

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

THREE D RADIO, INC.,

DEBTOR IN POSSESSION

AS SELLER

AND

MCC RADIO, LLC,

AS BUYER

DATED: JUNE ____, 2004

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of June ____, 2004 by and between Three D Radio, Inc., Debtor in Possession ("Seller"), a California corporation and MCC Radio, LLC ("Buyer"), a Georgia limited liability company.

Recitals

A. Seller owns and operates the following radio broadcast station (the "Station") pursuant to certain licenses, permits and authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC"):

KQYN-(AM), Twentynine Palms, California

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Station Assets (defined below), subject to the terms and conditions of this Agreement.

Agreement

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

ARTICLE 1: SALE AND PURCHASE

1.1 Station Assets. Subject to and in reliance upon the representations, warranties and agreements herein set forth, and subject to the terms and conditions herein contained, Seller shall grant, convey, sell, assign, transfer and deliver to Buyer on the Closing Date (defined below) all right, title and interest of Seller in and to all properties, assets, privileges, rights, interests and claims, personal, tangible and intangible, of every type and description, wherever located, including its business and goodwill (except for Excluded Assets (defined below)) used or held for use in the business or operation of the Station (collectively, the "Station Assets"). Without limiting the foregoing, the Station Assets shall include the following:

(a) FCC Authorizations. All of the FCC Authorizations issued with respect to the Station, including those described on *Schedule 1.1(a)* of the Schedules attached to this Agreement, together with any renewals or extensions thereof and additions thereto between the date hereof and Closing;

(b) Tangible Personal Property. All equipment, electrical devices, antennas, cables, tools, hardware, furniture, fixtures, towers, office materials and supplies, inventory, motor vehicles, spare parts and other tangible personal property of every kind and description which are used or held for use in the operation of the Station, whether owned or leased, including, without limitation, those items listed on *Schedule*

1.1(b) of the Schedules attached to this Agreement, together with additions thereto and replacements thereof made between the date hereof and Closing (the "Tangible Personal Property");

(c) Contracts. (i) all agreements entered into in the ordinary course of business for the sale of advertising time on the Station for cash at usual and customary rates for the periods in question that are in existence on the Closing Date and are cancelable without penalty or premium, (ii) the oral and written contracts listed on *Schedule 1.1(c)* of the Schedules to this Agreement including, without limitation, those which are in effect on the Closing Date, (iii) Trade Agreements (that is, contracts for the broadcast of advertising for consideration other than cash) that, as of the Closing Date, have a maximum aggregate obligation for commercial time at retail value not to exceed Two Thousand and Five Hundred Dollars (\$2,500) and (iv) those contracts entered into between the date hereof and the Closing in the usual and ordinary course of business as provided in Section 4.1 or which have been consented to in writing by Buyer (collectively the "Station Contracts");

(d) Domain Names. All rights to the internet domain names owned by Seller listed on *Schedule 1.1(d)* and all other electronic media used in connection with the operation of the Station, including, without limitation, the Internet website located at such domain name.

(e) Websites. All rights to the content of the Internet websites listed in *Schedule 1.1(e)* (the "Website Content"), to the extent owned by Seller and used in connection with the Station, including all rights necessary to continue operation of the said website as it is presently operated.

(f) Operational Information. All telephone numbers, directory listings, yellow page advertising, post office boxes, facsimile numbers, mailing permits and e-mail addresses owned by Seller and used in connection with the Station, including but not limited to those listed in *Schedule 1.1(f)* to the extent assignable.

(g) Intangible Property. All of Seller's rights in and to the Station's call letters and Seller's rights in and to the trademarks, trade names, service marks, franchises, copyrights, computer software, programs and programming material, jingles, slogans, logos, and other intangible property which are used or held for use in the operation of the Station, including those listed on *Schedule 1.1(g)* of the Schedules to this Agreement (the "Intangible Property");

(h) Programming. All interests of Seller in all music libraries, programs and programming materials and elements of whatever form or nature used or held for use in the operation of the Station, whether recorded on tape or any other substance or intended for live performance, and whether completed or in production, and all related common-law and statutory copyrights used or held for use in the operation of the Station shown on *Schedule 1.1(h)* attached hereto;

(i) Files and Records. Seller's rights in and to all the files, documents, records, logs and books of account (or copies thereof) relating to the operation of the Station, including the Station's local public inspection files, programming information and studies, blueprints, technical information and engineering data, advertising studies, marketing and demographic data, sales correspondence, lists of advertisers, credit and sales reports; and

(j) Claims and Going Concern Value. All claims (including warranty claims) deposits, prepaid expenses, and Seller's goodwill in, and the going concern value of, the Station.

1.2 Jointly Used Assets. Jointly used assets means assets jointly used by radio station KQYN-AM and radio stations KDHI-FM and KKJT-FM ("Jointly Used Assets"). Buyer is acquiring no Jointly Used Assets from Seller but is acquiring a leasehold interest in the Office/Studio and Transmission Space to be leased to Buyer by the purchasers of the two FM stations as provided in Section 1.12 of the Agreement.

1.3 Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include Seller's cash, cash equivalents, accounts receivable existing as of the Adjustment Time (defined below), insurance policies, employee benefit plans, or any other contract not included in the Station Contracts and those assets used solely in the operation of Radio Stations KDHI-FM and KKJT-FM and not used or needed for operation of the Station (the "Excluded Assets").

