

**ASSET PURCHASE AGREEMENT**  
**(WRLG-FM, WYYB-FM)**

This Agreement ("Agreement") is made and entered into as of August 1, 2002, by and among **Tuned In Broadcasting, Inc.**, a Tennessee corporation ("Seller"), **LCT, L.P.**, a Tennessee limited partnership ("LCT") (for purposes of the transfer of the Real Property, only and in such capacity, the term "Seller" shall include, as applicable, LCT), and **Salem Communications Holding Corporation**, a Delaware corporation ("Buyer").

**RECITALS:**

A. Seller owns and operates radio stations WRLG-FM licensed to Smyrna, Tennessee, and WYYB-FM licensed to Kingston Springs, Tennessee (individually, "Station" and collectively the "Stations"), and holds the licenses and authorizations issued by the Federal Communications Commission ("FCC") for the operation of the Stations.

B. LCT owns certain real estate associated with one of the Stations.

B. Buyer desires to acquire certain assets of the Stations and the real estate associated with one of the Stations, and Seller and LCT are willing to convey such assets to Buyer.

C. Seller and Buyer are also entering into a Time Brokerage Agreement ("TBA") of even date herewith.

D. The acquisition of the Stations is subject to prior approval of the FCC.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, Seller and Buyer hereby agree as follows:

**ARTICLE 1**

**TERMINOLOGY**

1.1 **Act.** The Communications Act of 1934, as amended.

1.2 **Adjustment Amount.** As provided in Section 2.6, the amount by which Buyer's account is to be credited or charged, as reflected on the Adjustment List(s).

1.3 **Adjustment List.** As provided in Section 2.6, an itemized list(s) of all sums to be credited or charged against the account of Buyer, with a brief explanation in reasonable detail of the credits or charges, consistent with the allocation principle set forth in Section 2.6(a).

1.4 **Assumed Obligations.** Such term shall have the meaning defined in Section 2.3.

1.5 **Business Day.** Any calendar day, excluding Saturdays and Sundays, on which federally chartered banks are regularly open for business.

1.6 **Buyer's Threshold Limitation.** As provided in Section 9.3 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Buyer before Seller shall be obligated to indemnify Buyer. The Buyer's Threshold Limitation shall be Ten Thousand Dollars (\$10,000).

1.7 **Closing.** The closing with respect to the transactions contemplated by this Agreement.

1.8 **Closing Date.** The date determined as the Closing Date as provided in Section 8.1.

1.9 **Documents.** This Agreement and all Exhibits and Schedules hereto, and each other agreement, certificate, or instrument delivered pursuant to or in connection with this Agreement, including amendments thereto that are expressly permitted under the terms of this Agreement.

1.10 **Environmental Assessment.** Such term shall have the meaning defined in Section 5.10.

1.11 **Environmental Laws.** The Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Emergency Planning and Community Right-to-Know Act, the Safe Drinking Water Act, each as amended, and any other applicable federal, state and local laws, statutes, rules or regulations concerning or relating to the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting or dumping of Hazardous Materials, or the pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata).

1.12 **Excluded Assets.** Such term shall have the meaning defined in Section 2.2.

1.13 **FCC.** Federal Communications Commission.

1.14 **FCC Licenses.** The licenses, permits and authorizations (and any renewals, extensions, amendments or modifications thereof) of the FCC for the operation of the Stations as listed on Schedule 3.8, including without limitation, all pending licenses, permits, and authorizations of the FCC to the extent they pertain to the operation of the Stations.

1.15 **FCC Order.** An action, order or decision of the FCC, granting its consent to the assignment of the FCC Licenses to Buyer.

1.16 **Final Action.** An action of the FCC that has not been reversed, stayed, enjoined, set

aside, annulled or suspended; with respect to which no timely petition for reconsideration or administrative or judicial appeal or sua sponte action of the FCC with comparable effect is pending and as to which the time for filing any such petition or appeal (administrative or judicial) or for the taking of any such sua sponte action of the FCC has expired.

1.17 **Hazardous Materials.** Toxic materials, hazardous wastes, hazardous substances, pollutants or contaminants, asbestos or asbestos-related products, polychlorinated biphenyls ("PCBs"), petroleum, crude oil or any fraction or distillate thereof in excess of legally-defined permissible limits (as such terms are defined in any applicable federal, state or local laws, ordinances, rules and regulations, and including any other terms which are or may be used in any applicable Environmental Laws to define prohibited or regulated substances).

1.18 **Indemnified Party.** Any party described in Section 9.3 or Section 9.4 against which any claim or liability may be asserted by a third party which would give rise to a claim for indemnification under the provisions of this Agreement by such party.

1.19 **Indemnifying Party.** The party to the Agreement (not the Indemnified Party) that, in the event of a claim or liability asserted by a third party against the Indemnified Party which would give rise to a claim for indemnification under the provisions of this Agreement, is obligated to indemnify and hold harmless the Indemnified Party to the extent expressly provided in this Agreement.

1.20 **Lien.** Any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien, lease or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any Sale Assets or property, including any written or oral agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement, and the filing of or agreement to give any financing statement with respect to any assets or property under the Uniform Commercial Code or comparable law of any jurisdiction.

1.21 **Material Adverse Condition.** A condition, event or circumstance which would materially adversely affect or materially impair the FCC Licenses, the Sale Assets or the ability of Buyer to operate the Stations after Closing; provided, however, that any condition which requires that the Stations be operated in accordance with a condition similar to those contained in the present FCC Licenses issued for operation of the Stations shall not be deemed a Material Adverse Condition, nor shall any matter involving the employees, programming, ratings, or revenues of the Stations be considered a Material Adverse Condition.

1.22 **OSHA Laws.** The Occupational Safety and Health Act of 1970, as amended, and all other federal, state or local laws or ordinances, including orders, rules and regulations thereunder, regulating or otherwise affecting health and safety of the workplace.

1.23 **Permitted Lien.** For purposes hereof, "Permitted Lien" shall mean (i) easements, restrictions, and other similar matters which will not materially adversely affect the use of the Real

Property in the ordinary course of business; (ii) liens for taxes not due and payable or, that are being contested in good faith by appropriate proceedings; (iii) mechanics, materialmen's, carriers', warehousemen's, landlords' or other similar liens in the ordinary course of business for sums not yet due or which are being contested in good faith by appropriate proceedings; (iv) liens or mortgages that will be released at Closing; (v) zoning ordinances and regulations, including statutes and ordinances relating to the liens of streets and to other municipal improvements, which will not materially adversely affect the use of the Real Property in the ordinary course of business, provided that any of the foregoing alone or in the aggregate do not materially impair the value or materially interfere with the use of any asset or property of the Seller material to the operation of its business as it has been and is now conducted; and/or (vi) a Lien securing only an Assumed Obligation.

1.24 **Purchase Price.** The consideration to be paid by Buyer to Seller for purchase of the Sale Assets in an amount equal to Five Million Six Hundred Thousand Dollars (\$5,600,000) payable pursuant to the terms of Section 2.4 and subject to adjustments pursuant to Section 2.6 and Section 2.7.

1.25 **Real Property.** Such term shall have the meaning defined in Section 3.7.

1.26 **Rules and Regulations.** The rules of the FCC as set forth in Volume 47 of the Code of Federal Regulations, as well as such other policies of the FCC, whether contained in the Code of Federal Regulations, or not, that apply to the Stations.

1.27 **Sale Assets.** The tangible and intangible assets to be transferred by Seller to Buyer as set forth in Section 2.1.

1.28 **Seller's Threshold Limitation.** As provided in Section 9.4 (b), the threshold dollar amount for the aggregate of claims, liabilities, damages, losses, costs and expenses that must be incurred by Seller before Buyer shall be obligated to indemnify Seller. The Seller's Threshold Limitation shall be Ten Thousand Dollars (\$10,000).

1.29 **Station Agreements.** The agreements, commitments, contracts, leases and other items described in Section 3.9(a) that relate to operation of the Stations.

1.30 **Tangible Personal Property.** The personal property described in Section 2.1(a).

1.31 **Time Brokerage Agreement or TBA.** That certain Time Brokerage Agreement entered into between Buyer and Seller, dated as of the date hereof.

1.32 **Tower Coordinates.** Such term shall have the meaning defined in Section 3.15 hereof.

## ARTICLE II

### PURCHASE AND SALE

2.1 **Sale Assets.** On the Closing Date, Seller and LCT will sell, transfer, assign and convey to Buyer, and Buyer will purchase from Seller and LCT, free and clear of all Liens, except Permitted Liens, all of Seller's right, title and interest, legal and equitable, in and to those tangible and intangible, real, personal and mixed assets (except Excluded Assets) used or useful in the operation of the Stations and listed on the schedules attached hereto, as set forth below:

(a) **Tangible Personal Property.** That equipment, parts, supplies, furniture, fixtures, studio equipment, and other tangible personal property now or hereinafter owned by Seller and used in the operation of the Stations that is listed on Schedule 3.6, together with such modifications, replacements, improvements and additional items, made or acquired between the date hereof and the Closing Date.

(b) **Real Property and Leases.** Seller's and LCT's interests in that real property used in operating the Stations including, specifically, all right, title and interest of Seller and LCT in and to the Stations' transmitting facilities and all Real Property described in Schedule 3.7.

(c) **Licenses and Permits.** The FCC Licenses and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof) now held by Seller or hereafter obtained by Seller between the date hereof and the Closing Date, to the extent such other permits, licenses and authorizations pertain to or are used solely in the operation of the Stations.

(d) **Station Agreements.** All agreements listed on Schedule 3.9; any renewals, extensions, amendments or modifications of those agreements which are made in the ordinary course of Seller's operation of the Stations and in accordance with the terms and provisions of this Agreement.

(e) **Records.** True and complete copies of all of the records, operating manuals, public file materials, reports of engineers and other consultants or independent contractors, pertaining specifically to the assets of the Stations being conveyed to Buyer hereunder (and specifically excluding corporate records, financial records and programming materials).

