

**ASSET PURCHASE AGREEMENT**

**for**

**KEZB(FM)**  
**Edna, Texas**

**KTXM(FM)**  
**Hallettsville, Texas**

**KHLT(AM)**  
**Hallettsville, Texas**

**KYKM(FM)**  
**Yoakum, Texas**

**by and between**

**THE KALIL HOLDING GROUP, LLC**

**and**

**LA GRANGE BROADCASTING CORPORATION**

**May 8, 2007**

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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the “Agreement”) is dated as of May 8, 2007, and is by and between La Grange Broadcasting Corporation (“Seller”), a corporation organized under the laws of Texas, and The Kalil Holding Group, LLC (“Buyer”), a limited liability company organized under the laws of Arizona.

### Recitals:

WHEREAS, the Federal Communications Commission (the “FCC”) issued licenses (the “FCC Licenses”) to Seller for radio stations KEZB(FM) in Edna, Texas (Facility ID 27226), KTXM(FM) in Hallettsville, Texas (Facility ID 77834), KHLT(AM) in Hallettsville, Texas (Facility ID 67285), and KYKM(FM) in Yoakum, Texas (Facility ID 67287) (each individually a “Station” and, collectively, the “Stations”), and Seller owns or holds other assets used in the operation of the Stations; and

WHEREAS, Seller desires to sell, assign, and transfer, to the fullest extent permitted by law, the FCC Licenses and other assets owned or held by Seller and used in the operation of the Stations; and

WHEREAS, to the fullest extent permitted by law, Buyer desires to acquire the FCC Licenses and other assets owned or held by Seller and used in the operation of the Stations, all under the terms described herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the parties hereby agree as follows:

### ARTICLE I: Exchange of Consideration.

**1.1. Consideration Conveyed by Seller.** At the Closing, as defined herein, Seller shall provide Buyer with the following consideration:

**1.1.1. Station Assets.** Subject to the terms and conditions of this Agreement, Seller shall, to the fullest extent permitted by law, assign, convey, transfer, and deliver to Buyer, and Buyer shall, to the fullest extent permitted by law, acquire from Seller, free and clear of all debts, liens, claims, financing leases, security interests and encumbrances of any kind whatsoever (collectively, the “Liens”) except for Permitted Liens (defined herein) set forth in Schedule 1.1.1 annexed hereto, all of Seller’s right, title and interest in and to certain assets, real and personal, tangible and intangible, of every kind and description, owned or held by Seller and used in the operation of the Stations (collectively, the “Station Assets”), which do not include the assets described in Section 1.1.2 of this Agreement. The Station Assets consist of the following items:

**(a) Government Licenses.** The FCC Licenses, which include all licenses and other authorizations issued by the FCC to Seller with respect to the Stations, as well as all

licenses and authorizations issued by any other governmental authority (the “Other Governmental Licenses”), true copies of which are included in Schedule 1.1.1(a) to this Agreement, together with any and all applications pending before the FCC or any other governmental authority with respect to renewals, extensions, or modifications thereof, all of which are identified in Schedule 1.1.1(a).

**(b) Tangible Personal Property.** All equipment, furniture, fixtures, office materials and supplies, spare parts, and other tangible personal property of every kind and description owned and used in the operation of the Stations, including but not limited to those items identified on Schedule 2 to this Agreement, less any non-material tangible assets consumed in the Ordinary Course of Business after the date hereof, and any additions, improvements, replacements, and alterations made thereto in the Ordinary Course of Business between the date of this Agreement and the Closing Date, as defined herein.

**(c) Real Property.** All ownership interests held by Seller in real property used in the operation of the Stations (the “Real Property”), all of which is described with greater particularity in Schedule 3 annexed hereto.

**(d) Real Estate Leases.** All real property leases with respect to the Stations (the “Real Estate Leases”), copies of which are included in Schedule 4 annexed hereto.

**(e) Contracts.** All rights in and under contracts, agreements, and leases of any kind (except those relating to real property and sale of time on the Stations) relating to the operation of the Stations which are listed on Schedule 5 (all of the foregoing collectively referred to herein as the “Contracts”): provided, that, except as provided herein, Buyer shall not assume any contract, agreement or lease not identified in Schedule 5; and provided further, that no contract, agreement or lease created subsequent to the date of this Agreement shall be assigned to Buyer without Buyer’s prior written approval.

**(f) Marketing Items.** All trademarks, call signs, service marks, franchises, patents, trade names, jingles, fictitious names, slogans, and logotypes owned and used by Seller in connection with the operation of the Stations as of the date hereof, as well as those acquired between the date hereof and the Closing Date, in connection with the operation of the Stations (collectively referred to hereinafter as the “Marketing Items”).

**(g) Programming and Copyrights.** All programs and programming materials and elements of whatever form or nature owned or licensed for use by Seller and used in the operation of the Stations as of the date hereof, together with all such programs, materials, elements, intellectual property rights, and copyrights acquired between the date hereof and the Closing Date, whether recorded on tape or any other medium or intended for live performance, and whether completed or in production, and all related common law and statutory copyrights owned or licensed for use by Seller and used in the operation of any of the Stations (collectively referred to hereinafter as the “Programming Items”).



**(h) Time Sales Agreements.** All agreements, including trade and barter agreements (collectively, the “Trade Agreements”), for the sale of time on the Stations in the Ordinary Course of Business and in accordance with past practices of the Stations.

**(i) Records.** Any and all files, program logs, public inspection files, and other records that relate to the operation of the Stations in the possession of Seller on the Closing Date, except corporate and tax records excluded pursuant to Section 1.1.2(g).

**(j) Internet Websites.** All Internet Domain leases and Domain names of the Stations (if any), the unrestricted right to the use of HTML content located and publicly accessible from those Domain names, and the “visitor” email data base for those sites (if any) (collectively, the “Internet Items”).

**(k) Account Receivables.** All accounts receivable for time purchased on the Stations prior to the Closing Date.

**(l) Cash and Investments.** All cash on hand or in bank accounts and all cash equivalents and similar investments of Seller, such as certificates of deposit.

**(m) Prepaid Items.** All deposits, reserves, and prepaid expenses and taxes (if any) relating solely to the operation of the Stations.

**1.1.2. Excluded Assets.** Notwithstanding the foregoing, there shall be excluded from the Station Assets and retained by Seller, to the extent in existence on the Closing Date, the following assets (the “Excluded Assets”):

**(a) Personal Property.** All non-material tangible personal property of the Seller disposed of or consumed in the Ordinary Course of Business.

**(b) Insurance.** All right, title and interest in or under all contracts or policies of insurance and all claims or rights to payments which pre-date the Closing Date, except as otherwise provided under this Agreement.

**(c) Securities.** Any and all securities owned or held by Seller.

**(d) Claims.** Any and all claims of Seller with respect to transactions which transpire prior to the Closing Date, including, without limitation, claims for tax refunds or tax credits.

**(e) Contracts.** All agreements, leases, and contracts entered into by or on behalf of Seller prior to the Closing, as defined herein, and not expressly assumed by Buyer under this Agreement, as well as Seller’s rights in and under this Agreement.

**(f) Benefit Plans.** All rights, if any, relating to pension, profit-sharing, savings plans and trusts, other employee benefit plans, and any assets thereof.

**(g) Corporate and Tax Documents.** Seller's books and records that pertain to the organization, existence or capitalization of Seller, and any tax records of Seller, and records of Seller that do not pertain to the assets of Seller to be transferred pursuant to this Agreement.

**(h) Corporate Name.** The corporate name of La Grange Broadcasting Corporation along with any and all trademarks for that name.

**1.1.3. Seller's Retained Liabilities.** The Station Assets shall be sold and conveyed to Buyer free and clear of all Liens and liabilities of any kind or nature except for Permitted Liens (as defined below) and those liabilities which arise or are incurred after the Closing solely in conjunction with Buyer's holding or ownership of the Station Assets. Buyer shall not assume or be liable for (a) any contract or other agreement entered into by or on behalf of Seller not expressly assumed by Buyer under this Agreement; (b) any obligation of Seller arising out of any contract of insurance, any pension, retirement or profit-sharing plan, or any trust or other benefit plan; (c) any litigation, proceeding, or claim relating to the business or operation of the Stations prior to the Closing, regardless of whether such litigation, proceeding, or claim is pending, threatened, or asserted before, on, or after the Closing; or (d) any obligation (including but not limited to wages, salaries, vacation pay, payroll taxes, COBRA coverage or severance payments) to or for persons employed by Seller (recognizing that Buyer has no obligation to employ any of Seller's employees).