1.4 Liabilities. The Station Assets shall be transferred to Buyer free and clear of all liens, claims, charges, security interests, financing leases and encumbrances whatsoever ("Liens") except for the obligations of Seller arising after Closing under the Station Contracts (collectively, the "Assumed Obligations"), and liens for taxes not yet due and payable and other non-monetary liens in existence and of record as of the date hereof such as easements, restrictions and the like, none of which adversely affect the use and operation of the Station Assets or the value thereof (collectively, "Permitted Encumbrances"). Except for the Assumed Obligations, Buyer does not assume and will not be deemed by execution and delivery of this Agreement or any agreement, instrument or document delivered pursuant to or in connection with this Agreement or otherwise by reason of the consummation of the transactions contemplated hereby, to have assumed, any liabilities, obligations or commitments of Seller of any kind, whether or not disclosed to Buyer, including, without limitation, any liability or obligation of Seller under any contracts not included in the Station Contracts (the "Retained Liabilities").

1.5 Purchase Price; Method of Payment. The purchase price to be paid for the Station Assets shall be the sum of One Hundred Thousand Dollars (\$100,000.00) (the "Purchase Price"). The Purchase Price shall be paid at Closing in cash by wire transfer of immediately available funds pursuant to the written instructions of Seller to be delivered by Seller to Buyer at least three (3) business days prior to Closing. The amount paid at closing shall be adjusted as provided by Section 1.7 as provided below. Buyer shall receive a Five Thousand Dollar (\$5,000.00) credit toward the Purchase Price for consideration previously paid by Buyer in connection with an FCC application to change

the Station's city of license from Twentynine Palms, California to Yucca Valley, California (the "Yucca Valley Application").

1.6 Deposit. Simultaneously with the execution and delivery of this Agreement, Buyer has deposited the sum of Ten Thousand Dollars (\$10,000.00) (the "Deposit") with MCH Enterprises, Inc. (the "Escrow Agent") to be held in accordance with the Escrow Agreement attached hereto as Schedule 1.6. At Closing, the Deposit shall be disbursed to Seller and applied to the Purchase Price (and any interest accrued thereon shall be disbursed to Buyer). If this Agreement is terminated by Seller pursuant to Section 9.1(c), the Deposit shall be paid to Seller as liquidated damages and such disbursements shall be the sole and exclusive remedy of Seller. Seller hereby waives all other legal and equitable remedies it may otherwise have as a result of any breach or default by Buyer under this Agreement. If this Agreement is terminated for any other reason, the Deposit and any interest accrued thereon shall be disbursed to Buyer. The parties shall each instruct the Escrow Agent to disburse the Deposit and all interest accrued thereon to the party or parties entitled thereto and shall not, by any act or omission, delay or prevent any such disbursement.

1.7 Adjustments. The operation of the Station and the income and operating expenses attributable thereto until 12:01 a.m. on the Closing Date (the "Adjustment Time") shall be for the account of Seller and thereafter for the account of Buyer, and prepaid and deferred items of income and expense shall be prorated between Seller and Buyer as of the Adjustment Time in accordance with generally accepted accounting principles consistently applied. All special assessments and similar charges imposed against Tangible Personal Property in respect of any period of time through the Adjustment Time, whether payable in installments or otherwise, shall be the responsibility of Seller, and amounts payable with respect to such special assessments, charges or liens in respect of any period of time after the Adjustment Time shall be the responsibility of Buyer, and such charges shall be adjusted accordingly. To the extent that any of the foregoing prorations and adjustments cannot be determined as of the Closing Date, Buyer and Seller shall conduct a final accounting and make any further payments, as required on a date mutually agreed upon, within ninety (90) days after the Closing.

1.8 Taxes. Seller shall pay all taxes of any kind, including without limitation, transfer, sales, income or employee related taxes in connection with this transaction.

1.9 Closing. The consummation of the sale and purchase of the Station Assets provided for in this Agreement (the "Closing") shall take place on a date specified by Buyer no later than the tenth (10th) business day after the later of (i) the date of the initial FCC Consent or, at Buyer's option, after the date the FCC Consent becomes Final (defined below), or (ii) on such other date or Buyer and Seller may mutually agree, in any case subject to the satisfaction or waiver of the last of the conditions required to be satisfied or waived pursuant to Articles 6 or 7 below (other than those requiring a delivery of a certificate or other document, or the taking of other action, at the Closing). The date on which the Closing is to occur is referred to herein as the "Closing Date."

1.10 FCC Application.

(a) As soon as possible (but in no event later than ten (10) business days after the date of this Agreement and any approvals required from the United States Bankruptcy Court) Seller and Buyer shall join in and file an application (the "FCC Application") requesting FCC consent to the assignment of the FCC Authorizations from Seller to Buyer (the "FCC Consent"). Seller and Buyer shall diligently prosecute the FCC Application. Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to the FCC Application, and shall furnish all information required by the FCC.

(b) For purposes of this Agreement, the term "Final" shall mean that action shall have been taken by the FCC (including action duly taken by the FCC's staff, pursuant to delegated authority) which shall not have been reversed, stayed, enjoined, set aside, annulled or suspended; with respect to which no timely request for stay, petition for reconsideration, or rehearing, appeal or certiorari or *sua sponte* action of the FCC with comparable effect shall be pending; and as to which the time for filing any such request, petition, appeal, certiorari or for the taking of any such *sua sponte* action by the FCC shall have expired or otherwise terminated.

1.11 Approval of U.S. Bankruptcy Court. Buyer understands that Seller is a Chapter 11 Debtor in a proceeding the U.S. Bankruptcy Court in Reno, Nevada ("Bankruptcy Court") and that the Bankruptcy Court approval must be obtained by Seller to enter into and consummate this Agreement.