2.2 **Excluded Assets.** Notwithstanding any provision of this Agreement to the contrary, Seller shall not transfer, convey or assign to Buyer any asset not provided for in Section 2.1, but shall retain all of its right, title and interest in and to, the following those assets owned or held by it on the Closing Date ("Excluded Assets"), including but not limited to the assets listed below:

(a) Any and all cash, cash equivalents, cash deposits to secure contract obligations, all inter-company receivables from any affiliate of Seller and all other accounts receivable, bank

deposits and securities held by Seller in respect of the Stations at the Closing Date that are unrelated to the operation of the Stations after the Closing Date and further provided that such cash or receivable is not for services or obligations of the Stations after the Closing Date (except to the extent Seller receives a credit therefore under Section 2.6, in which event such cash, receivable, deposit or security shall be included as part of the Sale Assets).

(b) Any and all claims of Seller with respect to transactions prior to the Closing including, without limitation, claims for tax refunds and refunds of fees paid to the FCC.

(c) All prepaid expenses (except to the extent Seller receives a credit therefore under Section 2.6, in which event the prepaid expense shall be included as part of the Sale Assets).

(d) All Tangible Personal Property not specifically listed on Schedule 3.6.

(e) All contracts of insurance and claims against insurers.

(f) All employee benefit plans and the assets thereof and all employment contracts.

(g) All contracts that are terminated in accordance with the terms and provisions of this Agreement or have expired prior to the Closing Date in the ordinary course of business; and all loans and loan agreements.

(h) Seller's corporate records except to the extent such records pertain to or are used in the operation of the Stations, in which case Seller shall deliver materially accurate copies thereof to Buyer.

(i) All commitments, contracts and agreements not specifically assumed by Buyer pursuant to Section 2.1(d), above.

(j) All accounts receivable.

(k) All intellectual property of the Stations except as may specifically be set forth herein.

(l) All rights to the licenses and call letters of radio station WRLT-FM, Brentwood, Tennessee, and WDBL(AM & FM), Springfield, Tennessee, and all of the assets used or useful in the operation of those stations, except as specifically provided for herein.

### 2.3 Assumption of Liabilities.

(a) At the Closing, Buyer shall assume and agree to perform, without duplication of Seller's performance, the following liabilities and obligations of Seller (the "Assumed Obligations"):

(i) Current liabilities of Seller for which Buyer receives a credit pursuant to Section 2.6, but not in excess of the amount of such credit;

(ii) Liabilities and obligations arising under the Station Agreements, if any, assumed by and transferred to Buyer in accordance with this Agreement, but only to the extent such liabilities and obligations relate to the Sale Assets and are attributable to the period of time after the Closing; and

(iii) The obligations, if any, specifically listed in Schedule 2.3.

(b) Except for the Assumed Obligations, Buyer shall not assume or in any manner be liable for any debts, liens, charges, claims, encumbrances, duties, responsibilities, obligations or liabilities of Seller of any kind or nature, whether express or implied, known or unknown, contingent or absolute, including, without limitation, any liabilities to or in connection with Seller's employees whether arising in connection with the transaction contemplated hereunder or otherwise.

#### **2.4 Earnest Money; Payment of Purchase Price.**

(a) Within one (1) business day of execution of this Agreement, Buyer shall deliver to Seller by wire transfer of immediately available funds the amount of Six Hundred Thousand Dollars (\$600,000) as an earnest money deposit ("Earnest Money"), and Seller shall execute a promissory note (the "Note") in the form attached hereto as Exhibit A, which Note (together with the Guaranty in the form attached hereto as Exhibit C that Seller shall cause Lester Turner, Jr. to execute) shall be held by Seller's counsel and delivered to Buyer upon confirmation of receipt of the wire transfer by Seller.

(b) At the Closing, all amounts due under the Note shall be forgiven and the amount of Six Hundred Thousand Dollars (\$600,000) shall be credited against the Purchase Price. The balance of the Purchase Price shall be paid to Seller by wire transfer of immediately available funds.

(c) Buyer shall pay to Seller, or Seller shall pay to Buyer, the Adjustment Amount in accordance with Section 2.6.

**2.5 Allocation of the Purchase Price.** Buyer, Seller and LCT shall agree to an allocation of the Purchase Price as set forth in Schedule 2.5 hereof. Buyer, Seller and LCT shall use such allocation for all reporting purposes in connection with federal, state and local income and, to the extent permitted under applicable law, franchise taxes. Buyer, Seller and LCT agree to report such allocation to the Internal Revenue Service in the form required by Treasury Regulation § 1.1060-1T.

#### **2.6 Adjustment of Purchase Price for Income and Expenses of the Stations.**

(a) All operating expenses of the Stations shall be allocated between Seller and

Buyer, and an adjustment in the Purchase Price shall be made as provided in this Section, to the extent necessary to reflect the principle that all such expenses attributable to the operation of the Stations on or before the Closing Date shall be for the account of Seller, and all expenses attributable to the operation of the Stations after the Closing Date shall be for the account of Buyer. Any cost or obligation related to any Permitted Lien shall also be included as part of the adjustment and allocation between Buyer and Seller.

(b) To the extent not inconsistent with the express provisions of this Agreement, the allocations made pursuant to this Section 2.6 shall be made in accordance with generally accepted accounting principles.

(c) For purposes of making the adjustments pursuant to this Section, Buyer shall prepare and deliver an initial Adjustment List to Seller within forty-five (45) days following the Closing Date, or such later date as shall be mutually agreed to by and between Seller and Buyer. Buyer may also prepare and deliver to Seller additional Adjustment Lists as Buyer becomes aware of additional Adjustment List items. The Adjustment List(s) shall set forth the Adjustment Amount. If the Adjustment Amount is a credit to the account of Buyer, Seller shall pay such amount to Buyer within fifteen (15) days of receiving the Adjustment List(s) if both parties agree on the amount, and if the Adjustment Amount is a charge to the account of Buyer, Buyer shall pay such amount to Seller within fifteen (15) days of delivering the Adjustment List(s) to Seller if both parties agree on the amount. In the event Seller disagrees with the Adjustment Amount determined by Buyer or with any other matter arising out of this subsection, and Buyer and Seller cannot within sixty (60) days resolve the disagreement themselves, the parties will refer the disagreement to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final. The fees and expenses of such accountants shall be paid by the party who does not prevail on the disputed matters decided by the accountants.

2.7 **Adjustment of Purchase Price In the Event of a Deferred Closing.** In the event Buyer elects to defer the Closing pursuant to Section 8.4, below, the Purchase Price shall be adjusted as provided in Exhibit B attached hereto, and the provisions for payment of the Purchase Price described in Section 2.4, above, shall be modified as provided in Exhibit B.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller hereby represents and warrants to Buyer, and Seller and LCT hereby jointly and severally represent and warrant to Buyer solely with respect to the real estate to be conveyed by LCT to Buyer, as follows:

3.1 **Organization and Good Standing.** Seller is a corporation, validly existing and in good standing under the laws of the State of Tennessee and authorized to conduct business in the State of Tennessee and each and every jurisdiction where Seller conducts business. Seller has all



requisite power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted until the Closing.

3.2 **Authorization and Binding Effect of Documents.** Seller's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary corporate action on the part of Seller, and no other corporate proceedings on the part of the Seller are necessary to authorize and approve this Agreement. Seller has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Seller. The Documents, when executed and delivered by the parties hereto, will constitute legal and valid obligations of Seller enforceable against it in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity.

3.3 **Absence of Conflicts.** The execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents by Seller, and the consummation of the transactions contemplated hereby and thereby:

(a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate, or result in the creation of any Lien other than a Permitted Lien, on any of the Sale Assets under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Seller.

(b) do not in any material respect (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under the articles of incorporation or bylaws of Seller or pursuant to any lease, agreement, commitment or other instrument which Seller is a party to, or bound by, or by which any of the Sale Assets may be bound, or result in the creation of any Lien, other than a Permitted Lien, upon any of the Sale Assets.

3.4 **Governmental Consents and Consents of Third Parties.** Except for such consents as are required by the FCC and as are disclosed on Schedule 3.4, the execution and delivery of, and the performance of Seller's obligations under, this Agreement and each of the other Documents by Seller, and the consummation by Seller of the transactions contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration of filing with, any court or public agency or governmental body or other authority, or the consent of any person under any agreement, arrangement or commitment of a nature to which Seller is a party or by which it is bound or by which the Sale Assets are bound or to which they are subject to, the failure of which to obtain would constitute a Material Adverse Condition on the Sale Assets or the operation of the Stations.

3.5 **Sale Assets.** The Sale Assets include those assets, properties and rights of every type and description, real, personal and mixed, tangible and intangible, that are described in Section 2.1.

3.6 **Tangible Personal Property.** With respect to the list of Tangible Personal Property set forth on Schedule 3.6:

(a) Seller has good, marketable and valid title to all of the items of Tangible Personal Property free and clear of all Liens except Permitted Liens, and including the right to transfer same.

(b) The Tangible Personal Property has been maintained in accordance with industry practices and is in good operating condition subject only to ordinary wear and tear.

(c) The Tangible Personal Property complies with applicable rules and regulations of the FCC and the terms of the FCC Licenses.

3.7 **Real Property.**

(a) The real property described on Schedule 3.7 constitutes a complete and correct summary description in all material respects of all of the interests in real estate, including, without limitation, any and all leases, easements and licenses, used to any extent in the operation of the Stations in the manner in which they have been and are now operated. Said real property, together with all improvements affixed thereto, is herein defined as the "Real Property."

(b) Neither Seller nor LCT owes any money to any architect, contractor, subcontractor or materialman for labor or materials performed, rendered or supplied to or in connection with the Real Property which shall not be paid in full on or before Closing.

(c) Seller's and LCT's present use of the Real Property is in compliance with all applicable zoning codes in effect as of the date hereof, and neither Seller nor LCT has received any notices of uncorrected violations of the applicable housing, building, safety or fire ordinances. The Real Property is served by all utilities, including, without limitation, electricity and water in capacities adequate for the present use of the Real Property and improvements thereon.

(d) Neither Seller nor LCT has made any agreement (other than this Agreement) for the sale or lease of, or given any person (other than Buyer) an option to purchase or lease or a right of first refusal to purchase or lease, all or any part of Seller's or LCT's interest in the Real Property, and neither Seller nor LCT has subjected the Real Property to any liens (other than Permitted Liens), easements, rights, duties, obligations, covenants, conditions, restrictions, limitations or agreements not of record.

