

EXHIBIT C

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made as of _____, 2001 among Nassau Broadcasting I, L.L.C., a Delaware limited liability company ("NBI"), Nassau Broadcasting II, L.L.C., a Delaware limited liability company ("NBII"), and Nassau Broadcasting Partners, L.P., a Delaware limited partnership ("NBPLP") (NBI, NBII and NBPLP collectively, "Seller"), with their principal place of business located at 619 Alexander Road, Third Floor, Princeton, New Jersey 08540, and Millennium Radio Group, LLC, a Delaware limited liability company (referred to herein as "Buyer"), with their principal place of business located at 220 North Pointe Parkway, Suite D, Amherst, New York 14228.

STATEMENT OF FACTS

1. Pursuant to a Stock Purchase Agreement dated as of August 25, 1999 (the "Stock Purchase Agreement"), Seller has agreed to purchase the stock of Manahawkin Communications Corp. ("MCC") which holds the construction permit issued by the Federal Communications Commission ("FCC") to build and operate a Class B radio station construction permit, designated as WCHR-FM (the "Station") on 105.7MHz, authorized to Manahawkin, New Jersey, and which such purchase is presently pending approval before the FCC; and

2. Buyer desires to acquire an option to purchase all of the assets of Manahawkin Communications Corporation once the FCC has approved the transfer of the stock of MCC to Seller and the Stock Purchase Agreement has been consummated, and Seller desires to grant such option to Buyer.

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

1. OPTION.

1.1 Option. In consideration of the payment by Buyer to Seller of One Million Dollars (\$1,000,000) (the "Option Payment"), Buyer shall have the right, option and privilege to purchase all of the Assets (as defined below), subject to the consent of the FCC (the "Option"), in accordance with the terms and conditions of an Asset Purchase Agreement (the "Asset Purchase Agreement") to be entered into in substantially the form attached hereto as Exhibit A, with such changes as actual circumstances may require. The Option Payment shall be non-refundable, except upon Seller's default, as set forth in Section 5.2(e) of this Agreement.

1.2 Option Period. The Option shall be effective upon payment of the Option Payment. The Option shall have an effective period beginning with the day after the date upon which occurs the consummation by Seller of the Stock Purchase Agreement and shall end twelve (12) months from such date (the "Option Period").

1.3 Option Exercise Notice. Buyer may notify Seller of its intent to exercise the Option no earlier than the first day of the Option Period and no later than the final day of the

Option Period defined above, by sending written notice to Seller that it intends to exercise the Option. The date of such notice hereinafter shall be referred to as the "Option Exercise Date."

1.4 Failure to Exercise Option. If Buyer fails to exercise the Option within the Option Period, the Option shall lapse.

2. **PURCHASE AND SALE OF ASSETS UPON EXERCISE OF OPTION.**

Upon exercise of the Option, Seller and Buyer shall execute the Asset Purchase Agreement, and at the Closing Date, as that term is defined in the Asset Purchase Agreement ("Closing Date"), subject to the terms and conditions of this Agreement, Seller shall sell to Buyer, and Buyer shall purchase from Seller, all right, title and interest, legal or equitable, in and to all of the Assets. The Parties acknowledge that Seller's ability to close the transactions contemplated by the exercise of the Option are subject to the prior receipt of the FCC approval to the transfer of control of MCC to Seller.

3. **PURCHASE PRICE AFTER EXERCISE OF OPTION.**

Following the exercise of the Option, on the Closing Date, Buyer shall deliver to Seller, as payment of the purchase price under the Asset Purchase Agreement, the sum of Thirteen Million Dollars (\$13,000,000) less the One Million Dollars (\$1,000,000) Option Payment.

4. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

As used in this Section 4, references to Seller's knowledge shall mean Seller's knowledge after Seller has exercised due diligence in making inquiries of Sellers' personnel. Seller represents and warrants that the following statements as to Seller and the Station are correct as of the date hereof and will be correct throughout the Option Period and at the Closing Date.

4.1 Authority. Seller has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement.

4.2 Assets. Seller is the purchaser of the stock of MCC under a Stock Purchase Agreement dated August 26, 1999 which such agreement is in full force and effect without default or breach by any of the parties thereto, and will at the Closing Date have good title to, all of the business, rights, property and assets, real and personal, tangible and intangible, used or held for use in connection with the business and operation of the Station (the "Assets") free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance or security interest. The Assets are not subject to any contract, sale or other agreement, nor will such Assets be sold or offered for sale during the Option Period.