1.12 Office/Studio and Transmission Space. Buyer is aware that Seller has entered into an asset purchase agreement regarding a sale of the assets of radio stations KDHI-FM and KKJT-FM, which would include the office/studio space and antenna tower site used in the operation of the Station. As part of the terms and conditions of that sale, the successor owner of the Real estate has agreed to permit Buyer to lease office/studio space and the antenna tower site, the antenna tower and space in the transmitter building ("Leased Premises") on the following terms:

(a) The monthly rental shall be Three Hundred Fifty Dollars (\$350.00) plus a pro-rated charge for utilities, property taxes and other expenses of operations, provided there shall be executed a Lease Agreement containing terms and conditions normally found in such documents, and specifically allowing for annual escalations in the monthly rental fee based on the increase in the CPI or 5% whichever is less. The lease by Buyer shall only be of the right to use the antenna tower site and antenna tower and Buyer shall not become the owner of the tower or have any maintenance obligations in connection with the tower. The owner of the real estate shall be the owner of the tower.

(b) At a minimum, the term of the Lease Agreement shall be for three (3) years with no less than three (3) renewals of five (5) years each, provided that in the event the transmission facilities of the Station are moved as anticipated to meet the FCC requirements associated with the proposed change in community license from Twentynine Palms, California to Yucca Valley, California, the monthly rental for

office/studio space shall remain in effect with adjustments for changes in the Station's amount of use of the Leased Premises.

(c) In the event the office/studio facilities of the Station are moved from the Premises, Buyer shall have the option of early termination of the Lease Agreement or partial termination of the Lease Agreement as it relates to office/studio facilities or transmission site/transmitter and tower facilities provided the owner of the real estate shall be afforded a written sixty (60)-day notice of termination or partial termination.

(d) In the event Buyer moves the transmission site/tower facilities of the Station it shall have no further obligations in connection with the transmission tower site or transmitter tower.

The obligations of Buyer under this Agreement are contingent upon Buyer being able to enter into a lease agreement with the Buyer of KDHI - FM and KKJT - FM (the successor owner of the real estate which is now being used by KDHI-FM and KKJT-FM) on the terms set forth above and in a form and with such other terms and are satisfactory to Buyer, in its sole discretion.

ARTICLE 2: REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

2.1 Organization. Seller is now and on the Closing Date will be duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is now and on the Closing Date will be qualified to do business in each jurisdiction in which the Station Assets are located. Seller, after obtaining approval of the Bankruptcy Court, has the requisite power and authority to own and operate the Station, to carry on the Station's business as now conducted by it, and to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered Seller pursuant hereto (collectively, the "Seller Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

2.2 Authority. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all necessary action of Seller and do not require any further authorization or consent of Seller or anyone else except the Bankruptcy Court. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and approved by the Bankruptcy Court and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.3 No Conflicts. Neither the execution and delivery by Seller of this Agreement and the Seller Ancillary Agreements or the consummation by Seller of any of the transactions contemplated hereby or thereby nor compliance by Seller with or fulfillment by Seller of the terms, conditions and provisions hereof or thereof will: (i) conflict with any organizational documents of Seller or any law, judgment, order, or decree to which Seller is subject; or (ii) require the approval, consent, authorization or act of, or the making by Seller of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except for the FCC Consent, the consent of the Bankruptcy Court and consents to the assignment of those Station Contracts which are subject to such consent as designated on *Schedule 1.1(d)*.

2.4 Station Assets. Except for the Excluded Assets and the Jointly Used Assets, the Station Assets constitute all the assets used or held for use in the business or operation of the Station. Seller has and on the Closing Date will have good and marketable title to the Station Assets, free and clear of Liens, except for Permitted Encumbrances. Upon delivery to Buyer at Closing of the documents contemplated by Section 7.1(a), Seller will thereby transfer to Buyer good and marketable title to the Station Assets, free and clear of Liens, except for Permitted Encumbrances. Seller maintains sufficient insurance policies with respect to the Station and the Station Assets and will maintain such policies in full force and effect until Closing.

2.5 FCC Authorizations.

(a) Seller holds the FCC Authorizations listed and described on *Schedule 1.1(a)*. Such FCC Authorizations constitute all of the licenses and authorizations required under the Communications Act of 1934, as amended (the "Communications Act"), or the rules, regulations and policies of the FCC for, and used in, the operation of the Station. The FCC Authorizations are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated and have not expired. There is not pending or, to Seller's knowledge, threatened any action by or before the FCC to revoke, suspend, cancel, rescind or modify any of the FCC Authorizations (other than proceedings to amend FCC rules of general applicability), and there is not now issued or outstanding or pending or, to Seller's knowledge, threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Seller or the Station. Seller and the Station are in compliance in every material respect with the FCC Authorizations, the Communications Act, and the rules, regulations and policies of the FCC.

(b) All reports and filings required to be filed with, and all regulatory fees required to be paid to, the FCC by Seller with respect to the Station (including without limitation all required equal employment opportunity reports) have been timely filed and paid. All such reports and filings are accurate and complete in all material respects. Seller maintains complete public files for the Station as required by FCC rules. With respect to FCC licenses, permits and authorizations, Seller is operating only those facilities for which an appropriate FCC Authorization has been obtained and is in effect, and Seller is meeting the conditions of each such FCC Authorization.

2.6 Leased Real Property. Seller does not lease any Real Property for which Buyer will assume the lease; provided, however, Buyer will lease Office/Studio and Transmission Space as provided in Section 1.12.

2.7 Personal Property. *Schedule 1.1(b)* contains a list of all items of Tangible Personal Property included in the Station Assets having a value of Five Hundred Dollars (\$500.00) or more. Each item of Tangible Personal Property is in good operating condition and repair, is free from material defect or damage, is functioning in the manner for which it was intended, is fit and suitable for the purposes for which it is being used and has been maintained in accordance with industry standards. Seller has and on the Closing Date will have good and merchantable title to the Tangible Personal Property free and clear of Liens other than Permitted Encumbrances.

The Tangible Personal Property has been maintained in compliance with the rules and regulations of the FCC, is in good operating condition and repair (subject to normal wear and tear) and complies with applicable ordinances, laws and regulations.