3.8 **FCC Licenses.** Seller is the holder of the licenses, permits and authorizations listed

on Schedule 3.8, and except as set forth on such Schedule, (i) the FCC Licenses are valid, in good standing and in full force and effect, unimpaired by any act or omission of Seller, and constitute all of the licenses, permits and authorizations required by the Act, the Rules and Regulations or the FCC for, or used in, the operation of the Stations in all material respects as now operated, (ii) the licenses, permits and authorizations listed on Schedule 3.8 constitute all the current licenses, permits and authorizations issued by the FCC to Seller or pending before the FCC for or in connection with the Stations; including, without limitation, the Tower Coordinates and any applicable FCC or FAA tower registration numbers; (iii) there is no condition imposed by the FCC as part of any FCC License which is neither set forth on the face thereof as issued by the FCC nor contained in the Rules and Regulations applicable generally to stations of the type, nature, class or location of the Stations; (iv) the Stations are being operated at full authorized power, in accordance with the terms and conditions of the FCC Licenses applicable to it and in accordance with the Rules and Regulations, except to the extent a failure to so comply would not constitute a Material Adverse Condition; (v) no application, action or proceeding is pending, or, to Seller's actual knowledge is threatened, which may result in the revocation, modification, non-renewal or suspension of any of the FCC Licenses, the denial of any pending applications, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC with respect to the Stations or their operation, other than proceedings affecting the radio broadcasting industry in general; (vi) there is not before the FCC any material investigation, proceeding, notice of violation or order of forfeiture relating to the Stations; (vii) Seller has complied in all material respects with all requirements to file reports, applications and other documents with the FCC with respect to the Stations, and all such reports, applications and documents are complete and correct in all material respects; (viii) there are no matters (A) which could reasonably be expected to result in the suspension, revocation, cancellation, modification of or the refusal to renew any of the FCC Licenses or the imposition of any fines or forfeitures by the FCC, or (B) against Seller which could reasonably be expected to result in the FCC's refusal to grant approval of the assignment to Buyer of the FCC Licenses or the imposition of any Material Adverse Condition in connection with approval of such assignment; (ix) there are not any unsatisfied or otherwise outstanding citations issued by the FCC with respect to the Stations or their operation; and (x) the "Public Inspection File" of the Stations is in substantial and material compliance with Section 73.3526 of the Rules and Regulations. Complete and accurate copies of all FCC Licenses are attached hereto as a part of Schedule 3.8.

### 3.9 Station Agreements.

(a) Schedule 3.9 sets forth an accurate and complete list of all material agreements, contracts, arrangements or commitments in effect as of the date hereof, including all amendments, modifications and supplements thereto which the Stations or its assets or properties are bound by ("Station Agreements"). Complete and correct copies of all Station Agreements have been delivered to Buyer.

(b) Except as set forth in the Schedules, and with respect to all Station Agreements being assumed by Buyer, (i) to the knowledge of Seller, all Station Agreements are legal, valid and enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency,

reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity; (ii) neither Seller, nor, to the knowledge of Seller, any party thereto is in material breach of or in material default under any Station Agreements; (iii) to the knowledge of Seller, there has not occurred any event which, after the giving of notice or the lapse of time or both, would constitute a material default under, or result in the material breach of, any Station Agreements which are, individually or in the aggregate, material to the operation of the Stations; and (iv) Seller holds the right to enforce and receive the benefits under all of the Station Agreements, free and clear of all Liens (other than Permitted Liens) but subject to the terms and provision of each such agreement.

(c) Schedule 3.9 indicates, for each Station Agreement listed thereon which Agreement is being assumed by Buyer, and whether consent or approval by any party thereto is required thereunder for consummation of the transactions contemplated hereby.

(d) Buyer and Seller acknowledge that certain of the Station Agreements, to be included in the Sale Assets, and the rights and benefits thereunder necessary or appropriate or relating to the conduct of the business and activities of Seller and/or the Stations may not, by their terms, be assignable. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign such Station Agreement, and Buyer shall not be deemed to have assumed the same or to be required to perform any obligations thereunder, if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach thereof or in any way affect the rights under such Station Agreement of Buyer or Seller thereunder. In such event, Seller will cooperate with Buyer to provide for Buyer all benefits to which Seller is entitled under such Station Agreements, and any transfer or assignment to Buyer by Seller of any such Station Agreement or any right or benefit arising thereunder or resulting therefrom which shall require the consent or approval of any third party shall be made subject to such consent or approval being obtained. Seller shall, without further consideration therefore, pay, assign and remit to Buyer promptly all monies, and, to the extent permitted, all other rights or consideration received or obtained, or which may be received or obtained, in respect of performance of such Station Agreements.

3.10 **Litigation.** Except as set forth on Schedule 3.10, there are no actions, suits, claims, investigations or administrative, arbitration or other proceedings pending or, to the knowledge of Seller, threatened against Seller which would, individually or in the aggregate if adversely determined, be a Material Adverse Condition on the Sale Assets or the operation of the Stations, or which would give any third party the right to enjoin the transactions contemplated by this Agreement. There is no basis for any such claim, investigation, action, suit or proceeding which would, individually or in the aggregate if adversely determined, be a Material Adverse Condition on the Sale Assets or operation of the Stations. There are no existing or pending orders, judgments or decrees of any court or governmental agency affecting Seller, the Stations or any of the Sale Assets which would materially adversely affect the Stations' operations or the Sale Assets. Notwithstanding the disclosure of any matter herein, Buyer shall not assume any liability for any such matter.

### 3.11 **Labor Matters.**

(a) Seller is not a party to any collective bargaining agreement, and there is no collective bargaining agreement that determines the terms and conditions of employment of any employees of Seller.

(b) With respect to the Stations:

(i) There is no labor strike, dispute, slow-down or stoppage pending or, to the actual knowledge of Seller, threatened against the Stations;

(ii) Except as set forth in Schedule 3.11, there are neither pending nor, to the knowledge of Seller, threatened, any suits, actions, administrative proceedings, union organizing activities, arbitrations, grievances, complaint, charges, claims or other proceedings between Seller and any employees of the Stations or any union representing such employees; and, to the knowledge of Seller, there are no existing labor or employment or other controversies or grievances involving employees of the Stations which have had or are reasonably likely to constitute a Material Adverse Condition on the operation of the Stations;

(iii) (A) Seller is in compliance in all material respects with all laws, rules and regulations relating to the employment of labor and all employment contractual obligations, including those relating to wages, hours, collective bargaining, affirmative action, discrimination, sexual harassment, wrongful discharge and the withholding and payment of taxes and contributions except for such non-compliance which individually or in the aggregate would not constitute a Material Adverse Condition on the business or financial condition of the Stations; (B) Seller has withheld all amounts required by law or agreement to be withheld from the wages or salaries of its employees; and (C) Seller is not liable to any present or former employees or any governmental authority for damages, arrears of wages or any tax or penalty for failure to comply with the foregoing except for such liability which individually or in the aggregate would not constitute a Material Adverse Condition on the business or financial condition of the Stations;

(iv) Buyer's consummation of the transactions contemplated by this Agreement in accordance with the terms hereof shall not, as a result of or in connection with the transactions contemplated hereby, impose upon Buyer the obligation to pay any severance or termination pay under any agreement, plan or arrangement binding upon Seller.

3.12 **Employee Benefit Plans.** Buyer's consummation of the transactions contemplated by this Agreement in accordance with the terms hereof shall not, as a result of or in connection with the transactions contemplated hereby, impose upon Buyer any obligation under any benefit plan, contract or arrangement (regardless of whether they are written or unwritten and funded or unfunded) covering employees or former employees of Seller in connection with their employment by Seller. For purposes of the Agreement, "benefit plans" shall include without limitation employee benefit plans within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as

amended, vacation benefits, employment and severance contracts, stock option plans, bonus programs and plans of deferred compensation.

3.13 **Compliance with Law.** The operation of the Stations complies in all material respects with the applicable rules and regulations of the FCC, and all other federal, state, local or other laws, statutes, ordinances, regulations, and any applicable order, writ, injunction or decree of any court, commission, board, agency or other instrumentality.

3.14 **Environmental Matters; OSHA.**

(a) Seller has obtained all material, environmental, health and safety permits necessary or required for either the operation of the Stations as currently operated or the ownership of the Sale Assets and all such permits are in full force and effect and Seller is in compliance with all material terms and conditions of such permits.

(b) There is no proceeding pending or, to the knowledge of Seller, threatened which may result in the reversal, rescission, termination, modification or suspension of any environmental or health or safety permits necessary for the operation of the Stations as currently conducted or the ownership of the Sale Assets.

(c) With respect to the Stations and the Sale Assets, Seller is in compliance in all material respects with the provisions of Environmental Laws.

(d) Seller has not, and no knowledge that any other person or entity has, caused or permitted materials to be generated, released, stored, treated, recycled, disposed of, on, under or at such parcels, which materials, if known to be present, would require clean up, removal or other remedial or responsive action under Environmental Laws (other than normal office, cleaning and maintenance supplies in reasonable quantities used and /or stored appropriately in the buildings or improvements on the Real Property). Seller has not caused the migration of any materials from the Sale Assets onto or under any property, which materials, if known to be present, would require cleanup, removal or other remedial or responsive action under Environmental Laws. There are no underground storage tanks and no PCBs or friable asbestos in or on the Sale Assets or Real Property.

(e) Seller is not subject to any judgment, decree, order or citation with respect to the Sale Assets related to or arising out of Environmental Laws, and Seller has not received notice that it has been named or listed as a potentially responsible party by any person or governmental body or agency in any matter, under Environmental Laws.

(f) Seller has not discharged or disposed of any petroleum product or solid waste on the Real Property or on the property adjacent to the Real Property owned by third parties, which may form the basis for any present or future claim based upon the Environmental Laws in existence on the date hereof or as of the Closing, or any demand or action seeking clean-up of any site, location, body of water, surface or subsurface, under any Environmental Laws or otherwise, or which

may subject the owner of the Real Property to claims by third parties (except to the extent third party liability can be established) for damages.

(g) No portion of the Sale Assets have ever been used by Seller, nor, to the knowledge of Seller, by any previous owner of the Sale Assets, or any of them, in material violation of Environmental Laws or as a landfill, dump site or any other use which involves the disposal or storage of Hazardous Materials on-site or in any manner which may constitute a Material Adverse Condition on the value of the Real Property or the Sale Assets.