**1.2. Consideration Conveyed by Buyer.** Upon acquisition of the Station Assets in accordance with the terms of this Agreement, Buyer shall initiate commercially reasonable efforts (including, in the exercise of Buyer's sole discretion, the retention of a media broker) to sell the Station Assets with prior FCC approval at the earliest practical date for a fair market value; provided, that (a) in no event shall Buyer have any obligation to sell the Station Assets for any minimum price, (b) Buyer shall retain the unfettered discretion to sell the Station Assets for any one Station individually or in combination with the Station Assets of any one or more of the other Stations, (c) in no event shall Seller have any recourse against Buyer on the basis of any allegation that the Station Assets could have been sold for a higher price under any circumstance, including any decision by Buyer to sell the Station Assets of the Stations individually or in any combination, and (d) Buyer shall provide notice to Seller at least ten (10) business days prior to consummation of any sale of any or all of the Station Assets, which notice shall generally describe the sale transaction and an estimate of the proceeds that will be generated therefrom. In no event shall Buyer be entitled to sell the Station Assets to an affiliate of Buyer or Univision Radio, Inc. ("Univision"), a Delaware corporation. Within one (1) business day after consummation of any such sale, Buyer shall pay the proceeds of such sale to Univision or its designee, as payment on the aggregate debt owed by Seller and its affiliate, Fort Bend Media Broadcasting Company, to Univision (the "Debt"), which is currently estimated to be up to but not more than Five Million Nine Hundred Sixty-Two Thousand Dollars (\$5,962,000) unless, at least five (5) business days prior to consummation of such sale, Seller provides Buyer with a certification from Univision (executed by an officer of Univision) that the Debt has been or will, through application of proceeds from the forthcoming sale of Station Assets, be completely paid off and that all or a portion of the proceeds from the sale should be paid to Seller (in which case Buyer shall make a payment to Seller from the proceeds in accordance with such certification).

### **1.3. Prorations.**

**1.3.1. Methodology.** At the Closing, all income of the Stations and all taxes and assessments and other expenses with respect to the Station Assets to be acquired by Buyer shall be apportioned and allocated between Buyer and Seller as of the Closing Date on the basis of the period of time to which such expenses apply. If the Closing occurs before the tax rate is fixed for the then current term, the apportionment of taxes at Closing shall be upon the basis of the tax rate for the preceding tax year applied to the latest assessed valuation. If the tax rate is changed with respect to any period of time prior to the Closing Date, as defined herein, the post-Closing proration shall include a corresponding adjustment in the final proration made pursuant to this Section.

**1.3.2. Settlement and Disputes.** To the extent that any of the foregoing prorations cannot be determined as of the Closing Date, Buyer shall prepare and send to Seller a final accounting (the “Accounting”) within ninety (90) days of the Closing, as defined herein. Seller shall have thirty (30) days after receipt of that Accounting to register any objections (with the understanding that Seller shall be deemed to have accepted such Accounting if Buyer does not receive any objection prior to the expiration of that 30-day period. Upon expiration of that 30-day period (or after resolution of any disputes between the parties with respect to the Accounting), the parties shall make any further payments as may be required by the Accounting. In the event of any disputes between the parties as to any adjustments under this section, the amounts not in dispute shall be paid at the time provided herein and the dispute shall be resolved by an independent certified public accountant (“CPA”) who shall be jointly selected by the parties within thirty (30) days after the Closing or after the final settlement on prorations, as the case may be. The decision of the CPA shall be binding on each of the parties and enforceable by a court of competent jurisdiction. The fees and expenses of the CPA shall be paid one-half by Seller and one-half by Buyer. Notwithstanding anything to the contrary in this Agreement, Buyer may establish a reserve of monies from the proceeds from the sale of any or all of the Station Assets as Buyer may deem reasonably necessary to cover expenses attributable to Seller that are not known as of the date of consummation of such sale of Station Assets. The establishment of such reserve shall be supported by reasonably anticipated expenses which shall be listed in a schedule and included in the Accounting provided to Seller.

**1.4. Trade and Barter Items.** At the Closing, Seller shall deliver to Buyer a report (the “Trade Report”), dated as of the Closing Date, which lists all agreements (the “Trade Agreements”) in which time has been made available on the Stations in exchange for goods or services and which are to be assumed by Buyer at Closing. The Trade Report shall include an itemized statement of the aggregate value of time owed (based on the current rates of the particular Station) pursuant to each of the Trade Agreements and the fair market value of goods and services to be received pursuant to each of the Trade Agreements as of the Closing Date. In no event shall the aggregate value of the Stations’ post-Closing obligations under Trade Agreements for the broadcast of advertising time after the Closing Date exceed the aggregate value of the goods and services to be received by the Stations under the Trade Agreement after the Closing Date.

**1.5. Allocation.** The Purchase Price shall be allocated among the Station Assets in accordance with Schedule 6 annexed hereto, which will be prepared by Buyer on or before

Closing subject to Seller's consent, which shall not be unreasonably withheld. The allocation will be incorporated in an Internal Revenue Service ("IRS") Form 8594. Each party shall be bound by such allocation in any reports, filings or disclosures to the IRS as well as any and every other governmental authority.

## **1.6. Closing.**

**1.6.1. Date and Location.** The closing of the transactions provided for in this Agreement regarding the sale of the Station Assets from Seller to Buyer (the "Closing") shall be held at the offices of Dickstein Shapiro LLP, 1825 Eye Street, NW, Washington, D.C. 20006 at 10:00 a.m. on a date (the "Closing Date") mutually agreed to or, in the absence of a mutual agreement, selected by Buyer, which shall be within ten (10) days after the date on which the FCC order (the "Order") approving the assignment of the FCC Licenses from Seller to Buyer becomes a "Final Order" (which, for purposes of this Agreement, means that the Order is no longer subject to reconsideration or review by the FCC or a court of competent jurisdiction under the Communications Act of 1934, as amended (the "Act") or the FCC rules promulgated thereunder: provided, that the parties shall not be obligated to proceed to Closing if (1) the Order includes conditions materially adverse to Buyer or Seller, or (2) the other conditions precedent to Closing have not been satisfied or waived; provided further, that Buyer may unilaterally waive the requirement that the FCC Order become a Final Order and may require the Closing to occur at any time ten (10) business days after the FCC provides public notice of the Order; and, provided further, that, notwithstanding anything herein to the contrary, the parties may mutually agree to conduct the Closing by exchange of documents and signatures through email, facsimile, and overnight courier, or at such other place or in such other manner as may be mutually agreed to by the parties. In the event the Closing occurs before the FCC Order becomes a Final Order, the parties shall execute a mutually agreeable Rescission Agreement.

**1.6.2. Exchange of Documents.** At the Closing, each party shall execute and deliver to the other party the other items specified herein as well as any additional document(s) and item(s) reasonably necessary for the consummation of the transactions contemplated herein, including but not limited to bills of sale and assumption agreements. Such additional documents shall be reasonably satisfactory to the other party as to both form and substance.

**1.7. Timing.** Time is of the essence to implementation of this Agreement. It is the intention of the parties that the Closing of the transactions contemplated herein occur not later than fifteen (15) months from the date of this Agreement.

## **ARTICLE II: Representations and Warranties of Seller.**

Seller represents and warrants to Buyer that the following matters are true and correct as of the date of this Agreement:

**2.1. Organizational Status.** Seller is a Texas corporation duly organized, validly existing, and in good standing in the State of Texas. Seller has the power to carry on the business of the Stations as it is now being conducted, to own, hold and use the Station Assets, and to enter into and consummate the transactions contemplated by this Agreement.