2.8 Contracts. *Schedule 1.1(c)* contains a list of all contracts used in the operation of the Station. Each of the existing Station Contracts (including without limitation each Real Property Lease) is in effect and is binding upon Seller and, to Seller's knowledge, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). Seller has performed its obligations under each of the existing Station Contracts in all material respects, and is not in material default thereunder, and, to Seller's knowledge, no other party to any of the existing Station Contracts is in default thereunder in any material respect. Complete and correct copies of each of the existing Station Contracts (including each Real Property Lease), together with all amendments thereto, have been delivered to Buyer by Seller.

As to each Contract of Seller being assumed by Buyer, (i) each written contract is legal, valid, binding, enforceable and in full force and effect on Seller and, to Seller's Knowledge, the other parties thereto, (ii) Seller has performed in all material respects all of its obligations imposed upon it under the Contracts and required to be performed under the Contracts as of the date hereof, and (iii) none of the other parties to the Contracts has given notice to Seller that Seller is in default thereunder.

2.9 Intangible Property. Seller has all right, title and interest in and to all trademarks, service marks, trade names, copyrights and all other intangible property necessary to the conduct of the Station as presently operated. *Schedule 1.1(d)* contains a description of all material Intangible Property. Seller has received no notice of any claim that any Intangible Property or the use thereof conflicts with, or infringes upon, any rights of any third party (and there is no basis for any such claim of conflict). The Station has the sole and exclusive right to use the Intangible Property. No service provided by the Station or any programming or other material used, broadcast or disseminated by the Station infringes upon any copyright, patent or trademark of any other party.

2.10 Employment Matters. Seller has provided to Buyer in *Schedule 2.10* of the Schedules to this Agreement a list of all Station employees and their positions, rates of compensation, and bonuses together with a description of deferred compensation agreements and trusts, medical, insurance, vacation, severance, sick pay, holiday policies and all other employee fringe or compensation benefits and employee benefit plans.

2.11 Labor Practices and Employment Laws; COBRA; Family Medical Leave Act.

- (a). There is no unfair labor practice charge or complaint against Seller in respect of the Station and Seller has complied with all labor and employment laws, rules and regulations applicable to the Station.
- (b). Seller has no obligations to any present or former employee of the Station, or anyone else, under COBRA relating to continued health insurance coverage after termination of employment.
- (c). Seller taken no actions which would give anyone rise to a claim under the Family and Medical Leave Act, as amended.

2.12 Employment Matters. Seller shall terminate all Station employees effective as of closing and shall bring all employee obligations current as of Closing. All obligations arising out of or relating to any employee compensation or benefits or otherwise relating to Station employees, whether or not hired by Buyer, shall be liabilities retained by Seller. Buyer may, but is not obligated to, offer post-Closing employment to the Station's employees. With respect to any Station employees hired by Buyer, in connection with the prorations under Section 1.7 an adjustment shall be made in favor of Buyer in an amount equal to the value of any accrued but unused vacation time and sick leave.

2.13 Compliance with Laws. Seller has complied in every material respect with all laws, regulations, rules, writs, injunctions, ordinances, franchises, decrees or orders of any court or of any foreign, federal, state, municipal or other governmental authority which are applicable to the Station or the Station Assets. Seller has all necessary permits, licenses and authorizations required to carry on and conduct the Station's business and to own and operate the Station Assets.

2.14 Taxes. There is no action, suit or proceeding pending, or, to Seller's knowledge, threatened against Seller in respect of the Station or the Station Assets. To the best knowledge of Seller, there are no claims or investigations pending or threatened against Seller in respect of the Station or the Station Assets. There is no action, suit or proceeding pending or, to Seller's knowledge, threatened against Seller which questions the legality or propriety of the transactions contemplated by this Agreement. Without limiting the foregoing, Seller has, in respect of the Station's business, filed all foreign, federal, state, county and local income, excise, property, sales, use, franchise and other tax returns and reports which are required to have been filed by it under applicable law and has paid in full all taxes, penalties and interest, if any, which have become due

pursuant to such returns or pursuant to any assessments which have become payable except certain taxes owed which will be paid by Seller at or before Closing.

2.15 Payment of Unemployment Taxes. *Schedule 2.15* contains information showing which employee related taxes including all federal, state or local employee related taxes, including without limitation, withholding, social security, Medicare and unemployment taxes, Seller has paid and which employee related taxes it will pay at closing..

2.16 Environmental. No hazardous or toxic substance or waste (including without limitation petroleum products) or other material regulated under any applicable environmental, health or safety law (each a "Contaminant") has been generated, stored, transported or released (each a "Release") on, in, from or to the assets or properties or Leased Real Property of the Station. Neither the Station nor any of the assets or properties of the Station are subject to any order from or agreement with any governmental authority or private party respecting (i) any environmental, health or safety law, (ii) any environmental clean-up, removal, prevention or other remedial action or (iii) any obligation or liability arising from the Release of a Contaminant. Seller has not received in respect of the Station or any assets or properties of the Station any notice or claim to the effect that it is or may be liable as a result of the Release of a Contaminant. To the best knowledge of Seller, neither the Station nor any of its assets or properties is the subject of any investigation by any governmental authority with respect to a Release of a Contaminant.

