

ASSET SALE AGREEMENT

THIS AGREEMENT, made and entered into as of this ____ day of August, 2001, by and between, **PAMAL BROADCASTING, LTD.**, a New York corporation with an address of 6 Johnson Road, Latham, New York (hereinafter referred to as "Seller"), and **GALAXY COMMUNICATIONS, LP**, a Delaware limited partnership with an address of 235 Walton Street, Syracuse, New York 13202 (hereinafter referred to as "Buyer").

W I T N E S S E T H

WHEREAS, Buyer has entered into a Stock Purchase Agreement dated of even date herewith (the "SPA") to acquire the stock of DOT Communications, Inc. from **TELE-MEDIA COMPANY OF EASTERN NEW YORK, L.L.C.**, (the "Galaxy Acquisition") which will, upon consummation, result in the transfer of the licenses of radio stations WKLI-FM (94.5) licensed to Ravena, New York and WABY-AM (1400) licensed to Albany, New York (hereinafter referred to as the "Stations"); and

WHEREAS, Seller has entered into an Asset Purchase Agreement dated of even date herewith to acquire certain assets, including certain assets used on the operation of the Stations, from **TELE-MEDIA COMPANY OF EASTERN NEW YORK, L.L.C.** (the "Pamal Acquisition"); and

WHEREAS, Buyer desires to acquire certain physical assets and equipment to be acquired by Seller from **TELE-MEDIA COMPANY OF EASTERN NEW YORK, L.L.C.** ("TMCENY"), used, held for use or necessary for the operation of the Stations, and to secure an assignment of certain leases, contracts and agreements for the operation of the Stations;

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

1. Definitions. Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

(a) "Closing Date" means the date set forth in the Pamal Acquisition and the Galaxy Acquisition, it being understood by the parties hereto that simultaneous closings of the instant agreement and the Pamal Acquisition and the Galaxy Acquisition are required.

(b) "Closing Place" shall be at the offices of Seller's counsel or counsel for Seller's lender or such other place as parties may mutually agree.

2. Assets to be Conveyed; Liabilities to be Assumed. On the Closing Date at the Closing Place, Seller shall assign, convey, transfer and deliver to Buyer:

(a) The real estate described in Schedule A, subject to the following terms and conditions, in addition to such others as are provided in this Asset Sale Agreement:

(1) The real estate consists of land, together with all buildings, structures, fixtures or other improvements thereon and all rights, title and interest of Seller to be acquired from TMCENY in the Pamal Acquisition, in and to all appurtenances belonging thereto and in and to any streets, alleys, public ways and rights of way or easements adjacent thereto. Seller represents that all buildings, structures, fixtures or other improvements thereon, whether real or personal property, are located within the physical boundaries of the real estate.

(2) Title to the real estate on the Closing Date shall be good and merchantable and in conformance with the requirements of paragraph 6(m) herein, except as set forth on Schedule A.

(3) The Seller shall furnish the Buyer, without cost, all existing title insurance policies, searches and/or surveys possessed by Seller.

(4) Seller has not occupied or used the real property and is transferring it to Buyer immediately upon its acquisition in the Pamal Acquisition. Based solely upon the representations of TMCENY, to the best of Seller's knowledge, the real property to be transferred to Buyer, the buildings and improvements included among the real property, and the operations thereon and the uses made thereof are in material compliance with all, and are not in

MFM:dml/112219v5 21610.002

material violation of any, applicable federal, state or local statute, ordinance, code, order, requirements, law, rule or regulation relating to environmental, occupational health or safety, building, zoning and other matters. TMCENY has represented to Seller that the past or present officers, employees and agents of the TMCENY have generated, stored, disposed of and released hazardous waste, hazardous substances and/or oil on the real property only in material compliance with statutes, ordinances, codes, orders, requirements, laws, rules or regulations relating to environmental matters, including, without limitation, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (the "Conservation Act"), the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, *et seq.* ("CERCLA"), the Clean Air Act, the Clean Water Act, the Toxic Substance Control Act and the Occupational Safety and Health Act, as such statutes may be amended (collectively, the "Environmental Laws"). To the best of the Seller's knowledge, there has been no generation, storage, disposal or release of any hazardous waste, hazardous substances and/or oil on the real property by any prior owner or lessee of the real property. For the purposes of this Paragraph, "hazardous waste" and "hazardous substance" shall have the meanings set forth in the Environmental Laws. "Oil" shall be defined as petroleum, or any petroleum products, in any form. To the Seller's knowledge, the real property has not been used by the Seller or TMCENY at any time in such a manner as to cause a violation of or to give rise to a removal or restoration obligation under any statute, ordinance, order, decree or under the law of any state, federal, municipal or other governmental body or agency having jurisdiction over the real property, including, without limitation, the Environmental Laws or any similar law, rule, regulation, order, judgment or decree; nor to the best of the Seller's knowledge, has any such violation or obligation been created by the removal of any hazardous waste, hazardous substance and/or oil from the real property by the Seller or TMCENY or by the disposition of such removed hazardous waste, hazardous substance and/or oil by the Seller. The Seller has delivered to Buyer