**2.2. Licenses.** Seller is the holder of the FCC Licenses and Other Governmental Licenses included in Schedule 1.1.1(a) to this Agreement, all of which are in full force and effect. The FCC Licenses constitute all of the licenses required under the Act and the rules and policies of the FCC for the operation of the Stations as currently conducted. The FCC Licenses authorize the operation of the Stations for a license term each expiring on August 1, 2013. Since the beginning of the respective terms of the FCC Licenses and Other Governmental Licenses, Seller has timely filed with the FCC, the FAA and any other governmental authorities which have issued the Other Governmental Licenses included in Schedule 1.1.1(a) all material applications, reports and other documents required by applicable law and regulation governing such licenses, including but not limited to the Act and FCC rules and policies. There is not pending or, to Seller's Knowledge, threatened, any petition, complaint, objection (whether formal or informal), order to show cause, investigation, or other action by or before the FCC or any court to revoke, cancel, rescind, modify, or refuse to renew any of the FCC Licenses, or which would have a material adverse impact on the operation of any of the Stations. Other than proceedings of general applicability to the broadcasting industry, there is not now pending or, to Seller's Knowledge, threatened, any other petition, complaint, objection (whether formal or informal), investigation, order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or other proceeding by or before the FCC, any other government authority, or any court against Seller with respect to any of the Stations. Except as set forth on Schedule 1.1.1(a) (with respect to amounts owed to the FCC that will be paid prior to Closing), each of the Stations is operating in material compliance with the FCC Licenses and the Other Governmental Licenses as well as applicable law and regulation governing such licenses, including the Act and the rules and policies of the FCC.

**2.3. Condition of Tangible Personal Property.** Except as set forth in Schedule 2, Tangible Personal Property items included in the Station Assets are in reasonable working order, ordinary wear and tear excepted.

**2.4. Title.** Except as set forth on Schedule 7 (with respect to Liens that will be removed on or before Closing), the Station Assets are free and clear of all Liens except for (1) Liens for current taxes not yet due and payable, (2) Liens expressly identified in the Contracts and Real Estate Leases, and (3) Liens identified in Schedule 1.1.1 hereto (collectively, the "Permitted Liens").

**2.5. Intangible Property.** Seller owns or has the right to use the Marketing Items, the Programming Items, and the Internet Items (collectively, the "Intangible Property") within the service area of the Stations. Seller has not received and has no Knowledge of any threatened notice from any third party or governmental authority alleging or concerning any infringement by Seller on the rights of third parties caused by Seller's use of the Intangible Property.

**2.6. Employees.** Seller is not a party to any pending or, to its Knowledge, threatened labor dispute affecting the Stations. Except as set forth on Schedule 7 (with respect to Liens that will be removed on or before Closing), Seller (1) has complied in all material respects with all applicable federal, state, and local laws, ordinances, rules and regulations and requirements relating to employment or labor, including but not limited to provisions relative to wages, hours, collective bargaining, pension, profit-sharing and savings plans and trusts including, without limitation, 401-K plans ("Trusts") and payment of Social Security, unemployment and

withholding taxes and (2) is not liable for any arrears of wages or Trusts or benefit payments (“Payments”) or any taxes or penalties for failure to comply with any of the foregoing. Seller will hold Buyer harmless from and against (1) any liability for any taxes, Payments or penalties which have not been paid or made for employment of persons by Seller, (2) any claims of discrimination or wrongful termination or hiring for employment of persons by Seller, including, without limitation, violations of federal or state law relating to civil rights, regulations of the United States Equal Employment Opportunity Commission, or the Americans With Disabilities Act of 1990, (3) all claims for severance for persons employed by Seller (recognizing that Buyer has no obligation to employ any of Seller’s employees), and (4) any other claims by employees of Seller relating to or arising from their employment (or severance therefrom) by Seller. There are no collective bargaining agreements, or negotiations for the same, in existence which affect any of the Stations’ employees.

**2.7. Taxes.** Except as set forth on Schedule 7, Seller has duly and timely filed all required federal, state and local tax returns and paid all taxes, interest and penalties due with respect to Seller’s interest in the Station Assets or its operation of the Stations, has sought and obtained (to the extent applicable) extensions of time to file such returns and pay such taxes within the time provided therefor, or is challenging such taxes in good faith in accordance with applicable procedures (and has in place adequate financial reserves to satisfy any adverse decision). Between the date hereof and the Closing Date, Seller shall duly and timely file all such required returns and pay all required taxes, interest and penalties or timely obtain such extensions within the time provided therefor, unless such taxes are being challenged in good faith in accordance with applicable procedures (and has in place adequate financial reserves to satisfy any adverse decision).

**2.8. Environmental.** No hazardous or toxic waste, substance, material or pollutant (collectively, “Hazardous Waste”), as defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq., the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 et seq., the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. § 6901 et seq., the Clean Water Act, as amended, 42 U.S.C. § 1251 et seq., the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq. or any other applicable federal, state or local law, or any regulations or policies adopted pursuant to such laws (the foregoing laws, regulations and policies collectively referred to herein as the “Environmental Laws”) has been released, emitted or discharged by Seller or, to Seller’s Knowledge, any other party; nor, to Seller’s Knowledge, is any Hazardous Waste currently located in or on the Station Assets or in, on or under the real property on which any of the Station Assets are situated in violation of any Environmental Laws. Based on Seller’s use thereof and, to Seller’s Knowledge, any prior owner’s use thereof, the Station Assets are not subject to and do not involve any material violation of any Environmental Laws, including but not limited to FCC rules, policies and guidelines concerning RF radiation. Seller has not received any notice, summons, citation, directive, letter or other communication, written or oral, from the United States, the State of Texas, or any other party concerning any intentional or unintentional action or omission on the part of Seller or any other party which resulted in the releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping or disposing of Hazardous Waste on, above or under Station Assets owned or used by Seller in the operation of the Stations.

**2.9. Litigation.** To Seller's Knowledge, Seller has not been operating under and is not subject to, or in default with respect to, any order, judgment, writ, injunction, or decree of any court or any federal, state, municipal, or other governmental department, commission, board, agency, or instrumentality, foreign or domestic, which has had or could reasonably be expected to have a material adverse effect on the Station Assets or the manner in which Seller currently operates the Stations. There is no litigation, arbitration, dispute, investigation or other proceeding (individually and collectively, "Litigation") pending by or against, or, to Seller's Knowledge, threatened against any of the Stations or Seller which relates to or affects the Station Assets or the business of any of the Stations or which materially interferes or could reasonably be expected to materially interfere with Seller's (1) right, title to, or interest in the Station Assets, (2) operation of the Stations or (3) ability to transfer the Station Assets to Buyer free of such Litigation.

**2.10. Compliance with Laws.** Subject to Section 2.2 (which will govern in the event of any conflict) and to Schedule 7, Seller, to its Knowledge, is in material compliance with all applicable laws, rules, regulations, policies and orders of the federal, state, and local governments with respect to the Stations. The present uses by Seller of the Station Assets do not violate any such laws, regulations, policies or orders in any material respect, and, to Seller's Knowledge, there is no investigation or proceeding regarding the foregoing which is currently pending or, to Seller's Knowledge, threatened.

**2.11. No Defaults.** Neither the execution and delivery by Seller of this Agreement nor the consummation by Seller of the transactions contemplated herein are events that, by themselves or with the giving of notice or the passage of time or both, constitute a material violation of or will materially conflict with or result in any material breach of or any material default under (1) the terms, conditions, or provisions of any arbitration award, judgment, law, order, decree, writ, or regulation to which Seller is subject, (2) Seller's articles of incorporation, bylaws, or other organizational documents, or (3) other than with respect to Univision and its affiliates, as referred to in Section 1.2 hereof, any agreement or instrument to which Seller is a party or by which Seller is bound, or result in the creation of imposition or any Lien on any of the Station Assets.

**2.12. Brokers.** There is no broker or finder or other person who would, as a result of any agreement of or action taken by Seller, have any valid claim against any of the parties to this Agreement for a commission or brokerage fee in connection with this Agreement or the transactions contemplated herein.

**2.13. Contracts.** Schedule 5 hereto includes a list of all material written Contracts and describes the material terms of all material oral Contracts (if any) to which Seller is a party as of the date of this Agreement and which will be assumed by Buyer pursuant to this Agreement. For purposes of this section, a "material" Contract is one with liabilities or a value over the remaining life of the Contract in excess of \$5,000. Seller has delivered to Buyer true and complete copies of all Contracts listed in Schedule 5. Those Contracts requiring a third party's consent to assignment are identified by an asterisk in Schedule 5. Except as set forth on Schedule 5, Seller has complied in all material respects with all Contracts and is not in default in any material respect beyond any applicable grace periods under any of such Contracts. To Seller's Knowledge, no other contracting party is in material default under any of the Contracts.