(h) No pesticides, herbicides, fertilizers or other materials have been used on, applied to or disposed of on or in the Sale Assets in material violation of any Environmental Laws (other than normal office, cleaning and maintenance supplies in reasonable quantities used and/or stored appropriately in the buildings or improvements on the Real Property).

(i) With respect to the Sale Assets, Seller has disposed of all waste in full compliance with all Environmental Laws and there is no existing condition that may form the basis of any present or future claim, demand or action seeking clean up of any facility, site, location or body of water, surface or subsurface, for which the Buyer could be liable or responsible solely as a result of the disposal of waste at such site by a prior owner of the Sale Assets.

(j) Seller is in material compliance with all OSHA Laws applicable to the Sale Assets.

(k) Seller has not received written notice of, nor is it the subject of, any actions, causes of action, claims, investigations, demands or notices alleging liability under or non-compliance with Environmental Laws or that Seller is a potentially responsible party at any superfund site or state equivalent site with respect to the Real Property or Sale Assets.

(l) Seller has not agreed to indemnify any predecessor or other party with respect to any environmental liability relating to the Real Property or the Sale Assets.

(m) LCT hereby represents and warrants to the matters contained in (a)-(l), above with respect to the real estate owned by LCT to be conveyed to Buyer hereunder.

3.15 **Tower Coordinates.** The current vertical elevation and geographical coordinates of the Stations' towers ("the Tower Coordinates") are properly registered with the FCC and Federal Aviation Administration ("FAA"); and the Tower Coordinates comply with and correspond to the current vertical elevation and geographical coordinates authorized by the FAA, FCC and any other governmental authority, including any federal, state or local authority having jurisdiction over the Stations or said towers.

3.16 **Filing of Tax Returns.** Seller has filed all federal, state and local tax returns which are required to be filed, and has paid all taxes and all assessments to the extent that such taxes and assessments have become due, other than such returns, taxes and assessments, the failure to file or

pay would not, individually or in the aggregate, constitute a Material Adverse Condition.

3.17 **Absence of Insolvency.** No insolvency proceedings of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting the Seller or any of the Sale Assets, are pending or, to the knowledge of Seller, 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.

3.18 **Broker's or Finder's Fees.** Other than Gary Stevens, whose fees will be paid by Seller, no agent, broker, investment banker or other person or firm acting on behalf of or under the authority of Seller or any affiliate of Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the transactions contemplated by this Agreement.

3.19 **Insurance.** There is now, and through the Closing Date there shall be, in full force and effect with reputable insurance companies fire and extended coverage insurance with respect to all material tangible Sale Assets and public liability insurance, all in commercially reasonable amounts, and the Sale Assets shall be insured to cover the full amount of any loss.

3.20 **Representations Complete.** None of the representations or warranties made by Seller and LCT, nor any statement made in any document or certificate furnished by Seller and LCT pursuant to this Agreement contains or will contain at the Closing, any untrue statement of a material fact, or omits or will omit at the Closing, to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

4.1 **Organization and Good Standing.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite corporate power to own, operate and lease its properties and carry on its business as it is now being conducted and as the same will be conducted following the Closing.

4.2 **Authorization and Binding Effect of Documents.** Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents, and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized and approved by all necessary corporate action on the part of Buyer. Buyer has the power and authority to execute, deliver and perform its obligations under this Agreement and each of the



other Documents and to consummate the transactions hereby and thereby contemplated. This Agreement and each of the other Documents have been, or at or prior to the Closing will be, duly executed by Buyer. The Documents, when executed and delivered by the parties hereto, will constitute the valid and legally binding agreement of Buyer, enforceable against Buyer in accordance with their terms, except as may be limited by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights or remedies generally, and except as may be limited by general principles of equity.

4.3 **Absence of Conflicts.** Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby:

(a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate or result in the creation of any claim, lien, charge or encumbrance on any of the assets or properties of Buyer under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Buyer in any manner which would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer;

(b) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under, the articles of incorporation or bylaws of Buyer or any lease, agreement, commitment, or other instrument which Buyer is a party to, bound by, or by which any of its assets or properties may be bound, the results of which would be a Material Adverse Condition.

4.4 **Governmental Consents and Consents of Third Parties.** Except for the required consent of the FCC, Buyer's execution and delivery of, and the performance of its obligations under, this Agreement and each of the other Documents and the consummation by Buyer of the transaction contemplated hereby and thereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration or filing with, any court or public agency or other authority, or the consent of any person under any agreement, arrangement or commitment of any nature to which Buyer is a party or by which it is bound, the failure of which to obtain would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer.

4.5 **Qualification.**

(a) Buyer has no knowledge after due inquiry of any facts concerning Buyer or any other person with an attributable interest in Buyer (as such term is defined under the Rules and Regulations) which, under present law (including the Act) and the Rules and Regulations, would (i) disqualify Buyer from being the holder of the FCC Licenses, the owner of the Sale Assets or the operator of the Stations upon consummation of the transactions contemplated by this Agreement, or (ii) raise a substantial and material question of fact (within the meaning of Section 309(e) of the Act)

respecting Buyer's qualifications.

(b) Without limiting the foregoing Subsection (a), Buyer shall make the affirmative certifications provided in Section III of FCC Form 314, or as may be required on any form required by the FCC to obtain its consent to this transaction, at the time of filing of such form with the FCC as contemplated by Section 5.2.

4.6 **Broker's or Finder's Fees.** No agent, broker, investment banker, or other person or firm acting on behalf of or under the authority of Buyer or any affiliate of Buyer is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with transactions contemplated by this Agreement.

4.7 **Litigation.** There are no legal, administrative, arbitration or other proceedings or governmental investigations pending or, to the knowledge of Buyer, threatened against Buyer that would give any third party the right to enjoin the transactions contemplated by this Agreement.

4.8 **Financing.** Buyer has sufficient financing to complete the transactions contemplated by this Agreement on the date established as the Closing Date.

4.9 **Representations Complete.** None of the representations or warranties made by Buyer, nor any express statement made in any document or certificate furnished by Buyer pursuant to this Agreement contains or will contain at the Closing, any untrue statement of a material fact, or omits or will omit at the Closing, to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading.

## **ARTICLE V**

### **TRANSACTIONS PRIOR TO THE CLOSING DATE**

5.1 **Conduct of the Stations' Business Prior to the Closing Date.** Seller and LCT (with respect to the Real Property only) covenant and agree with Buyer that between the date hereof and the Closing Date, unless the Buyer otherwise agrees in writing (which agreement shall not be unreasonably withheld or delayed), Seller and LCT shall:

(a) Use reasonable commercial efforts to maintain insurance upon all of the Sale Assets in such amounts and of such kind to cover the full amount of any loss with respect to such Sale Assets and with respect to the operation of the Stations, with insurers of substantially the same or better financial condition then currently used by Seller;

(b) Subject to the provisions of the TBA, operate the Stations and otherwise conduct its business in all material respects in accordance with the terms or conditions of its FCC Licenses, the Rules and Regulations, the Act and all other rules and regulations, statutes, ordinances

and orders of all governmental authorities having jurisdiction over any aspect of the operation of the Stations, except where the failure to so operate would not constitute a Material Adverse Condition on the Sale Assets or the operation of the Stations or on the ability of Seller to consummate the transactions contemplated hereby;

(c) Comply in all material respects with all Station Agreements now or hereafter existing that Buyer is assuming;

(d) Promptly notify Buyer of any default by, or claim of default against, any party under any Station Agreements Buyer is assuming and any event or condition which, with notice or lapse of time or both, would constitute an event of default under such Station Agreements;

(e) Not mortgage, pledge or subject any of the Sale Assets to any Lien other than a Permitted Lien;

(f) Not sell, lease or otherwise dispose of, nor agree to sell, lease or otherwise dispose of, any of the Sale Assets;

(g) Not amend or terminate any Station Agreement that Buyer is assuming;

(h) Notify Buyer of any complaints, investigations, hearing or any material litigation pending or threatened against Stations or any material damage to or destruction of any assets included or to be included in the Sale Assets.

5.2 **Governmental Consents.** Seller and Buyer shall file with the FCC, within five (5) business days after delivery of the earnest money deposit to Seller and delivery of the Note to Buyer pursuant to Section 2.4(a), above, such applications and other documents in the name of Seller or Buyer, as appropriate, as may be necessary or advisable to obtain the FCC Order. Seller and Buyer shall take all commercially reasonable steps necessary to prosecute such filings with diligence and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC Order and a Final Action with respect thereto may be obtained as soon as practicable; provided, however, that in the event the application for assignment of the FCC Licenses has been designated for hearing, either Buyer or Seller may elect to terminate this Agreement pursuant to Section 10.1(c). In the event Buyer elects to defer the Closing pursuant to Section 8.4, below, Buyer and Seller shall further cooperate in the filing of requests for extension of the FCC Order and/or the refiling of applications as may be necessary to obtain a new FCC Order. Buyer shall not knowingly take, and Seller covenants that Seller shall not knowingly take, any action that such party knows or has reason to know would materially and adversely affect or materially delay issuance of the FCC Order or materially and adversely affect or materially delay its becoming a Final Action without a Material Adverse Condition, unless such action is requested or required by the FCC, its staff or the Rules and Regulations. Should Buyer or Seller become aware of any facts which could reasonably be expected to materially and adversely affect or materially delay issuance of the FCC Order without a Material Adverse Condition (including but not limited to, in the case of Buyer,

any facts which would reasonably be expected to disqualify Buyer from controlling the Stations), such party shall promptly notify the other party thereof in writing and both parties shall cooperate to take all steps necessary or desirable to resolve the matter expeditiously and to obtain the FCC's approval of matters pending before it. Subject to the terms and conditions herein provided, Buyer and Seller shall promptly determine whether any filings are required to be made with, or consents, permits, authorizations or approvals are required to be obtained from, any other governmental agency or regulatory body of the federal, state and local jurisdictions in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and take all reasonable actions necessary to obtain any required permits, authorizations or appraisals.

5.3 **Other Consents.** Seller shall use its commercially reasonable best efforts to obtain the consent or waivers to the transactions contemplated by this Agreement required under any assumed Station Agreements; provided that Seller shall not be required to pay or grant any material consideration in order to obtain any such consent or waiver.