2.17 Events Subsequent to December 31, 2003. Except as provided for in Schedule 2.17, since December 31, 2003, there has not been an event or condition having a Material Adverse Effect on the Station. Without limiting the generality of the foregoing, since that date, except current liabilities incurred or paid in the ordinary course of business and obligations under contracts entered into or performed in the ordinary course of business or otherwise disclosed in Schedule 2.17 attached hereto, or disclosed in this Agreement or the Schedules hereto, Seller has not:

- (a). sold, leased, transferred or assigned any material assets, tangible or intangible, other than in the ordinary course of business;
- (b). entered into any contract, lease, sublease, license or sublicense (or series of related contracts, leases, subleases, licenses and sublicenses) any one of which involves more than Five Hundred Dollars (\$ 500.00) or is outside the ordinary course of business;
- (c). accelerated, terminated, modified or canceled any material contract, lease, sublease, license or sublicense (or series of related contracts, leases, subleases, licenses and sublicenses) to which Seller is a party or by which it is bound;
- (d). imposed any security interest, mortgage, deed of trust, or lien upon any of the Assets (except Security Interests for taxes, assessments or

governmental charges, or landlord's, mechanic's, workman's, materialman's or similar liens, in each case that are not delinquent or which are being contested in good faith;

- (e). made any capital expenditure (or series of related capital expenditures) involving more than One Thousand (\$1,000.00) Dollars;
- (f). made any capital investment in, any loan to, or any acquisition of the securities or assets of or guarantee of any undertaking of, any other Person;
- (g). canceled, compromised, waived, or released any right or claim (or series of related rights and claims) involving more than One Thousand Dollars (\$1,000);
- (h). granted any license or sublicense of any material rights under or with respect to any Intellectual Property, except in the ordinary course of business;
- (i). experienced any damage, destruction or loss (whether or not covered by insurance) to its property, which would have a material adverse effect on the Business or the Station Assets taking into account insurance coverage;
- (j). made any loan to, or entered into any other transaction with, any of its directors, officers and employees outside the ordinary course of business; entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement; made any other change in employment terms for any of its directors, officers or, except in the ordinary course of business, its other employees;

- (k). made or pledged to make any charitable or other capital contribution except for (i) payments or pledges in the ordinary course of business not in excess of a total of Five Hundred (\$500.00) Dollars, or (ii) the payments that will be completed prior to the Closing Date or cash pledges made in the ordinary course of business which will be fully reflected on the Closing Date Balance Sheet;
- (l). adopted, amended, modified, or terminated any bonus, profit-sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, or employees (or taken any such action with respect to any other Employee Benefit Plan), except modifications made in the ordinary course of business with respect to employees other than directors or officers (or with respect to plans that provide non-discriminatory benefits to substantially all employees); or
- (m). otherwise operated Three D except in the ordinary course of business.

2.18 Insolvency. No insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of its assets or properties, is pending or, to Seller's knowledge, threatened except the Chapter 11 Debtor proceeding in which Seller is a party in the Bankruptcy Court. Bankruptcy Court approval may be obtained by Seller to enter into and consummate this Agreement. In the event of the commencement of any new proceeding of the type described above against Seller or the Station, Seller shall use its best efforts to seek removal or dismissal thereof within ninety (90) days. Seller shall not have taken any action in contemplation of, or which would constitute the basis for, the institution of any such insolvency proceedings.

2.19 Finder. Except for MCH Enterprises, Inc. whose fee of Five Thousand Dollars (\$5,000.00) shall be paid by Buyer, no broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Seller or any party acting on Seller's behalf.

2.20 Disclosure. With respect to Seller, the Station and the Station Assets, this Agreement, the Seller Ancillary Agreements and the Schedules do not and will not contain any untrue statement of material fact or omit to state a material fact required to be made in order to make the statements herein and therein not misleading in light of the circumstances in which they are made.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

3.1 Organization. Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and on the Closing Date will be qualified to do business in each jurisdiction in which the Station Assets are located. Buyer has the requisite power and authority to execute and deliver this

Agreement and all of the other agreements and instruments to be executed and delivered by Buyer (collectively, the "Buyer Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

3.2 Authority. The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3 No Conflicts. Neither the execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements or the consummation by Buyer of any of the transactions contemplated hereby or thereby nor compliance by Buyer with or fulfillment by Buyer of the terms, conditions and provisions hereof or thereof will: (i) conflict with any organizational documents of Buyer or any law, judgment, order or decree to which Buyer is subject; or (ii) require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except the FCC Consent.

3.4 Finder. No broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Buyer or any party acting on Buyer's behalf except MCH Enterprises, Inc. whose fee of Five Thousand Dollars (\$5,000.00) shall be paid by Buyer.

3.5 Qualification. To the best of its knowledge, Buyer is qualified under the Communications Act and the rules, regulations and policies of the FCC to hold the FCC Authorizations.

ARTICLE 4: COVENANTS OF SELLER

Seller covenants and agrees that from the date hereof until the completion of the Closing:

4.1 Operation of the Business.

(a) Seller shall (i) continue to carry on the business of the Station and keep its books and accounts, records and files in the usual and ordinary manner in which the business has been conducted in the past; (ii) operate the Station in accordance with the terms of the FCC Authorizations and in compliance with the Communications Act,

FCC rules, regulations and policies, and all other applicable laws, rules and regulations, (iii) maintain the FCC Authorizations in full force and effect and timely file and prosecute any necessary applications for renewal of the FCC Authorizations; (iv) use best efforts to preserve the business organization of the Station intact, retain substantially as at present the Station's employees, consultants and agents, and preserve the goodwill of the Station's suppliers, advertisers, customers and others having business relations with it; (v) keep all Tangible Personal Property in good operating condition (ordinary wear and tear in normal usage excepted) and repair and maintain adequate and usual supplies of inventory, office supplies, spare parts and other materials as have been customarily maintained in the past; (vi) use best efforts to complete all obligations owing by the Station to advertisers for the sale of commercial time on the Station for anything other than cash; and (vii) preserve intact the Station Assets. Nothing contained in this Agreement shall give Buyer any right to control the programming, operations or any other matter relating to the Station prior to the Closing, and Seller shall have complete control of the programming, operations and all other matters relating to the Station up to the Closing.