To the Knowledge of Seller, all Contracts are in full force and effect and are valid, binding and enforceable in accordance with their respective terms, except as enforceability may be limited by laws affecting creditor rights or equitable principles generally.

**2.14. Seller Action.** All actions and proceedings necessary to be taken by or on the part of Seller in connection with the transactions contemplated by this Agreement and necessary to make the Agreement effective have been duly and validly taken. This Agreement has been duly and validly authorized, executed, and delivered by Seller and constitutes the valid and binding agreement of Seller, enforceable in accordance with and subject to its terms, except as enforceability may be limited by laws affecting the enforcement of creditor rights or equitable principles generally. At the Closing, Seller will provide Buyer with the certified resolutions of Seller's stockholders and board of directors authorizing the execution, delivery, and performance of this Agreement.

## **2.15. Real Property.**

**2.15.1. Title.** Subject to the Permitted Liens, Seller has good and indefeasible fee simple title in and to each parcel of the Real Property described in Schedule 3 which is free and clear of any and all Liens, except for Permitted Liens.

**2.15.2. Condemnation Proceedings.** To Seller's Knowledge, there is no pending condemnation or similar proceeding affecting the Real Property or any portion thereof, and, to Seller's Knowledge, no such action is contemplated or threatened.

**2.15.3. Insurability.** Seller has not received any notice from any insurance company of any defects or inadequacies in its title to the Real Property or any part thereof, other than the Permitted Liens, which would adversely affect the insurability of the Real Property, title to the Real Property, or the premiums for the insurance thereof.

**2.15.4. Insurance Policies.** Seller has not received any written notice from any insurance company which has issued Seller a policy with respect to any portion of the Real Property or by any underwriters (or other body exercising similar functions) requesting the performance of any repairs, alterations or other work with which compliance has not been made.

**2.15.5. Adverse Possession.** Other than Seller or as disclosed herein, there are no parties in possession of any portion of the Real Property, whether as lessees, tenants at will, trespassers or otherwise.

**2.15.6. Zoning Restrictions.** To Seller's Knowledge, no restrictive covenant of record or zoning, building or other federal, state or municipal law, ordinance, regulation or restriction is materially violated by Seller's interest in or maintenance, operation or use of the Real Property or any tract or portion thereof.

**2.15.7. Compliance with Laws.** There is no law, ordinance, order, or regulation, including, without limitation the Americans with Disabilities Act of 1990, as amended, which requires any material expenditure to remediate, remedy, remove, modify or improve any of the Real Property in order to bring it into compliance therewith.



**2.15.8. Governmental Proceedings.** There is no pending or, to Seller's Knowledge, threatened governmental proceeding which would materially impair or curtail access to and from the Real Property.

**2.15.9. Public Utilities.** There are presently in existence dedicated public access roads, telephone and electrical lines, and water lines to or on the Real Property which are sufficient to service adequately the current operations of each building located on the Real Property used by Seller; provided, that any Real Property upon which a tower is located may not have telephone or water lines.

**2.15.10. Structural Conditions.** To Seller's Knowledge, none of the buildings and other structures located on the Real Property has any electrical defects that affect the transmitters or the use of the buildings or structures in connection with the operation of the particular Station.

**2.15.11. Claims.** Other than this Agreement or as disclosed herein, Seller has not entered into any material agreement, oral or written, with respect to the Real Property, and other than the Permitted Liens, neither Seller nor the Real Property is subject to any claim, demand, suit, unfiled Lien, proceeding or litigation of any kind which is pending or, to the Knowledge of Seller, threatened which would affect or limit Buyer's use of the Real Property.

**2.15.12. Taxes and Assessments.** There are no taxes, Liens, debts, tax claims, bills, or assessments of any nature or description arising from Seller's operation of the Stations that are due and payable that will be unpaid as of the Closing Date, except for the Permitted Liens.

**2.16. Real Estate Leases.** Except as set forth on Schedule 4, all of the Real Estate Leases included in Schedule 4 have been complied with in all material respects by Seller, and there has been no material breach or default by Seller with respect to any duties or obligations required to be performed by Seller. All such leases are in full force and effect, and Seller has a valid leasehold interest in the Real Estate Leases in accordance with their respective terms. To Seller's Knowledge, no other party to any of the Real Estate Leases is in material default thereunder. To Seller's Knowledge, all the Real Estate Leases are in full force and effect and are valid, binding and enforceable in accordance with their respective terms, except as enforceability may be limited by laws affecting the enforcement of creditor rights or equitable principles generally.

**2.17. Insolvency.** Except as set forth in Schedule 8, 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 Station Assets is pending or, to Seller's Knowledge, threatened, and Seller has not made any assignment for the benefit of creditors, nor taken any actions with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings.

**2.18. Approvals.** No approval of any third party, governmental agency or court is required to be obtained by Seller with regard to the consummation of the transactions contemplated by this Agreement except (1) parties to certain Real Estate Leases and Contracts

being assumed by Buyer under this Agreement and (2) the approval by the FCC as provided herein.

**2.19. Bulk Sales and Fraudulent Transfer Laws.** There is no bulk sales law or other comparable statute in Texas which is applicable to the transactions contemplated by this Agreement.

**2.20. Insurance Policies.** Annexed hereto in Schedule 9 is a list and brief description of all insurance policies maintained by Seller for the Stations. To Seller's Knowledge, all such policies are in full force and effect, and Seller is not in default of any material provision thereof. Seller has not received notice from any issuer of any such policies of its intention to cancel, terminate, or refuse to review any insurance policy issued to Seller.

**2.21. Financial Statements.** To the extent that financial statements have been prepared for a Station or the Stations, Seller has provided Buyer with true copies of such unaudited financial statements for the Stations for calendar years 2004 and 2005 and unaudited financial statements for the Stations for the first nine months of 2006 (all of the foregoing collectively referred to herein as the "Financial Statements"). Copies of the Financial Statements are included in Schedule 10. Except as disclosed in Schedule 10, the Financial Statements (1) identify all of Seller's material obligations and liabilities (matured) with respect to the Stations, and (2) fairly reflect the financial performance of the Stations for the periods indicated in accordance with the past accounting practices of Seller.

**2.22. DISCLAIMER OF IMPLIED WARRANTIES.** EXCEPT AS SPECIFICALLY REPRESENTED AND WARRANTED HEREIN, (i) WITH RESPECT TO THE STATION ASSETS, SELLER DISCLAIMS ANY WARRANTY OF MERCHANTABILITY, AND ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (ii) NO OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY SELLER IN CONNECTION WITH THE TRANSACTIONS COVERED HEREBY, AND (iii) SUBJECT TO SELLER'S REPRESENTATIONS, WARRANTIES, AND FULFILLMENT OF ITS OBLIGATIONS HEREUNDER, THE STATION ASSETS ARE BEING SOLD AND TRANSFERRED "AS-IS AND WHERE-IS WITH ALL FAULTS."

### **ARTICLE III: Representations and Warranties of Buyer**

Buyer represents and warrants to Seller as to the truth of the following matters as of the date of this Agreement:

**3.1. Status.** Buyer is a limited liability company duly organized, validly existing, and in good standing in the State of Arizona, is qualified to do business in the State of Texas, and otherwise has the power to enter into and consummate the transactions contemplated by this Agreement.

**3.2. Buyer Action.** All actions and proceedings necessary to be taken by or on the part of Buyer in connection with the transactions contemplated by this Agreement and necessary to

make the Agreement effective have been duly and validly taken. This Agreement has been duly and validly authorized, executed, and delivered by Buyer and constitutes the valid and binding agreement of Buyer, enforceable in accordance with and subject to its terms, except as enforceability may be limited by laws affecting the enforcement of creditor rights or equitable principles generally. At the Closing, Buyer shall provide Seller with a certified copy of the resolutions adopted by Buyer's managers and members authorizing the execution, delivery, and consummation of this Agreement.

**3.3. No Defaults.** Neither the execution and delivery by Buyer of this Agreement nor the consummation by Buyer of the transactions contemplated herein are events that, by themselves or with the giving of notice or the passage of time or both, constitute a material violation of or will conflict with or result in any material breach of or any default under (1) the terms, conditions, or provisions of any arbitration award, judgment, law, order, decree, writ or regulation to which Buyer is subject, (2) the articles of formation or other organizational documents of Buyer, or (3) any agreement or instrument to which Buyer is a party or by which it is bound.

