

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is effective and entered into this [28th] day of [June] 2001 by and among Research Educational Foundation, Inc., a non-profit corporation formed under the laws of the State of Texas ("Seller"), The Learning Foundation, Inc. ("TLF"), a non-profit corporation formed under the laws of the State of Texas, and James Crystal Enterprises of Texas, Inc. ("JCETX"), a corporation formed under the laws of the State of Texas (TLF and JCETX herein collectively referred to as "Buyer") (Seller and Buyer sometimes being referred to herein individually as a "Party" and jointly as "Parties").

RECITALS

WHEREAS, Seller owns and operates and has been duly licensed by the Federal Communications Commission (the "FCC" or the "Commission") to operate non-commercial educational radio station KVTT(FM-NCE), operating on 91.7 MHz from Dallas, Texas (the "Station"); and

WHEREAS, subject to the terms and conditions set forth herein, Seller desires to assign and convey to TLF, and TLF desires to acquire from Seller, the Licenses of the Station and the Station Assets, respectively, other than the Tangible Personal Property (as defined herein), and Seller desires to convey to JCETX, and JCETX desires to acquire from Seller the Tangible Personal Property of the Station.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I

ASSIGNMENT AND PURCHASE OF ASSETS

1.1 Assignment of Assets. Seller agrees to assign, transfer, convey and deliver to Buyer and Buyer agrees to acquire, accept and receive from Seller, on the Closing Date (as defined herein), all of Seller's right, title and interest in and to the assets used or held for use in connection with the Station including the following assets relating to the Station (the "Station Assets") free and clear of all liens and encumbrances:

(a) *Licenses and Authorizations.* All licenses, permits and other authorizations issued by the FCC or any other state or federal regulatory agency pertaining to the Station, including, without limitation, those licenses, permits or authorizations listed in Section 1.1(a) of the Disclosure appended hereto (the "Disclosure Schedule"), together with any renewals, extensions or modifications thereof and additions thereto made between the date of this Agreement and the Closing Date (the "Licenses").

(b) *Tangible Personal Property.* All of the tangible personal property owned by Seller and used in the operation of the Station listed in Section 1.1(b) of the Disclosure Schedule, together with all additions, modifications or replacements thereto made in the ordinary course of business between the date of this Agreement and the Closing Date, as hereafter defined (the "Personal Property").

(c) *Real Estate Contracts.* Deleted.

(d) *Intangibles.* The good will of the Station and other intangible assets used or useful in the operation of the Station, including all of Seller's rights in the trade names, copyrights, trademarks, service marks, patents, patent applications, slogans, jingles, logos, domain names, Internet addresses, and Web page content related specifically to the Station, or other similar rights relating to the operation of the Station including, but not limited to, those listed in Section 1.1(d) of the Disclosure Schedule, together with any additions or modifications thereto between the date hereof and the Closing Date and any and all rights the Seller possesses to use the call letters "KVTT" (collectively referred to as the "Intangibles").

(e) *Leases and Contracts.* All leases, contracts, agreements and franchises relating to the operation of the Station (other than arrangements for underwriting announcements and leases for real property) listed and identified in Section 1.1(e) of the Disclosure Schedule and those leases, contracts, agreements and franchises described in Section 1.1(i) of this Agreement (the "Contracts"). Buyer shall assume, pay and perform all obligations under such Contracts accruing after the Closing Date.

(f) *Arrangements for Underwriting Announcements.* All arrangements for underwriting announcements to be aired on the Station that provide for donations by the donor solely on a cash basis and that are to be in effect on the Closing Date and are either listed and identified in Section 1.1(f) of the Disclosure Schedule or are to be assigned to, and assumed by, Buyer pursuant to the last sentence of this Section 1.1(f) (the "Underwriting Agreements"). Buyer shall assume and perform all obligations under the Underwriting Agreements arising after the Closing Date, if any. Those arrangements for underwriting announcements that are entered into, extended or renewed after the date of this Agreement will be assigned to Buyer by Seller and assumed by Buyer from Seller only to the extent that they are in accordance with the terms of Section 5.13 of this Agreement.

(g) *Trade Agreements.* Buyer will not assume any arrangement for underwriting announcements which are to be aired in whole or in part in exchange for services, merchandise or other non-cash considerations ("Trade Agreements").

(h) *Operating and Business Records.* To the extent in Seller's possession, all files, records, logs and program materials pertaining to the operation of the Station required to be maintained and kept under the rules of the Commission and such other files and records as Buyer shall reasonably require for the continuing business and

operation of the Station. Seller shall have the right to reasonable access to such business records that Seller delivers to Buyer under this Section 1.1(h) upon Seller's request for three years after the Closing Date; provided, however, that Seller may retain copies of any such records as it may desire.

(i) *Future Contracts.* No leases, contracts, agreements or franchises entered into by Seller between the date hereof and the Closing Date will be assumed by Buyer unless (i) consented to by Buyer in advance in writing and set forth in Section 1.1(i) of the Disclosure Schedule, or (ii) entered into in the ordinary course of business and involving expenditures of less than One Thousand Dollars (\$1,000.00).

(j) *Inventory and Computer Software.* All of Seller's items of inventory related to the business of the Station, including, without limitation, broadcast programs, except for those programs that are excluded and listed in Schedule 1.2. Seller shall provide Buyer a "back-up" of data for any computer program which Seller utilizes in the operation of the Station provided that Buyer shall purchase such program and license for the use thereof directly from the software vendor. Buyer shall determine that its use of any data so provided shall not infringe the intellectual property rights of any third party.

(k) *Other Rights and Privileges.* Any and all other franchises, materials, supplies, easements, rights-of-way, licenses, and other rights and privileges of Seller relating to and used, useable or necessary in the operation of the Station; provided, however, that Seller may retain any such franchises, materials, supplies, easements, rights-of-way, licenses and other rights and privileges that relate to Seller's existence, operation of other broadcast stations, or general offices and do not relate predominately to the operation of the Station.

(l) *Accounts Receivable.* The accounts receivable of the Station, the purchase price for which will be as set forth in Section 10.14 herein.

(m) *Donor Lists.* All names and addresses of donors of the Station and amounts or items donated for the past two (2) years, including, but not limited to those set forth in Section 1.1(m) of the Disclosure Schedule, together with any additions or modifications thereto between the date hereof and the Closing Date.

1.2 Excluded Assets. There shall be excluded from the sale transaction described herein the following assets relating to the Station:

(a) *Cash and Deposits.* Cash-on-hand or in banks (or their equivalents) and other investments belonging to Seller and relating to the operation of the Station as of the Closing Date.

(b) *Financial and Corporate Records.* Seller's financial records and such other books and records as pertain to the organization, existence or

capitalization of Seller. Seller's financial records relating exclusively to the Station shall be available for inspection and duplication by Buyer at Buyer's expense, upon reasonable request, during normal business hours for three years after Closing.

(c) *Property Consumed.* All property of the Station disposed of or consumed (including ordinary wear and tear) in the ordinary course of business between the date hereof and the Closing Date.

(d) *Expired Leases, Contracts and Agreements.* All contracts described in Sections 1.1(e), (f), (g) or (i) to the Disclosure Schedule that are terminated or will have expired prior to the Closing Date in the ordinary course of business.

(e) *Pension and Profit-Sharing Plans.* All pension and profit-sharing plans, trusts established thereunder and assets thereof, if any, of Seller.

(f) *Other Employee Benefit Plans.* All other employee benefit plans (including health insurance) of Seller and the assets thereof.

(g) *Employment and Collective Bargaining Agreements.* All employment agreements and collective bargaining agreements of Seller.

(h) *Assets Used by Seller for Other Stations.* Those assets used for Seller's general office or in conjunction with other broadcast stations or other activities that are not used or held for use primarily in the operation of the Station and, to the extent such assets are co-located with the Station, such Excluded Assets are described on Schedule 1.2 of the Disclosure Schedule.

(i) *Other Assets.* Those assets, if any, listed in Section 1.2 of the Disclosure Schedule.

