
ASSET PURCHASE AGREEMENT

BY AND BETWEEN

JDF INVESTMENT COMPANY, LLC

AND

U-DUB PRODUCTIONS, LLC

FOR

LOW POWER TELEVISION STATION

KYAV-LP

PALM SPRINGS, CA

*** * ***

MAY 19, 2003

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SCHEDULES

- 1.1 Licenses and Authorizations**
- 1.2 Station Equipment and Personal Property**
- 1.3 Call Signs, Promotional Material and Intangible Property**
- 2 Assumed Contracts**

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made and entered into this ___ day of May, 2003, by and between JDF Investment Company, LLC, a Nevada Limited Liability Company ("Seller"), and U-Dub Productions, LLC, a California Limited Liability Company ("Buyer").

BACKGROUND:

Seller is the licensee, owner and operator of low power television station KYAV-LP, Palm Springs, California (the "Station"). Seller desires to sell and assign, and Buyer desires to purchase and acquire, substantially all of the property and assets used in the operation of the Station (the "Transaction"). The parties acknowledge that the licenses issued by the Federal Communications Commission (the "Commission" or "FCC") for the operation of the Station may not be assigned without the prior written consent of the Commission.

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

1. **ASSETS TO BE CONVEYED.** On the Closing Date (as defined below), Seller shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, and accept from the Seller an assignment of, the assets, property rights, licenses and authorizations used or held for use in the operation of the Station, including, without limitation, the following (collectively, the "Assets"):

1.1 **Licenses and Authorizations.** Licenses, permits, permissions and other authorizations issued for the operation of the Station or for ancillary station(s) by the Commission and other governmental agencies, including those listed on **Schedule 1.1** (the "Station Licenses"), and all applications for modification, extension or renewal thereof, and any pending applications for any new licenses, permits, permissions or authorizations pending on the Closing Date.

1.2 **Station Equipment and Personal Property.** All of Seller's right, title and interest in the tangible personal property owned by Seller and presently used, useful or held for use in the operation of the Station including the transmitters, towers, studio equipment, furniture, fixtures, machinery, equipment, supplies and other property as listed on **Schedule 1.2**, together with any replacements, improvements, or additions thereto made between the date hereof and the Closing Date (the "Station Equipment").

1.3 **Call Signs, Promotional Materials and Intangible Property.** All of Seller's rights in the Station's call letters, copyrights, trademarks, tradenames, domain names, slogans, logos, service marks, computer software (if any), magnetic media, data processing files, systems and programs, business lists, sales and operating plans, telephone numbers, post office boxes, E-mail addresses, Internet addresses, all goodwill of the Station and other intangible property rights used or held for use in the operation of the Station, identified on **Schedule 1.3** (the "Intangible Property").

1.4 **Records.** All records used or useful in connection with the operation of the Station, including but not limited to all books of account, customer lists, supplier lists, catalogues, literature, advertising materials, promotional materials, local public records, file materials, engineering data, engineering records, inventory records, product warranties, logs, programming records, photographic records, consultants' reports, ratings reports, budgets, financial reports and projections, and sales, operating and business plans

and records, relating to or used in the operation of the Station (the "Station Records"). At Seller's option, copies of the station records may be furnished.

1.5 **Accounts Receivable (Excluded)**. All accounts receivable earned prior to 11:59 PM on the day prior to May 1, 2003, and any due to Seller under the terms of the Operating Agreement, are excluded from the sale and will remain the property of the Seller, who will be solely responsible for their collection.

2. **ASSUMPTION OF LIABILITIES**. Buyer shall assume and undertake to pay, discharge and perform only the obligations and liabilities of Seller under the Assumed Contracts ("Contracts") listed on **Schedule 2**. Seller shall obtain any and all consents or agreements necessary for Seller to assign any of the Contracts to Buyer. Buyer shall cooperate with Seller in connection with securing any such consents and shall agree to commercially reasonable terms and conditions imposed by the other party to any Contract. All other obligations and liabilities of Seller, including (i) obligations or liabilities under any other contract, (ii) any obligations and liabilities arising under the Leases, the Contracts or the Licenses that relate to the time period prior to the Closing Date; (iii) any forfeiture, claim or pending litigation or proceeding relating to the business or operations of the Station prior to the Closing Date, (iv) any obligations or liabilities of Seller under any employee pension, retirement, health and welfare or other benefit plans or collective bargaining agreements, (v) any obligation to any employee of the Station for severance benefits, vacation time or sick leave accrued prior to the Closing Date, or (vi) any obligations or liabilities caused by, arising out of or resulting from any action or omission of Seller prior to the Closing Date shall remain and be the obligations and liabilities solely of Seller. Seller covenants and agrees that it shall deliver to Azteca International Corporation an acknowledgement that the terms of that certain Letter Agreement dated February 12, 2003 by and between Azteca International Corporation and Seller is of no force and effect. Such acknowledgment shall be delivered by Seller to Azteca International Corporation within five (5) business days of Seller's receipt of the letter from Azteca International Agreement to Seller dated May 7, 2003 regarding assignment of affiliation agreement. Seller's failure to deliver such acknowledgment as set forth in this Section 2 shall constitute a material breach of the Agreement.