**3.4. Brokers.** There is no broker or finder or other person who would, as a result of any agreement of or action taken by Buyer, have any valid claim against any of the parties to this Agreement for a commission or brokerage fee in connection with this Agreement or the transactions contemplated herein.

**3.5. Litigation.** There is no Litigation pending or, to Buyer's Knowledge, threatened against Buyer that would affect Buyer's ability to carry out the transactions contemplated herein.

**3.6. Qualification as a Broadcast Licensee.** To its Knowledge, Buyer is qualified under the Act and FCC rules and policies to acquire the Station Assets from Seller without any waiver of FCC rules or policies.

**3.7. Approvals.** No approval of any third party, governmental agency, or court is required to be obtained by Buyer with regard to the transactions contemplated by this Agreement except the approval of the FCC as provided herein.

**3.8. Due Diligence.** Buyer has utilized its own expertise to analyze and evaluate the value of the Station Assets, and has solely relied on such analysis and evaluation and the representations and warranties of Seller contained in Article II in deciding to enter into this Agreement.

#### **ARTICLE IV: Application for FCC Consent.**

**4.1. Procedure.** Within ten (10) days after execution of this Agreement, Seller and Buyer shall file an appropriate application (the "Application") with the FCC requesting its consent to the assignment of the FCC Licenses for the Stations to Buyer. Each party shall diligently take, or cooperate in the taking of, all commercially reasonable steps necessary and appropriate to expedite the preparation of the Application and its prosecution to a favorable

conclusion. Each party shall promptly provide the other party with a copy of any pleading, order, or other document or other material communication received by such party relating to the Application which is not served on or received by the other party (other than communications by or among such party's lawyers and professional advisors and members, stockholders, employees and officers). Each party shall use commercially reasonable efforts and otherwise cooperate with the other party in responding to any information requested by the FCC related to the Application, in making any amendment to this Agreement requested by the FCC which does not adversely affect such party in a material manner, and in reasonably defending against any petition, complaint, or objection which may be filed against the Application or any petition for reconsideration, application for review, notice of appeal or other challenge to the Order. The FCC filing fees for the Application shall be divided equally between Seller and Buyer.

**4.2. Public Notice.** Seller shall provide notice of the filing of the Application in accordance with the rules and regulations of the FCC. Seller and Buyer shall each comply with any condition imposed on it by the FCC Order, except that neither party shall be required to comply with a condition that would have a material adverse effect upon it unless the condition was imposed as the result of a circumstance which constitutes a breach by that party of any of its representations, warranties or covenants in this Agreement. Buyer and Seller shall each oppose any request for reconsideration or judicial review of the grant by the FCC of the Application (but nothing in this section shall limit any party's right to terminate this Agreement pursuant to Section 10.1 of this Agreement).

## **ARTICLE V: Covenants of Seller Pending Closing.**

Seller covenants and agrees that, from the date of this Agreement up to and including the Closing Date, it will take, or refrain from taking, the following actions:

**5.1. Maintenance of Stations.** Seller shall continue to carry on the Stations' business and keep its books of account, records, and files in the Ordinary Course of Business. Seller shall continue to operate the Stations in all material respects in accordance with the terms of the FCC Licenses and Other Governmental Licenses and in material compliance with all applicable rules, regulations, policies and laws. To that end, Seller will timely file with the FCC any and all reports, applications, and disclosures as may be required by the Act or FCC rules or policies. Seller shall maintain in full force and effect through and including the Closing Date the existing property damage, liability, and other insurance with respect to the Station Assets. Prior to the Closing, Seller will not, without the prior written consent of Buyer:

**5.1.1.** sell, lease, transfer, or agree to sell, lease, or transfer any material Station Assets without replacement thereof with an asset of equivalent kind, condition, and value;

**5.1.2.** enter into any collective bargaining agreement or written contract of employment for any employee whose contract would be assumed by Buyer without Buyer's prior approval, unless said contract is subject to immediate cancellation by Buyer without penalty after Closing;

**5.1.3.** subject to Section 1.1.1.(e) hereof, enter into any contract or agreement with respect to any Station or the Station Assets except in the Ordinary Course of Business or as

provided in this Agreement unless said contract or agreement is subject to immediate cancellation by Buyer without penalty after Closing;

**5.1.4.** renew, renegotiate, modify, amend, enter into or terminate any existing Time Sales Agreements with respect to the Stations except in the Ordinary Course of Business;

**5.1.5.** make, allow, or consent to any material change in the Real Property or in any buildings, leasehold improvements, or fixtures used in the current operation of the Stations except in the Ordinary Course of Business; or

**5.1.6.** make any material change in the insurance policies included in Schedule 9.

**5.2. Good Will and Promotion.** Seller shall use commercially reasonable efforts to preserve the existing operations of the Stations intact, and shall reasonably cooperate with Buyer to preserve the goodwill of the Stations' suppliers, customers, and others having business relations with the Stations.

**5.3. Access to Facilities, Files, and Records.** At the reasonable request of Buyer and upon reasonable prior written notice to Seller, Seller shall give Buyer and its representatives (1) reasonable access during normal business hours to all facilities, property, accounts, title papers, insurance policies, licenses, agreements, commitments, records, machinery, fixtures, furniture, and inventories related to the Stations or the Station Assets, and (2) other information concerning the operation of the Stations as Buyer may reasonably request.

**5.4. Representations and Warranties.** Seller shall give notice to Buyer promptly upon the occurrence of, or upon becoming aware of the impending or threatened occurrence of, any event that would cause or constitute a material breach of any of Seller's representations or warranties in this Agreement.

**5.5. Consents.** Seller shall use commercially reasonable efforts to obtain or cause to be obtained prior to the Closing consents to the assignment to or assumption by Buyer of all Contracts and Real Estate Leases included in the Station Assets that require the consent of any third party by reason of the transactions provided for in this Agreement.

**5.6. Notice of Proceedings.** Seller will promptly notify Buyer (and in any event within five (5) business days) upon becoming aware of any actual or threatened Litigation relating to any of the Stations, the Station Assets, or the consummation of this Agreement or any transaction contemplated herein.

**5.7. Consummation of Agreement.** Seller shall fulfill and perform all conditions and obligations to be fulfilled and performed by Seller under this Agreement and make every reasonable effort to cause the transactions contemplated by this Agreement to be fully carried out.

**5.8. Compliance with Law.** Seller will comply in all material respects with all applicable federal, state and local laws, ordinances and regulations, including but not limited to the Act and the rules and policies of the FCC.

**5.9. Performance under Contracts and Real Estate Leases.** Seller will perform in all material respects its obligations under, and will use commercially reasonable efforts to keep in good standing, all Real Estate Leases and Contracts to which Seller is a party and which will be assigned to Buyer at the Closing pursuant to this Agreement.

**5.10. Title Insurance.** Seller shall provide Buyer with copies in its possession of its title insurance policies, deeds, and other documents relating to the ownership of the Real Property at least thirty (30) days prior to Closing so that Buyer will be in a position to obtain a title commitment (the "Title Commitment") for title insurance on the Real Property on or before Closing.

**5.11. Documents.** Within ten (10) business days of the date of this Agreement, Seller shall provide to Buyer all documents which are included in the Station Assets (including but not limited to all contracts, deeds and real estate leases) which have not previously been provided to Buyer.

#### **ARTICLE VI: Covenants of Buyer Pending the Closing.**

Buyer covenants and agrees that, from the date of this Agreement to and including the Closing, it will take, or refrain from taking, the following actions:

**6.1. Representation and Warranties.** Buyer shall give notice to Seller promptly upon the occurrence of, or upon becoming aware of the impending or threatened occurrence of, any event that would cause or constitute a material breach of any of the representations and warranties of Buyer in this Agreement.

**6.2. Consents.** Buyer will reasonably cooperate with Seller in obtaining consents to the assignment and assumption by Buyer of all Contracts and Real Estate Leases included in the Station Assets that require the consent of any third party by reason of the provisions in this Agreement.

**6.3. Consummation of Agreement.** Buyer shall fulfill and perform all conditions and obligations to be fulfilled and performed by Buyer under this Agreement and make every reasonable effort to cause the transactions contemplated by this Agreement to be fully carried out.