MFM:dml/112219v5 21610.002

true, complete and correct copies or results of any reports, studies or tests in the possession of or initiated by the Seller pertaining to the existence of toxic waste and other environmental concerns on any part of the real property or concerning compliance with or liability under the Environmental Laws in the operation of the business of the Seller on any part of the real property.

(b) The physical assets and equipment listed in Schedule B attached hereto, free and clear of all liens, charges, and encumbrances whatsoever, which Seller represents constitute substantially all of the physical assets and equipment used or useful in the operation of the Stations.

(c) The leases, contracts and agreements, including contracts for radio time, listed and described in Schedule C attached hereto, copies of which have been furnished to Buyer, as well as those contracts entered into between the date hereof and the Closing Date in the ordinary course of business by TMCENY subject to any limitations set forth in the SPA, and all contracts for sale of time on Stations for cash. Based solely upon the representations of TMCENY in the Pamal Acquisition, Seller represents that these leases, contracts and agreements are, except as they may be terminated, renewed, extended or modified and as others may be entered into, all in the ordinary course of business, all of the leases, contracts and agreements used or useful in the operation of the Stations. Buyer agrees to assume obligations first accruing and becoming payable after the Closing Date under the leases, contracts and agreements listed on Schedule C (provided, however that if the consent of the other party to any such lease, contract or agreement is required for the assignment to Buyer, and if such consent is not obtained, Buyer will only be obligated to assume such obligations for so long as Buyer obtains the benefits of such lease, contract or agreement).

(d) Such files, records and logs pertaining to the operation of the Stations as Buyer shall require, including all contracts assigned hereunder, provided, however, that Buyer is

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not purchasing and shall not be entitled to receive any of the entity records of Seller. Buyer and Seller shall each allow the other reasonable access to such books, records and contracts of the Stations which are not more than three (3) years old pertaining to the operation of the Stations from and after the Closing Date and any such older records pertaining to the operation of the Stations as may be readily available.

(e) Goodwill, privileges, copyrights, services marks, trademarks and trade names, and all other intangible property rights (including rights to the call letters for the Stations) used or useful in the operation of the Stations, all as listed and described in Schedule D hereof.

Except as expressly provided in this Agreement, Buyer does not and will not assume, incur or be charged with any liabilities or obligations of Seller of any nature whatsoever, contingent or otherwise, arising, accruing or first becoming payable prior to or in connection with, or as a result of, the Closing.

3. Excluded Assets. It is understood and agreed that the assets being sold to Buyer do not include cash, deposits, investment securities, life insurance, or retirement plan assets, leases, contracts and agreements not listed on Schedule C attached hereto or other assets set forth on Schedule E (the "Excluded Assets"). It is the representation of Seller that the assets described in Paragraph "2" of this Agreement constitute substantially all the assets used or useful in the operation of the Stations other than the Excluded Assets.

4. Schedules. Seller is delivering herewith to Buyer the Schedules required by this Agreement in a form acceptable to Buyer. Each such Schedule constitutes the joint and several representations, warranties and obligations of the Seller and shall be accurate, true and correct as of the date of this Agreement and accurate, true and correct as of the Closing Date except as updated by Seller in writing prior to the Closing. Each Schedule shall be accompanied by a copy of each document referred to therein. Between the date of the Agreement and the Closing Date, Seller shall, from time to time, promptly update the Schedules so as to maintain the accuracy of

MFM:dml/112219v5 21610.002

the information contained therein, and shall promptly supply to Buyer copies of any new documents referenced in such Schedules. Notwithstanding the foregoing, no update, change or amendment to the Schedules shall be binding on Buyer (or serve to modify the representations and warranties of Seller) unless and until Buyer accepts such update, change or amendment in a written instrument signed by Buyer.