5.4 **Tax Returns and Payments.** All taxes pertaining to ownership of the Sale Assets or operation of the Stations prior to the Closing Date will be timely paid; provided that Seller shall not be required to pay any such tax so long as the validity thereof shall be contested in good faith by appropriate proceedings and Seller shall have set aside adequate reserves with respect to any such tax to the reasonable satisfaction of Buyer.

5.5 **Access Prior to the Closing Date.** Prior to the Closing, Buyer and its representatives may make such reasonable investigation of the Sale Assets and technical operations of the Stations and the Sale Assets as it may desire; and Seller shall give to Buyer, its engineers, counsel, and other representatives reasonable access during normal business hours throughout the period prior to the Closing to personnel and all of the assets, books, records and files of or pertaining to the Stations and the Sale Assets, provided that (i) Buyer shall give Seller reasonable advance notice of each date on which Buyer or any such other person or entity desires such access, (ii) each person (other than an officer of Buyer) shall, if requested by Seller, be accompanied by an officer or their representative of Buyer approved by Seller, which approval shall not be unreasonably withheld, (iii) the investigations at the offices of Seller shall be reasonable in number and frequency and shall relate only to the Sale Assets, (iv) all investigations shall be conducted in such a manner as not to physically damage any property or constitute a disruption of the operation of the Stations or Seller. Seller shall furnish to Buyer during such period all documents and copies of documents and information concerning the technical operations of the Stations as Buyer may reasonably request. No investigation or information furnished pursuant to this Section 5.5 shall affect any representations or warranties made by the Seller herein.

5.6 **Confidentiality; Press Release.** All information, data and materials furnished or to be furnished to either party with respect to the other party in connection with this transaction or pursuant to this Agreement are confidential. Each party agrees that prior to Closing (a) it shall not disclose or otherwise make available, at any time, any such information, data or material to any person who does not have a confidential relationship with such party; (b) it shall protect such information, data and

material with a high degree of care to prevent the disclosure thereof; and (c) if, for any reason, this transaction is not consummated, all information, data or material concerning the other party obtained by such party, and all copies thereof, will be returned to the other party. After Closing, neither party will disclose or otherwise make available to any person any of such information, data or material concerning the other party, except as may be necessary or appropriate in connection with the operation of the Stations by Buyer. Each party shall use its reasonable efforts to prevent the violation of any of the foregoing confidentiality provisions by its respective representatives. Notwithstanding the foregoing, nothing contained herein shall prohibit Buyer or Seller from:

(i) using such information, data and materials in connection with any action or proceeding brought or any claim asserted by Buyer or Seller in respect of any breach by the other of any representation, warranty or covenant made in or pursuant to this Agreement; or

(ii) supplying or filing such information, data or materials to or with the FCC or any other valid governmental or court authority to the extent required by law or reasonably necessary to obtain any consent, waiver, amendment, modification, approval, authorization, permit or license which may be necessary to effectuate this Agreement, and to consummate the transaction contemplated herein.

In the event that either party determines in good faith that a press release or other public announcement is desirable under any circumstances, the parties shall consult with each other to determine the appropriate timing, form and content of such release or announcement.

5.7 **Reasonable Efforts.** Subject to the terms and conditions of this Agreement, each of the parties hereto will use its commercially reasonable efforts to take all action and to do all things necessary, proper or advisable to satisfy any condition to the parties' obligations hereunder in its power to satisfy and to consummate and make effective as soon as practicable the transactions contemplated by this Agreement.

5.8 **FCC Reports.** Seller shall continue to file, on a current basis until the Closing Date, all reports and documents required to be filed with the FCC with respect to the Stations. Seller shall provide Buyer with copies of all such filings within five business days of the filing with the FCC.

5.9 **Conveyance Free and Clear of Liens.** At or prior to the Closing, Seller and LCT shall obtain executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Buyer, of any security interests granted in the Sale Assets and properties as security for payment of loans and other obligations or judgments and of any other Liens on the Sale Assets. At the closing, Seller and LCT shall transfer and convey to Buyer all of the Sale Assets free and clear of all Liens except Permitted Liens.

5.10 **Environmental Assessment.** Not later than forty-five (45) days after execution of this Agreement, Buyer may obtain a Phase I (the "Phase I") environmental assessment of the Sale Assets by an environmental engineer selected by Buyer. Within fourteen (14) days after Buyer's

receipt of the Phase I, if the Phase I indicates environmental conditions may exist on, under or affect such properties that may constitute a violation or breach of Seller's or LCT's representations and warranties contained in Section 3.14 of this Agreement or cause the condition contained in Section 6.9 to not be satisfied, then Buyer shall be entitled to obtain a Phase II (the "Phase II") environmental assessment of the Real Property, or any portion thereof, which shall be completed within sixty (60) days. (The Phase I and the Phase II, if obtained, shall be referred to herein as the "Environmental Assessment"). Buyer shall commission and pay the cost of such Environmental Assessment and shall provide a copy to Seller and LCT. The Environmental Assessment shall be subject to the confidentiality provisions of Section 5.6. If after appropriate inquiry into the previous ownership of and uses of the Real Property consistent with good commercial or customary practice, the engineer concludes that environmental conditions exist on, under or affecting such properties that would constitute a violation or breach of Seller's or LCT's representations and warranties contained in Section 3.14 of this Agreement or cause the condition contained in Section 6.9 to not be satisfied, then Buyer may (i) elect to proceed with Closing, or (ii) terminate the Agreement at the sole option of Buyer. Buyer shall make such election within fifteen (15) days of the receipt of the reports, and shall notify Seller, in writing, of its decision.

5.11 **No Inconsistent Activities.** Seller agrees that it shall not, nor shall it authorize or permit any officer, director, employee, investment banker, attorney, advisor or agent, to directly or indirectly, solicit, initiate or encourage the submission of, or participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal by any party to acquire the Stations or the Sale Assets.

## **ARTICLE VI**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER TO CLOSE**

Buyer's obligation to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless waived by Buyer in writing:

#### **6.1 Accuracy of Representations and Warranties; Closing Certificate.**

(a) The representations and warranties of Seller and LCT contained in this Agreement or in any other Document shall be complete and correct in all material respects on the date hereof and at the Closing Date with the same effect as though made at such time except for changes that do not constitute a Material Adverse Condition on the Stations or the Sale Assets taken as a whole.

(b) Seller and LCT shall have delivered to Buyer on the Closing Date a certificate that (i) the condition specified in Section 6.1(a) is satisfied as of the Closing Date, and (ii) except as

set forth in such certificate (none of which exceptions shall constitute a Material Adverse Condition on Seller's ability to consummate the transaction contemplated hereby), the condition specified in Section 6.2 is satisfied as of the Closing Date.

6.2 **Performance of Agreements.** Seller and LCT shall have performed in all material respects all of their covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by them prior to or upon the Closing Date.

6.3 **FCC and Other Consents.**

(a) The FCC Order shall have been issued by the FCC and shall have become a Final Action without any Material Adverse Condition.

(b) Seller shall have satisfied all material conditions which the FCC Order or any order, ruling or decree of any judicial or administrative body relating thereto or in connection therewith specifies and requires to be satisfied by Seller prior to transfer of the FCC Licenses to Buyer.

(c) All other material authorizations, consents, approvals and clearances of federal, state or local governmental agencies required to permit the consummation by Buyer of the transactions contemplated by this Agreement including, without limitation, the assignment of any FCC Licenses requested by Buyer, shall have been obtained; all material statutory and regulatory requirements for such consummation shall have been fulfilled; and no such authorizations, consents, approvals or clearances shall contain any conditions that individually or in the aggregate would constitute a Material Adverse Condition.

6.4 **Adverse Proceedings.** Neither Buyer nor any affiliate of Buyer nor Seller shall be subject to any ruling, decree, order or injunction restraining, imposing material limitations on or prohibiting (i) the consummation of the transactions contemplated hereby or (ii) its participation in the operation, management, ownership or control of the Stations; and no litigation, proceeding or other action seeking to obtain any such ruling, decree, order or injunction shall be pending. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transaction contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision or that it intends to commence proceedings to restrain such consummation or to force divestiture, unless such governmental authority shall have withdrawn such notice. No governmental authority having jurisdiction shall have commenced any such proceeding.

6.5 **Opinion of Seller's FCC Counsel.** Buyer shall have received from Seller's FCC counsel an opinion, dated the Closing Date, in the form of Schedule 6.5 hereto. In rendering such opinion, counsel shall be entitled to rely upon Seller's representations and warranties in this Agreement and to limit its inquiry to its files and such FCC files and records as are available to it as of 10:00 o'clock A.M. Eastern time three business days immediately preceding the Closing Date.

Counsel may state that, as to any factual matters embodied in, or forming a basis for any legal opinion expressed in, such opinion, counsel's knowledge is based solely on such inquiry.

6.6 **Other Consents.** Seller shall have obtained in writing and provided to Buyer on or before the Closing Date, without any condition materially adverse to Buyer or the Stations, the material consents or waivers to the transactions contemplated by this Agreement required under those Station Agreements which Buyer has elected to assume.

6.7 **Delivery of Closing Documents.** Seller and LCT shall have delivered or caused to be delivered to Buyer on the Closing Date each of the Documents required to be delivered pursuant to Section 8.2.

6.8 **No Cessation of Broadcasting.** Between the date hereof and the Closing Date, the Stations shall not have for a period of more than ten (10) continuous days (unless by reason of the action or inaction of Buyer under the TBA) (i) ceased broadcasting on their authorized frequencies, or (ii) lost substantially all of their normal broadcasting capability or (iii) been broadcasting at a power level of 50% or less of their FCC authorized levels. Seller shall promptly notify Buyer of the occurrence of any one or more of the foregoing events or conditions, and the non-fulfillment of the condition precedent set forth in this Subsection caused by the occurrence of the events specified in Seller's notice shall be deemed waived by Buyer unless, within fifteen (15) days after Buyer's receipt of Seller's written notice, Buyer notifies Seller in writing to the contrary.

6.9 **Environmental Conditions.** The Environmental Assessment obtained by Buyer pursuant to Section 5.10 hereof shall not have disclosed any material violation of any Environmental Law which is not removed or cured by Seller or LCT prior to Closing.