4.3 Existence and Powers. The Seller entities are duly formed, validly existing and in good standing under the laws of the State of Delaware and have the power and authority to own or lease its properties and to carry on business as now being conducted, and has all requisite power and authority to enter into, deliver and perform this Agreement and the Asset Purchase Agreement (together, "the Agreements"). The execution, delivery, and performance of the Agreement by Seller have been duly and validly authorized by the Sellers' respective governing documents and no other action is required. Neither the execution and delivery of the Agreements

by Seller, not the compliance by Seller with the respective terms thereof (i) will, to the best of Seller's knowledge, breach any laws, rules, regulations, and orders of any governmental entity applicable to Seller and the Assets, including, without limitation, the Communications Act of 1934, as amended (the "Act") and the rules and regulations promulgated thereunder (the "Applicable Laws"); (ii) will conflict with or result in a breach of or constitute a default (or an event which, with notice or lapse of time, or both, would become a default) under any of the terms, conditions or provisions of any judgment, order, arbitration, injunction, decree or ruling of any court of governmental authority to which Seller or any of the Assets is subject or Certificates of Incorporation, By-Laws, or any agreement, commitment, arrangement, lease, insurance policy, or other instrument to which Seller is a party or by which it is bound; (iii) will result in the creation of any lien, equitable lien, tax lien, mortgage, charge, security interest or other encumbrance upon any of the Assets; (iv) will give to any other person any interests or rights, including rights of termination or cancellation, in or with respect to any of the priorities, assets, agreements, contracts or business of Seller; (v) will result in the loss or adverse modifications of the Licenses, as that term is defined in Section 4.4 of this Agreement, or any other license, franchise, permit or other governmental authorization granted to or held by Seller; or (vi) require the consent of any person except as disclosed in this Agreement.

4.4 Licenses, Authorization and Compliance Therewith. Seller, at the time of Closing, will own and/or will have all franchises, licenses, permits, consents, approvals or authorizations of any public or governmental agency materially necessary to the conduct by Seller of its business as now conducted, including, but not limited to, all of the FCC authorizations issued to Seller with respect to the Station (the "Licenses").

4.5. Insurance. The insurance policies owned by Seller or the Companies on which Seller is a named beneficiary are now, and will, on the Closing Date, be fully in effect in accordance with their terms, with no default in the payment of premiums on any such policy and no ground for cancellation or avoidance of any thereof or for reduction of the coverage provided hereby.

4.6 No Conflict. Neither the execution and delivery of the Agreements by Seller nor the consummation of the transactions contemplated in accordance with their terms (i) will materially conflict with, result in a material breach of, or constitute a material default under any indenture, mortgage, lease or other agreement, to which the Seller is a party or to which it or any of its properties may be subject or (ii) will result in a material violation of any order, writ, injunction, decree or award of any court or governmental authority to which the Seller or any of its properties may be subject.

4.7 No Approvals. Except for the consent of the FCC, no approval, consent, withholding of objection or other authorization is required or, as of the Closing Date, will be required from any court, administrative agency or governmental authority in connection with the execution, delivery or performance by Seller of the Agreements.

5. **TERMINATION PRIOR TO EXPIRATION OF OPTION PERIOD; DEFAULT AND REMEDIES.**

5.1 Termination before Expiration of Option Period. If Buyer has not exercised the Option, this Agreement may be terminated only as follows:

5.1(a) By Buyer, upon the occurrence of a Seller's Event of Default (as defined in Section 5.2(b)); or

5.1(b) By Seller, upon the occurrence of a Buyer's Event of Default (as defined in Section 5.2(a)).

5.2 Default and Remedies.

5.2(a) The occurrence of any one or more of the following events shall constitute a material default of this Agreement by Buyer ("Buyer's Event of Default"):

(i) The material breach of any representation or warranty by Buyer hereunder unless such breach is cured prior to the Closing Date;

(ii) The failure by Buyer to perform any other of its obligations under this Agreement, where such failure shall continue for a period of fifteen (15) days after delivery of written notice of demand therefor from Seller to Buyer; provided, however, that if more than fifteen (15) days are reasonably required to cure such failure, then Buyer shall not be deemed to be in default thereof if Buyer, in good faith, has commenced such cure within said fifteen (15) day period and thereafter diligently prosecutes such cure to completion and completes such cure prior to the Closing Date.

