall mean the Federal Communications Commission or its successor.

1.04 "FCC Licenses" shall mean the license and authorizing orders which are attached as Schedule 1.06 hereto.

1.05 "Final Order" shall mean an order which is no longer subject to reconsideration or review by any court or administrative body.

1.06 "Station" or "Stations" means broadcast stations KRAE(AM) and KZCY(FM), Cheyenne, Wyoming.

1.07 "Station Assets" means the property described in Section 2.01 hereof.

ARTICLE II

PURCHASE AND SALE OF STATION ASSETS

2.01 Transfer of Assets. At the Closing, Seller shall sell, assign, transfer, and convey to Buyer, and Buyer shall purchase and acquire from Seller, all the assets (except as hereinafter expressly excluded), free and clear of all liens, charges, pledges, security interests, mortgages or other encumbrances of any nature whatsoever (except as hereinafter expressly permitted), now owned or later acquired and used by Seller or useful in operating the Stations, including without limitation the following:

(a) **Personal Property.** All tangible personal property, whether owned or leased, of Seller which is located or used in the operation of the Stations, including all broadcasting and office equipment, furniture, furnishings, machinery, installations and fixtures currently used in or needed for such operation, including all replacements and additions between the date of this Agreement and the Closing Date including but not limited to property listed in Schedule 2.01(a).

(b) **FCC Licenses.** Except as set forth in Schedule 1.06, all FCC licenses and authorizations necessary to operate the Stations and associated facilities, copies of which are attached as Schedule 1.06.

(c) **Contracts.** All contracts and agreements for the broadcast of advertising time on the Station, and all other contracts and agreements which are (1) set forth on Schedule 2.01 or Schedule 2.07(c) to be assumed, or (2) consented to in writing by Buyer.

(d) **FCC Reports.** Copies of all reports required by the FCC to be maintained by the Seller relating to the operation of the Stations, and all books of account, logs and records necessary or useful for the Buyer's operation of the Stations;

(e) **Station Data.** All of Seller's rights in and to all the files, documents, records, and books of account relating to the operation of the Stations or to the Station Assets, including, without limitation, the Stations' local public file, programming information and studies, blueprints, technical information and engineering data, news, sales correspondence, lists of advertisers, promotional materials, credit and sales reports and filings with the FCC, all written Contracts to be assigned hereunder, logs, software programs; but excluding records relating solely to any Excluded Asset (as hereinafter defined). Seller reserves reasonable access to any such data assigned;

(f) Intangible Assets. All of Seller's rights in and to the call letters "KRAE" and "KZCY" as well as all of Seller's rights in and to all trademarks, trade names, service marks, franchises, copyrights, including registrations and applications for registration of any of them, computer software, programs and programming material of whatever form or nature, jingles, slogans, the Stations' logos and all other logos or licenses to use same and all other intangible property rights of Seller, which are used or useful in connection with the operation of the Stations but not limited to those listed in Schedule 3.13 (collectively, the "Intellectual Property"), together with any goodwill and any additions thereto between the date hereof and the Closing Date;

(g) Real Property. All of Seller's rights and title free and clear of all liens and encumbrances to the Real Property identified in Schedule 2.01(g).

(h) Programming. All programming materials and elements of whatever form or nature owned by Seller, whether recorded on tape or other medium or intended for live performance, and all copyrights owned by or licensed to Seller that are used or useful in connection with the operation of the Stations, including all such programs, materials, elements and copyrights acquired by Seller between the date hereof and the Closing Date; and

(i) Warranties. All of Seller's rights under manufacturers' and vendors' warranties relating to items included in the Station Assets and all similar rights against third parties relating to items included in the Station Assets to the extent contractually assignable.

2.02 Excluded Assets. The following are expressly excluded from the Station Assets to be purchased and sold:

(a) Accounts Receivable; provided, however, Buyer shall collect for a period of 120 days following Closing Stations Accounts Receivable and will remit such Accounts Receivable to Seller at the end of the 120 day collection period. Seller shall provide Buyer at Closing a list of the Stations' Accounts Receivable as of the date of Closing. Buyer shall be under no obligation to make an effort out of the ordinary to collect Station Accounts Receivable. Buyer shall provide Seller a monthly accounting of Seller's collected accounts.

(b) Cash on hand as of the Closing Date.