6.10 **Title Insurance Commitment.** Title to the leased Real Property shall be a valid and legal leasehold interest insurable at regular rates by a title insurance company of national standing, selected by Buyer, licensed in the State of Tennessee pursuant to the standard stipulations and conditions of the ALTA Leaseholder's policy of title insurance prescribed by the applicable regulatory authorities for the State of Tennessee free and clear of all Liens and encumbrances except Permitted Liens. Title to the owned Real Property shall be in fee simple, good and marketable and insurable at regular rates by any title insurance company of national standing selected by Buyer, licensed in the State of Tennessee pursuant to the standard stipulations and conditions of the ALTA policy of owner's title insurance prescribed by the applicable regulatory authorities for the State of Tennessee, free and clear of all liens and encumbrances except Permitted Liens. Seller shall pay all costs associated with obtaining the standard ALTA policy(ies) of title insurance, which policy(ies) shall have limits of One Million Dollars (\$1,000,000).

6.11 **Survey.** Within ten (10) business days after execution of this Agreement, Seller shall provide Buyer with the originals or readable copies of the surveys of the Real Property in Seller's or LCT's possession. All costs associated with updating such surveys or preparing new surveys shall be paid by Buyer.



## **ARTICLE VII**

### **CONDITIONS PRECEDENT OF THE OBLIGATION OF SELLER TO CLOSE**

The obligation of Seller to close the transaction contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless waived by Seller in writing:

#### **7.1 Accuracy of Representations and Warranties.**

(a) The representations and warranties of Buyer contained in this Agreement shall be complete and correct in all material respects on the date hereof and at the Closing Date with the same effect as though made at such time except for changes that are not materially adverse to Seller.

(b) Buyer shall have delivered to Seller on the Closing Date a certificate that (i) the condition specified in Section 7.1(a) is satisfied as of the Closing Date, and (ii) except as set forth in such certificate (none of which exceptions shall be a material adverse effect on Buyer's ability to consummate the transaction contemplated hereby), the conditions specified in Section 7.2 are satisfied as of the Closing Date.

**7.2 Performance of Agreements.** Buyer shall have performed in all material respects all of its covenants, agreements and obligations required by this Agreement and each of the other Documents to be performed or complied with by it prior to or upon the Closing Date.

#### **7.3 FCC and Other Consents.**

(a) The FCC Order shall have been issued by the FCC and shall have become effective under the rules of the FCC, without any condition materially adverse to Seller.

(b) Conditions which the FCC Order or any order, ruling or decree of any judicial or administrative body relating thereto or in connection therewith specifies and requires to be satisfied by Buyer prior to transfer of the FCC Licenses to Buyer shall have been satisfied by Buyer.

(c) All other authorizations, consents, approvals and clearances of all federal, state and local governmental agencies required to permit the consummation by Seller of the transactions contemplated by this Agreement shall have been obtained; all statutory and regulatory requirements for such consummation shall have been fulfilled; and no such authorizations, consents, approvals or clearances shall contain any conditions that individually or in the aggregate would have any material adverse effect on Seller.

7.4 **Adverse Proceedings.** Neither Seller nor Buyer shall be subject to any ruling, decree, order or injunction restraining, imposing material limitations on or prohibiting the consummation of the transactions contemplated hereby. No governmental authority having jurisdiction shall have notified any party to this Agreement that consummation of the transactions contemplated hereby would constitute a violation of the laws of the United States or of any state or political subdivision or that it intends to commence proceedings to restrain such consummation or to force divestiture, unless such governmental authority shall have withdrawn such notice. No governmental authority having jurisdiction shall have commenced any such proceeding.

7.5 **Delivery of Closing Documents and Purchase Price.** Buyer shall have delivered or caused to be delivered to Seller on the Closing Date each of the Documents required to be delivered pursuant to Section 8.3, and Seller shall have received payment of the Purchase Price pursuant to Section 2.5 or, in the event Buyer elects to defer the Closing Date pursuant to Section 8.4, below, pursuant to Exhibit B.

## **ARTICLE VIII**

### **CLOSING**

8.1 **Time and Place.** Unless otherwise agreed to in advance by the parties, and subject to the provisions of Section 8.4, below, Closing shall take place in person or via facsimile at the offices of Seller's counsel in Washington, D.C., or at such other place as the parties agree, at 10:00 A.M. Eastern Time on the date (the "Closing Date") that is the later of (i) the fifth Business Day after the Applicable Date, (ii) the date as soon as practicable following satisfaction or waiver of the conditions precedent hereunder, or (iii) December 31, 2002. The "Applicable Date" shall be the date on which issuance of the FCC Order without any Material Adverse Condition or condition materially adverse to Seller has become effective under the rules of the FCC. Notwithstanding the foregoing, the parties will endeavor in good faith to effect the Closing simultaneously in different locations to avoid the travel and additional expense of requiring all parties to be located in the same place and in connection therewith the parties will deliver, in escrow, to opposing counsel and other appropriate parties, all agreements, instructions, documents, releases, certificates, wire transfer instructions, pay-off instructions, UCC-3's and other matters and things necessary to effect Closing in such manner.

8.2 **Documents to be Delivered to Buyer by Seller and LCT.** At the Closing, Seller and LCT shall deliver or cause to be delivered to Buyer the following:

(a) Certified resolutions of Seller's Board of Directors and Shareholders approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transactions contemplated hereby and thereby.

(b) The certificate required by Section 6.1(b).

(c) A bill of sale, warranty deed and other instruments of transfer and conveyance transferring to Buyer the Tangible Personal Property and the Real Property.

(d) Executed releases, in suitable form for filing and otherwise in form and substance reasonably satisfactory to Buyer, of any security interests granted in the Sale Assets as security for payment of loans and other obligations and of any other Liens (other than Permitted Liens).

(e) An instrument or instruments assigning to Buyer all right, title and interest of Seller in and to all Station Agreements being assumed by Buyer, and all Real Property, including without limitation, any leases, easements or licenses for the Real Property.

(f) An instrument assigning to Buyer all right, title and interest of Seller in the FCC Licenses, and all other assignable or transferable governmental permits, licenses and authorizations (and any renewals, extensions, amendments or modifications thereof).

(g) An instrument assigning to Buyer all rights, title and interest of Seller to the assets described in Section 2.1(f) and Section 2.1(g) hereof, and any remaining Sale Assets not otherwise conveyed.

(h) The opinion of Seller's FCC counsel, dated the Closing Date, to the effect set forth in Section 6.5.

(i) True and correct copies of all records as described in Section 2.1(e) hereof.

(j) The ALTA Policy described in Section 6.10.

(k) To the extent Buyer assumes any leases, an estoppel certificate executed by the lessor in a form satisfactory to Buyer, confirming the terms of such lease and that Seller is not in default under, or in breach of, such lease.

(l) A Certificate of Good Standing and Certificate of No Tax Liability (or similar document confirming Seller has no current tax liability) issued no more than thirty (30) days prior to Closing by Seller's state of incorporation.

(m) Such additional information and materials as Buyer shall have reasonably requested, including without limitation, evidence that all consents and approvals required as a condition to Buyer's obligation to close hereunder have been obtained.

**8.3 Documents to be Delivered to Seller by Buyer.** At the Closing, Buyer shall deliver or cause to be delivered to Seller and LCT the following:

(a) Certified resolutions of Buyer's Board of Directors approving the execution and delivery of this Agreement and each of the other Documents and authorizing the consummation of the transaction contemplated hereby and thereby.

(b) The Purchase Price as set forth in Section 2.5 or, if applicable, Exhibit B.

(c) The Note, marked "CANCELLED" (together with any additional notes, marked "CANCELLED", pursuant to Exhibit B).

(d) The agreement of Buyer assuming the obligations under any Station Agreements being assumed by Buyer.

(e) The certificate required under Section 7.1(b).

(f) Such additional information and materials as Seller shall have reasonably requested.

8.4 **Buyer's Option to Defer Closing.** In the event that Buyer, prior to December 1, 2002, completes the issuance of equity securities pursuant to a Registration Statement filed with the Securities and Exchange Commission ("Equity Offering"), Buyer shall have no option to defer Closing. In the event Buyer completes an Equity Offering on or after December 1, 2002, and prior to December 31, 2002, Buyer shall have the option to defer Closing to a date not later than January 31, 2003, and in such event the Purchase Price shall be increased by Five Hundred Twenty-Six Dollars (\$526.00) per day for each day after December 31, 2002, that Closing does not take place. In the event Buyer has not completed an Equity Offering by December 31, 2002, Buyer shall have the option to defer Closing pursuant to the terms set forth in Exhibit B attached hereto.

## **ARTICLE IX**

### **SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION**

9.1 **Survival of Representation and Warranties.** All representations, warranties, covenants and agreements contained in this Agreement or in any other Document shall survive the Closing for the Survival Period, and the Closing shall not be deemed a waiver by either party of the representations, warranties, covenants or agreements of the other party contained herein or in any other Document. No claim may be brought under this Agreement or any other Document unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such a notice is so given, the right to indemnification with respect thereto under this Article shall survive the Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied. For purposes of this agreement the "Survival Period" shall be twelve (12) months after the Closing Date except as follows:

(a) Any representation and warranty contained in this Agreement shall be subject to the twelve (12) month Survival Period, except that any representation or warranty of Buyer or Seller as to (i) such party's qualification and authority to consummate the transactions contemplated hereby, or (ii) any tax obligation of Seller, the Survival Period shall be indefinite; and,

(b) As to any representation and warranty relating to any Station Agreement, the Survival Period shall be for the presently existing term of such assumed Station Agreement plus any applicable period of time under any applicable law governing the bringing of claims under such Station Agreement.

9.2 **Indemnification in General.** Buyer, Seller and LCT agree that the rights to indemnification and to be held harmless set forth in this Agreement shall, as between the parties hereto and their respective successors and assigns, be exclusive of all rights to indemnification and to be held harmless that such party (or its successors or assigns) would otherwise have by statute, common law or otherwise. Except with respect to claims based on actual fraud or intentional misrepresentation, each party's rights under this Article IX shall be the sole and exclusive remedies with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement or otherwise relating to the transactions that are the subject of this Agreement. Without limiting the generality of the foregoing, in no event shall the either party or any person claiming through, by or on behalf of either party, be entitled to claim or seek rescission of the transactions consummated under this Agreement.