3 PURCHASE PRICE AND ALLOCATION.

3.1 **Purchase Price**. The purchase price for the Assets shall be Two Million One Hundred Thousand Dollars (\$2,100,000.00) (the "Purchase Price").

3.2 **Deposit**. Upon execution of this Agreement, Buyer shall pay to the Seller as a deposit the sum of Two Hundred Thousand Dollars (\$200,000.00). This amount shall be credited to Buyer at Closing.

3.3 **Cash at Closing**. At the Closing, Buyer will pay to Seller the balance of One Million Nine Hundred Thousand Dollars (\$1,900,000.00) by bank cashier's check, certified check, or wire transfer.

3.4 **Allocation**. The Purchase Price shall be allocated among the Assets as agreed to by Buyer and Seller prior to or on the Closing Date.

4. **REPRESENTATIONS AND WARRANTIES OF SELLER**. Seller makes the following representations and warranties all of which have been relied upon by Buyer in entering into this Agreement and, except as otherwise specifically provided, all of which shall be true and correct at and as of the Closing, as though made de novo at such time.

4.1 Organization. Seller is a limited liability company duly organized, validly existing and in good standing, under the laws of Nevada and registered to do business in California, and has full power and authority to own, lease and operate the Assets, to conduct its business as currently conducted and proposed to be conducted and to enter into and perform this Agreement (and the other agreements and instruments referred to in this Agreement).

4.2 No Breach. None of (i) the execution, delivery and performance of this Agreement and the agreements and instruments called for hereafter by Seller, (ii) the consummation of the Transaction, or (iii) Seller's compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate Seller's articles of incorporation or organization, bylaws, operating agreement, any judgment, decree, order, agreement, lease or other instrument to which Seller is a party or by which Seller is legally bound, or any law, rule or regulation applicable to Seller.

4.3 Authorization; Consents. The execution, delivery and performance of this Agreement (and the other agreements and instruments referred to in this Agreement) by Seller has been duly and validly authorized and approved by all necessary action on the part of Seller. Further, Seller has full power and authority to execute, deliver and perform this Agreement and to consummate the transactions hereby contemplated. The individual executing this Agreement on behalf of Seller has been duly authorized and empowered to execute it and to bind the Seller thereto. This Agreement constitutes the valid and binding obligation of Seller, enforceable in accordance with its terms.

4.4 Station Licenses. The Station Licenses set forth on Schedule 1.1 are in full force and effect, are valid for the balance of the current license term applicable to television stations licensed to communities in the State of California, unimpaired by any acts or omissions of Seller, and are free and clear of any restrictions which might limit or restrict the full operation of the Station as now operated (other than restrictions on the face of such Station Licenses). Seller is not aware of any reason why, upon proper application therefor filed at the appropriate time, those of the Station Licenses subject to expiration might not be renewed in the ordinary course based on current FCC Rules or of any reason why any of the Station Licenses might be revoked. The Station (including studio facilities) is in compliance with the Commission's policy on exposure to radio frequency radiation. No renewal of any Station License would constitute a major environmental action under the Rules of the Commission. Without limiting any of the foregoing, the Station has been to date operated in material compliance with the Station Licenses and in material compliance with the Communications Act of 1934, as amended, and the Rules and Regulations of the Commission. There is no reason intrinsic to Seller why the Commission or the United States Department of Justice would disapprove, disallow, refuse to consent to, or legally act to prevent the consummation of the Transaction.