**6.4. Notice of Proceedings.** Buyer will promptly (and in any event within five (5) business days) notify Seller upon becoming aware of any actual or threatened Litigation, relating to Buyer, any of the Stations, the Station Assets, or the consummation of this Agreement or any transaction contemplated herein.

**6.5. Control of Stations.** Prior to Closing, Buyer shall not, directly or indirectly, control, supervise, direct, or attempt to control, supervise or direct the operations of the Stations, and all such operations, including complete control and supervision of all of the Stations' programs, employees, and policies, shall be the sole responsibility of Seller until the Closing.

**6.6. Further Assurances.** Buyer will take reasonable commercial actions necessary to aid Seller to effectuate the purposes and intent of this Agreement.

## **ARTICLE VII: Conditions Precedent to Obligations of Seller to Close.**

The obligation of Seller to consummate the transactions under this Agreement is subject to the fulfillment of the following conditions prior to or at the Closing:

### **7.1. Representations, Warranties, Covenants.**

**7.1.1. Buyer's Representations and Warranties.** Each of the representations and warranties of Buyer contained in this Agreement shall have been true and accurate in all material respects as of the date when made and as of the Closing Date; and

**7.1.2. Buyer's Performance Under Agreement.** Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

**7.2. Buyer's Deliveries.** Buyer shall have delivered to Seller (1) the resolution identified in section 3.2 of this Agreement, (2) good standing certificates for the States of Arizona and Texas, and (3) a certificate executed by an officer of Buyer, dated the Closing Date, certifying as to the fulfillment of the conditions set forth in Sections 7.1.1 and 7.1.2.

**7.3. Proceedings.** No Litigation shall have been instituted or threatened by or before any arbitrator, court or other governmental authority, and no order, decree or judgment shall have been rendered by any arbitrator, court or other governmental authority which (1) questions or negates the validity or legality of any transaction contemplated hereby, (2) seeks to or does enjoin any transaction contemplated hereby, (3) seeks or awards material damages on account of the consummation of any transaction contemplated hereby, or (4) involves a petition of bankruptcy or receivership by or against Buyer or is an assignment by Buyer for the benefit of creditors.

**7.4. FCC Approval.** The FCC Order contemplated by this Agreement shall have been granted.

**7.5. Rescission Agreement.** If the Closing has occurred before the FCC Order has become a Final Order, Buyer shall have executed a mutually satisfactory Rescission Agreement.

## **ARTICLE VIII: Conditions Precedent to Obligations of Buyer to Close.**

The obligation of Buyer to consummate the transactions under this Agreement is subject to the fulfillment of the following conditions prior to or at the Closing:

### **8.1. Representations, Warranties, Covenants.**

**8.1.1. Seller's Representations and Warranties.** Each of the representations and warranties of Seller contained in this Agreement shall have been true and accurate in all material respects as of the date when made and as of the Closing Date; and

**8.1.2. Seller's Performance Under Agreement.** Seller shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or at the Closing.

**8.2. Seller's Deliveries.** Seller shall have delivered to Buyer (1) a certificate executed by an officer of Seller, dated the Closing Date, certifying as to the fulfillment of the conditions set forth in Sections 8.1.1 and 8.1.2, (2) the resolutions identified in Section 2.14 of this Agreement, (3) the consents of third parties required for the assignment to Buyer of the Real Estate Leases and Contracts specified in Section 1.1.1, (4) a certificate of good standing from the State of Texas, and (5) Certificates of Estoppel from each of the lessors of the Real Estate Leases, in form and substance reasonably satisfactory to Buyer, certifying that Seller is in material compliance with the particular Real Estate Lease. Notwithstanding anything in this Agreement to the contrary, Seller shall use commercially reasonable efforts to obtain third party consents to the assignments of any Real Estate Leases or Contracts, but shall not be obligated to institute legal proceedings against any third party to force such third party's execution of a consent to the assignment of any Real Estate Lease or Contract, or expend or pay in excess of \$1,500 above or beyond the amount that Seller is already obligated to pay such third party pursuant to the terms of an existing Real Estate Lease or Contract. In the event that Seller, through the exercise of commercially reasonable efforts, is unable to obtain a third party consent, Buyer shall have the option to waive the requirement for the particular consent letter at issue or to terminate this Agreement.

**8.3. Proceedings.** No Litigation shall have been instituted or threatened by or before any arbitrator, court, or other governmental authority, and no order, decree or judgment shall have been rendered by any arbitrator, court, or other governmental authority which (1) questions or negates the validity or legality of any transaction contemplated hereby, (2) seeks to or does enjoin any transaction contemplated hereby, (3) seeks or awards material damages on account of the consummation of any transaction contemplated hereby, or (4) except as otherwise set forth herein, involves a petition of bankruptcy or receivership by or against Seller or is an assignment by Seller for the benefit of creditors.

**8.4. No Material Damage.** (1) Except as otherwise provided in Section 10.17 of this Agreement, there shall not have been any material damage to any material portion of the Station Assets which has not been repaired or replaced on or prior to Closing, and (2) except as otherwise permitted by Section 10.17 of this Agreement, the Stations will have remained on air



continuously from the date of this Agreement to and including the Closing Date (excluding downtime occasioned by routine maintenance).

**8.5. FCC Approval.** The FCC Order contemplated by this Agreement shall have been granted without any conditions materially adverse to Buyer and shall have become a Final Order: provided, that Buyer may waive the requirement that the Order become a Final Order as provided in Section 1.6.1 hereof.

**8.6. Compliance with Contracts and Real Estate Leases.** As of the Closing, Seller shall be current in its payment of any and all rents or other monies owed, and otherwise be in material compliance with other obligations under the Real Estate Leases and Contracts to be assumed by Buyer.

**8.7. Lien Search.** Buyer shall have obtained a lien search, at its expense, which is dated within twenty (20) days of the Closing Date and which demonstrates that, except for the Permitted Liens, there are no Liens of any kind or nature on the Station Assets.

**8.8. Title Insurance.** Buyer shall have obtained the Title Commitment of a title insurance company in customary form agreeing to issue to Buyer, at standard rates, ALTA 1992 Form (or similar Texas form) extended coverage title insurance policy or policies insuring Buyer's interest in the Real Property and demonstrating that, except for the Permitted Liens, there are no Liens of any kind or nature on the Real Property. All costs of the Title Commitment and any policies and endorsements issued pursuant thereto shall be paid by Buyer.

**8.9. Warranty Deed.** Seller shall deliver one or more warranty deeds to Buyer which provides Buyer with good, indefeasible fee simple title to the Real Property free and clear of any and all Liens other than the Permitted Liens.

**8.10. Rescission Agreement.** If the Closing occurs before the FCC Order becomes a Final Order, Seller shall have executed a mutually satisfactory Rescission Agreement.

## **ARTICLE IX: Indemnification.**

**9.1. Survival.** The several representations, warranties, covenants, and agreements of the Seller and Buyer contained in or made pursuant to this Agreement shall be deemed to have been made on and as of the Closing, shall survive the Closing, and shall remain operative and in full force and effect for a period specified herein or if not so specified, twelve (12) months after the Closing: provided, that all representations, warranties, covenants and agreements relating to Sections 2.4, 2.7, 2.8 and 2.9 shall survive the Closing and remain operative and in full force and effect for a period of two (2) years after the Closing; and provided further, that liabilities assumed or retained by Seller or Buyer, as the case may be, pursuant to this Agreement shall remain in effect until such liabilities have been paid or discharged in full. No party may make a claim arising out of this Agreement after the applicable survival period has ended, as this Article IX controls all such claims.

**9.2. Indemnification of Buyer.** Seller shall indemnify, defend, and hold Buyer harmless from and against any and all damages, claims, losses, expenses, costs, obligations, and liabilities including, without limiting the generality of the foregoing, liabilities for reasonable attorneys' fees ("Loss and Expense"), suffered, directly or indirectly, by Buyer after the Closing Date by reason of, or arising out of, (1) any breach of a representation or warranty made by Seller pursuant to this Agreement, (2) any failure by Seller to perform or fulfill any of its covenants or agreements set forth in this Agreement, (3) any failure by Seller to pay or discharge any liabilities which remain the responsibility of Seller under this Agreement or to comply, if required, with any bulk sales law in Texas, or (4) any Litigation or other claim by any third party (other than an assignee of the Buyer) relating to the business or operation of any of the Stations prior to the Closing. It is a condition precedent to Seller's obligation to indemnify Buyer that Buyer shall reasonably cooperate with Seller in the defense of claims that could give rise to any Loss and Expense.