1.3 Liabilities to be Assumed. Except as otherwise provided herein, Buyer assumes no liabilities or obligations of Seller of any nature whatsoever, contingent or otherwise, except for post-closing obligations related to Real Estate Contracts, Contracts, Underwriting Agreements and Trade Agreements (the "Assumed Contracts") assigned to and specifically assumed by Buyer. Without limiting the generality of the foregoing, the Parties particularly agree that Buyer shall have no responsibility or liability regarding (i) federal, state or local tax liability of any kind whatsoever incurred by Seller; (ii) any employee benefit plan maintained by Seller; (iii) severance payments to Seller's employees; or (iv) any vacation accrued by Seller's employees, and Seller expressly agrees to defend and indemnify Buyer against same.

1.4 Purchase Price. In consideration of Seller's performance of this Agreement, Buyer shall pay to Seller the sum of Five Million Dollars (\$5,000,000.00) (the "Purchase Price"), as follows:

(a) *Escrow Deposit.* Upon execution of this Agreement, Buyer shall deposit the amount of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) (the “Escrow Deposit”) with John Pierce & Company LLC which shall act as escrow agent (the “Escrow Agent”) with respect to such Escrow Deposit. At the Closing, the Escrow Deposit shall be paid to Seller and applied toward the total amount to be paid by Buyer as set forth in Section 1.4(b). If the Closing fails to occur because Buyer is in material breach of this Agreement, the Escrow Deposit (other than any interest thereon) shall be delivered to Seller as liquidated damages unless Seller opts to sue for specific performance, as set forth in Section 10.10. If the Closing fails to occur for any other reason, the Escrow Deposit shall be delivered to Buyer. In any event, Buyer shall be entitled to any interest that accrues on the Escrow Deposit.

(b) *Payment at Closing.* Buyer shall pay to Seller Five Million Dollars (\$5,000,000.00), as adjusted for proration as provided in Section 1.5 hereof, by wire transfer of federal funds on the Closing Date at the Closing. Upon delivery to Seller at Closing, the Escrow Deposit shall be credited toward the total amount to be paid by Buyer at Closing.

1.5 Proration of Income and Expenses. Except as otherwise provided herein, all income and expenses arising from the conduct of the business and operations of the Station shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 11:59 p.m., local time, on the date immediately preceding the Closing Date. Such proration shall include, without limitation, all ad valorem and other property taxes (but excluding taxes arising by reason of the transfer of Station Assets as contemplated hereby, which shall be paid as set forth in Section 10.4 of this Agreement), business and license fees, music and other license fees (including any retroactive adjustments thereof, which retroactive adjustments shall not be subject to the ninety day limitation set forth in Section 1.5(a)), wages and salaries of employees hired by Buyer, including accruals up to the Closing Date for bonuses, commissions, vacation and sick pay, and related payroll taxes, utility expenses, time sales agreements, Trade Agreements to the extent such are to be assumed by Buyer pursuant to Section 1.1(g) hereof, rents and similar prepaid deferred items attributable to the ownership and operation of the Station.

(a) *Time for Payment.* The proration and adjustments contemplated by this Section 1.5, to the extent practicable, shall be made on the Closing Date. As to those proration and adjustments not capable of being ascertained on the Closing Date, an adjustment and proration shall be made within 90 days of the Closing Date.

(b) *Dispute Resolution.* In the event of any disputes between the Parties as to such adjustments, the amounts not in dispute shall nonetheless be paid at the time provided in Section 1.5(a) and such disputes shall be determined by an independent certified public accountant mutually acceptable to the Parties whose

determination shall be final, and the fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer.

1.6 Allocation of Purchase Price. Buyer and Seller agree that the Purchase Price shall be allocated among the Station Assets in a manner to be mutually determined by Buyer and Seller. In the event of a dispute with respect to the appropriate allocation, then Buyer and Seller shall jointly choose an accounting or appraisal firm experienced in radio station appraisals, who shall conduct an appraisal of the Station Assets and whose determination shall be binding upon Buyer and Seller. Buyer and Seller agree to use the allocation as established by this paragraph in completing and filing all requisite Internal Revenue Service forms for federal income tax purposes. Buyer and Seller further agree that they shall not take any position inconsistent with such allocation upon examination of any return, in any refund claim, in any litigation, or otherwise.

ARTICLE II

CLOSING, TERMINATION, RISK OF LOSS AND INTERRUPTION OF BROADCAST TRANSMISSIONS

2.1 Closing. Unless otherwise agreed by the parties hereto, the Closing hereunder shall be held on the first day of the month occurring at least seven (7) days after the date the FCC Order becomes a Final Order. The Closing shall be held at 10:00 A.M. local time at the offices of Chicago Title Co., 14785 Preston Road, # 750, Dallas Texas 75240 (Attention: Becky Brusilow) or at such other time and place as the parties may agree (the "Closing Date").

2.2 Transactions at the Closing.

(a) At the Closing, Seller shall deliver to Buyer the following, the delivery of any of which may be waived by Buyer in its sole discretion:

(i) assignments of the Licenses and other pertinent authorizations transferring the same to the Buyer in customary form and substance;

(ii) the certificates contemplated by Sections 7.2 and 7.4;

(iii) certificates from Seller's Board of Directors and Members entitled to vote (if any) authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and thereby;

(iv) a bill of sale and all other appropriate documents and instruments assigning to Buyer good and marketable title to the Station Assets free and clear of any security interests, mortgages, liens, pledges, attachments, conditional sales

contracts, claims, charges or encumbrances of any kind whatsoever, except for the encumbrances listed in Section 2.2(a)(iv) of the Disclosure Schedule;

(v) written consents of the respective lessors, landowners, and any other persons or entities whose consents may be required to permit Buyer to assume the liabilities, contracts, leases, licenses, understandings and agreements constituting the Real Estate Contracts and the Contracts;

(vi) evidence reasonably satisfactory to Buyer's counsel that no financing statements are outstanding on the Station Assets, other than the encumbrances listed in Section 2.2(a)(iv) of the Disclosure Schedule. Buyer will pay the fees for the lien searches;

(vii) all files, records, logs, and program materials relating to the Station; and all other records to the extent they are in Seller's possession required to be maintained by the FCC with respect to the Station, including the Station's public file, which shall be left at the station and thereby delivered to Buyer;

(viii) the opinions of counsel for Seller, dated the Closing Date, as described in Section 7.8;

(ix) assignments to Buyer of all the Contracts and Real Estate Contracts in form reasonably satisfactory to Buyer;

(x) deleted.

(xi) deleted.

(xii) such other documents and instruments as Buyer may reasonably request to consummate the transactions contemplated hereby.

(b) At the Closing, Buyer shall deliver or cause to be delivered to Seller the following, the delivery of any of which may be waived by Seller in its sole discretion:

(i) the Purchase Price, as adjusted for prorations pursuant to Section 1.5, hereof;

(ii) assumptions of the Licenses and other pertinent authorizations in customary form and substance;

(iii) a copy of the resolutions of the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, together with a certificate of the

Secretary of Buyer dated as of Closing Date, that such resolutions were duly adopted and are in full force and effect;

(iv) the certificates contemplated by Sections 8.1 and 8.2;

(v) the opinion of counsel for Buyer, dated the Closing Date, as described in Section 8.5;

(vi) assumptions by Buyer of all the Contracts and Real Estate Contracts, in form reasonably satisfactory to Seller;

(vii) an assumption of the accounts receivable being assigned by Seller to Buyer pursuant to Section 10.14, below; and

(viii) such other documents and instruments as Seller may reasonably request to consummate the transactions contemplated hereby.

2.3 Termination.

(a) Notwithstanding anything to the contrary contained in this Agreement, this Agreement may be terminated at any time by:

(i) the mutual written consent of the Parties hereto;

(ii) either Buyer or Seller if the Closing does not occur before the date that is twelve (12) months from the date of this Agreement, provided, however, that the Party seeking termination under this Section 2.3(a)(ii) shall not have prevented the Closing from occurring prior to that date or be in material breach of this Agreement;

(iii) either Buyer or Seller, if the party seeking to terminate is not in default, and if the Assignment Application is designated for hearing by the FCC, or is not granted within nine (9) months from the date of this Agreement or is denied by the Commission by a Final Order, provided that the failure of the Party seeking termination under this Section 2.3(a)(iii) to timely provide the FCC with information requested by the FCC is not the cause of any material delay in the issuance of a grant by the FCC and further provided that the such Party is not the immediate cause of such denial;

(iv) Buyer, if any of the conditions set forth in Article VII shall have become incapable of fulfillment, and shall not have been waived by Buyer, or if Seller shall have breached in any material respect any of its representations, warranties or obligations hereunder and such breach shall not have been cured in all material respects or waived prior to the Closing; or

(v) Seller, if any of the conditions set forth in Article VIII shall have become incapable of fulfillment, and shall not have been waived by Seller, or

if Buyer shall have breached in any material respect any of its representations, warranties or obligations hereunder and such breach shall not have been cured in all material respects or waived prior to the Closing.