2.03 No Assumption of Liabilities. Buyer shall assume no liabilities or obligations of Seller, including, without limitation, accounts payable, debts, liabilities, and other obligations, whether pursuant to a contract or otherwise, except for those liabilities and obligations that are expressly to be assumed pursuant to Section 2.01 or described on Schedule 2.01 or 2.03. Seller shall cause all liabilities and obligations to be assumed by Buyer to be brought current at Closing by Seller.

2.04 Purchase Price, Terms of Payment. Security. The purchase price (the "Purchase Price"), as the same may be adjusted pursuant to this Agreement, shall be a total of **Eight Hundred**

Thousand Dollars (\$800,000) to be paid in cash or by wire transfer of immediately available funds at Closing as follows:

- (a) \$600,000 at Closing.
- (b) \$200,000 paid as a Purchase Deposit. Buyer shall return the Promissory in the amount of \$200,000 marked "paid in full."

2.05 Purchase Deposit.

(a) Simultaneously with the execution and delivery of this Agreement, Buyer has paid Seller a Purchase Deposit of \$200,000. Seller has executed a Promissory Note evidencing Seller's obligation to repay the Promissory Note at no interest within 18 months of the date of execution of the Promissory Note provided however, the Purchase Deposit shall be credited toward the Purchase Price at Closing, and the obligations of the Seller under the Promissory Note shall be terminated. In the event the Asset Purchase Agreement is terminated for any reason other than material breach by Buyer, \$200,000 shall be repaid to Buyer as provided under the terms of the Promissory Note. In the event of a material breach by the Buyer (provided Seller is not also in material breach) Seller shall be entitled to \$100,000 in liquidated damages as provided in Section 10.2 and the amount due to Buyer pursuant to the Promissory Note shall be reduced to \$100,000.

2.06 Closing. The Closing shall take place at the offices of Buyer or at such other place agreed by Buyer and Seller prior to the Closing Date.

2.07 Closing Date Adjustments.

(a) Generally, the income and expenses attributable to the operation of the Stations up to 12:01 a.m. on the Closing Date (the "Adjustment Time") shall, except as otherwise expressly provided in this Agreement, be for the account of Seller and thereafter shall be for the account of Buyer. Income and expenses such as power and utility charges, lease rents, prepaid agreements, wages, commissions, payroll and property taxes, vacation pay and other fringe benefits of employees of Seller who enter the employment of Buyer, and similar prepaid and deferred items shall be prorated between Seller and Buyer as of the Adjustment Time. Revenues, expenses, taxes, costs and liabilities earned or incurred in connection with particular programs and announcements, shall be allocated to the time of performance of such programs and announcements without regard to the date of payment therefor. If any taxes are not known at the Closing Date, they shall be prorated as of the Adjustment Time on the Basis of taxes assessed for the preceding year. All other proration shall, to the extent feasible, be determined and set forth in a writing executed by the parties hereto and paid on the Closing Date, with a final settlement thereof to be made within 90 days after the Closing Date.

(b) Disputes. In the event of any disputes between the parties as to such adjustments, the amounts not in dispute shall nonetheless be paid at the time provided in Section 2.07(a) and such

disputes shall be determined by an independent certified public accountant mutually acceptable to the parties, and the fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer. Notwithstanding the foregoing, if the aggregate amount in dispute is \$5,000 or less, the disputed amount shall be shared equally by Buyer and Seller.

(c) Trade Agreements. At Closing there shall exist no obligation on Stations to air announcements or programming under trade or other agreements executed by Seller pre-Closing except for time sales agreements entered into in the ordinary course of business, and trade agreements attached or described in Schedule 2.07(c).

2.08 Allocation of Purchase Price. The Purchase Price shall be allocated among the Assets in a manner determined mutually by Buyer and Seller, and such allocation shall be completed prior to Closing unless otherwise agreed to by both parties in writing.

ARTICLE III

SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Buyer as follows:

3.01 Organization and Standing. Seller is a duly formed corporation validly existing with full power and authority (i) to carry on its business and to own and lease the assets as and where such business is now being conducted and such assets are now owned and leased and (ii) to execute, perform and carry out its respective obligations under this Agreement according to its terms.