4.5 Assets. Seller has good and marketable title to the Assets, free and clear of all mortgages, deeds of trust, liens, pledges, collateral assignments, security interests, leases, easements, covenants, restrictions and encumbrances or other defects of title ("Encumbrances"). On the Closing Date, Buyer shall acquire good and marketable title to the Assets free and clear of any and all Encumbrances. The Assets constitute the assets, both tangible and intangible, that are necessary for the business and operation of the Station as presently conducted by Seller.

4.6 Condition, Quality and Quantity of Equipment and Personal Property. The Station Equipment and Personal Property listed on Schedule 1.2 constitutes the personal property that is used or held by Seller for use in the operation of the Station. The Station Equipment is sufficient to permit the

Station to operate in accordance with sound engineering practices, the Station Licenses and the Rules and Regulations of the Commission. The Station Equipment is in good operating condition and repair (wear and tear excepted), meets or exceeds all FCC requirements, is suitable, adequate and fit for the use for which the Station Equipment is intended or is being used, and the present use of the Station Equipment does not violate, to the best of Seller's knowledge, any applicable patent, copyright, trademark, licensing or use agreement.

4.7 Litigation. As of the date hereof, there is no unsatisfied judgment against Seller or any of the Assets outstanding, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature pending against Seller or the Assets and, to Seller's knowledge, there is no action, suit, arbitration, litigation, proceeding, claim or investigation of any nature, threatened against Seller or the Assets. Seller is not aware of any facts that could reasonably result in any such proceedings.

4.8 Payment of Taxes. Seller has timely filed with all appropriate governmental agencies all federal, state, commonwealth, local, and other tax or information returns and tax reports (including, but not limited to, all income tax, unemployment compensation, Social Security, payroll, sales and use, profit, excise, privilege, occupation, property, ad valorem, franchise, license, school and any other tax under the laws of the United States or of any state or any municipal entity or of any political subdivision with valid taxing authority) due for all periods ended on or before the date hereof. Seller has paid in full all federal, state, foreign, local and other governmental taxes, estimated taxes, interest, penalties, assessments and deficiencies (collectively, "Taxes") which have become due pursuant to such returns or without returns or pursuant to any assessments received by Seller.

4.9 Patents, Trademarks, Copyrights. The Seller owns or possesses the right to use, and will convey to Buyer at closing, all of its right, title and interest in the call signs and all slogans, logos, copyrights, trademarks, tradenames, service marks, and other similar intangible property rights currently or historically used to promote or identify the Station, (the "Promotional Rights"). All material Promotional Rights are described on Schedule 1.3. Seller has no knowledge that, nor has Seller received any notice to the effect that, Seller's use of any of the Promotional Rights may or are claimed to infringe on the right of another. Seller is not aware of any basis for any claim that Seller's use of any of the Promotional Rights infringes on the right of another. The Station has maintained in full force and effect licenses appropriate for its format with ASCAP, BMI and any other music licensing agents as necessary for the lawful use of copyrighted material. Seller has no knowledge of any infringement or unlawful or unauthorized use of any Promotional Rights by any person. To Seller's knowledge, the operation of the Station (including by means of the use of the Promotional Rights) does not infringe any copyright, patent, trademark, tradename, service mark, or other similar right of any person and has no knowledge of any claims or assertions that its operation of Station has violated the intellectual property rights of any person.

4.10 No Misleading Statements. To Seller's knowledge, no information delivered or to be delivered to Buyer in connection with the transactions provided for by this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit a material fact necessary in order to make such statements or information, in light of the circumstances under which any such statement or information is delivered, not misleading.

4.11 Insurance. There is presently in force fire, casualty and liability insurance in respect to the properties and assets to be transferred and conveyed hereunder, and Seller will maintain or cause to be maintained such insurance in full force until the Closing hereunder.

6.1 Application for Commission Consent. On May 1, 2005, or at Buyer's request, Seller and Buyer shall join in and file an application or applications requesting the Commission's written consent to

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

5.5 Qualification as Broadcast Licensee. Buyer is legally qualified to acquire the Station. Buyer knows of no reason why it should not be found by the Commission to be qualified under the Communications Act of 1934, as amended, and the Commission's Rules and Regulations to become the licensee of the Station.

5.4 No Misleading Statements. To Buyer's knowledge, no statement made by Buyer to Seller set forth in this Agreement, or information delivered or to be delivered to Seller in satisfaction of a requirement of this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit a material fact necessary in order to make such statements or information, in light of the circumstances under which any such statement or information is delivered, not misleading.