(b) Notwithstanding Section 4.1(a), Seller shall not, without the prior written consent of Buyer: (i) sell, lease, transfer, pledge or encumber or agree to sell, lease, transfer, pledge or encumber, any Station Assets, except for non-material sales or leases in the ordinary course of business of items which are being replaced by assets of comparable or superior kind, condition and value; (ii) grant any raises to employees of the Station, pay any bonuses or enter into any contract of employment with any employee or employees of the Station; (iii) amend or terminate any existing time sales contracts with respect to the Station except in the ordinary course of business, or enter into any trade or barter agreement with respect to the Station; (iv) change the Station's call letters; (v) modify the Station's facilities or apply for any construction permits to do so except for the permit to move the stations to Yucca Valley; (vi) amend or terminate any of the Station Contracts or enter into any contract, lease or agreement with respect to the Station except those entered into in the ordinary course of business consistent with past practices that will be paid and performed in full before Closing; or (vii) by any act or omission cause any representation or warranty set forth in Article 2 to become untrue or inaccurate. Seller shall not renew or permit to automatically renew the Station Contracts set forth on Schedule 4.1 and shall timely execute and deliver any notices of nonrenewal to third parties with respect to such contracts.

(c) The risk of loss of or damage to any of the Station Assets, and the risk of any interruption in the Station's normal broadcast transmission, shall remain with Seller at all times until Closing on the Closing Date, and prior to Closing Seller shall repair and replace any lost or damaged Station Assets and restore any interrupted transmission by resuming normal operations. If before Closing the regular broadcast transmission of the Station in the normal and usual manner is interrupted for a period of 24 consecutive hours or more, or if or a Station is operated at less than its licensed antenna height above average terrain or at less than ninety percent (90%) of its licensed effective radiated power for a period of 48 consecutive hours, Seller shall give prompt written notice thereof to Buyer. Buyer shall then have the right, by giving written notice to Seller, to postpone (and if necessary re-postpone) the Closing to a date that is fifteen

(15) days after the end of any such interruption. If regular broadcast transmission in the normal and usual manner is interrupted for a continuous period of seventy-two (72) hours or more at any time prior to Closing, or if loss of or damage to the Station Assets is not completely repaired, restored or replaced prior to the Closing Date, then (i) Seller shall give immediate written notice thereof to Buyer and (ii) Buyer shall have the right and option, by giving written notice to Seller, to (A) terminate this Agreement, or (B) postpone the Closing as provided above, or (C) consummate this Agreement and accept the Station Assets in their then condition, in which event Seller shall assign to Buyer all proceeds of insurance covering the property involved and shall deliver to Buyer all proceeds of insurance theretofore received by Seller, and in the event that the insurance proceeds are insufficient to complete the repairs, restoration or replacement an appropriate reduction in the Purchase Price shall be made at Closing. In the event of termination of this Agreement by Buyer pursuant to this Section 4.1, the Escrow Deposit shall be returned to Buyer and the parties shall be released and discharged from any further obligation hereunder.

4.2 Access. At the request of Buyer, for FCC information and due diligence, Seller shall from time to time give or cause to be given to the officers, employees, accountants, counsel, agents, consultants and representatives of Buyer those books and records of the Business and of Seller needed for Buyer to perform due diligence and Buyer shall be provided access to the Business' key operating personnel for purposes of interviewing said persons regarding Business' operations and all such other information concerning the affairs of the Station as Buyer may reasonably request. Any investigation or examination by Buyer shall not in any way diminish or obviate any representations or warranties of Seller made in this Agreement or in connection herewith.

4.3 Consents. Seller shall use reasonable business efforts to obtain all of the consents to the assignment of Station Contracts designated on *Schedule 1.1(c)*. To the extent that any of the Station Contracts may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant hereto shall not constitute an assignment thereof, but to the extent permitted by law shall constitute an equitable assignment by Seller and assumption by Buyer of Seller's rights and obligations under the applicable Station Contract, with Seller making available to Buyer the benefits thereof and Buyer performing the obligations thereunder on Seller's behalf; provided, however, that the Station Contracts listed as Required Consents on *Schedule 1.1(c)* are those for which the receipt of consent to their assignment is a condition precedent to Buyer's obligation to close under this Agreement (the "Required Consents"). Seller shall obtain the Required Consents prior to Closing.

4.4 Environmental. Buyer shall have the right to conduct an environmental review of the station and the assets Buyer will acquire or lease including the leases provided for in Section 1.12 entitled Office/Space and Transmission Space. If such review reveals an environmental condition unacceptable to Buyer, in its sole discretion, Buyer may terminate this Agreement by written notice to Seller.

4.5 Covenant to Prosecute the Yucca Valley Application. Seller will use reasonable business efforts to pursue and obtain the Yucca Valley Application. The Yucca Valley Application is an application to move the city of license of the Station from Twentynine Palms to Yucca Valley.

ARTICLE 5: CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or on the Closing Date:

5.1 Representations, Warranties and Covenants. Each of the representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Closing Date, and each of the covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with or performed in all material respects. Seller shall have received a certificate dated as of the Closing Date from Buyer, executed by an authorized officer of Buyer to the effect that the conditions set forth in this Section have been satisfied.

5.2 Proceedings. Neither Seller nor Buyer shall be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby. Subject to Section 9.1, Closing shall be delayed during any period any such restraining order or injunction is in effect.

5.3 FCC Consent. The FCC Consent shall have been granted by the FCC by Final Order.

5.4 Consent of the Bankruptcy Court. The consent of the Bankruptcy Court.

5.5 Deliveries. Buyer shall have complied with each and every one of its obligations set forth in Section 7.2.

ARTICLE 6: CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or on the Closing Date:

6.1 Representations, Warranties and Covenants. Each of the representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date, and each of the covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with or performed in all material respects. Buyer shall have received a certificate dated as of the Closing Date from Seller, executed by an authorized officer of Seller, to the effect that the conditions set forth in this Section have been satisfied.