3.02 Authorization and Binding of Obligation. The sale, conveyance, transfer and assignment of the Station Assets to Buyer as herein provided has been duly authorized and approved by Seller as required by applicable law or otherwise, subject only to FCC approval. This Agreement is the valid and binding obligation of Seller enforceable against Seller in accordance with its terms.

3.03 Station Assets. Seller has and on the Closing Date, will transfer to Buyer good and marketable title, free and clear of any mortgage, claim, lien, charge, security interest, or other encumbrances, the Station Assets.

3.04 FCC and Other Authorizations. Seller is the holder of the FCC Licenses and authorizations, which are the only FCC authorizations used by Seller in connection with or necessary for the operation of the Stations and there is no action or proceeding, pending or threatened, before the FCC or otherwise, for the cancellation or modification of any of the FCC Licenses and authorizations, all of which are unimpaired by any act or omission of Seller or any of its employees or agents. Seller possesses all permits, certificates, licenses, approvals, and other authorizations from all governmental agencies necessary to carry on the business of the Stations and to own and operate the Station Assets at the places and in the manner in which the business of the Stations is now being, or is authorized to be, conducted.

3.05 Contracts. Other than agreements for the sale of advertising time, Schedules 2.01 and 2.07(c) list all Contracts to which Seller is a party, including oral contracts and Trade Agreements, which are binding on Seller and that are being assumed by Buyer, as of the date of this Agreement. Those Contracts, if any, to be assumed by Buyer and requiring the consent of a third party to assignment are identified in Schedule 3.05(i). Neither the execution and delivery of this Agreement nor the performance hereof shall constitute a default under or breach of any contract, lease or other commitment or restriction of any kind to which Seller is bound.

3.06 Absence of Conflicting Agreements or Required Consents. Except as set forth in Article 5 with respect to governmental consents and in Schedule 3.05(i) with respect to consents required in connection with the assignment of certain Contracts, the execution, delivery and performance of this Agreement by Seller: (a) does not require the consent of any third party (including, without limitation, the consent of any governmental, regulatory, administrative or similar authority); (b) will not conflict with, result in breach of, or constitute a violation of or default under, the provisions of Seller's articles of organization or operating agreement (or other charter documents) or any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Seller is a party or by which Seller, or any of the Station Assets are bound; (c) will not either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of terms, conditions or provision of, or constitute a default under, any Contract, agreement, instrument, license or permit to which Seller or any of the Station Assets is now subject; and (d) will not result in the creation of any lien, charge or encumbrance on any of the Station Assets.

3.07 Judgements and Litigation. No judgement has been entered and no litigation, proceeding or dispute is pending or threatened which materially adversely affects the title or interest of Seller in or to the Stations and Station Assets, or its power or right to sell, convey, transfer or assign the same to Buyer as herein provided, or which could prevent or materially adversely affect the operation and use of the same by Buyer. Schedule 3.07 attached hereto describes all litigation, bankruptcy proceedings, and governmental investigations, pending or threatened, pertaining to the Stations or the Station Assets.

3.08 Employees; Labor Matters. Seller is not a party to any collective bargaining agreement affecting the Stations and no minority representation questions exist with respect to the persons employed by the Stations and none is threatened. Seller has not experienced any work stoppage or labor dispute with respect to the Stations.

3.09 Real Property. Schedule 2.01(g) contains descriptions of all of Seller's interests, including leasehold interests and easements, and rights in and agreements with respect to real property used or held for use in connection with Seller's operation of the Stations (the "Real Property"). Seller has good and clear record and marketable title to all of the fee estates included in the Real Property free and clear of all debts, liens, security interests, mortgages, trusts, claims, liabilities and encumbrances, except for (a) liens for current taxes not yet due and payable; (b) easements, rights-of-way and restrictions and other minor defects in title, none of which materially and adversely affects the use of such property as it is currently used or the value of such property as a tower or studio site, as the case may be, all of which are disclosed on

Schedule 2.01(g); and (c) other liens, claims or encumbrances disclosed on Schedule 2.01(g) which will be removed at or prior to Closing. All of the Real Property is in satisfactory condition and repair consistent with its current use and available for use in the conduct of business and operations of the Stations. The Real property and the use thereof by Seller complies with all applicable laws, statutes, ordinances, rules and regulations of federal, state and local governmental authorities, including without limitation, those relating to zoning, and the rules and regulations of the FCC. The improvements on the Real Property are in good working condition and repair and exist or are operating in compliance with good engineering practices and are adequate for their intended use. Seller has good and valid rights of ingress and egress to and from all of the Real Property from and to the public street systems for all usual street, road and utility purposes.