(b) In the event of the termination of this Agreement by Buyer or Seller pursuant to this Section 2.3, written notice thereof shall promptly be given to the other Party and, except as otherwise provided herein, the transactions contemplated by this Agreement shall be terminated, without further action by any Party. Nothing in this Section 2.3 shall be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of Buyer to compel specific performance of Seller of its obligations under this Agreement.

(c) The time for Commission approval provided in Section 2.3(a)(iii) notwithstanding, either Party may terminate this Agreement upon written notice to the other, if, for any reason, the Assignment Application is designated for hearing by the Commission, provided, however, that written notice of termination must be given within twenty (20) days after release of the Hearing Designation Order and that the Party giving such notice is not in default and has otherwise complied with its obligations under this Agreement. Upon termination pursuant to this Section, the Parties shall be released and discharged from any further obligation hereunder, other than as set forth in Section 6.4, and the Escrow Deposit shall be returned to the Buyer, except, in the event a hearing is designated for reasons other than qualifications of Seller, the Escrow Deposit shall be paid to Seller.

(d) It is further provided, however, that no Party may terminate this Agreement if such Party is in default hereunder, or if a delay in any decision or determination by the Commission respecting the Assignment Application has been caused or materially contributed to (i) by any failure of such Party to furnish, file or make available to the Commission information within its control; (ii) by the willful furnishing by such Party of incorrect, inaccurate or incomplete information to the Commission; or (iii) by any other action taken by such Party for the purpose of delaying the Commission's decision or determination respecting the Assignment Application. Upon such termination for failure of the Commission to act, the Parties shall be released and discharged from any further obligation hereunder, other than as set forth in Section 6.4, and, providing Buyer is not in default, and the Escrow Deposit shall be returned to the Buyer, except that should such termination be for reasons other than the qualifications of Seller, and Seller is not otherwise in default, in which case the Escrow Deposit shall be paid to Seller.

(e) A Party shall be deemed to be in default under this Agreement only if such Party has materially breached or failed to perform its obligations hereunder, and non-material breaches or failures shall not be grounds for declaring a Party to be in default, postponing the Closing, or terminating this Agreement.

2.4 Risk of Loss. The risk of any loss, damage or destruction to any of the Station Assets from fire or other casualty or cause shall be borne by Seller at all times prior to the Closing Date hereunder. Upon the occurrence of any loss or damage to any of the Station Assets as a result of fire, casualty, accident or other causes prior to the Closing Date, Seller shall notify Buyer of same in writing immediately, stating with particularity the extent of loss or damage incurred, the cause thereof if known and the extent to which restoration, replacement and repair of the Station Assets lost or destroyed will be reimbursed under any insurance policy with respect thereto. In the event the loss is less than or equal to Fifty-Thousand Dollars (\$50,000.00), Seller shall repair or replace the property on or before the Closing, or shall grant Buyer an adjustment to the Purchase Price to compensate Buyer for such loss. In the event the loss exceeds Fifty-Thousand Dollars (\$50,000.00), Buyer shall have the option, exercisable within ten (10) days after receipt of written notice from Seller, to: (i) terminate this Agreement; (ii) postpone the Closing until such time as the property has been completely repaired, replaced or restored to the satisfaction of Buyer, unless the same cannot be reasonably effected within thirty (30) days of notification; or (iii) elect to consummate the Closing and accept the property in its damaged condition, in which event Seller shall assign to Buyer all rights under any insurance claim covering the loss and pay over to Buyer any proceeds under any such insurance policy received by Seller with respect thereto. Notwithstanding the foregoing sentence, Buyer and Seller shall proceed to Closing if Seller assigns all rights with respect to the lost, damaged or destroyed Station Assets under applicable insurance policies, if any, to Buyer and pays to Buyer the difference between the proceeds from such insurance policies and the cost of repairing, replacing or restoring such damaged Station Assets.

2.5 Interruption of Broadcast Transmissions. Notwithstanding any other provision hereof, if prior to the Closing any event occurs which prevents the broadcast transmission by the Station with substantially full licensed power and antenna height as described in the applicable FCC Licenses and in the manner it has heretofore been operating for a period of time in excess of six (6) hours in a twenty-four (24) hour period, the Seller will give prompt written notice thereof to Buyer. If such facilities are not restored so that operation is resumed with substantially full licensed power within three (3) days of such event, or, in the case of more than one event, the aggregate number of days preceding such restorations from all such events is more than five (5) days, or if the Station is off the air more than three (3) times for a period in each case exceeding six (6) hours, Buyer shall have the right, by giving written notice to Seller of its election to do so, to terminate this Agreement unless Seller, within three (3) business days of such notification by Buyer, notifies Buyer that Seller agrees to (a) use its best efforts to expeditiously restore Station to its full licensed power and tower height, (b) downwardly adjust the Purchase Price at Closing should any such interruptions of broadcast transmissions adversely affect total Station value, based on monthly billings and coverage, and (c) indemnify Buyer for any costs incurred by Buyer in restoring Station to its full licensed power.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

3.1 Due Incorporation. Seller is a Texas corporation, duly organized, validly existing and in good standing under the laws of that state. Seller has the requisite power and authority to own and to operate the Station and the Station Assets.

3.2 Authority; No Conflict. The execution and delivery of this Agreement have been duly and validly authorized and approved by Seller's Board of Directors and Members (if any Seller has voting members), and Seller has the power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Neither such execution, delivery or performance nor compliance by Seller with the terms and provisions hereof (assuming receipt of all necessary approvals from the Commission) conflict with or result in a breach of any of the terms, conditions or provisions of (a) Seller's articles of incorporation or by-laws, (b) any judgment, order, injunction, decree, regulation or ruling of any court or other governmental authority to which Seller is subject, or (c) any material agreement, lease or contract, written or oral, to which Seller is subject. This Agreement constitutes the valid and binding obligation of Seller with respect to the terms hereof, subject to Commission approval of the transactions contemplated hereby.

3.3 Government Authorizations. To the best of Seller's knowledge, Section 1.1(a) of the Disclosure Schedule contains a true and complete list of all the Licenses. Seller is the authorized legal holder of the Licenses, none of which is subject to any restriction or condition not disclosed in Section 3.3 of the Disclosure Schedule. There are no applications, complaints or proceedings pending or, to the best of Seller's knowledge, threatened as of the date hereof before the Commission or any other governmental authority relating to the business or operations of the Station, other than applications, complaints or proceedings which generally affect the broadcasting industry as a whole, and other than reports and forms filed in the ordinary course of the Station's business. The Licenses are in good standing, are in full force and effect and are unimpaired by any act or omission of Seller or its shareholders or employees; and the operation of the Station is in material compliance with the Licenses and the underlying construction permits. No proceedings are pending or, to the knowledge of Seller, are threatened which may result in the revocation, modification, non-renewal or suspension of any of the Licenses, the denial of any pending applications, the issuance of any cease and desist order, the imposition of any administrative actions by the Commission with respect to the Licenses or which may affect Buyer's ability to continue to operate the Station as it is currently operated. Seller has taken no action which, to its knowledge, could lead to revocation or non-renewal of the Licenses, nor omitted to take any action which, by reason of its omission, could lead to revocation of the Licenses. All material

reports, forms and statements required to be filed with the Commission with respect to the Station since the grant of the last renewal of the Licenses have been filed and are complete and accurate. To the knowledge of Seller, there are no facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the Commission, would disqualify Seller as assignor in connection with the Assignment Application.

3.4 Compliance with Regulations. To the best of Seller's knowledge, the operation of the Station is in compliance in all material respects with (i) all applicable engineering standards required to be met under Commission rules, and (ii) all other applicable rules, regulations, requirements and policies of the Commission and all other applicable governmental authorities, including, but not limited to, radiation standards, to the extent required to be met under applicable Commission rules and regulations; and there are no existing claims known to Seller to the contrary.