6.2 Proceedings. Neither Seller nor Buyer shall be subject to any restraining order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby. Subject to Section 9.1, Closing shall be delayed during any period any such restraining order or injunction is in effect.

6.3 FCC Consent. The FCC Consent shall have been granted by the FCC by initial order (and, at Buyer's option, such FCC Consent shall have become Final), without any conditions materially adverse to Buyer.

6.4 Bankruptcy Court. The approval of the United States Bankruptcy Court without any conditions materially adverse to Buyer shall have been obtained and is no longer subject to appeal.

6.5 Lease. Buyer shall have entered into an Office/Studio and Transmission Space lease with the Purchaser of KDHI-FM and KKJT-FM on terms satisfactory to the Buyer, in its sole discretion, including the terms set forth in Section 1.12 (Office/Studio and Transmission Space) of this agreement.

6.6 Deliveries. Seller shall have complied with each and every one of its obligations set forth in Section 7.1.

6.7 Required Consents. Seller shall have obtained and delivered to Buyer all of the Required Consents.

6.8 No Adverse Change. Between the date hereof and the Closing Date, there shall not have been any material adverse change in the property, assets, condition (financial or otherwise) or business of the Station.

6.9 Litigation and Insolvency. Except for matters affecting the broadcasting industry generally, no litigation, action, suit, judgment, proceeding or investigation shall be pending or outstanding before any forum, court, or governmental body, department or agency of any kind, which (i) might reasonably be expected to result in any material adverse change in the business, prospects or condition of the Station or its assets, (ii) affects any of the Station Assets, (iii) has the stated purpose or the probable effect of enjoining or preventing the consummation of this Agreement or the transactions contemplated hereby or to recover damages by reason thereof, (iv) questions the validity of any action taken or to be taken pursuant to or in connection with this Agreement, or (v) would prevent Buyer from consummating the transactions contemplated hereunder. No insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of its assets or properties shall be pending except the Chapter 11 Debtor proceeding in which Seller is a party in the Bankruptcy Court, and Seller shall not have taken any action in contemplation of, or which would constitute the basis for, the institution of any such insolvency proceedings.

ARTICLE 7: CLOSING DELIVERIES

7.1 Deliveries by Seller. At the Closing, Seller shall deliver to Buyer duly executed by Seller or such other signatory as may be required by the nature of the document:

(a) bills of sale, certificates of title, endorsements, assignments, warranty deeds and other good and sufficient instruments of sale, conveyance, transfer

and assignment, in form and substance satisfactory to Buyer, sufficient to sell, convey, transfer and assign the Station Assets to Buyer free and clear of Liens (other than Permitted Encumbrances);

(b) the Required Consents and any other consents obtained by Seller under Section 4.3;

(c) certified copies of resolutions authorizing the execution, delivery and performance by Seller of this Agreement, which shall be in full force and effect;

(d) the certificate referred to in Section 6.1; and

(e) the Estoppel Certificates, Title Commitments, Surveys and the Lien Search Reports.

(f) such other documents as reasonably requested by Buyer.

7.2 Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller:

(a) the Purchase Price, which shall be paid in the manner specified in Section 1.4;

(b) an instrument or instruments of assumption of the Assumed Obligations;

(c) certified copies of resolutions authorizing the execution, delivery and performance by Buyer of this Agreement, which shall be in full force and effect at the time of the Closing; and

(d) the certificate referred to in Section 5.1.

(e) such other documents as reasonably request by Seller.

ARTICLE 8: SURVIVAL; INDEMNIFICATION

8.1 Survival. All representations, warranties, covenants and agreements contained in this Agreement, or in any certificate, agreement, or other document or instrument, delivered pursuant hereto, shall survive (and not be affected in any respect by) the Closing, any investigation conducted by any party hereto and any information which any party may receive.

8.2 Indemnification.

(a) From and after Closing, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, claims, demands, actions, suits, recoveries, deficiencies, liabilities and expenses, including reasonable attorneys' fees and expenses ("Damages") incurred by Buyer arising out of or resulting from: (i) any breach or default by Seller under this Agreement of any representations,

warranties, covenants and agreements contained in this Agreement, or in any certificate, agreement, or other document or instrument, delivered pursuant hereto, shall survive (and not be affected in any respect by) the Closing, (ii) any failure by Seller to pay or perform any of the Retained Liabilities; or (iii) without limiting the foregoing, any litigation, proceeding or claim by any third party relating to the business or operation of the Station prior to Closing.

(b) From and after Closing, Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or resulting from (i) any breach or default by Buyer under this Agreement of any representations, warranties, covenants and agreements contained in this Agreement, or in any certificate, agreement, or other document or instrument, delivered pursuant hereto, shall survive (and not be affected in any respect by) the Closing; (ii) the Assumed Obligations; or (iii) without limiting the foregoing, any litigation, proceeding or claim by any third party relating to the business or operation of the Station after Closing.

8.3 Procedures. The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or other circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's right to indemnification and the indemnifying party's obligation to indemnify as set forth in this Agreement, except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced. The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim. In the event that the indemnifying party shall elect not to undertake such defense or opposition, or, within twenty (20) days after written notice (which shall include sufficient description of background information explaining the basis for such Claim) of any such Claim from the indemnified party, the indemnifying party shall fail to undertake to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the indemnifying party. Notwithstanding anything herein to the contrary (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim, and shall have the right to consult with the indemnifying party and its counsel concerning such Claim, and the indemnifying party and the indemnified party shall cooperate in good faith with respect to such Claim; and (ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim.