Seller has not received any notice of any appropriation, condemnation or like proceeding, or of any violation of any applicable zoning law, regulation or other law, order, regulation or requirement affecting such Real Property or improvements thereon, or of the need for any material repair, remedy, construction, alteration or installation with respect to the Real Property or improvements thereon, or any change in the means or methods of conducting operations thereon.

3.10 Insurance. The business, properties (including the Station Assets) and employees of the Stations are insured against loss, damage or injury in amounts customary in the broadcast industry. All such insurance policies are in full force and effect.

3.11 Taxes. Seller has duly, timely and in the required manner filed all federal, state, local and foreign income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. No event has occurred which could impose on Buyer any liability for any taxes, penalties, or interest due or to become due from Seller from any taxing authority. No audit by any taxing authority affecting Seller or any of the Station Assets is pending or threatened.

3.12 Employee Benefit Plans. Except as set forth in Schedule 3.12, Seller in connection with the Stations is not a party to or bound by any employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not such plan is otherwise exempt from the provisions of ERISA, and no employee or spouse of an employee is entitled to any benefits that would be payable pursuant to any such plan. Except pursuant to a plan or agreement listed on Schedule 3.12, and except as required by applicable law, Seller in connection with the Stations has no fixed or contingent liability or obligation to any person now or formerly employed at the Stations, including without limitation, pension or thrift plans, individual or supplemental pension or accrued compensation arrangements, contributions to hospitalization or other health or life insurance programs, incentive plans, bonus arrangements and vacation, sick leave, disability and termination arrangements or policies, including workers' compensation policies. Seller has administered any plan listed on Schedule 3.12 in material compliance with any applicable provisions of ERISA. Buyer shall not assume or hereby become obligated to pay any debt, obligation or liability arising from Seller's employee benefit plans, or any other employment arrangement and coverage under such plans and arrangements shall remain the responsibility of Seller.

ARTICLE IV
COVENANTS OF SELLER

4.01 Affirmative Covenants. From the date hereof until the Closing Date, Seller shall:

(a) Afford Buyer and its representatives the opportunity at all reasonable times, following reasonable notice, to inspect the operation of the Stations, to meet with the Stations management personnel, to be notified of any change in methods or policies by or pursuant to which the Stations are operated and to list and itemize its equipment and personal property and determine the conditions of the assets of Seller and the Station Assets; keep its books and records pertaining to the Stations and all contracts, licenses and leases relating to the Stations at the Stations' offices; and, at all reasonable times, following reasonable notice, permit Buyers' representatives to inspect such records and documents.

(b) Maintain in full force and effect and in good standing the FCC Licenses and comply in all material respects with all requirements of the FCC and any other agencies having jurisdiction over Seller or the Stations or Station Assets;

(c) Fully and actively cooperate with Buyer in proceedings instituted to obtain the approval of the FCC to this transaction; and

(d) Otherwise generally conduct its business in the ordinary course consistent with past practices.

4.02 Negative Covenants. From the date hereof until the Closing Date, Seller shall not without obtaining the prior written consent of Buyer:

(a) Sell, assign, lease or otherwise transfer or dispose of any property or equipment included in the Station Assets outside of the ordinary course of business and consistent with past practice, unless property or equipment of equivalent value and utility is substituted therefore;

(b) Acquire any additional equipment or property having an aggregate cost in excess of \$5,000 or acquire any additional program rights or enter into any contract(s) therefore having an aggregate cost in excess of \$500;

(c) Enter into any other contracts or agreements other than in the ordinary course of business and consistent with past practice, or increase the ordinary compensation payable or to become payable to any employee or agent, except in the ordinary course of business and consistent with past practice or make any amendment or changes to existing contracts or agreements other than in the ordinary course consistent with past practice;

(d) Seller shall not increase or agree to increase the compensation, bonuses or other benefits for employees of Stations, except in accordance with existing employment contracts or in accordance with past practices or policies.