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

5.2 No Breach. None of (i) the execution, delivery and performance of this Agreement and the agreements and instruments called for hereafter by Buyer, (ii) the consummation of the Transaction, or (iii) Buyer's compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate Buyer's articles of incorporation or organization, bylaws, operating agreement, any judgment, decree, order, agreement, lease or other instrument to which Buyer is a party or by which Buyer is legally bound, or any law, rule or regulation applicable to Buyer.

5.1 Authorization. The execution, delivery, and performance of this Agreement (and the other agreements and instruments referred to in this Agreement) by Buyer has been duly authorized by all necessary action on the part of Buyer. The individual executing this Agreement on behalf of Buyer has been duly authorized and empowered to execute it and to bind the Buyer thereto. Evidence of such authorizations reasonably acceptable to Seller shall be delivered to Seller at Closing. This Agreement and the other agreements and instruments called for hereunder have been duly executed by Buyer and delivered to Seller and constitute legal, valid, and binding obligations of Buyer, enforceable in accordance with its terms.

5. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer makes the following representations and warranties, all of which have been relied upon by Seller in entering into this Agreement and, except as specifically provided, all of which shall be true and correct as of Closing.

4.12 Employee Benefits. Seller has no commitment to create any employment agreements, pensions, profit sharing or similar plans or arrangements, nor will it while this Agreement is in affect, unless approved by Buyer.

the assignment of the Station Licenses from Seller to Buyer (the "Assignment Applications"), and they will diligently take all steps reasonably necessary or desirable and proper to prosecute expeditiously the Assignment Applications and to obtain the Commission's determination that approval of the Assignment Applications will serve the public interest, convenience, and necessity.

6.2 **Access.** Buyer will program the Station pursuant to an Operating Agreement of even date herewith and Buyer has and will have access to the Assets, the Studio Facility, the Financial Records, and to the books and records of Seller relating to the business and operation of the Station.

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

6.3.1 Seller shall: (i) maintain or cause to be maintained the Assets in their present condition (reasonable wear and tear in normal use excepted); and (ii) maintain or cause to be maintained all inventories of supplies, electronics and spare parts at levels generally consistent with the Station's prior practices.

6.3.2 Seller shall maintain its books and records in the usual and ordinary manner, on a basis consistent with prior periods.

6.3.3 Seller shall comply in all material respects with all laws, rules, ordinances and regulations applicable to it, to the Assets and to the business and operation of the Station.

6.3.4 Seller shall (i) perform all Contracts; (ii) cure all defaults under any Contracts; and (iii) pay all of Seller's accounts payable incurred in the ordinary course of Seller's business, in a timely manner consistent with sound business practices.

6.3.5 Seller shall not, without the express written consent of Buyer (i) sell or agree to sell or otherwise transfer, assign or dispose of any of the Assets or merge or consolidate with any other entity or enter into negotiations or agreements relating thereto, except that Seller may dispose of Assets which are (A) expended in the ordinary course of business and consistent with Seller's past practice and (B) are replaced prior to Closing by assets of equal or greater worth, quality and utility; (ii) acquiesce in any infringement, use or impairment of the Intangible Property or change the Station's call signs; or (iii) enter into any other contract, lease or agreement that will be binding on Buyer after Closing.

6.3.6 Seller shall not accelerate the collection of, or sell or assign, any Receivable.

6.3.7 Seller shall not, without the express written consent of Buyer, materially modify or amend any of the Contracts and renew on terms, acceptable to Buyer in its reasonable judgment, any Contract that may expire by its terms prior to Closing, unless Buyer consents in writing to allowing the Contract to terminate or lapse.

6.3.8 Seller shall carry on the business and activities of the Station, including, without limitation, the sale of advertising time and the purchasing and scheduling of programming, in the usual and ordinary course of business consistent with Seller's past business practices and the Operating Agreement with the Buyer and with customary practices in the television broadcast industry.

6.3.9 Seller shall maintain the validity of the Station Licenses and comply in all material respects with all Rules and Regulations of the Commission.

8.2 Fees and Expenses. Each party shall bear its own legal fees and any and all costs and expenses with respect to the preparation, filing and prosecution of its part of the application to the FCC requesting consent to this transfer. The Buyer shall pay the application fee(s) required by the FCC's rules.