9.3 **Indemnification by Seller.**

(a) Subject to the provisions of Section 9.3(b) below and Section 10.2 below, Seller and LCT shall indemnify and hold harmless Buyer and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees), relating to or arising out of:

(i) Any breach or non-performance by Seller or LCT of any of its representations, warranties, covenants or agreements set forth in this Agreement or any other Documents; or

(ii) The ownership or operation by Seller of the Stations and the Sale Assets on or prior to the Closing Date, other than the Assumed Obligations; or

(iii) All other liabilities and obligations of Seller or LCT other than the Assumed Obligations.

(iv) Noncompliance by Seller with the provisions of the Bulk Sales Act, if applicable, in connection with the transactions contemplated hereby.

(v) Any violation of any Environmental Laws by Seller.

(b) Except for any amounts owed by Seller to Buyer under Section 9.3(a)(iv), and Section 2.6, if Closing occurs, Seller and LCT shall not be obligated until the amount of such claims, liabilities, damages, losses, costs and expenses exceeds Buyer's Threshold Limitation, in which case Buyer shall then be entitled to indemnification of the entire amount.

#### 9.4 **Indemnification by Buyer.**

(a) Subject to the provisions of Section 9.4(b) below and Section 10.2 below, Buyer shall indemnify and hold harmless Seller and any officer, director, agent, employee and affiliate thereof with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including reasonable attorneys' fees) relating to or arising out of:

(i) Any breach or non-performance by Buyer of any of its representations, warranties, covenants or agreements set forth in this Agreement or any other Document; or

(ii) The ownership or operation of the Stations after the Closing Date; or

(iii) All other liabilities or obligations of Buyer pursuant to the terms of this Agreement, including, without limitation, the Assumed Obligations.

(b) Except for any amounts owed by Buyer to Seller under Section 2.6, if Closing occurs, Buyer shall not be obligated until the amount of such claims, liabilities, damages, losses, costs and expenses exceeds Seller's Threshold Limitation, in which case Seller shall then be entitled to indemnification of the entire amount.

9.5 **Indemnification Procedures.** In the event that an Indemnified Party may be entitled to indemnification hereunder with respect to any asserted claim of, or obligation or liability to, any third party, such party shall notify the Indemnifying Party thereof, describing the matters involved in reasonable detail, and the Indemnifying Party shall be entitled to assume the defense thereof upon written notice to the Indemnified Party with counsel reasonably satisfactory to the Indemnified Party; provided, that once the defense thereof is assumed by the Indemnifying Party, the Indemnifying Party shall keep the Indemnified Party advised of all developments in the defense thereof and any related litigation, and the Indemnified Party shall be entitled at all times to participate in the defense thereof at its own expense. If the Indemnifying Party fails to notify the Indemnified Party of its election to defend, or contests its obligation to indemnify under this Article IX, the Indemnified Party may pay, compromise, or defend such a claim without prejudice to any right it may have hereunder.

## ARTICLE X

### TERMINATION; LIQUIDATED DAMAGES

10.1 **Termination.** If Closing shall not have previously occurred, this Agreement shall terminate upon the earliest of:

(a) the giving of written notice from Seller to Buyer, or from Buyer to Seller, if:

(i) Seller gives such termination notice and is not at such time in material default hereunder, or Buyer gives such termination notice and Buyer is not at such time in material default hereunder; and

(ii) Either:

(A) Any of the representations or warranties contained herein of Buyer (if such termination notice is given by Seller), or of Seller or LCT (if such termination notice is given by Buyer), are inaccurate in any respect and materially adverse to the party giving such termination notice unless the inaccuracy has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(B) Any material obligation to be performed by Buyer (if such termination notice is given by Seller) or by Seller or LCT (if such termination notice is given by Buyer) is not timely performed in any material respect unless the lack of timely performance has been induced by or is the result of actions or omissions of the party giving such termination notice; or

(C) Any condition (other than those referred to in Section 10.1(a)(ii)(A) or Section 10.1(a)(ii)(B)) to the obligation to close the transaction contemplated herein of the party giving such termination notice has not been timely satisfied, and any such inaccuracy, failure to perform or non-satisfaction of a material condition neither has been cured nor satisfied within twenty (20) days after written notice thereof from the party giving such termination notice nor waived in writing by the party giving such termination notice; provided however that such opportunity to cure shall not apply to the failure of a party to perform its obligations set forth in Article VIII herein;

(b) Written notice from Seller to Buyer, or from Buyer to Seller, at any time after June 30, 2003 if the FCC Order has not become a Final Action by that date; provided that termination shall not occur upon the giving of such termination notice by Seller if Seller is at such time in material default hereunder or upon the giving of such termination notice by Buyer if Buyer is at such time in material default hereunder;

(c) Written notice from Seller to Buyer, or from Buyer to Seller, at any time following a determination by the FCC that the application for consent to assignment of the FCC Licenses has been designated for hearing; provided that the party which is the subject of the hearing

(or whose alleged actions or omissions resulted in the designation for hearing) may not elect to terminate under this Section 10.1(c):

(d) The written election by Buyer under Section 5.10 or Article XI; or

(e) Upon written notice from the non-breaching party if there has been a material breach by the other party under the Time Brokerage Agreement, and that agreement has been terminated due to such breach.

#### 10.2 **Obligations Upon Termination.**

(a) In the event this Agreement is terminated pursuant to Section 10.1(a)(ii)(A), Section 10.1(a)(ii)(B), Section 10.1(c) or Section 10(e), the aggregate liability of Buyer for breach hereunder shall be limited as provided in Section 10.2(c), below, and the aggregate liability for Seller and LCT for breach hereunder shall be limited as provided in Section 10.2(d), below. In the event this Agreement is terminated for any other reason, neither party shall have any liability hereunder except as may be provided herein or in other documents executed by Buyer and Seller.

(b) Upon termination of this Agreement, Buyer shall be entitled to the return of a portion of the Earnest Money (together with interest as stated in the Note), calculated as provided in the next sentence of this subsection (b), and Seller shall pay such portion of the Earnest Money, together with interest, to Buyer upon demand (i) if such termination is effected by Buyer's giving of valid written notice to Seller pursuant to Section 10.1(a), Section 10.1(b), Section 10.1(c) Section 10.1(d) or Section 10.1(e), or (ii) if such termination is effected by Seller's giving of valid written notice to Buyer (at a time when Buyer is not in material default hereunder) pursuant to Section 10.1(a)(ii)(C) or Section 10.1(b). The portion of the Earnest Money to be returned to Buyer shall be equal to \$506,000 plus (\$96,000 x (the number of days remaining in 2002 on the date this Agreement is terminated divided by 184)). Upon receipt of that portion of the Earnest Money owed to it, together with applicable interest, Buyer shall return the Note, marked "CANCELLED", to Seller.

(c) If this Agreement is terminated by Seller's giving of valid written notice to Buyer pursuant to Section 10.1(a)(ii)(A), Section 10.1(a)(ii)(B), Section 10.1(c) or Section 10.1(e), Buyer agrees that Seller shall be entitled to receive upon such termination, as liquidated damages and not as a penalty, the Earnest Money ("Liquidated Damages Amount"). THE DELIVERY OF THE LIQUIDATED DAMAGES AMOUNT TO SELLER SHALL BE CONSIDERED LIQUIDATED DAMAGES AND NOT A PENALTY, AND SHALL BE THE RECIPIENT'S SOLE REMEDY AT LAW OR IN EQUITY FOR A BREACH HEREUNDER IF CLOSING DOES NOT OCCUR. BUYER AND SELLER EACH ACKNOWLEDGE AND AGREE THAT THIS LIQUIDATED DAMAGE AMOUNT IS REASONABLE IN LIGHT OF THE ANTICIPATED HARM WHICH WILL BE CAUSED BY A BREACH OF THIS AGREEMENT, THE DIFFICULTY OF PROOF OF LOSS, THE INCONVENIENCE AND NON-FEASIBILITY OF OTHERWISE OBTAINING AN ADEQUATE REMEDY, AND THE VALUE OF THE TRANSACTION TO BE CONSUMMATED HEREUNDER. If Seller is entitled to the Liquidated Damages Amount, Buyer



shall return the Note, marked "CANCELLED", to Seller. Should Seller have to commence legal proceedings or arbitration to collect the liquidated damages, nothing in this Section shall limit its rights to receive attorneys fees and costs pursuant to Section 14.17 hereof.

(d) Notwithstanding any provision of this Agreement to the contrary, but subject to the provisions of the following sentence, if this Agreement is terminated by Buyer's giving of valid written notice to Seller pursuant to Section 10.1(a), Buyer shall not be entitled to damages or indemnification from Seller or LCT. Subject to the following sentence, if Seller attempts to terminate this Agreement under circumstances where it is not entitled under the terms of this Agreement to do so, or if Seller, by its own action, causes a breach of warranty or fails to satisfy a condition (including without limitation a refusal to consummate the transaction after Buyer has satisfied all conditions to Seller's obligation to close and Buyer has demonstrated its willingness and ability to close on the terms set forth in this Agreement and Buyer is not in default hereunder) in material breach of the terms of this Agreement with the intent of creating a situation whereby Buyer elects to terminate under Section 10.1(a)(ii)(A) or Section 10.1(a)(ii)(B) and Buyer does so elect to terminate, Buyer shall be entitled to monetary damages which shall be limited to attorneys' fees and costs plus any direct and actual damages. If a circumstance described in the preceding sentence should arise and if Buyer establishes that the action of Seller described therein was taken intentionally in order to allow Seller to sell or enter into negotiations to sell the Station to another party, the damages to which Buyer shall be entitled shall not be so limited but shall in no event exceed the aggregate amount of Earnest Money and Additional Deposits (as that term is defined in Exhibit B to this Agreement) previously delivered to Seller as of the date of termination of this Agreement. If this Agreement is terminated by Buyer's giving of valid written notice to Seller pursuant to Section 10.1(c), Buyer shall be entitled to monetary damages which shall be limited to attorneys' fees and costs plus any direct and actual damages. Notwithstanding the foregoing, should Buyer seek and receive specific performance of this Agreement, Buyer shall be limited to the receipt of attorneys' fees and costs.

10.3 **Termination Notice.** Each notice given by a party pursuant to Section 10.1 to terminate this Agreement shall specify the Section (and clause or clauses thereof) of Section 10.1 pursuant to which such notice is given.