ARTICLE V

BUYER'S COVENANTS, REPRESENTATIONS AND WARRANTIES

Buyer covenants, represents and warrants with and to Seller as follows:

5.01 Organization and Standing. Buyer is a corporation duly organized, and validly existing, and at Closing will be in good standing under the laws of the Wyoming with full corporate power and authority (i) to carry on its respective businesses and own and lease its respective assets as and where such businesses are now being conducted and such assets are now owned and leased and (ii) to execute, perform and carry out its respective obligations under this Agreement according to its terms.

5.02 Authorization. The execution and delivery of this Agreement and the Documents by Buyer and the acceptance by Buyer of the sale, conveyance, transfer and assignment of the Station Assets to Buyer as herein provided, will be duly authorized and approved on behalf of Buyer as required by applicable law or otherwise. The provisions of this Agreement will upon consummation of the Closing be valid and binding obligations of Buyer, enforceable in accordance with their respective terms.

5.03 Buyer Qualifications. Buyer knows of no reason it is not qualified to be an FCC licensee.

5.04 Satisfaction of Conditions. Buyer shall use its best efforts to insure that the conditions set forth in Article VII hereof are satisfied.

5.05 Absence of Conflicting Agreements or Required Consents. Except as set forth herein with respect to governmental consents, the execution, delivery and performance of this Agreement by Buyer: (a) does not conflict with the provisions of the Articles of Incorporation or Bylaws; (b) does not require the consent of any third party not affiliated with Buyer, except for the consent of the lenders of Buyer or any Affiliate; (c) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Buyer is bound; and (d) will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under, any agreement, instrument, license or permit to which Buyer is now subject.

5.06 Litigation. There is no claim, litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer, that could materially adversely affect Buyer's ability to perform its obligations pursuant to this Agreement. Buyer is not in violation of any law, regulation, or ordinance or any other requirement of any governmental body or court which could have a material adverse effect on Buyer's ability to perform its obligations pursuant to this Agreement.

5.07 Commissions or Finder's Fees. Neither Buyer nor any person or entity acting on behalf of Buyer has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity.

ARTICLE VI

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

The obligation of Buyer to consummate the transactions contemplated hereby shall be subject to the following conditions precedent, which may be waived by Buyer in writing:

6.01 Assignment of FCC Licenses. The FCC shall have authorized the assignment of the FCC Licenses to Buyer, such authorization shall not be subject to any conditions that are materially adverse to Buyer and such authorization shall have become a Final Order, unless Buyer shall elect to close earlier following issuance of FCC authorization.

ARTICLE VII

CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

The obligations of Seller to consummate the transactions contemplated hereby shall be subject to the following conditions precedent:

7.01 Representations and Warranties. All of Buyer's representations and warranties set forth herein shall, at the time of Closing, be true and accurate in all material respects as if made on and as of the Closing Date.

7.02 Performance. Buyer shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with on or prior to the Closing Date.

7.03 Assignment of FCC Licenses. The FCC shall have authorized the assignment of the FCC License to Buyer, such authorization shall not be subject to any conditions that are materially adverse to Seller and such authorization shall have become a Final Order, unless Buyer shall elect to close earlier following issuance of FCC authorization.

7.04 Certificates. Buyer shall have furnished Seller with such certificates of the respective officers of Buyer or certificates of governmental authorities or of others to evidence compliance with the conditions set forth in this Article VII as may be reasonably requested by Seller.

ARTICLE VIII

DOCUMENTS TO BE DELIVERED AT CLOSING

8.01 Seller's Documents. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

(a) A certificate, dated as of the Closing Date, from Seller, executed by Seller after due inquiry, to the effect that:

(i) The representations and warranties of Seller contained in the Agreement are true and complete in all material respects on and as of the Closing Date as if made on and as of that date; and

(ii) Seller has complied with or performed in all material respects all terms, covenants and conditions to be complied with or performed by it on or prior to the Closing Date.

(b) Governmental certificates showing that Seller is a corporation in good standing;

(c) Instruments of conveyance and transfer, in form and substance reasonably satisfactory to Buyer, effecting the sale, transfer, assignment and conveyance of the Station Assets to Buyer, including: (i) general warranty deeds for the Real Property; (ii) assignments of the Stations Licenses; (iii) bills of sale for all Personal Property; (iv) assignments of the Contracts to be assigned hereunder, including any necessary third party consents; and (v) assignments of all intangible personal property including all books, records, logs and similar assets.