5. Purchase Price: Method of Payment; Allocation of Purchase Price.

(a) The purchase price to be paid by Buyer to Seller shall be the sum of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000.00) (the "Purchase Price").

(b) The Purchase Price shall be paid by Buyer to Seller as follows:

(1) The deposit of \$100,000.00 held in escrow by Frank Boyle & Co., LLC shall be released to Seller at Closing by wire transfer of funds.

(2) The sum of \$1,750,000.00 (less the amount of the escrow deposit delivered to Seller pursuant to clause (1) above) at closing (less interest earned on deposits) shall be paid by Buyer to Seller by wire transfer of funds at Closing.

(c) If the Closing does not take place because Seller has made a material misrepresentation in any information provided by Seller to Buyer prior to the date of this Agreement or if Seller is in default of its obligations under this Agreement, the deposit plus interest thereon shall be returned to Buyer in accordance with the express terms of the Escrow Agreement by and between Seller and Buyer, without in any way limiting Buyer's rights under Paragraph "17" of this Agreement. The deposit shall be refundable if the conditions precedent to closing are not met so long as Buyer has not breached this Agreement and has complied with its obligations in a timely manner. Without limiting any of the foregoing, this Agreement may be terminated by Buyer without liability to Seller, and the escrow deposit shall be returned to Buyer, if the SPA is terminated by Buyer by reason of default of TMCENY or by reason of any other event or circumstance other than the default of Buyer under the SPA.

(d) The Purchase Price shall be allocated in accordance with the agreement between the parties for such allocation which is set forth in Schedule F hereof. Notwithstanding the foregoing, if Schedule F is not completed upon execution of this Agreement, and if Buyer and Seller cannot reach an agreement upon the manner in which the Purchase Price shall be allocated prior to or on the Closing Date, Buyer and Seller shall jointly engage Bond & Pecaro to

MFM:dml/112219v5 21610.002

determine the allocation of the Purchase Price among the assets. The determination of such appraiser shall be binding on Buyer and Seller (the cost of such appraisal shall be borne equally by Buyer and Seller).

6. Seller's Representations and Warranties. Seller covenants, represents and warrants to Buyer that:

(a) The execution and delivery of this Agreement has been duly approved by the board of directors and shareholders of Seller, and this Agreement constitutes a valid and binding agreement of Seller in accordance with its terms.

(b) Seller is now and on the Closing Date will be a corporation duly organized and validly existing under the laws of the State of New York and qualified to do business in, and in good standing under the laws of the State of New York. Complete and correct copies of the certificate of incorporation and by laws of Seller as now in effect are set forth on Schedule G.

(c) At closing Seller will have complete and unrestricted power to sell, transfer and deliver all assets to be transferred hereunder and instruments to be executed to vest effectively in Buyer good and merchantable title to said assets free and clear of all liens, claims, security interests, restrictions, mortgages or pledges of any kind or nature ("Encumbrances").

(d) Schedule B hereof contains a complete and accurate list, as of the date hereof, of all tangible personal property or interest therein owned by Seller or TMCENY and used or useful in the operation of the Stations and the conduct of Seller's or TMCENY's business, except as disclosed in such Schedule. The Stations' Assets conveyed by Seller (or TMCENY) at the Closing will, on the Closing Date, be in as good condition and repair (ordinary wear and tear excepted) as on August 9, 2001 (the date on which Seller inspected the Station's Assets) and will be sufficient to permit the owner thereof, immediately following the Closing, to operate and conduct the business of the Stations in material compliance with all FCC laws and regulations and as conducted up to the Closing Date.

MFM:dml/112219v5 21610.002

(e) On the Closing Date, the inventories of Seller or TMCENY for spare parts and tubes for the technical operating equipment of the Stations shall be at the levels normally maintained by Seller or TMCENY and consistent with the inventory of spare parts listed in Schedule B hereof.

(f) Between the date hereof and the Closing Date, TMCENY has contracted with Seller that TMCENY will not sell or agree to sell or otherwise dispose of any of its assets listed on Schedule B other than dispositions in ordinary usage and as required for replacements thereof.