5.2(b) The occurrence of any one or more of the following events shall constitute a material default of this Agreement by Seller ("Seller's Event of Default"):

(i) The material breach of any representation or warranty by Seller hereunder unless such breach is cured prior to the Closing Date;

(ii) The failure by Seller to perform any other of its obligations under this Agreement, where such failure shall continue for a period of fifteen (15) days after delivery of written notice of demand therefor from Buyer to Seller; provided, however, that if more than fifteen (15) days are reasonably required to cure such failure, then Seller shall not be deemed to be in default thereof if Seller, in good faith, has commenced such cure within said fifteen (15) day period and thereafter diligently prosecutes such cure to completion and completes such cure prior to the Closing Date.

5.2(c) Seller acknowledges that the Station is of a special, unique, and extraordinary character, and that any breach of this Agreement by Seller could not be compensated for by damages. Accordingly, upon the occurrence of a Seller's Event of Default, Buyer shall be entitled, in addition to any other remedies that it may have, to enforcement of this Agreement (subject to obtaining any required approval of the FCC) by a decree of specific performance or injunctive relief requiring Seller to fulfill its obligations under this Agreement. In any action to specifically enforce Seller's obligations under this Agreement, Seller shall waive the defense that there is an adequate remedy at law or in equity and agrees that Buyer shall be entitled to obtain specific performance of Seller's obligation to close hereunder without being required to prove actual damages. As a condition to seeking specific performance, Buyer shall not be required to tender the Purchase Price, but shall be required to demonstrate that Buyer is

ready, willing and able to tender the Purchase Price and consummate the purchase of the Station as contemplated under the Asset Purchase Agreement.

Buyer shall be entitled to a prompt refund of the Option Payment: (i) upon any termination of this Agreement by Buyer as a result of a Seller's Event of Default; (ii) if Seller intentionally refuses to deliver any documents it is required to deliver at Closing, or to discharge any of its Closing obligations; or (iii) Buyer exercises the Option, but the Asset Purchase Agreement is not consummated for any reason by the latest permitted Closing Date under the Asset Purchase Agreement other than primarily due to Buyer's Event of Default (as defined in the Asset Purchase Agreement).

5.2(d) Seller shall be entitled to retain the Option Payment: (i) upon any termination of this Agreement by Seller as a result of a Buyer's Event of Default and Seller is not in Default; or (ii) if Buyer elects to not exercise the Option for any reason other than a Seller's Event of Default.

6. **NOTICES.**

All notices and other communications hereunder shall be in writing and be deemed to have been duly given if delivered personally or by overnight courier or sent by telecopy or mailed by registered mail, postage prepaid, addressed as follows:

(a) If to Seller, to:

Louis F. Mercatanti, Jr.
Nassau Broadcasting Partners, L.P.
619 Alexander Road, Third Floor
Princeton, NJ 08540

with a copy to:

Timothy R. Smith, Esq.
619 Alexander Road, Third Floor
Princeton, NJ 08540

(b) If to Buyer, to:

Charles W. Banta
Millennium Radio Group, LLC
220 North Point Parkway, Suite D
Amherst, NY 14228

with a copy to:

William E. Wallace, Esq.
Kaye Scholer LLP
425 Park Avenue
New York, NY 10022

or such other address with respect to any party hereto as such party may from time to time notify (as provided above) to the other party hereto. Any such notice, demand or communication shall be deemed to have been given (i) if so mailed, as of the close of the third business day following the date so mailed, and (ii) if personally delivered or otherwise sent as provided above, on the date delivered or sent if sent by telecopy and on the next business day after the date sent in all other cases.

7. **COVENANTS REGARDING STOCK PURCHASE AGREEMENT.**

7.1 **Consummation.** Seller hereby covenants to hereafter take all actions required or permitted to be taken by it in order to consummate the Stock Purchase Agreement as expeditiously as possible, including without limitation Seller's ongoing obligations under Section 8 of the Stock Purchase Agreement, entitled "APPLICATION FOR FCC APPROVAL."

7.2 **Amendments/Waivers.** Seller shall not amend or waive any provision of the Stock Purchase Agreement or any related document in a manner that would adversely affect the Assets, the Station or Buyer's rights hereunder or under the Asset Purchase Agreement.

8. **OPERATION OF STATION.**

8.1 **Operation of Station.** Subject to the provisions of any LMA entered into pursuant to Section 8.2, between the date of the consummation by Seller of the Stock Purchase Agreement and the Closing Date, Seller shall operate the Station with all due diligence and treat the Assets in a manner consistent and in compliance with the Licenses and the Applicable Laws. Seller at no time shall take any action that will diminish the value of the Station, the Assets or Buyer's rights hereunder.