3.5 Taxes. Seller has timely filed all federal, state, local and foreign income, franchise, sales, use, property, excise, payroll and other tax returns required by law and has paid in full all taxes, estimated taxes, interest, assessments, and penalties due and payable as shown thereon. All returns and forms which have been filed have been true and correct in all material respects, and no tax or other payment in a material amount other than as shown on such returns and forms, or as disclosed in Section 3.5 of the Disclosure Schedule, is required to be paid or has been paid by Seller. There are no present disputes as to taxes of any nature payable by Seller which in any event could materially adversely affect the Station Assets or operation of the Station.

3.6 Personal Property. The Station Assets constitute all of the assets other than Excluded Assets necessary to conduct the present operation of the Station. Section 1.1(b) of the Disclosure Schedule contains a true and complete list of all the material Personal Property related to the operation of the Station, except for the Excluded Assets. Seller owns and has, and will have on the Closing Date, good and marketable title to such Personal Property, and none of such Personal Property on the Closing Date will be subject to any lease, security interest, mortgage, pledge, conditional sales agreement or other lien or encumbrance for which provision has not been made for payment or release promptly after Closing.. Except as set forth in Section 1.1(b) of the Disclosure Schedule, all items of Personal Property have been maintained in accordance with industry practice and are in all material respects in good operating condition, ordinary wear and tear excepted, and are available for immediate use in the conduct of the business and operation of the Stations and complies in all material respects with all applicable rules and regulations of the Commission and the terms of the Licenses.

3.7 Real Property. Seller is not assigning the studio lease to Buyer but shall make available a control room and common areas of the studio for a limited period of time pursuant to terms of a sublease as set forth in Section 1.1(c) of the Disclosure Schedule.

3.8 Consents. No consent, approval, authorization or order of, or registration, qualification or filing with, any court, regulatory authority or other governmental body is required for the execution, delivery and performance by Seller of this Agreement, other than approval by the Commission of the Assignment Application as contemplated hereby. Except as set forth in Section 3.8 of the Disclosure Schedule, no consent of any other party (including, without limitation, any party to any Real Estate Contract or Contract) is required for the execution, delivery and performance by Seller of this Agreement.

3.9 Contracts. Section 1.1(e) of the Disclosure Schedule contains a true and complete list of all Contracts, including all such Contracts necessary to permit continued operation of the Station in the manner in which it is being operated as of the date of this Agreement, and Sections 1.1(f) and 1.1(g) contain a true and complete list of all Underwriting Agreements and Trade Agreements, if any. Seller has delivered to Buyer true and complete copies of all written Contracts, Underwriting Agreements and Trade Agreements in the possession of Seller, including any and all amendments and other modifications to same. All such Contracts, Underwriting Agreements and Trade Agreements are valid, binding and enforceable by Seller in accordance with their respective terms, except as limited by laws affecting creditors' rights or equitable principles generally. Seller has complied in all material respects with all such Contracts, Underwriting Agreements and Trade Agreements, and Seller is not in default beyond any applicable grace periods under any of same, and no other contracting party is in material default under any of same. Seller has full legal power and authority to assign its respective rights under such Contracts, Underwriting Agreements and Trade Agreements to Buyer in accordance with this Agreement on terms and conditions no less favorable than those in effect on the date hereof, and such assignment will not materially affect the validity, enforceability and continuity of any such Contracts, Underwriting Agreements and Trade Agreements.

3.10 Environmental. To the best of Seller's knowledge, none of the property to be sold to Buyer contains any Hazardous Waste, including any Polychlorinated Biphenyls ("PCBs") that are required by law to be removed, and if any equipment does contain Hazardous Waste that is not required by law to be removed, including any PCBs, that such equipment is stored and maintained in compliance with applicable law. Except as set forth in Section 3.10 of the Disclosure Schedule, Seller has complied in all material respects with all federal, state and local environmental laws, rules and regulations applicable to the Station and its operations, including but not limited to the Commission's guidelines regarding RF radiation. Except as otherwise disclosed to Buyer, no Hazardous Waste has been disposed of by Seller, and to the best of Seller's knowledge, no Hazardous Waste has been disposed of by any other person on the real property used by the Station. No employee of Seller in the course of his or her employment with Seller has been exposed to any Hazardous Waste or other substances generated, produced or used by Seller that could give rise to any claim against the Station Assets. To the extent within Seller's possession or control, Seller has heretofore delivered to Buyer true and complete copies of all environmental studies and all material reports of

inspections of the Station and/or the Station Assets pursuant to applicable federal, state or local laws or regulations. Except as set forth in Section 3.10 of the Disclosure Schedule, Seller has not received any notice or order from any governmental agency or public or private entity advising it that Seller is responsible for or potentially responsible for cleanup or paying for the cost of cleanup of any Hazardous Waste and Seller has not entered into any agreements concerning such cleanup, nor is Seller aware of any facts which might reasonably give rise to such notice, order or agreement. As used herein, the term "Hazardous Waste" shall mean all materials regulated by any federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata). If Seller learns between the date of this Agreement and the Closing Date that Seller is in breach of the representation and warranty set forth in this Section 3.10, Seller shall begin remedial action promptly and shall use reasonable best efforts to complete such remedial action to the satisfaction of Buyer before the Closing Date. The costs of such remediation shall be paid by Seller.

3.11 Intangibles. Seller has not granted any license or other rights with respect to the Intangibles (including the Intellectual Property). Seller has not received any written notice of any infringement or unlawful use of the Intangibles and Seller has not violated or infringed any patent, trademark, trade secret or copyright held by others or any license, authorization or permit held by it.

3.12 Financial Statements. Section 3.12 of the Disclosure Schedule contains complete unaudited financial statements as of December 31, 2000 (collectively referred to as the "Financial Statements"). The Financial Statements have been prepared in accordance with the policies and procedures of the Seller applicable thereto, consistently applied. The Financial Statements present fairly the financial condition and results of operations of the Station for the periods indicated.

3.13 Personnel Information; Labor Contracts.

(a) Section 3.13 of the Disclosure Schedule contains a true and complete list of all persons employed at the Station, including the date of hire, a description of material compensation arrangements (other than employee benefit plans set forth in Section 3.14 of the Disclosure Schedule) and a list of other terms of any and all material agreements affecting such persons.

(b) Seller is not a party to any contract with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of Seller's employees. Seller has no knowledge of any organizational effort currently being made or threatened by or on behalf of any labor union with respect to employees of the Station. During the past two years, Seller has not experienced any strikes, work stoppages, grievance proceedings, claims of unfair labor practices filed, or other significant labor difficulties of any nature.

(c) To the best of Seller's knowledge, Seller has complied in all material respects with all laws relating to the employment of labor, including, without limitation, the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and those laws relating to wages, hours, collective bargaining, unemployment insurance, workers' compensation, equal employment opportunity and the payment and withholding of taxes.

3.14 Employee Benefit Plans. To the best of Seller's knowledge, Section 3.14 of the Disclosure Schedule contains a true and complete list and summary, as of the date of this Agreement, of all employee benefit plans (as that term is defined in Section 3(3) of ERISA) applicable to the employees of Seller. Seller maintains no other employee benefit plan. Each of Seller's employee benefit plans has been operated and administered in all material respects in accordance with its terms and applicable law, including, without limitation, ERISA and the Internal Revenue Code.

3.15 Litigation. To the best of Seller's knowledge, except as set forth in Section 3.15 of the Disclosure Schedule (and except as affecting broadcasters generally with respect to copyright liability for simultaneously streaming over the Internet their live broadcast signal), Seller is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree, and there is no litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against Seller or the Station in any federal, state or local court, or before any administrative agency or arbitrator (including, without limitation, any proceeding which seeks the forfeiture of, or opposes the renewal of, any of the Licenses), or before any other tribunal duly authorized to resolve disputes, which would reasonably be expected to have any material adverse effect upon the business, property, assets or condition (financial or otherwise) of the Station or which seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken pursuant to or in connection with this Agreement. In particular, but without limiting the generality of the foregoing, except as set forth in Section 3.15 of the Disclosure Schedule, there are no applications, complaints or proceedings pending or, to the best of Seller's knowledge, threatened before the Commission or any other governmental organization with respect to the business or operation of the Station, other than applications, complaints or proceedings which affect the broadcast industry generally.