(g) All of the assets used or useful in the operation of the Stations which are of an insurable character are insured and will remain insured between the date hereof and the Closing Date. Copies of the pertinent insurance policies now held by TMCENY are included in Schedule H hereof.

(h) On the Closing Date Seller will have acquired from TMCENY (or will have caused TMCENY to convey directly to Buyer) good and valid title to all of the physical assets and equipment as listed in Schedule B, together with all necessary additions thereto or replacements thereof, free and clear of all Encumbrances whatsoever.

(i) Except as set forth in Schedule C,

(1) all contracts, agreements, plans, leases, permits, franchises, authorizations and licenses affecting or relating to the operation of the Stations will on the Closing Date be valid and binding on Seller or TMCENY and to the knowledge of Seller, binding on other parties thereto in all respects in accordance with their terms and are in full force and effect;

(2) To the knowledge of Seller, based primarily upon the representations of TMCENY, no party to any such contract, agreement, plan, lease or license is

in material default in any respect under the terms of any such contract, agreement, plan, lease or license.

(3) The consummation of this transaction will not result in the termination of any contract, agreement, permit, plan, franchise, lease, authorization or license, and will not bring into operation any other provision thereof nor render Seller or TMCENY in breach or default thereunder.

(4) To the extent that any lease, contract or agreement requires the consent of any other party or person to its assignment, Seller will secure such consent to the assignment to the Buyer hereunder prior to the Closing Date.

(j) On the Closing Date Seller or TMCENY will have (and will convey to Buyer) good and merchantable title to the real estate described in Schedule A and in conformity with the requirements of the provisions of this Agreement. Seller or TMCENY on the Closing Date will be the owner in fee simple of the real estate described in Schedule A hereof free and clear of all Encumbrances, except as set forth on Schedule A. There shall be no encroachments, adverse uses, easements, or restrictions, except for any now of record, none of which is material, and none of which shall interfere with Buyer's intended use of the real estate. Except as disclosed on Schedule A, on the Closing Date there will be no leases or rental agreements connected with the occupancy or operation of the real estate. Except as disclosed on Schedules A, to the knowledge of Seller, no condemnation of any of the real estate shall have occurred; there shall be no existing notice covering future condemnation, and neither Seller nor TMCENY shall have any reason to believe that the real estate will be condemned, or that its present use in connection with the Stations is threatened in any way. To the knowledge of Seller, the real estate does not violate any provisions of any applicable building codes, fire regulations, zoning regulations, building restrictions, or other governmental ordinances, orders, or regulations, and Seller or TMCENY will convey the real estate free of any such violations. To the knowledge of

MFM:dml/112219v5 21610.002

Seller, the real estate is so zoned as to permit its continued commercial use for the operation of the facilities of the Stations. To the knowledge of Seller, the transmitting facilities of the Stations, including the towers, guy lines, anchors, and all other appurtenances, are entirely located within the confines of the real estate. To the knowledge of Seller, all utilities required for the operation of the Stations either enter the property through adjoining public streets, or, if they pass through adjoining private land, they do so in accordance with valid public easements. The real estate abuts one or more public rights-of-way which provide Buyer direct and unlimited access thereto. To the knowledge of Seller, there are not now and on the Closing Date there will be no notices of violation of law or ordinances, orders or requirements, noted in or issued by any department of the State of New York or the County or local governments, or prosecutions in any courts on account thereof, affecting the real estate in any material respect.

(k) There is as of the date hereof no suit, action or legal administrative arbitration or other proceeding or governmental investigation pending or to the best of Seller's knowledge, threatened which individually or in the aggregate adversely affects the title to or interest of Seller or TMCENY in any of the Stations' assets or the operation of the Stations or the conduct of their business.

(l) Seller has no employees who are employed in connection with the Stations. TMCENY has warranted and represented to Seller in the Pamal Acquisition that there are no strikes or work stoppages pending or to the best of TMCENY's knowledge, threatened against TMCENY with respect to the Stations. As of the Closing Date, Seller will cause TMCENY to pay to or on behalf of the Station's employees all wages and salaries earned, including accrued vacation and commissions through to the end of the day preceding the Closing Date. By virtue of the terms of the Pamal Acquisition, TMCENY shall be responsible for and shall indemnify and hold Seller harmless from all liabilities and obligations for any liabilities for any employees of TMCENY as a result of their employment relationship with TMCENY.