(d) At the time and place of Closing, originals and all copies of all program, operations, transmission or maintenance logs and all other records required to be maintained by the FCC with respect to the Stations, including the public file of the Stations, shall be left at the Stations and thereby delivered to Buyer;

(e) A written opinion of Seller's counsel in the form of Schedule 8.01(f), dated as of the Closing Date;

(f) A certified resolution by the shareholders of Seller approving the execution and delivery of this Agreement and authorizing the consummation of the transactions anticipated herein.

8.02 Buyer's Documents. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

(a) Certified resolutions of the Board of Directors of Buyer approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby;

(b) Governmental certificates showing that Buyer is a corporation in good standing;

(c) The Purchase Price in accordance with Section 2.04 hereof;

(d) Such additional information, materials, agreement, documents and instruments as Seller and its counsel may reasonably request in order to consummate the Closing.

ARTICLE VIX **TERMINATION RIGHTS**

9.01 Termination.

(a) This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in material default or breach of this Agreement, upon written notice to the other upon the occurrence of any of the following:

(i) if, on or prior to the Closing Date, the other party breaches in a material respect any of its representations or warranties hereunder or defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements contained herein and such breach of default shall remain uncured for a period of twenty (20) days after a notice of such breach or default has been given to the other party;

(ii) if the FCC denies the FCC Application or designates the FCC Application for a trial-type hearing;

(iii) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing; or

(iv) if the Closing has not occurred twelve (12) months from the date of acceptance for filing of the FCC application.

ARTICLE X **REMEDIES**

10.1 Default by Buyer. If the transactions contemplated by this Agreement are not consummated as a result of Buyer's wrongful failure to close hereunder, and Seller is not also in breach under this Agreement, then Seller shall be entitled to payment of **One Hundred Thousand Dollars** (\$100,000) as liquidated damages in full settlement of any damages of any nature or kind that Seller may suffer or allege to suffer as the result thereof. Liquidated damages shall be a credit on the \$200,000 Promissory Note delivered pursuant to Section 2.05 as a Purchase Deposit. It is understood and agreed that the amount of liquidated damages represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. Recovery of liquidated damages under this Section shall be

the sole and exclusive remedy of Seller against Buyer for failing to consummate this agreement and shall be applicable regardless of the actual amount of damages sustained.

10.2 Termination Other Than by Default. If the transactions contemplated by this Agreement are not consummated for any reason other than those specified and if Buyer is not also in breach under this Agreement, the Promissory Note Purchase Deposit is to be repaid in full.

ARTICLE XI **MISCELLANEOUS**

11.01 Opportunity to Cure. If, as of the time the Closing otherwise would have occurred, there is any mortgage, claim, lien, charge, security interest or other encumbrance on any of the Station Assets of the kind precluded herein, then, upon twenty (20) days written notice from Buyer, Seller shall have a period of twenty (20) days within which to cure the defect(s) in title, whereupon the Closing shall occur five (5) business days thereafter. If said defect(s) is or are not cured within the 20-day period, then, at the option and written notice from Buyer this Agreement shall terminate, or at Buyer's election Closing shall occur and Buyer shall satisfy the encumbrance or charge, deducting the amount from the Purchase Price.

11.02 Risk of Loss. Seller shall bear the risk of loss as to all tangible property included in the Station Assets until the Closing Date. In the event that material damage or loss to any such property exists on the Closing Date, Buyer, at its option, may (i) proceed to close, accept responsibility for repair and accept an assignment of all insurance proceeds applicable to such loss, or (ii) defer the Closing to a date set forth in a writing delivered to Seller which date shall be no more than 60 days after the previously scheduled Closing Date by which such loss shall be restored or repaired to Buyer's reasonable satisfaction.

11.03 Applications for Commission Consent. Within five (5) days of this Agreement's execution, Seller and Buyer will join in application to be filed with the FCC seeking assignment and transfer of all Licenses (and any extensions or renewals thereof) from Seller to Buyer. Seller and Buyer will diligently take, or cooperate in the taking of, all steps that are necessary, proper or desirable to expedite the preparation of such applications and their prosecution to a favorable conclusion. Seller shall after the Closing Date file with the FCC (or furnish to Buyer for filing with the FCC) all information required by the FCC relating to the operation of the Stations prior to the Closing Date.