8.1 Closing Date. The Closing of this Agreement is conditioned upon the granting by the FCC of its consent to the transactions contemplated by the Agreement. The date and time of the Closing shall be mutually agreed upon by the Seller and the Buyer, but shall not be more than seven (7) days after finality of the FCC grant. Unless both Parties agree otherwise, the consummation of this Agreement shall occur at the offices of the Seller at 914 Westwood Blvd., Suite 809, Los Angeles, CA 90024.

8. CLOSING.

7.1.2 Finality. The FCC Consent shall become a Final Order (as defined below). "Final Order" means an order or action of the Commission as to which the time for filing a request for administrative or judicial review, or for instituting administrative review *sua sponte*, shall have expired without any such filing having been made or notice of such review having been issued; or, in the event of such filing or review *sua sponte*, as to which such filing or review shall have been disposed of favorably to the grant and the time for seeking further relief with respect thereto under the applicable FCC or court rules shall have expired without any request for such further relief having been filed.

7.1.1 Commission Consent. The Commission shall have granted its consent to the Assignment Applications in accordance with the terms thereof, such consent shall be in effect and such consent shall not be subject to any conditions which are adverse to Buyer or which in any way diminish the operating rights with respect to the Assets or any of the Stations (except any such conditions as are expressly accepted by Buyer in writing) (the "FCC Consent").

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

7. CONDITIONS PRECEDENT

6.4 Adverse Developments. Seller shall promptly notify Buyer of any developments that occur prior to Closing that have or might have a material adverse consequence on the Assets or the operation or condition (financial or otherwise) of the Station; provided, however, that Seller's compliance with the disclosure requirements of this Section 6.4 shall not relieve Seller of any obligation with respect to any representation, warranty or covenant of Seller in this Agreement or waive any condition to Buyer's obligations under this Agreement.

6.3.1.1 Seller shall not, without the express written consent of Buyer, incur material obligations or liabilities, pay liens, cancel debts or waive any rights other than in the ordinary course of business. 6.3.1.2 Seller shall not permit the FCC licenses listed on Schedule 1.1 to lapse, to be modified in any adverse respect, or otherwise to become impaired in any manner.

6.3.1.0 Seller shall maintain in full force and effect all of its existing casualty, liability and other insurance through the day following the Closing Date in amounts not less than those in effect on the date hereof.

8.3 Termination. If the Closing has not occurred on or before May 1, 2006, then either Buyer or Seller, at its respective option, may terminate this Agreement upon thirty (30) days prior written notice to the other, provided that the party desiring to terminate this Agreement is not in default or breach at the time of said notice.

8.4 Performance at Closing. The following documents shall be executed and delivered at Closing:

8.4.1 Seller. Seller shall deliver to Buyer:

(a) One or more assignments transferring to Buyer all of the interests of Seller in and to the Station Licenses, as set forth in Schedule 1.1, in such form as shall be reasonably acceptable to Buyer.

(b) One or more bills of sale conveying to Buyer the Station Equipment and other Assets which constitute tangible personal property, in such form as shall be reasonably acceptable to Buyer.

(c) One or more assignments, together with all required consents, assigning to Buyer any leases and all of the Contracts, Station Records, Promotional Rights, other Intangible Property and other Assets, in such form as shall be reasonably acceptable to Buyer.

(d) Certificates of good standing issued with respect to Seller by the State of California.

(e) Such tax clearance certificates as are customarily issued by the taxing authorities of the State of California (evidencing the payment by the Seller of franchise, income and sales taxes, as applicable).

(f) Such other instruments of transfer as may reasonably be requested by Buyer to vest title to the Assets in and to Buyer.

8.4.2 By Buyer. Buyer shall deliver to Seller:

(a) The Purchase Price, giving credit, to the Deposit in accordance with the provisions of Section 3.2.

(b) Such assumption agreements and other instruments and documents as are required to make, confirm, and evidence Buyer's assumption of and obligation to pay, perform, or discharge Seller's obligations under the Contracts to the extent the same are to be assumed by Buyer pursuant to the terms of this Agreement.

(c) Certificates of good standing issued with respect to Buyer by the State of its organization and the State of California.

8.5. Other Documents and Acts. The parties will also execute such other documents and perform such other acts, before and after the Closing Date, as may be necessary for the complete implementation and consummation of this Agreement.