MFM:dml/112219v5 21610.002

Revenues earned and expenses incurred in connection with the Stations between the date hereof and the Closing Date are attributable to TMCENY and/or Seller. TMCENY has represented in the Pamal Acquisition that there are no employment agreements, no policy statements, no collective bargaining agreements, no deferred compensation, pension, profit-sharing or retirement plans or agreements for which Buyer shall have any liability after the Closing Date. Seller shall indemnify and hold Buyer harmless from (and Seller shall cause TMCENY to indemnify and hold Buyer harmless from) all such liabilities and obligations, except for obligations incurred by actions of the Buyer. Seller has no commitment to create any of the above-referenced plans nor will it enter into any such commitments or arrangements, or create any such plans while this Agreement is in effect. Seller shall provide Buyer with a list of all persons employed as of the date hereof and as of the Closing Date by TMCENY in the operation of the Stations (together with the level of compensation in effect for each such person). TMCENY has agreed that it shall terminate all employees of the Stations effective 11:59 p.m. on the day before the Closing. Seller covenants and agrees that, during the first thirty (30) calendar days following the date of full execution of this Agreement, Buyer shall have the sole right to make offers of employment to persons employed by TMCENY prior to the Closing Date (and Seller shall prior to the Closing Date not solicit or make offers to employ any such person who has accepted an offer of employment) Seller also covenants and agrees to not, for a period commencing on the Closing Date and continuing until the one (1) year anniversary of the Closing Date, solicit or make offers to employ any person who is employed by Buyer.

7. Buyer's Representations and Warranties. Buyer covenants, represents and warrants to Seller that:

(a) The execution and delivery of this Agreement have been duly approved by the general partners of Buyer, and this Agreement constitutes a valid and binding agreement of Buyer in accordance with its terms.

MFM:dml/112219v5 21610.002

(b) Buyer is now and on the Closing Date will be a limited partnership duly organized and validly existing under the laws of the State of Delaware, and on the Closing Date shall be qualified to do business in, and in good standing under, the laws of the State of New York. Complete and correct copies of the partnership agreement of Buyer as now in effect are set forth on Schedule H.

(c) Buyer is now and on the Closing Date will be legally, financially, technically and otherwise qualified to own and operate the Stations under the Communications Act of 1934, as amended, and the rules and regulations of the Commission. Buyer knows of no reason intrinsic to it why FCC approval of the transfer of licenses will not be granted. Buyer is not presently required to obtain an exemption or waiver of any FCC rule, regulation or policy in order to acquire the FCC Licenses or to operate the Stations.

(d) The execution, delivery and performance of this Agreement by Buyer is not conditioned on or prohibited by, and will not conflict with or result in the breach of the terms, conditions or provisions of, or constitute a default under, its partnership agreement, or any other agreement or instrument to which it is a party or otherwise subject.

8. Affirmative Covenants of Seller. Between the date of this Agreement and the Closing Date, Seller will:

(a) Without the prior written consent of Buyer, except as otherwise required herein, Seller shall not (and shall use all reasonable efforts to cause TMCENY to not):

(1) encumber or grant any security interest in or permit any new lien not existing at the date hereof on any of the Stations' assets;

(2) enter into any new time sales agreements for the Stations except for cash and in the ordinary course of business in accordance with normal business practices of the Stations for the period in question;

(3) renegotiate, modify, amend or terminate any agreement listed on Schedule D;

(4) except as provided in subparagraph "(4)" above or otherwise in the normal course of Seller's business, enter into any new contract, agreement or understanding for the Stations to be assumed by Buyer.

(b) Access to Information. Seller shall furnish (or use all reasonable efforts to cause TMCENY to furnish) such additional information concerning the Stations as Buyer may from time to time reasonably request, but such access shall not affect the representations, warranties and covenants of Seller or any other party contained or provided for herein or Buyer's rights to terminate this Agreement as provided in Paragraphs "10" or "17", or Buyer's obligation to close as provided in Paragraph "11". In the event Buyer discovers in its investigation that a representation, warranty or covenant of the Seller is untrue, it will promptly disclose the same to the Seller (provided, however, that Buyer's failure to promptly disclose such matter to Seller will not constitute a waiver of Buyer's right to require the accuracy of such representation, warranty or covenant as a condition to its obligation to close under this Agreement). Seller shall give Buyer prompt notice of the occurrence of any of the following: (1) any material event of loss; (2) the commencement of any proceeding or litigation, in law or equity, or before the FCC or any other commission, agency or administrative body or authority, which involves any of the FCC licenses herein; (3) any known material violation by Seller or TMCENY of any material federal, state or local law, statute, ordinance, rule or regulation; and/or (4) any notice of material breach, default, claimed default, or termination of any material contract or lease.