## **ARTICLE XI**

### **CASUALTY**

Upon the occurrence of any casualty loss, damage or destruction material to the operation of the Stations or the Sale Assets prior to the Closing (other than casualty loss, damage or destruction caused by the action or inaction of Buyer under the TBA), Seller shall promptly give Buyer written notice setting forth in detail the extent of such loss, damage or destruction and the cause thereof if known. Seller shall use its reasonable efforts to promptly commence and thereafter to diligently proceed to repair or replace any such lost, damaged or destroyed property. In the event that such repair or replacement is not fully completed prior to the Closing Date, Buyer may elect at its sole option to postpone the Closing until Seller's repairs have been fully completed if such event shall

occur within sixty (60) days or to consummate the transactions contemplated hereby on the Closing Date, in which event Seller shall assign to Buyer the portion of the insurance proceeds (less all reasonable costs and expenses, including without limitation attorney's fees, expenses and court costs incurred by Seller to collect such amounts), if any, not previously expended by Seller to repair or replace the damaged or destroyed property (such assignment of proceeds to take place regardless of whether the parties close on the scheduled or deferred Closing Date) and Buyer shall accept the damaged Sale Assets in their damaged condition provided that Seller has satisfied its insurance obligations in Section 5.1(a) hereof. In the event Seller is unable to complete the repairs within sixty (60) days, Buyer shall have the option to terminate this Agreement. In the event the loss, damage or destruction causes or will cause the Stations to be off the air for more than the period set forth in Section 6.8, then Buyer may elect either (i) to consummate the transactions contemplated hereby on the Closing Date, in which event Seller shall assign to Buyer the portion of the insurance proceeds (less all reasonable costs and expenses, including without limitation attorney's fees, expenses and court costs, incurred by Seller to collect such amounts), if any, not previously expended by Seller to repair or replace the damaged or destroyed property, and Buyer shall accept the damaged Sale Assets in their damaged condition, or (ii) to terminate this Agreement.

## **ARTICLE XII**

### **CONTROL OF STATIONS**

Between the date of this Agreement and the Closing Date, Buyer shall not control, manage or supervise the operation of the Stations or conduct of their business, all of which shall remain the sole responsibility and under the control of Seller, subject to Seller's compliance with this Agreement and to the provisions of the TBA.

## **ARTICLE XIII**

### **1031 EXCHANGE**

Seller agrees to cooperate with Buyer as reasonably requested by Buyer to assist Buyer in consummating a tax deferred exchange under Section 1031 of the *Internal Revenue Code* of 1986, and the comparable provisions of applicable state law, provided that Seller shall incur no additional liabilities, expenses or costs as a result of or connected with such exchange, and provided that such action in no way delays the processing of the FCC application or the Closing of the transaction.

## **ARTICLE XIV**

### **MISCELLANEOUS**

14.1 **Further Actions.** From time to time before, at and after the Closing, each party, at its expense and without further consideration, will execute and deliver such documents to the other party as the other party may reasonably request in order more effectively to consummate the transactions

contemplated hereby.

14.2 **Access After the Closing Date.** After the Closing and for a period of twelve (12) months, Buyer shall, upon request, provide Seller, Seller's counsel, accountants and other representatives with reasonable access during normal business hours to the books, records, property, personnel, contracts, commitments and documents of the Stations pertaining to transactions occurring prior to the Closing Date, and Buyer shall retain such books and records for the normal document retention period of Buyer. At the request and expense of Seller, Buyer shall deliver copies of any such books and records to Seller.

14.3 **Payment of Expenses.**

(a) Any fees assessed by the FCC in connection with the filings contemplated by Section 5.2 or consummation of the transactions contemplated hereby shall be shared equally between Seller and Buyer.

(b) All state or local sales or use, stamp or transfer, grant and other similar taxes payable in connection with consummation of the transactions contemplated hereby shall be split equally between Buyer and Seller.

(c) Except as otherwise expressly provided in this Agreement, each of the parties shall bear its own expenses, including the fees of any attorneys and accountants engaged by such party, in connection with this Agreement and the consummation of the transactions contemplated herein.

14.4 **Specific Performance.** Seller and LCT acknowledge that the Stations and the Sale Assets are of a special, unique, and extraordinary character, and that any breach of this Agreement by Seller and LCT could not be compensated for by damages. Accordingly, if Seller or LCT shall breach its obligations under this Agreement, Buyer shall be entitled, in addition to any of the remedies that it may have, to enforcement of this Agreement (subject to obtaining any required approval of the FCC) by decree of specific performance or injunctive relief requiring Seller and/or LCT to fulfill its obligations under this Agreement. In any action by Buyer to equitably enforce the provisions of this Agreement, Seller and LCT shall waive the defense that there is an adequate remedy at law or equity and agrees that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security.

14.5 **Notices.** All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered by courier or sent by registered or certified mail, first class, postage prepaid, or by telex, cable, telegram, facsimile machine or similar written means of communication, addressed as follows:

(a) If to Seller or LCT, to:

Tuned In Broadcasting, Inc.  
401 Church St., 30<sup>th</sup> Floor  
Nashville, Tennessee 37219  
Attention: Lester Turner, Jr.  
President  
Telephone: (615) 366-2531  
Facsimile No: (615) 366-2503

With a copy to:

David Oxenford, Esq.  
Shaw Pittman, LLP  
2300 N. Street NW  
Washington, DC 20037-1128  
Telephone: (202) 663-8128  
Facsimile No.: (202) 663-8007

(b) If to Buyer, to:

c/o Salem Communications Corporation  
4880 Santa Rosa Road, Suite 300  
Camarillo, California 93012  
Attention: Jonathan L. Block, Esq.  
Vice President and General Counsel  
Telephone: (805) 987-0400 ext. 1106  
Facsimile No.: (805) 384-4505

or such other address with respect to any party hereto as such party may from time to time notify (as provided above) to the other party hereto. Any such notice, demand or communication shall be deemed to have been given (i) if so mailed, as of the close of the third (3<sup>rd</sup>) business day following the date mailed, and (ii) if personally delivered or otherwise sent as provided above, on the date received.

14.6 **Entire Agreement.** This Agreement, the Schedules and Exhibits hereto, and the other Documents constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties with respect to the subject matter hereof.

14.7 **Binding Effect; Benefits.** Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors or assigns. Except to the extent specified herein, nothing in this Agreement, express or implied, shall confer on any person other than the parties hereto and their respective successors or assigns any

rights, remedies, obligations or liabilities under or by reason of this Agreement.

14.8 **Assignment.** This Agreement and any rights hereunder shall not be assignable by either party hereto without the prior written consent of the other party. Notwithstanding the foregoing, Buyer may in its sole and absolute discretion, assign all of its right, title, interest under this Agreement to any entity controlled by, or under common control with Buyer, including any subsidiary of Salem Communications Corporation; provided that such assignment by Buyer shall not relieve Buyer from any of its obligations herein.

14.9 **Governing Law.** This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Tennessee, including all matters of construction, validity and performance.

14.10 **Bulk Sales.** Buyer hereby waives compliance by Seller with the provisions of the Bulk Sales Act and similar laws of any state or jurisdiction, if applicable. Seller shall, in accordance with Article IX, indemnify and hold Buyer harmless from and against any and all claims made against Buyer by reason of such non-compliance.

14.11 **Amendments and Waivers.** No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

14.12 **Severability.** If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid or unenforceable in any jurisdiction, (i) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the extent and purpose of such invalid and unenforceable provision, and (ii) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

14.13 **Headings.** The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

14.14 **Counterparts.** This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Fax signatures shall be deemed the same as original signatures. This Agreement is not binding until executed by both parties hereto.

14.15 **References.** All references in this Agreement to Articles and Sections are to Articles and Sections contained in this Agreement unless a different document is expressly specified.

14.16 **Schedules and Exhibits.** Unless otherwise specified herein, each Schedule and Exhibit referred to in this Agreement is attached hereto, and each such Schedule and Exhibit is hereby incorporated by reference and made a part hereof as if fully set forth herein.

14.17 **Attorneys' Fees.** If any action at law or equity is brought, whether in a judicial proceeding or arbitration or reference, to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief, which may be awarded.

14.18 **Knowledge.** All references to the knowledge or awareness of Seller or Buyer shall refer to the Seller's or Buyer's respective actual knowledge, assuming a reasonable degree of investigation by such party.

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

**"SELLER"**

**Tuned In Broadcasting, Inc.**

By: \_\_\_\_\_  
Lester Turner, Jr.  
President

**"BUYER "**

**Salem Communications Holding  
Corporation**

By: \_\_\_\_\_  
Jonathan L. Block  
Vice President and Secretary

**"LCT"**

**LCT, L.P.**

By: \_\_\_\_\_  
Lester Turner, Jr., Chief Manager  
LCT Properties, LLC  
General Partner

circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

14.13 **Headings.** The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

14.14 **Counterparts.** This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Fax signatures shall be deemed the same as original signatures. This Agreement is not binding until executed by both parties hereto.

14.15 **References.** All references in this Agreement to Articles and Sections are to Articles and Sections contained in this Agreement unless a different document is expressly specified.

14.16 **Schedules and Exhibits.** Unless otherwise specified herein, each Schedule and Exhibit referred to in this Agreement is attached hereto, and each such Schedule and Exhibit is hereby incorporated by reference and made a part hereof as if fully set forth herein.

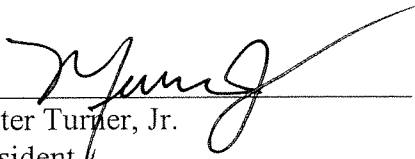
14.17 **Attorneys' Fees.** If any action at law or equity is brought, whether in a judicial proceeding or arbitration or reference, to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief, which may be awarded.

14.18 **Knowledge.** All references to the knowledge or awareness of Seller or Buyer shall refer to the Seller's or Buyer's respective actual knowledge, assuming a reasonable degree of investigation by such party.

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

**"SELLER"**

**Tuned In Broadcasting, Inc.**

By:   
Lester Turner, Jr.  
President

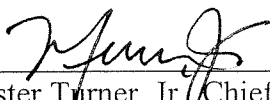
**"BUYER "**

**Salem Communications Holding Corporation**

By: \_\_\_\_\_  
Jonathan L. Block  
Vice President and Secretary

**“LCT”**

**LCT, L.P.**

By:   
Lester Turner, Jr. Chief Manager  
LCT Properties, LLC  
General Partner