9. POST-CLOSING OBLIGATIONS. The parties covenant and agree as follows with respect to the period subsequent to the Closing Date:

9.1 Indemnification.

9.1.1 **Buyer's Right to Indemnification.** It is understood and agreed that Buyer does not assume and shall not be obligated to pay any liabilities of Seller, all of which shall remain the sole responsibility of Seller, except those first accruing and payable on or after the Closing Date under the Contracts assigned to and assumed by Buyer hereunder. All representations, warranties and agreements by Seller shall survive the Closing. Seller undertakes and agrees to indemnify and defend, and hold Buyer and its respective subsidiaries, affiliates, successors and assigns and their respective directors, officers, employees, shareholders, partners, representatives and agents (hereinafter referred to collectively as "Buyer Indemnitees") harmless from and against and in respect of any and all losses, costs, liabilities, claims, obligations and expenses (hereinafter sometimes collectively referred to as "Damages") incurred or suffered by a Buyer Indemnitee, arising from any and all claims, liabilities and obligations of any nature arising from or related to Seller's ownership of the Station or the Assets prior to the Closing hereunder, including without limitation, any liabilities or obligations asserted against a Buyer Indemnitee which arise in connection with any failure by Seller to pay or discharge any liability relating to the Station that is not expressly assumed by Buyer pursuant to the provisions of this Agreement.

9.1.2 **Seller's Right to Indemnification.** Buyer undertakes and agrees to indemnify and hold harmless Seller and its respective subsidiaries, affiliates, successors and assigns and their respective directors, officers, employees, shareholders, partners, representatives and agents (hereinafter referred to collectively as "Seller Indemnitees"), from and against and in respect of any Damages incurred or suffered by a Seller Indemnitee arising from any and all liabilities and obligations arising from or related to the Buyer's ownership or operation of the Station or the Assets after the Closing hereunder, including, without limitation, any liabilities or obligations of any nature asserted against a Seller Indemnitee which arise in connection with any failure by Buyer to pay or discharge any liability which accrues and is payable on or after the Closing Date under any Contracts assigned to and assumed by Buyer hereunder.

10. DEFAULT AND REMEDIES.

10.1 **Breach and Opportunity to Cure.** If either Buyer or Seller believes the other to be in default of any material representation, warranty, covenant, term or condition of this Agreement (a "default"), the nondefaulting party shall provide the defaulting party with notice specifying in reasonable detail the nature of such default. If such default has not been cured by the earlier of: (i) the Closing Date, or (ii) within twenty-one (21) days after delivery of such notice, then the party giving such notice may (x) terminate this Agreement, (y) extend the Closing Date (but no such extension shall constitute a waiver of such nondefaulting party's right to terminate as a result of such default), and/or (z) exercise the remedies available to such party pursuant to Section 10.2 or 10.3, subject to the right of the other party to contest such action through appropriate proceedings.

10.2 **Seller's Remedies.** Buyer recognizes that if the Transaction is not consummated as a result of Buyer's default, Seller would be entitled to compensation. The parties agree, therefore, in the event of a material breach by Buyer of its representations and obligations hereunder, not cured within ten (10) days after written notice from Seller that the default has not been cured, Seller shall have the right, if it is not in default hereunder, to terminate this Agreement by written notice to Buyer. Seller shall retain the deposit and will be free to pursue such other remedies in law or equity as may be available to it.

10.3 Buyer's Remedies. Seller agrees that the Assets include unique property that cannot be readily obtained on the open market and that Buyer would be irreparably injured if this Agreement is not specifically enforced after default. The parties agree, therefore, that in the event of a breach by the Seller of its representations and obligations hereunder, not cured within ten (10) days after written notice from Buyer that the default has not been cured, Buyer shall be entitled to, in addition to all other remedies that may be available to it, bring an action to enforce the terms of this Agreement by decree of specific performance, it being agreed that Buyer may not be fully compensated for its loss through money damages alone.

11. RISK OF LOSS. The risk of loss or damage to the Assets shall be upon Seller at all times prior to the Closing. In the event of material loss or material damage, Seller shall use all reasonable efforts to repair, replace or restore the lost or damaged property to its former condition as soon as possible. If such repair, replacement, or restoration has not been completed prior to the Closing Date, Buyer may, at its option:

(a) elect to consummate the Transaction in which event Seller shall assign to Buyer all of Seller's rights to insurance proceeds related to such casualty under any applicable insurance policies; or

(b) elect to postpone the Closing Date, with prior consent of the Commission if necessary, which consent both parties will use all reasonable efforts to obtain, for such reasonable period of time not to exceed ninety (90) days as is necessary for Seller if Seller so elects in its sole discretion to repair, replace, or restore the lost or damaged property to its former condition; or

(c) after the expiration of such extension period, if the lost or damaged property has not been adequately repaired, replaced or a restored, Buyer may terminate this Agreement, and the parties shall be released and discharged from any further obligation hereunder, in which event Seller shall refund to Buyer the Deposit within ten (10) days after notice by either party of termination.