11.04 Indemnification by Buyer. Subject to the provisions of this Agreement, Buyer agrees to indemnify and defend and hold Seller harmless from and against all liability, loss, damage or injury, together with all reasonable costs and expenses relating thereto, including reasonable legal and accounting fees and expenses, arising out of (i) any breach of any representation, warranty or covenant of Buyer set forth herein (whether due to commission, omission or otherwise), or (ii) any contracts Buyer had agreed to assume herein or pursuant to the Assumption Agreement (but only beginning with the date Buyer actually assumes such contracts).

11.05 Broker. Seller and Buyer each certify that there are no brokers included in this transaction.

11.06 Expenses. Whether or not the transactions provided for herein are consummated, each party's expenses incurred in connection with the preparation and performance of this Agreement and the transactions contemplated hereby shall be paid for by that party.

11.07 Amendment. This Agreement may be amended only by a writing signed by all parties hereto.

11.08 Notices. Any notice given hereunder shall be in writing and shall be deemed duly given: if sent by overnight deliver service, within one (1) day after such mailing, if hand delivered, when so delivered, or if transmitted by telegram or telecopy, when received at the addresses below their respective names below:

Seller: Tom Bauman
KRAE, Inc.
P.O. Box 189
Cheyenne, WY 82001

With a copy to: Dan J. Alpert, Esq.
The Law Office of Dan J. Alpert
2120 N. 21st Rd.
Arlington, VA 22201

Buyer: Victor A. Michael, Jr.
Mountain States Radio, Inc.
6807 Foxglove Drive
Cheyenne, WY 82009
FAX: (307) 632-9349

With a copy to: A. Wray Fitch III, Esq.
Gammon & Grange, P.C.
8280 Greensboro Drive, 7th Floor
McLean, VA 22102-3807
FAX: (703) 761-5023

11.09 Assignment. This Agreement may not be assigned without prior written consent of the non-assigning party.

11.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be but a single instrument.

11.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Wyoming (without regard to its choice of law provisions), except as they may be preempted by federal statute or the rules and regulations of the FCC.

11.12 Severability. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and where ever there is any conflict between any provision of this Agreement and any applicable statute, law, ordinance, order or regulation, such statute, law, ordinance, order or regulation shall prevail; provided, however, that in such an event the provision of this Agreement so affected shall be curtailed and limited only to the extent necessary to permit compliance with the minimum legal requirement, and no other provision of this Agreement shall be affected hereby and all such other provisions shall continue in full force and effect.

11.13 Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11.14 Documents. Each party hereto agrees to execute and, if necessary, to file with the appropriate governmental entities, such documents as may be reasonably necessary in order to carry out the purposes of this Agreement.

11.15 No Waiver. The failure of any party to insist upon strict performance of any obligation hereunder shall not constitute a waiver of such party's right to demand strict compliance therewith in the future.

11.16 Termination. The transactions contemplated herein may be terminated at any time prior to the Closing or the Termination Date by mutual consent in writing of the parties hereto.

11.17 No Third Party Beneficiary. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

11.18 Assignment Fees. Buyer and Seller shall equally share any and all FCC fees attributable to the assignment of the Stations as contemplated hereunder.

11.19 Entire Agreement. This Agreement, and the exhibits hereto embody the entire agreement and understanding of the parties hereto and supersede any and all prior agreements, arrangements and understandings relating to the matters provided for herein.

11.20 Bulk Sales Laws. Buyer hereby waives compliance by Seller with the provisions of the "bulk sales" or similar laws of any state. Seller agrees to indemnify Buyer and hold it harmless from any and all loss, cost, damage and expense (including but not limited to, reasonable attorney's fees) sustained by Buyer as a result of any failure of Seller to comply with any "bulk sales" or similar laws.

11.21 Modification. Seller agrees to cooperate with Buyer in submission of any minor modification application contemplating an upgrade of the Station. Buyer shall prepare the engineering and incur the costs of preparing and filing the minor modification application with the Federal Communications Commission. Seller agrees that it will, at Buyer's request, expeditiously file a modification application as requested by Buyer.

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

KRAE, INC.

Attest: _____

By: _____

Name: _____

Title: _____

MOUNTAIN STATES BROADCASTING, INC.

Attest: _____

By: _____

Victor A. Michael, Jr., President