8.2 **Time Brokerage Agreement.** From and after the Option Exercise Date and prior to the Closing Date, Buyer shall have the right, upon at least ten (10) days notice to Seller, to enter into a Time Brokerage Agreement ("LMA") with Seller for the Station, in a form reasonably agreeable to the parties that provides as follows:

(a) At all times during which the LMA is in effect, Buyer shall reimburse Seller for Seller's reasonable out-of-pocket expenses as mandated by the FCC.

- (b) For the first one hundred twenty (120) days following the commencement date of the LMA, Seller shall not be entitled to any payments from Buyer other than reimbursements under Section 8.2(a).
- (c) If, after 120 days following the commencement date of the LMA, the FCC approval of the transfer of the License has not become a Final Order (as defined in the Asset Purchase Agreement) or the parties have otherwise not consummated the Asset Purchase Agreement, and the LMA is still in effect, Buyer shall begin to pay Seller a monthly LMA payment of \$50,000 per month (the "LMA Fees") in addition to the reimbursements under Section 8.2(a). All such LMA Fees (which shall not include the reimbursements under Section 8.2(a)) shall be applied as a credit towards the purchase price payable by Buyer at the closing of the Asset Purchase Agreement.
- (d) The LMA will terminate on the Closing Date or upon the date the Asset Purchase Agreement is terminated without having been consummated.

9. **EXPENSES**

Unless otherwise agreed to in writing by the parties hereto, each party shall pay their own costs and expenses, including any and all legal and accounting fees, of its performance and compliance with all conditions and agreements contained herein on its or their part to be performed or complied with.

10. **MISCELLANEOUS**

10.1 **Section Headings**. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.2 **Entire Agreement; Filings**. This Agreement and all Schedules and Exhibits attached hereto constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior understandings and agreements among the parties, whether oral or written, contain the entire understanding of the parties and shall not be changed, modified, amended, extended, terminated, waived or discharged except by subsequent instruments in writing signed by the parties hereto.

10.3 **Counterparts**. This Agreement may be signed upon any number of counterparts with the same effect as if the signature to each counterpart were on the same instrument.

10.4 **Survival**. The provisions hereof, which by their terms are to be performed or observed after the expiration of the Option Period, shall survive the Closing under the Asset Purchase Agreement in accordance with the terms of this Agreement and shall be binding upon and inure to the benefit of all of the parties hereto, their heirs, legal representatives, successors and assigns.

10.5 **Confidentiality**. Neither party shall make any announcement or disclose to the press or others without Seller's consent (which shall not be unreasonably withheld or delayed) as to the purchase/sale of the Station prior to the filing of applications with the FCC and its first

public announcement of the assignment application. It is understood that the foregoing non-disclosure requirement is not intended to preclude Buyer from having discussions with financial entities, consultants, attorneys and prospective management level employees outside the Station who will also be advised of the need and agreement for deferred disclosure.

10.6 Assignability. Neither the Agreement nor any rights or obligations hereunder may be assigned by Buyer or Seller without the express prior written consent of the other party. Except as provided otherwise herein, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

10.7 Governing Law. This Agreement shall be governed by, construed (both as to validity and performance) and enforced in accordance with the laws of the State of New Jersey applicable to agreements made and to be performed wholly within such jurisdiction.

10.8 Severability. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law now or hereafter in effect which renders any provision hereof unenforceable in any respect.

[Signatures on Next Page]

SIGNATURE PAGE TO OPTION AGREEMENT

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

MILLENNIUM RADIO GROUP, LLC

By: _____
Name:
Title:

NASSAU BROADCASTING II, L.L.C.,

**By: Nassau Broadcasting I, L.L.C.,
as Sole Member**

**By: Nassau Broadcasting Partners, L.P.,
as Sole Member**

**By: Nassau Broadcasting Partners, Inc.,
its General Partner**

By: _____
Louis F. Mercatanti, Jr.
President

NASSAU BROADCASTING I, L.L.C.,

**By: Nassau Broadcasting Partners, L.P.,
as Sole Member**

**By: Nassau Broadcasting Partners, Inc.,
its General Partner**

By: _____
Louis F. Mercatanti, Jr.
President

NASSAU BROADCASTING PARTNERS, L.P.

**By: Nassau Broadcasting Partners, Inc.,
its General Partner**

By: _____
Louis F. Mercatanti, Jr., President