12. GENERAL PROVISIONS.

12.1. Brokerage. The parties represent and warrant to each other that no person is entitled to any fee as a broker or finder in connection with the Transaction and agree to indemnify and hold each other harmless against any claim from any other broker or finder based upon any agreement, arrangement, or understanding alleged to have been made by the indemnifying party.

12.2. Expenses. Except as otherwise provided herein, all expenses involved in the preparation and consummation of this Agreement shall be borne by the party incurring the same whether or not the Transaction is consummated. All Commission filing fees for the Assignment Application(s), all recording costs for instruments of transfer, and all stamp, sales, use and transfer taxes shall be paid by Buyer.

12.3. Notices. All notices, requests, demands, and other communications pertaining to this Agreement shall be in writing and shall be deemed duly given when delivered personally (which shall include delivery by Federal Express or other nationally recognized, reputable overnight courier service that issues a receipt or other confirmation of delivery) to the party for whom such communication is intended, or three (3) business days after the date mailed by certified or registered U.S. mail, return receipt requested, postage prepaid, or sent *via* facsimile addressed as follows (or to such other address designated in writing upon due notice to the other party):

(a) If to Seller:

JDF Investment Company, LLC
914 Westwood Blvd., Suite 809
Los Angeles, CA 90024
Attention: Sim Farar
Facsimile: (310) 475-4469

with a copy (which shall not constitute notice) to

Borsari & Paxson
4000 Albemarle St., N.W., Suite 100
Washington, D.C. 20016
Attention: George R. Borsari, Jr.
Facsimile: (202) 296-4460

(b) If to Buyer:

U-Dub Productions, LLC
31276 Dunham Way
Thousand Palms, CA 92276
Attention: William Evans
Facsimile: (760) 343-5794

with a copy (which shall not constitute notice) to

Arnold & Porter
555 12th Street, N.W.
Washington, DC 20004-1202
Attention: Norman M. Sinel, Esq
Facsimile: (202) 942-5999

Any party may change its address for notices by notice to the others given pursuant to this Section

12.4. Survival of Representations, Warranties and Indemnification Rights. The several representations and warranties of the parties contained herein, and the parties' respective indemnification rights, shall survive the Closing.

12.5. Exclusive Dealings. For so long as this Agreement remains in effect, neither Seller, its officers, directors, nor any person acting on Seller's behalf, shall, directly or indirectly, solicit or initiate any offer from, or conduct any negotiations with, any person other than Buyer or Buyer's assignee(s) concerning the acquisition of the Station.

12.6. Waiver. Unless otherwise specifically agreed in writing to the contrary: (i) the failure of any party at any time to require performance by any other of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by any other

shall be valid unless in writing and acknowledged by an authorized representative of the nondefaulting party, and no such waiver shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by any party for the performance of any obligation or act by any other party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

12.7. Assignment. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, provided, however, that Programmer in its sole discretion and on notice to Owner may assign this Agreement to Desert Television LLC.

12.8. Entire Agreement. This Agreement and Schedules hereto (which are incorporated by reference herein), constitute the entire agreement between the parties with respect to the subject matter hereof and referenced herein, supersede and terminate any prior agreements between the parties (written or oral). This Agreement may not be altered or amended except by an instrument in writing signed by all parties hereto.

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

12.10. Severability. If any one or more of the provisions contained in this Agreement should be found invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any illegal or unenforceable term shall be deemed to be void and of no force and effect only to the minimum extent necessary to bring such term within the provisions of applicable law.

12.11. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the choice of law rules utilized in that jurisdiction.