3.16 Compliance with Laws. Seller has not received any notice asserting any non-compliance with any applicable statute, rule or regulation (federal, state or local) whether or not related to the business or operation of the Station. Seller is not in default with respect to any judgment, order, injunction or decree of any court, administrative agency or other governmental authority or to any other tribunal duly authorized to resolve disputes in any respect material to the transactions contemplated hereby. Seller is in compliance in all material respects with all laws, regulations and governmental orders whether or not applicable to the conduct of the business and operation of the Station and any other business or operations conducted by Seller. The

Real Property is in full compliance with all applicable building, zoning, subdivision, environmental and other land use and similar laws, codes, ordinances, rules, regulations and orders of governmental authorities (collectively, "Real Property Laws"), and Seller has not received any notice of violation or claimed violation of any Real Property Law. Seller has no knowledge of any pending change in any Real Property Law which would have a material adverse effect upon the use of the Leased Real Property.

3.17 Insurance. Seller has in full force and effect insurance on all of the Real Property, Personal Property, and all other Station Assets pursuant to insurance policies, true and complete copies of which are contained in Section 3.17 of the Disclosure Schedule. Seller shall continue to maintain such insurance in full force and effect up to the Closing Date or shall have obtained prior to the Closing Date other insurance policies with limits and coverage comparable to the current policies after prior notice to, and upon written consent of the Buyer, which consent shall not be unreasonably withheld.

3.18 Undisclosed Liabilities. Except as to, and to the extent of, the amounts specifically reflected or reserved against in Seller's balance sheets for the period ending December 31, 2000 (the "Balance Sheet Date"), and except for liabilities and obligations incurred since the Balance Sheet Date in the ordinary and usual course of business, Seller has no material liabilities or obligations of any nature whether accrued, absolute, contingent or otherwise and whether due or to become due, that would have a material effect on the Station Assets or the operation of the Station and, to the best of Seller's knowledge, there is no basis for the assertion against Seller of any such liability or obligations. No representation or warranty made by Seller in this Agreement, and no statement made in any exhibit or schedule hereto or any certificate or document delivered by Seller pursuant to the terms of this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading.

3.19 Instruments of Conveyance; Good Title. The instruments to be executed by Seller and delivered to Buyer at Closing, conveying the Station Assets to Buyer, will be in a form sufficient to transfer good, marketable title to the Station Assets free and clear of all liabilities, obligations and encumbrances, except as provided herein and otherwise reasonably satisfactory in form and substance to Buyer's counsel pursuant to customs utilized in similar transactions in the State of Texas.

3.20 Absence of Certain Changes. Except as disclosed in Section 3.20 of the Disclosure Schedule, between the Balance Sheet Date and the date of this Agreement there has not been, and again as of the Closing Date there shall not have been:

(a) Any material adverse change in the financial condition, assets or liabilities of Seller;

- (b) Any material change in the manner in which Seller conducts its operations other than changes in the ordinary and usual course of business consistent with past practice;
- (c) Any contract or commitment, to which Seller is a party, entered into, modified or terminated, except in the ordinary and usual course of business;
- (d) Any creation or assumption of any mortgage, pledge or other lien or encumbrance upon any of the Station Assets except in the ordinary and usual course of business;
- (e) Any sale, assignment, lease, transfer, or other disposition of any of the Station Assets, except in the ordinary and usual course of business;
- (f) The incurring of any liabilities or obligations, except items incurred in the ordinary and usual course of business;
- (g) The write-off or determination to write off as uncollectible any accounts receivable or portion thereof, except for write-offs in the ordinary course of business consistent with past practice at a rate no greater than during the twelve months prior to the Balance Sheet Date;
- (h) The cancellation of any debts or claims, or waiver of any rights, having an aggregate value in excess of \$1,000;
- (i) The disposition, lapse or termination of any Intellectual Property;
- (j) The increase or promise to increase the rate of commissions, fixed salary or wages, draw, bonus or other compensation payable to any employee of Seller, except in the ordinary and usual course of business consistent with past practice;
- (k) Any default under any contract or lease to which Seller is a party;
- (l) Any change in any method of accounting or accounting practice used by Seller; or
- (m) Any other event or condition of any character materially and adversely affecting the business or properties of Seller or the Station.

3.21 Insolvency Proceedings. No insolvency proceedings of any character including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or

the Station Assets are pending or, to Seller's knowledge, threatened, and Seller has made no assignment for the benefit of creditors, nor taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

4.1 Due Incorporation. At the Closing, Buyer will be a corporation duly organized, validly existing and in good standing under the laws of the State of Texas.

4.2 Authority; No Conflict. The execution and delivery of this Agreement has been duly and validly authorized and approved by the board of directors of Buyer, and Buyer has the corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, performance hereof, and compliance by Buyer with the terms and provisions hereof will not (assuming receipt of all necessary approvals from the Commission) conflict with or result in a breach of any of the terms, conditions or provisions of (a) the articles of incorporation or bylaws of Buyer, (b) any judgment, order, injunction, decree, regulation or ruling of any court or other governmental authority to which Buyer is subject, or (c) any material agreement, lease or contract, written or oral, to which Buyer is subject. This Agreement constitutes the valid and binding obligation of Buyer with respect to the terms hereof, subject to Commission approval of the transactions contemplated hereby.

4.3 Consents. No consent, approval, authorization or order of, or registration, qualification or filing with, any court, regulatory authority or other governmental body is required for the execution, delivery and performance by Buyer of this Agreement, other than the approval by the Commission of the Assignment Application as contemplated hereby. Except as set forth in Section 4.3 of the Disclosure Schedule, no consent of any other party is required for the execution, delivery and performance by Buyer of this Agreement.

4.4 Litigation. There is no litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer in any federal, state or local court, or before any administrative agency or arbitrator, or before any other tribunal duly authorized to resolve disputes, that would reasonably be expected to have any material adverse effect upon the ability of Buyer to perform its obligations hereunder, or that seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken pursuant to or in connection with this Agreement.

4.5 Compliance with Laws. Buyer is not in default with respect to any judgment, order, injunction or decree of any court, administrative agency or other governmental authority or of any other tribunal duly authorized to resolve disputes in any respect material to the transactions contemplated hereby. Buyer is not in violation of any law, regulation or governmental order, the violation of which would have a material adverse effect on Buyer or its ability to perform its obligations pursuant to this Agreement.

4.6 Qualification. To the best of Buyer's knowledge, Buyer is legally, technically and financially qualified to be the assignee of the Licenses and the other Station Assets, and, prior to the Closing Date, Buyer will exercise its best efforts to refrain from doing any act which would disqualify Buyer from being the assignee of the Licenses and the other Station Assets.

ARTICLE V

COVENANTS OF SELLER

Between the date of this Agreement and the Closing Date, Seller shall have complete control of the Station and its operations, and Seller covenants as follows with respect to such period:

5.1 Continued Operation of Station. Seller shall continue to operate the Station under the terms of the Licenses in the manner in which the Station has been operated heretofore, in the usual and ordinary course of business, in conformity with all material applicable laws, ordinances, regulations, rules and orders, and in a manner so as to preserve and foster the goodwill and business relationships of the Station and Seller, including, without limitation, relationships with underwriters, suppliers, customers, and employees. Seller shall file with the Commission and any other applicable governmental authority all applications and other documents required to be filed in connection with the continued operation of the Station. Seller shall not change the call sign of the Station without Buyer's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

5.2 Financial Obligations. Seller shall continue to conduct the financial operations of the Station, including its credit and collection policies, in the ordinary course of business with the same effort, to the same extent, and in the same manner, as in the prior conduct of the business of the Station; and shall continue to pay and satisfy all expenses, liabilities and obligations arising in the ordinary course of business in accordance with past accounting practices. Seller shall not enter into or amend any contracts or commitments involving expenditures by Seller in an aggregate amount in excess of One Thousand Dollars (\$1,000) without the prior written consent of Buyer, provided, however, that Seller may make such expenditures as it determines appropriate provided such expenditures and commitments shall not increase the costs or

burdens for operating the Station Assets after the Closing by more than One Thousand Dollars (\$1,000).

5.3 Reasonable Access. Seller shall provide Buyer, and representatives of Buyer, with reasonable telephonic access to Stanley Thomas (General Manager of the Station) and with reasonable access to the Station, during normal business hours and shall furnish such additional information concerning the Station as Buyer from time to time may reasonably request.