**9.3. Indemnification of Seller.** Buyer shall indemnify, defend, and hold harmless Seller from any Loss and Expense suffered directly or indirectly by Seller after the Closing Date by reason of, or arising out of, (1) any breach of any representation, warranty, covenant, agreement or obligation of Buyer contained in this Agreement, (2) any failure by Buyer to perform or fulfill any of its covenants or agreements set forth in this Agreement, or (3) any failure by Buyer to pay or discharge any liabilities which become the responsibility of Buyer under this Agreement.

**9.4. Notice of Claim.** If either party believes that any Loss and Expense has been suffered or incurred, the party seeking indemnification (the "indemnified party") shall notify the other (the "indemnifying party") and its counsel promptly in writing describing such Loss and Expense, the amount thereof, if known, and the method of computation of such Loss and Expense, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss and Expense shall have occurred. Such notice shall be a condition precedent to any liability for indemnification hereunder. If any action at law or suit in equity is instituted by a third party with respect to which any of the parties intends to claim any liability or expense as Loss and Expense under this Article, the indemnified party shall promptly notify the indemnifying party of such action or suit.

**9.5. Defense of Third Party Claims.** The indemnifying party shall have the right to conduct and control, through counsel of its own choosing, any third party claim, action, or suit at its sole cost and expense, but the indemnified party may, at its election, participate in the defense of any such claim, action, or suit at its sole cost and expense: provided, that if the indemnifying party shall fail to defend any such claim, action, or suit, then the indemnified party may defend, through counsel of its own choosing, such claim, action, or suit and settle such claim, action, or suit, and be entitled to recover from the indemnifying party the amount of such settlement or of any judgment and the costs and expenses of such defense; and provided further, that the indemnifying party shall be given at least (15) days prior written notice of the terms of any proposed settlement thereof so that the indemnifying party may then undertake and/or resume the defense against the claim. The indemnifying party shall not compromise or settle any third party claim, action, or suit without the prior written consent of the indemnified party, which consent will not be unreasonably withheld or delayed: provided, that the indemnified party shall be obligated to provide its consent if such compromise or settlement includes a release for the indemnified party of all liability with respect to the matter being compromised or settled, a

reimbursement of the indemnified party for all Loss and Expense incurred in conjunction with the aforesaid claim, action, or suit, and a provision which denies any liability for the claim.

**9.6. Recovery of Loss and Expense.** If Buyer is entitled to any recovery for any Loss and Expense under this Article and does not actually recover same, the amount of such Loss and Expense shall be deemed to be an expense of operating the Station(s) and shall be included in the amount to be deducted from the gross proceeds from the subsequent sale of any of the Station Assets as set forth in Section 1.2 hereof, or at Buyer's election, shall be deducted from the gross sale proceeds from the subsequent sale of any of the Station Assets as defined in the Fort Bend Asset Purchase Agreement by and between Buyer and Fort Bend Media Broadcasting Company. Notwithstanding anything to the contrary in this Article, Seller shall only be required to indemnify Buyer pursuant to this Section 9.6 to the extent that the Loss and Expense exceeds \$20,000, and in no event shall Seller be required to indemnify Buyer for an aggregate Loss and Expense in excess of the purchase price of the Station Assets.

## **ARTICLE X: Miscellaneous.**

**10.1. Termination of Agreement.** This Agreement may be terminated immediately by notice from one party to the other on or prior to the Closing under one or more of the following circumstances:

**10.1.1.** by the mutual consent of the parties hereto;

**10.1.2.** by Seller, if any of the conditions provided in Article 7 hereof have not been met by the time required and have not been waived;

**10.1.3.** by Buyer, if any of the conditions provided in Article 8 hereof have not been met by the time required and have not been waived;

**10.1.4.** by Seller or Buyer, if the Closing has not occurred within the time specified in Section 1.7 of this Agreement; or

**10.1.5.** by any party hereto, if the FCC denies the Application in an order which becomes a Final Order or the FCC designates the Application for hearing in an order which has become a Final Order.

### **10.2. Liabilities Upon Termination.**

**10.2.1. Seller's Remedies.** If the parties hereto shall fail to consummate this Agreement on the Closing Date due to Buyer's material breach of any representation, warranty, or covenant hereunder, and Seller is not at that time in breach of any material representation, warranty, or covenant hereunder, then Seller shall be entitled to any and all remedies it has at law or equity.

**10.2.2. Buyer's Remedies.** If the parties hereto shall fail to consummate this Agreement on the Closing Date due to Seller's material breach of any representation, warranty, or covenant hereunder, and Buyer is not at that time in material breach of any representation, warranty, covenant or condition hereunder, then Buyer shall be entitled to (a) obtain specific

performance of the terms of this Agreement and of Seller's obligation to consummate the transactions contemplated hereby without posting a bond or other security (in light of the unique character of the Stations and the difficulty, if not impossibility, of quantifying Buyer's damages from Seller's material breach) and (b) pursue any other remedies which Buyer may have at law or equity. If any action is brought by Buyer to enforce this Agreement by specific performance, Seller shall waive the defense that Buyer has an adequate remedy at law.

**10.3. Notice of Breach and Opportunity to Cure.** In the event that any party to this Agreement believes that the other party is in material breach of its representations, warranties or obligations hereunder, such party shall give prompt written notice thereof, detailing the nature of the breach and the steps necessary to cure such breach. For purposes of this Agreement, no "breach" shall be deemed to have occurred hereunder unless the party alleged to be in breach has been afforded a cure period of at least twenty (20) business days following receipt of such notice within which to cure such breach. In the event a party receives notice of an alleged breach and the default is of a nature that it cannot be cured within 20 business days, if the breaching party has exercised diligent, good faith efforts to cure the default and there is a reasonable expectation that the breaching party will be able to cure the default within sixty (60) days from receipt of the notice of the alleged breach, the breaching party shall be afforded sixty (60) days from receipt of such notice within which to cure the breach.

**10.4. Successors Bound.** Subject to the provisions of Section 10.6 hereof, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**10.5. Expenses.** Except as otherwise provided herein, each party hereto shall be solely responsible for all fees and expenses which it incurs in connection with the transactions contemplated by this Agreement, including, without limitation, legal fees incurred in connection herewith: provided, that the FCC filing fees shall be divided equally between Seller and Buyer; and, provided further, that all transfer, sales, use or other taxes or assessments imposed by any governmental body on the sale of the Station Assets shall be paid by Buyer.

**10.6. Assignments.** Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party hereto.

**10.7. Further Assurances.** From time to time prior to, at and after the Closing, each party hereto shall execute all such instruments and take all such actions any other party shall reasonably request in connection with effectuating the intent and purpose of this Agreement and all transactions contemplated by this Agreement, including, without limitation, the execution and delivery of any and all confirmatory and other instruments in addition to those to be delivered at the Closing.

**10.8. Notices.** All notices, requests, consents, demands and other communications authorized or required by this Agreement shall be in writing, shall be delivered by personal delivery or by overnight delivery service (charges prepaid) and shall be delivered to each party at the following addresses (or at such other address as any party may designate in writing to the other parties):

If to Seller –

Roy E. Henderson  
9306 Belmart Rd.  
Potomac, MD 20854

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

Robert Axelrad, Esq.  
Zimmerman, Axelrad, Meyer, Stern & Wise, P.C.  
3040 Post Oak Blvd., Suite 1300  
Houston, Texas 77056

If to Buyer –

Steve Backerman, COO  
The Kalil Holding Group, LLC  
3444 North Country Club Road  
Suite 200  
Tucson, AZ 85716

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

Lewis J. Paper, Esq.  
Dickstein Shapiro LLP  
1825 Eye Street, NW  
Washington, DC 20006

**10.9. Law Governing and Venue.** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas without regard to its conflict of laws provisions. In a dispute concerning this Agreement, the parties agree that venue lies in a court of competent jurisdiction in Harris County, Texas.