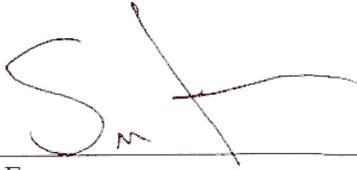
12.12 Arbitration. The parties hereto agree that any and all disputes, claims or controversies arising out of or relating to this Agreement that are not resolved by mutual agreement shall be submitted to final and binding arbitration before JAMS/ENDISPUTE, or its successor, pursuant to the United States Arbitration Act, 9 U.S.C Sec. 1 et seq. Either party may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with JAMS/ENDISPUTE, with a copy to the other party. The arbitration will be conducted in accordance with the provisions of JAMS/ENDISPUTE's Comprehensive Arbitration Rules and Procedures in effect at the time of the filing of the demand for arbitration. The parties will cooperate with JAMS/ENDISPUTE and with one another in selecting an arbitrator from JAMS/ENDISPUTE's panel of neutrals, and in scheduling the arbitration proceedings. The parties covenant that they shall participate in the arbitration in good faith, and that they shall share equally in its costs. The provisions of this Section may be enforced by any Court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys fees, to be paid by the party against whom enforcement is ordered. All arbitration proceedings shall be held in Los Angeles, California.

12.13. **Effectiveness.** This Agreement shall become effective immediately upon execution by each of the parties hereto.

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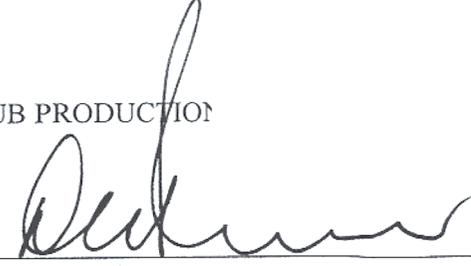
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their duly authorized principals on the day and year first above written.

JDF INVESTMENT COMPANY, LLC

By: 

Sim Farar
Managing Member

U-DUB PRODUCTION

By: 

Dave Rennie
Chief Financial Officer

Schedule 1.1
Licenses and Authorizations

Low Power Television/Television Translator Broadcast Station License for KYAV-LP,
Palm Springs, California, Facility Identification Number 2961

Schedule 1.2
Station Equipment and Personal Property

The following equipment is in Control Room & Production Department

- 2 equipment racks
- 1 unity4422 satellite receiver
- 1 fiber transmitter
- 1 EAS unit containing 3 modules (emergency broadcast system)
- 1 time base corrector
- 1 video data system (for using crawl on screen)
- 1 Sony VTR 1600
- 1 Sony VTR 9600
- 1 Sony VTR 1800 (product unit)
- 1 video demodulator fiber receiver
- 1 ups battery backup system (2 modules)
- 1 Minerva encoder
- 1 ad insertion video server
- 1 PC work station
- 1 audio gain control (blue box)
- 1 video gain control (blue box)
- 2 JVC video monitors
- 2 VGA monitors
- 2 television monitors
- 1 10 ft. dish
- 1 Peavey RQ 200 six channel mixer mini console
- 1 Sony Microphone F-v320
- 1 Azden wireless microphone

The following equipment is at EDOM Hill

- 1 10 ft. Satellite Dish with LNB and Mount
- LPTV Antenna tuned to Channel 12
- Extra Scala Panel Antennas
- Inter Bay Cables
- Foam Coax
- Eight Way Power Dividers
- Lil Moneymaker
- DTMF Tone Generator
- Sony ¾" U-Matic VCR with Rack Slides
- Solid State 100 Watt Television Transmitter, complete with Solid State Modulator Up-Converter and filter tuned to Channel 12

Schedule 1.2
Station Equipment and Personal Property
(continued)

Office Furniture at KYAV-TV (AZTECA AMERICA) Inventory List

Reception desk and chair
Monitor and rack
4 printers
1 fax
4 file cabinets
Microwave
Coffee maker
Refrigerator
3 Notebook Computers
3 computers
1 Summit traffic and billing system
4 desks
4 executive chairs
Coffee table
Couch
10 guest chairs
Conference table
Telephone system with 7 separate telephone instruments
Bookcases complete with furnished executive office

Schedule 1.3
Call Signs, Promotional Material and Intangible Property

KYAV-LP

Schedule 2
Assumed Contracts

Retransmission Agreement entered on September 23, 2002 between JDF Investment Company, LLC and Time Warner Entertainment-Advance Newhouse, LP, Desert Cities Division.

Station Affiliation Agreement entered on August 26, 2002 between Azteca International Corporation and JDF Investment Company, L.L.C.

Lease entered on October 1, 2001 between The Michael & Linda Nichols Trust, The Ronal & Pamela Nichols Trust, The John Bender Moor Successor Trust, etc. (“The Edom Hill Property Owners”) and JDF Investment Co., LLC.