5.4 Maintenance of Assets. Seller shall maintain the Personal Property and all other tangible assets in their present operating condition, repair and order, reasonable wear and tear in ordinary usage excepted. Seller shall not waive or cancel any claims or rights of substantial value, transfer or otherwise dispose of the Station Assets, or permit to lapse or dispose of any right to the use of any Intellectual Property, that would be material if existing at Closing.

5.5 Notification of Developments. Seller shall notify Buyer of any material problems or developments with respect to the Station Assets or operation of the Station; and provide Buyer with prompt written notice of any change in any of the information contained in the representations and warranties made herein or in the Disclosure Schedule or any other documents delivered in connection with this Agreement that would be material if existing at Closing.

5.6 Payment of Taxes. Seller shall pay or cause to be paid all property and all other taxes relating to the Station, the Real Property and the assets and employees of the Station required to be paid to city, county, state, federal and other governmental units through the Closing Date.

5.7 Third Party Consents. Seller shall use commercially reasonable efforts to obtain from any third party waivers, permits, licenses, approvals, authorizations, qualifications, orders and consents necessary for the consummation of the transactions contemplated by this Agreement, including, without limitation, approval from the Commission of the Assignment Application contemplated hereby.

5.8 Encumbrances. Seller shall not suffer or permit the creation of any mortgage, conditional sales agreement, security interest, lease, lien, hypothecation, deed of trust or pledge, encumbrance, restriction, liability, charge, or imperfection of title with respect to the Station Assets.

5.9 Assignment of Assets. Seller shall not sell, assign, lease or otherwise transfer or dispose of any Station Assets, whether now owned or hereafter acquired, except for retirements in the normal and usual course of business or in connection with the acquisition of similar property or assets, as provided for herein.

5.10 Commission Licenses and Authorizations. Seller shall not by any act or omission surrender, modify adversely, forfeit or fail to renew under regular terms the Licenses, cause the Commission or any other governmental authority to institute any proceeding for the revocation, suspension or modification of any such License, or fail to prosecute with due diligence any pending applications with respect to the Licenses at the Commission or any other applicable governmental authority.

5.11 Technical Equipment. Seller shall not fail to repair, maintain or replace the technical equipment transferred hereunder in accordance with the normal standards of maintenance applicable in the broadcast industry.

5.12 Compensation Increases. Seller shall not permit any increase in the rate of commissions, fixed salary or wages, draw or other compensation payable to any employees of Seller other than in the ordinary course of business and consistent with Seller's past business practices.

5.13 Underwriting Announcements. Seller shall not enter into, extend or renew any contracts for underwriting announcements for cash that are not consistent with the usual and ordinary course of business. In addition Seller shall not enter into, extend or renew any contracts for underwriting announcements for cash that exceeds \$5,000 in amount unless such agreement is terminable on 30 days' notice, and Seller shall not enter into any Trade Agreement without the prior written consent of Buyer.

5.14 Insurance. Seller shall maintain at all times between the date hereof and the Closing Date, those insurance policies listed in Section 3.17 of the Disclosure Schedule.

5.15 Negotiations with Third Parties. Seller shall not, before Closing or the termination of this Agreement, enter into any agreement with respect to any sale or offer of the Station, any Station Assets or any stock of Seller to any third party, nor shall Seller offer the Station or any Station Assets to any third party.

5.16. Financial Statements. Seller shall provide Buyer with copies of its monthly financial statements each month until the Closing Date, with such statements to be provided to Buyer within twenty (20) days of the end of the relevant calendar month.

ARTICLE VI

JOINT COVENANTS OF BUYER AND SELLER

Buyer and Seller covenant and agree that between the date hereof and the Closing Date, they shall act in accordance with the following:

6.1 Assignment Application. Within twenty (20) days of the effective date of this Agreement, Seller and Buyer shall join in and file an application on FCC

Form 314 with the Commission requesting its consent to the assignment of the Licenses from Seller to Buyer (the "Assignment Application"). Seller and Buyer agree to prosecute the Assignment Application with all reasonable diligence and to use their best efforts to obtain prompt Commission grant of the Assignment Application filed at the Commission.

6.2 Performance. Buyer and Seller shall perform all acts required of them under this Agreement and shall refrain from taking or omitting to take any action that would violate their representations and warranties hereunder or render those representations and warranties inaccurate as of the Closing Date.

6.3 Conditions. If any event should occur, either within or without the control of any Party hereto, which would prevent fulfillment of the conditions placed upon the obligations of any Party hereto to consummate the transactions contemplated by this Agreement, the Parties hereto shall use their best efforts to cure the event as expeditiously as possible.

6.4 Confidentiality. Buyer and Seller shall each keep confidential all information they obtain with respect to any other Party hereto in connection with this Agreement and the negotiations preceding this Agreement, and will use such information solely in connection with the transactions contemplated by this Agreement. If the transactions contemplated hereby are not consummated for any reason, each Party hereto shall return to the Party so providing, without retaining a copy thereof, any schedules, documents or other written information obtained from the Party so providing such information in connection with this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, no Party shall be required to keep confidential or return any information which (i) is known or available through other lawful sources, (ii) is or becomes publicly known through no fault of the receiving Party or its agents, (iii) is required to be disclosed pursuant to an order or request of a judicial or governmental authority (provided the disclosing Party is given reasonable prior notice), or (iv) is developed by the receiving Party independently of the disclosure by the disclosing Party.

6.5 Cooperation. Buyer and Seller shall cooperate fully and with each other in taking any actions to obtain the required consent of any governmental instrumentality or any third party necessary or helpful to accomplish the transactions contemplated by this Agreement provided, however, that no Party shall be required to take any action which would have a material adverse effect upon it or any entity affiliated with it.

6.6 Environmental Reports. Deleted.

6.7 Consents to Assignment. To the extent that any Contract, Broadcast Agreement, Trade Agreement, Real Estate Contract or other contract identified in the Disclosure Schedule that is to be assigned under this Agreement is not capable of being sold, assigned, transferred, delivered or subleased without the waiver or consent of

any third person withholding same (including a government or governmental unit), or if such sale, assignment, transfer, delivery or sublease or attempted sale, transfer, delivery or sublease would constitute a breach thereof or a violation of any law or regulation, this Agreement and any assignment executed pursuant hereto shall not constitute a sale, assignment, transfer, delivery or sublease or an attempted sale, assignment, transfer, delivery or sublease thereof. In those cases where consents, assignments, releases and/or waivers have not been obtained at or prior to the Closing Date to the transfer and assignment to Buyer of such contracts, Buyer may in its sole discretion elect to have this Agreement and any assignments executed pursuant hereto, to the extent permitted by law, constitute an equitable assignment by Seller to Buyer of all of Seller's rights, benefits, title and interest in and to such contracts, and where necessary or appropriate, Buyer shall be deemed to be Seller's agent for the purpose of completing, fulfilling and discharging all of Seller's rights and liabilities arising after the Closing Date under such contracts. Seller shall use its reasonable best efforts to provide Buyer with the benefits of such contracts (including, without limitation, permitting Buyer to enforce any rights of Seller arising under such contracts), and Buyer shall, to the extent Buyer is provided with the benefits of such contracts, assume, perform and in due course pay and discharge all debts, obligations and liabilities of Seller under such contracts. The Parties recognize, however, that the FCC licenses to be assigned under this Agreement may not be assigned without the prior approval of the FCC and will not attempt to effectuate such an assignment without the FCC's prior approval.

6.8 Employee Matters. Seller shall be responsible for all salary and benefits of the employees of the Station who do not accept, or are not offered, employment with Buyer. Seller shall be responsible for all salary and other compensation and benefits, including, without limitation, vacation benefits, due to be paid for work for Seller for employees of the Station who become employees of Buyer and Buyer shall be responsible for the salary and other compensation and benefits due to be paid for work for Buyer on or after the date of hire by Buyer for such employees. Seller shall be responsible for severance payments which may be applicable under its employee benefit plans to any employees not so offered employment and hired by Buyer.