**10.10. Waiver of Provisions.** The terms, covenants, representations, warranties, and conditions of this Agreement may be waived only by a written instrument executed by the party waiving compliance. The failure of any party at any time or times to require performance of any provision of this Agreement shall not affect the exercise of a party's rights at a later date. No waiver by any party of any condition or the breach of any provision, term, covenant, representation, or warranty contained in this Agreement in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation, or warranty of this Agreement.

**10.11. Counterparts.** This Agreement may be executed in counterparts, and all counterparts so executed shall collectively constitute one agreement, binding on all of the parties hereto, notwithstanding that all the parties are not signatory to the original or the same

counterpart. Facsimile or electronic signatures will be sufficient to make this Agreement legally binding.

**10.12. Reimbursement of Legal Expenses.** If a formal legal proceeding is instituted by a party to enforce that party's rights under this Agreement, the party prevailing in the proceeding shall be reimbursed by the other party for all reasonable costs incurred thereby, including but not limited to reasonable attorneys' fees.

**10.13. Publicity.** Except as required by applicable law or with the other party's express written consent, which shall not be unreasonably withheld, no party to this Agreement nor any affiliate of any party shall issue any press release or make any public statement (oral or written) regarding the transactions contemplated by this Agreement.

**10.14. Seller's Access to Records.** Any records delivered to Buyer by Seller relating to the operation of the Stations or Seller's business shall be maintained by Buyer for a period of three (3) years after the Closing Date. Upon reasonable prior notice, Seller shall be entitled to inspect and copy any of such records for purposes of preparing and completing any tax returns, dealing with claims, or other compilations of its operation of the Stations. In the event that it wishes to dispose of such records, Buyer shall give Seller thirty (30) days' prior written notice and an opportunity to retrieve such records at Seller's expense.

**10.15. Entire Agreement.** This Agreement and the documents referenced herein constitute the entire Agreement among the parties with respect to the subject matter hereof, supersede and cancel any and all prior or contemporaneous agreements and understanding between them with respect to the subject matter hereof, and may not be amended except in a writing signed by the parties.

**10.16. Risk of Loss.** The risk of loss or damage to any Station Asset prior to the Closing shall be upon Seller. In consultation with Buyer, Seller shall promptly take all reasonable steps to repair, replace or restore any damaged or lost Station Asset to its prior condition as soon as possible and in no event later than the Closing; provided, that, if the lost or damaged Station Asset is not repaired, replaced, or restored prior to Closing, Buyer shall have the option of (a) deferring the Closing until the Station Asset is repaired, replaced or restored or (b) proceeding to Closing with an assignment of any and all insurance proceeds available to cover the lost or damaged Station Asset.

**10.17. Broadcast Interruption.** Seller shall promptly notify Buyer upon learning that any Station's normal broadcast transmissions are interrupted or interfered with for more than eight (8) consecutive hours or are in any way impaired in any material manner. Seller shall provide Buyer with prompt written notice of the measures being taken to correct such problems. If the Station is not restored to full licensed power within seven (7) days of such event, or if two (2) such events occur with respect to the Station within any thirty (30) day period (and not caused by weather-related incidents or other circumstances beyond Seller's control), then Buyer shall have the right to defer the Closing until such repairs are made as may be necessary, in the reasonable judgment of Buyer, to preclude any similar interruption of on-air service after the Closing.

**10.18. Force Majuere.** In the event that performance of any of the parties' obligations under the terms of this Agreement shall be interrupted or delayed by an act of God, fire, flood, or the occurrence of any other event beyond the control of the parties hereto, either party shall be excused from such performance for the amount of time that is reasonably necessary after such natural disaster abates.

## **ARTICLE XI: Rules of Construction.**

**11.1. Defined Terms.** As used in this Agreement, the following terms shall have the following meanings:

**11.1.1.** "Accounting" shall have the meaning set forth in Section 1.3.1.

**11.1.2.** "Application" shall have the meaning set forth in Section 4.1 of this Agreement.

**11.1.3.** "Buyer" means The Kalil Holding Group, LLC.

**11.1.4.** "Contracts" shall have the meaning set forth in Section 1.1.1.(e) of this Agreement.

**11.1.5.** "Environmental Laws" shall have the meaning set forth in Section 2.8 of this Agreement.

**11.1.6.** "Excluded Assets" shall have the meaning set forth in Section 1.1.2 of this Agreement.

**11.1.7.** "FCC" means the Federal Communications Commission.

**11.1.8.** "FCC Licenses" shall have the meaning set forth in the preamble of this Agreement.

**11.1.9.** "Intangible Property" shall have the meaning set forth in Section 2.5 of this Agreement.

**11.1.10.** "Internet Items" shall have the meaning set forth in Section 1.1.1.(j) of this Agreement.

**11.1.11.** "IRS" means the Internal Revenue Service.

**11.1.12.** "Knowledge" means actual knowledge without any independent investigation.

**11.1.13.** "Litigation" shall have the meaning set forth in 2.9 of this Agreement.

**11.1.14.** "Marketing Items" shall have the meaning set forth in Section 1.1.1.(f) of this Agreement.

**11.1.15.** “Ordinary Course of Business” means the ordinary course of business of the Stations consistent with past practices and customs (including with respect to quantity and frequency).

**11.1.16.** “Other Governmental Licenses” shall have the meaning set forth in Section 1.1.1.(a) of this Agreement.

**11.1.17.** “Payments” shall have the meaning set forth in Section 2.6 of this Agreement.

**11.1.18.** “Programming Items” shall have the meaning set forth in Section 1.1.1.(g) of this Agreement.

**11.1.19.** “Real Estate Leases” shall have the meaning set forth in Section 1.1.1.(d) of this Agreement.

**11.1.20.** “Real Property” shall have the meaning set forth in Section 1.1.1.(c) of this Agreement.

**11.1.21.** “Reasonable efforts” or “commercially reasonable efforts” shall mean utilizing normal business practices to accomplish an objective without being required to initiate litigation or expend in excess of \$1,500 above and beyond what a party is already required to pay to a third party pursuant to an existing contract or lease agreement.

**11.1.22.** “Seller” means La Grange Broadcasting Corporation.

**11.1.23.** “Station” means one of the radio broadcast stations identified in the preamble of this Agreement, and “Stations” means all of the radio broadcast stations identified in the preamble of this Agreement.

**11.1.24.** “Station Assets” shall have the meaning set forth in Section 1.1.1 of this Agreement.

**11.1.25.** “Trusts” shall have the meaning set forth in Section 2.6 of this Agreement.

**11.2. Other Definitions.** Other capitalized terms used in this Agreement shall have the meanings ascribed to them herein.

**11.3. Number and Gender.** Whenever the context so requires, words used in the singular shall be construed to mean or include the plural and vice versa, and pronouns of any gender shall be construed to mean or include any other gender or genders.

**11.4. Headings and Cross-references.** Headings of the sections have been included for convenience of reference only and shall in no way limit or affect the meaning or interpretation of the specific provisions of this Agreement. All cross-references to sections herein shall mean the section of this Agreement unless otherwise stated or clearly required by the context. Words such as “herein” and “hereof” shall be deemed to refer to this Agreement as a whole and not to any



particular provision of this Agreement unless otherwise stated or clearly required by the context. The term “including” means “including without limitation.”

**11.5. Computation of Time.** Whenever any time period provided for in this Agreement is measured in “business days,” there shall be excluded from such time period each day that is a Saturday, Sunday, recognized federal legal holiday, or other day on which the FCC’s offices are closed and are not reopened prior to 5:30 p.m. Washington, D.C. time. In all other cases all days shall be counted.

**11.6. Certain Words.** Unless the context hereof requires otherwise, reference to a “party” or “party hereto” shall refer to Seller and Buyer. References in this Agreement to dollars or \$ means lawful money of the United States of America and all dollar amounts recited and payments required to be made pursuant to this Agreement shall be in lawful money of the United States of America.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year written above.

LA GRANGE BROADCASTING  
CORPORATION

By: 

Name: Roy E. Henderson

Title: President

THE KALIL HOLDING GROUP, LLC

By: \_\_\_\_\_

Name:


Title:

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year written above.

LA GRANGE BROADCASTING  
CORPORATION

By: \_\_\_\_\_  
Name: Roy E. Henderson  
Title: President

THE KALIL HOLDING GROUP, LLC

By:   
Name: Steven R. Backerman  
Title: Vice-President