ARTICLE 9: MISCELLANEOUS

9.1 Termination. This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written consent of Buyer and Seller;
- (b) by written notice of Buyer to Seller if Seller (i) does not satisfy the conditions or perform the obligations to be satisfied or performed by it on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements herein contained and such breach or default is not cured within the Cure Period (defined below);
- (c) by written notice of Seller to Buyer if Buyer (i) does not satisfy the conditions or perform the obligations to be satisfied or performed by it on the Closing Date, all conditions to Buyer's obligations to do so having been fully satisfied; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements herein contained, all conditions to Buyer's obligations to do so having been fully satisfied, and such breach or default is not cured within the Cure Period (defined below);
- (d) by written notice of Buyer to Seller, or by Seller to Buyer, if the FCC denies the FCC Application;
- (e) by written notice of Buyer to Seller as provided in Section 4.1(c) (damage to Station Assets and/or loss of broadcast transmission) or Section 4.4 (Environmental).

The term "Cure Period" as used herein means a period commencing the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until the later of (i) fifteen (15) days thereafter or (ii) the Closing Date. Except as provided by Section 1.5, termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination. Notwithstanding anything herein to the contrary, Section 1.5 shall survive any termination of this Agreement.

9.2 Specific Performance. In the event of a breach or threatened breach by Seller of any representation, warranty, covenant or agreement under this Agreement, at Buyer's election, in addition to any other remedy available to it, Buyer shall be entitled to an injunction restraining any such breach or threatened breach and, subject to obtaining any requisite approval of the FCC, to enforcement of this Agreement by a decree of specific performance requiring Seller to fulfill its obligations under this Agreement, in each case without the necessity of showing economic loss or other actual damage and without any bond or other security being required.

9.3 Expenses. Each party hereto shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement, including without limitation, accounting and legal fees incurred in connection herewith; provided, however, that Seller and Buyer shall each pay one-half of the FCC filing fees required to be paid in connection with the FCC Application, and Seller shall pay any sales or transfer taxes arising from the transfer of the Station Assets to Buyer.

9.4 Further Assurances. After Closing, each party hereto will execute all such instruments and take all such actions as any other party shall reasonably request, without payment of further consideration, to carry out and effectuate this Agreement and the transactions contemplated hereby, including without limitation the execution and delivery of confirmatory and other transfer documents in addition to those to be delivered at Closing.

9.5 Public Announcements. Prior to Closing, neither party shall, without the approval of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except to announce it has been entered into, and except as required by law. Notwithstanding the foregoing, the parties acknowledge that the rules and regulations of the FCC require that public notice of the transactions contemplated by this Agreement be made after the FCC Application has been filed with the FCC.

ARTICLE 10: GENERAL PROVISIONS

10.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective representatives, successors and assigns. Seller may not assign any of its rights or delegate any of its duties hereunder without the prior written consent of Buyer, and any such attempted assignment or delegation without such consent shall be void. Buyer may assign its rights and obligations hereunder in whole or in part without Seller's consent.

10.2 Amendments; Waivers. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought.

10.3 Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be deemed to have been received on the date of personal delivery, on the date of actual receipt if mailed by registered or certified mail, postage prepaid and return receipt requested, on the first business day (Monday – Friday excluding holidays) after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller, then to:

Duane Hoover
Three D Radio, Inc.
2922-88th Street
Lubbock, Texas 79423

with a copy (which shall not
constitute notice) to:

if to Buyer, then to:

[Buyer]
MCC Radio, LLC
725 Broad Street
Augusta, Georgia 30901
Attention: William S. Morris IV

with a copy (which shall not
constitute notice) to:

Hull, Towill, Norman, Barrett & Salley, P.C.
801 Broad St. , 7th Floor
Augusta, Georgia 30901
Attention: Lawton Jordan, Jr.

Wiley Rein and Fielding LLP
1776 K Street, N.W.
Washington, D.C. 20006
Attention: James R. W. Bayes

10.4 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of California without giving effect to the choice of law provisions thereof.

10.5 Entire Agreement. This Agreement and the Schedules 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. The term "Schedules" hereto refers to schedules of private and confidential business information pertaining to the Station, including the Station Assets, financial information, litigation, if any, and personnel which is required to be furnished to Buyer by Seller hereunder or referred to herein.

10.6 Counterparts; Faxed Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together constitute one and the same instrument. Faxed signatures may be relied upon by Seller and Buyer.

10.7 No Third Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

10.8 Control. Nothing contained in this Agreement or shall be construed as giving Buyer any right to directly or indirectly supervise or direct the operation of the Station prior to the Closing. Such operation, including complete control and supervision

of the Station's programming, employees and finances, shall be the sole responsibility of the Seller until Closing. Effective on the Closing Date and thereafter, Seller shall have no control over, nor right to intervene or participate in, the operation of the Station.

10.9 Survival of Closing. Unless otherwise stated herein, the warranties, representations, covenants, agreements and other provisions of this Agreement shall survive the Closing.

[SIGNATURE PAGE FOLLOWS]

12023430

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

BUYER:

MCC RADIO, LLC

By: C. S. Mitchell
Name: Craig S. Mitchell
Title: Sr. V. Pres.

SELLER:

THREE D RADIO, INC.

By: Jerry Duane Hoover
Name: Jerry Duane Hoover
Title: President

SCHEDULE 1.1(a)
To
ASSET PURCHASE AGREEMENT
BY AND BETWEEN
THREE D RADIO, INC.
DEBTOR IN POSSESSION
AS SELLER
AND
MCC RADIO, LLC
AS BUYER

FCC Authorizations

KQYN (AM), Facility ID 67028, Twenty Nine Palms, CA License expires: 12/1/2005

BR-19970723YG	Main station renewal
BZ-1987016AB	Main station license
BMJP-20040129ALW	Pending major change application to change city of license to Yucca Valley, CA
WHY915	Aural STL



SCHEDULE 1.1(a)
To
ASSET PURCHASE AGREEMENT
BY AND BETWEEN
THREE D RADIO, INC.
DEBTOR IN POSSESSION
AS SELLER
AND
MCC RADIO, LLC
AS BUYER

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