6.9 Escrow Agreement. Seller and Buyer shall enter into an Escrow Agreement substantially in the form attached hereto as Exhibit C.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF BUYER

The performance of the obligations of the Buyer hereunder is subject, at the election of the Buyer, to the following conditions precedent:

7.1 Commission Approvals. Notwithstanding anything herein to the contrary, the consummation of this Agreement is conditioned upon (a) a grant by the Commission of the Assignment Application and (b) compliance by the Parties with the

conditions, if any, imposed by the Commission in connection with the grant of the Assignment Application (provided that neither Party shall be required to accept or comply with any condition which would be unreasonably burdensome or which would have a materially adverse effect upon it). All required governmental filings shall have been made, and all requisite governmental approvals for the consummation of the transactions contemplated hereby shall have been granted. The Licenses shall be in unconditional full force and effect, shall be valid for the balance of the current license term applicable generally to radio stations licensed to communities located in the State of Texas, and shall be unimpaired by any acts or omissions of Seller or Seller's employees or agents.

7.2 Performance. The Station Assets shall have been transferred to Buyer by Seller, and all of the terms, conditions and covenants to be complied with or performed by Seller on or before the Closing Date shall have been duly complied with and performed in all material respects, and Buyer shall have received from Seller a certificate or certificates to such effect, in form and substance reasonably satisfactory to Buyer.

7.3 Failure of Transfer. Notwithstanding anything to the contrary contained in this Agreement, in the event that any law, regulation or official policy prevents the transfer or assignment of the Station Assets from Seller to Buyer or any Buyer affiliate, the Parties shall have amended this Agreement and/or executed such supplemental agreements, as necessary, to achieve for both Buyer and Seller, to the maximum extent possible, the benefits of the transactions contemplated by this Agreement in a manner consistent with applicable law.

7.4 Representations and Warranties. The representations and warranties of Seller to Buyer shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made, and Buyer shall have received from Seller a certificate or certificates to such effect, in form and substance reasonably satisfactory to Buyer.

7.5 Consents. Seller shall have received all requisite consents to those Contracts that are specified in Schedule 1.1(e) as "Material Contracts."

7.6 No Litigation. No litigation, proceeding, or investigation of any kind shall have been instituted or, to Seller's knowledge, threatened which would materially adversely affect the ability of Seller to comply with the provisions of this Agreement or would materially adversely affect the operation of the Station.

7.7 Documents. Seller shall have obtained, executed, where necessary, and delivered, to Buyer where applicable, all of the documents, reports, orders and statements required of it herein, as well as any other documents (including collateral assignments) required by any entity providing financing for the transactions contemplated by this Agreement.

7.8 Opinions of Counsel. Seller shall have delivered to Buyer an opinion of counsel to Seller, addressed to Buyer and in the form attached hereto as Exhibit D. In addition, Seller shall have delivered to Buyer a written opinion of Seller's FCC counsel, dated as of the Closing Date, addressed to Buyer and in the form attached hereto as Exhibit E.

7.9 Environmental. Deleted.

7.10 Material Adverse Change. No material adverse change shall have occurred with respect to the operation of the station.

7.11 Tower Site Agreement. The site at which the KVTT antenna is located shall have been acquired by James Crystal Enterprises of Texas, Inc., pursuant to an agreement with the tower site owner.

ARTICLE VIII

CONDITIONS TO OBLIGATIONS OF SELLER

The performance of the obligations of Seller hereunder is subject, at the election of Seller, to the following conditions precedent:

8.1 Performance. All of the terms, conditions and covenants to be complied with or performed by Buyer on or before the Closing Date shall have been duly complied with and performed in all material respects, and Seller shall have received from Buyer a certificate or certificates to such effect, in form and substance reasonably satisfactory to Seller.

8.2 Representations and Warranties. The representations and warranties of Buyer to Seller shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made, and Seller shall have received from Buyer a certificate or certificates to such effect, in form and substance reasonably satisfactory to Seller.

8.3 Government Approvals. All required governmental filings shall have been made and all requisite governmental approvals for the consummation of the transactions contemplated hereby shall have been granted.

8.4 Documents. Buyer shall have obtained, executed, where necessary, and delivered to Seller where applicable, all of the documents, reports, orders and statements required of it herein.

8.5 Opinion of Counsel. Buyer shall have delivered to Seller an opinion of counsel to Buyer, addressed to Seller and in the form attached hereto as Exhibit F.

8.6 No Litigation. No litigation, proceeding, or investigation of any kind shall have been instituted or, to Buyer's knowledge, threatened which would materially adversely affect the ability of Buyer to comply with the provisions of this Agreement or would materially adversely affect the operation of the Station.

8.7 Tower Site Agreement. The site at which the KVTT antenna is located shall have been acquired by James Crystal Enterprises of Texas, Inc., pursuant to an agreement with the tower site owner.

ARTICLE IX

INDEMNIFICATION

9.1 Indemnification by Seller. From and after the Closing Date, Seller agrees to, and shall, indemnify, defend and hold Buyer harmless, and shall reimburse Buyer for and against any and all actions, losses, expenses, damages, liabilities, taxes, penalties or assessments, judgments and costs (including reasonable legal expenses related thereto) resulting from or arising out of:

(a) Any material breach by Seller, that has not been cured in accordance with Section 2.3 hereof, of any covenant, agreement, term, condition, representation, or warranty contained in this Agreement or in any certificate, exhibit, schedule, or any other document furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby;

(b) Any material non-fulfillment by Seller, that has not been cured in accordance with Section 2.3 hereof, of any covenant, agreement, term or condition contained in this Agreement or in any certificate, exhibit, schedule, or other document furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby;

(c) Any material inaccuracy in any covenant, representation, agreement or warranty by Seller including all material statements or figures contained in the Financial Statements attached hereto; and

(d) Any liabilities of any kind or nature, absolute or contingent not assumed by Buyer including, without limitation, any liabilities relating to or arising from the business and operation of the Station by Seller prior to the Closing Date.

Notwithstanding any other provision contained herein, Seller shall be solely responsible for any fine or forfeiture imposed by the Commission relating to the operation of the Station prior to the Closing Date.

9.2 Indemnification by Buyer. From and after the Closing Date, Buyer agrees to and shall indemnify, defend and hold Seller harmless, and shall reimburse Seller for and against any and all actions, losses, expenses, damages, liabilities, taxes, penalties or assessments, judgments and costs (including reasonable legal expenses related thereto), resulting from or arising out of:

(a) Any material breach by Buyer, that has not been cured in accordance with Section 2.3 hereof, of any covenant, agreement, term, condition, representation, or warranty contained in this Agreement or in any certificate, exhibit, schedule, or any other document furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby;

(b) Any material non-fulfillment by Buyer, that has not been cured in accordance with Section 2.3 hereof, of any covenant, agreement, term or condition contained in this Agreement or in any certificate, exhibit, schedule, or other document furnished or to be furnished pursuant hereto or in connection with the transactions contemplated hereby;

(c) Any material inaccuracy in any covenant, representation, agreement or warranty by Buyer; and

(d) Any liabilities of any kind or nature, absolute or contingent, relating to or arising from the business and operation of the Station by Buyer subsequent to the Closing Date.

9.3 Notification of Claims.

(a) A Party entitled to be indemnified pursuant to Sections 9.1 or 9.2 (the "Indemnified Party") shall notify the Party liable for such indemnification (the "Indemnifying Party") in writing of any claim or demand which the Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement. Subject to the Indemnifying Party's right to defend in good faith third party claims as hereinafter provided, the Indemnifying Party shall satisfy its obligations under this Article IX within thirty (30) days after the receipt of a written notice thereof from the Indemnified Party.

(b) If the Indemnified Party shall notify the Indemnifying Party of any claim or demand pursuant to Section 9.3(a), and if such claim or demand relates to a claim or demand asserted by a third party against the Indemnified Party which the Indemnifying Party acknowledges is a claim or demand for which it must indemnify or hold harmless the Indemnified Party under Sections 9.1 or 9.2, the Indemnifying Party

shall have the right to employ counsel reasonably acceptable to the Indemnified Party to defend any such claim or demand asserted against the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any such claim or demand, which shall be at its own expense if the Indemnifying Party has acknowledged that the claim or demand is one for which the Indemnifying Party must indemnify or hold harmless the Indemnified Party. The Indemnifying Party shall notify the Indemnified Party in writing, as promptly as possible (but in any case before the due date for the answer or response to a claim) after the date of the notice of claim given by the Indemnified Party to the Indemnifying Party under Section 9.3(a) of its election to defend in good faith any such third party claim or demand. So long as the Indemnifying Party is defending in good faith any such claim or demand asserted by a third party against the Indemnified Party, the Indemnified Party shall not settle or compromise such claim or demand. The Indemnified Party shall make available to the Indemnifying Party or its agents all records and other materials in the Indemnified Party's possession reasonably required by it for its use in contesting any third party claim or demand. Whether or not the Indemnifying Party elects to defend any such claim or demand, the Indemnified Party shall have no obligations to do so. Upon payment of any claim or demand pursuant to this Article IX, the Indemnifying Party shall, to the extent of payment, be subrogated to all rights of the Indemnified Party.

9.4 Notwithstanding anything to the contrary in this Agreement, no claim for indemnity arising under Section 9.1(a) – (c) or 9.2(a) – (c) shall be considered material or otherwise be pursued unless such claims in the aggregate are valued at more than \$25,000, and each such claim is for more than \$5,000.

ARTICLE X

MISCELLANEOUS

10.1 Assignment.

(a) The rights and obligations of the Seller under this Agreement may not be assigned without prior written consent of Buyer unless the assignment is to a permitted assignee under the Purchase Agreement. Buyer may assign this Agreement to an entity that is financially qualified to perform the Buyer's obligations under this Agreement and qualified to be an FCC licensee provided that Buyer assures the full performance of Buyer's obligations under the Agreement by its assignee. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Notwithstanding anything to the contrary set forth herein, Buyer may assign and transfer to any entity providing financing for the transactions contemplated by this Agreement (or any refinancing of such financing) as security for such financing all of the interest, rights and remedies of Buyer with respect to this Agreement and Seller shall expressly consent to such assignment. Any such assignment

will be made for collateral security purposes only and will not release or discharge Buyer from any obligations it may have pursuant to this Agreement. Notwithstanding anything to the contrary set forth herein, Buyer may (i) authorize and empower such financing sources to assert, either directly or on behalf of Buyer, any claims Buyer may have against Seller under this Agreement and (ii) make, constitute and appoint one agent bank in respect of such financing (and all officers, employees and agents designated by such agent) as the true and lawful attorney and agent-in-fact of Buyer for the purpose of enabling the financing sources to assert and collect any such claims.

10.2 Survival of Indemnification. The indemnification obligations of Seller contained in this Agreement including, without limitation, Section 1.3 shall survive indefinitely, except that any indemnification arising under Section 9.1(a) hereof (other than any indemnification required as a result of Seller's breach of Sections 3.1, 3.2, or 3.3 hereof, which indemnification shall survive indefinitely or of Section 3.5, which indemnification shall survive until the expiration of the applicable statute of limitations) shall be binding for a period of eighteen (18) months following the date hereof.

10.3 Brokerage. Seller and Buyer warrant and represent to one another that, other than John Pierce & Company LLC, there has been no broker in any way involved in the transactions contemplated hereby and that no one is or will be entitled to any fee or other compensation in the nature of a brokerage fee or finder's fee as a result of the Closing hereunder. Seller will be responsible for the brokerage fee assessed by John Pierce & Company LLC.

10.4 Expenses of the Parties. It is expressly understood and agreed that all expenses of preparing this Agreement and of preparing and prosecuting the Assignment Application with the Commission, and all other expenses, whether or not the transactions contemplated hereby are consummated, shall be borne solely by the Party who shall have incurred the same and the other Party shall have no liability in respect thereto, except as otherwise provided herein. All costs of transferring the Station Assets in accordance with this Agreement, including recordation, transfer and documentary taxes and fees, and any excise, sales or use taxes, shall be borne by Seller. Any filing or grant fees imposed by any governmental authority the consent of which is required for the transactions contemplated hereby shall be borne by Seller.

10.5 Entire Agreement. This Agreement, together with any related schedules or exhibits, contains all the terms agreed upon by the Parties with respect to the subject matter herein, and supersedes all prior agreements and understandings among the Parties and may not be changed or terminated orally. No attempted change, termination or waiver of any of the provisions hereof shall be binding unless in writing and signed by the Party against whom the same is sought to be enforced.

10.6 Headings. The headings set forth in this Agreement have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any manner, or be deemed to interpret in whole or in part, any of the terms or provisions of

this Agreement. Unless otherwise specified herein, the section references contained herein refer to sections of this Agreement.

10.7 Governing Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Texas.

10.8 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of such shall constitute one and the same instrument.

10.9 Notices. Any notices or other communications shall be in writing and shall be considered to have been duly given when deposited into first class, certified mail, postage prepaid, return receipt requested, delivered personally (which shall include delivery by Federal Express or other recognized overnight courier service that issues a receipt or other confirmation of delivery) or delivered via confirmed facsimile transmission provided that a copy of the facsimile transmission shall have been mailed, first class, by the next business day;

If to Seller:

Research Educational Foundation, Inc.
Attention: Stanley Thomas
11061 Shady Trail
Dallas, TX 75229
Fax: 214-351-6809
Phone: 214-351-6655

With a copy to:

Bradford D. Carey, Esq.
Hardy & Carey, L.L.P.
110 Veterans Memorial Boulevard
Metairie, LA 70005-3027
Fax: 504-830-4659
Phone: 504-830-4644

With a copy to:

Reuben M. Ginsberg, Esq.
Reuben M. Ginsberg, PC
750 Signature Place
14785 Preston Road, L.B. 65
Dallas, TX 75240
Fax: 972-386-4048
Phone: 214-744-0044

If to Buyer:

James C. Hilliard
President
The Learning Foundation, Inc.
James Crystal Enterprises of Texas, Inc.
2406 South Congress Avenue
West Palm Beach, FL 33406
Fax: (561) 432-5111
Phone: (561) 432-5100

With a copy to:

John Wells King, Esq.
Garvey, Schubert & Barer
1000 Potomac Street, Fifth Floor
Washington, DC 20007
Fax: (202) 965-1729
Phone: (202) 965-7880

Any Party may at any time change the place of receiving notice by giving notice of such change to the other as provided herein.

10.10 Specific Performance; Damages; Attorneys' Fees.

Seller and Buyer acknowledge that the Station is of a special, unique and extraordinary character and that damages are inadequate to compensate the Parties in the event of a breach of this Agreement. Accordingly, in the event of a material breach by Seller of its obligation to close on the sale of the Station Assets and the assignment of the Licenses under this Agreement, Buyer may sue at law for damages or, at Buyer's sole election, may seek a decree of specific performance requiring Seller to fulfill its obligations under this Agreement, and Seller agrees to waive its defense that an adequate remedy at law exists. In the event of a material breach by Buyer of its obligation to close on the purchase of the Station Assets and the assignment of the Licenses under this Agreement, Seller may seek specific performance by Buyer of its obligations under this Agreement (with the Escrow Deposit, other than interest, being applied toward the purchase price if Seller obtains a decree of specific performance) or Seller may elect to have the Escrow Deposit delivered to Seller as liquidated damages, with any interest on such Escrow Deposit being paid to Buyer. The prevailing Party in any action brought under this Agreement shall be entitled to its reasonable attorney's fees and disbursements in addition to the other relief to which it might be entitled.

10.11 Consent to Jurisdiction. Seller and Buyer hereby submit to the nonexclusive jurisdiction of the courts of the State of Texas and the federal courts of the United States of America located in such state solely in respect of the interpretation and

enforcement of the provisions hereof and of the documents referred to herein, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that they are not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that this Agreement or any of such documents may not be enforced in or by said courts or that the Station Assets are exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper.

10.12 Further Assurances. Seller and Buyer agree to execute all such documents and take all such actions after the Closing Date as the other Party shall reasonably request in connection with carrying out and effectuating the intent and purpose hereof and all transactions and things contemplated by this Agreement, including, without limitation, the execution and delivery of any and all confirmatory and other documents in addition to those to be delivered on the Closing Date and all actions which may reasonably be necessary or desirable to complete the transactions contemplated hereby.

10.13 Public Announcements. No public announcement (including an announcement to employees) or press release concerning the transactions provided for herein shall be made by either Party without the prior approval of the other Party, except as required by law, or as determined by Seller to be in the public interest or as otherwise appropriate so as not to mislead donors.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed or have caused this Agreement to be executed by a duly authorized officer on the day and year first above written.

RESEARCH EDUCATIONAL FOUNDATION, INC.

BY: _____/s/_____
Scott Thomas, President

THE LEARNING FOUNDATION, INC.

BY: _____/s/_____
James C. Hilliard, President

JAMES CRYSTAL ENTERPRISES OF TEXAS, INC.

BY: _____/s/_____
James C. Hilliard, President