9. Risk of Loss. The risk of any loss, damage or destruction to the real estate and any of the Stations' assets to be transferred hereunder from fire or other casualty or cause shall be borne by Seller at all times prior to the Closing hereunder. Upon the occurrence of any loss or damage to any property or assets to be transferred hereunder as a result of fire, casualty or other

MFM:dml/112219v5 21610.002

causes prior to Closing, Seller shall notify Buyer of same in writing immediately stating with particularity the extent of such loss or damage incurred, the cause thereof if known and the extent to which restoration, replacement and repair of the real estate and/or the Stations' assets lost or destroyed will be reimbursed under any insurance policy with respect thereto. Subject to the provisions hereof, in the event the loss or damage exceeds Twenty Five Thousand Dollars (\$25,000.00), or adversely affects the operation of the Stations in the ordinary course to a material degree, or the property cannot be substantially repaired or restored within thirty (30) days, Buyer shall have the option (but not the obligation), exercisable within ten (10) days after receipt of such notice from Seller, to:

(a) Postpone the Closing Date until such time as the property has been completely repaired, replaced or restored, unless the same cannot be reasonably effected within thirty (30) days of notification, in which event Buyer may elect to terminate the Agreement on seven (7) days' written notice and the deposits, together with accrued interest thereon, shall be returned to Buyer.

(b) Elect to consummate the Closing and accept the property in its "then" condition, in which event Seller shall assign all rights under any insurance claim covering the loss and pay over any proceeds under any such insurance policy theretofore received by it with respect thereto and an amount equal to the deductible set forth in the applicable insurance policy or policies (or reduce the purchase price by the amount of any uninsured loss).

10. Broadcast Transmission of the Stations Prior to Closing. If, prior to the Closing Date, any event not constituting a default occurs which prevents the broadcast transmission of either of the Stations with full licensed power and antenna height as described in the FCC Licenses and in the manner it has heretofore been operating, the Seller shall give prompt written notice thereof to Buyer. If such facilities are not restored so that operation is resumed with full licensed power and antenna height within seven (7) days of such event, or, in the case of more

MFM:dml/112219v5 21610.002

than one event, the aggregate number of days preceding such restorations from all such events would be more than seven (7) days, Buyer shall have the right, by giving written notice to Seller of its election to terminate this Agreement forthwith without any further obligations hereunder on the part of any party. In the event this Agreement is terminated in accordance with this Paragraph, the deposit, together with accrued interest thereon, shall be returned to Buyer.

11. Conditions Precedent to Buyer's Obligations. The obligation of Buyer to consummate the transactions contemplated hereby is subject to the satisfaction at or prior to the Closing of the following:

(a) Related Transaction. The conditions to Buyer's obligation to close under the SPA shall have been satisfied, Buyer shall have closed the Galaxy Acquisition and thereby acquired the assignment of the FCC licenses for the Stations.

(b) Representations, Warranties and Covenants. The representations, warranties and covenants of the Seller to the extent stated herein shall be true and correct in all material respects at and as of the Closing Date as though made at and as of the Closing Date and shall survive the Closing and extend for the period provided in Paragraph "13(b)".

(c) Performance. Seller shall have substantially met all conditions and performed and complied with all agreements, obligations, covenants and conditions required by this Agreement to be met, performed or complied with by it prior to or at the Closing.

(d) Certification. Seller shall have furnished or caused to be furnished to Buyer on the Closing Date a certificate executed by the President and another officer of Seller stating that the representations, warranties and covenants of Seller contained in this Agreement are true and correct on and as of the Closing Date, and that all of the covenants required by this Agreement to be performed by Seller on or prior to the Closing Date have been performed.

(e) Consents. Seller or TMCENY shall have obtained all consents of other parties to the leases, agreements, licenses and permits necessary to permit the consummation of

this transaction and to permit Buyer to enjoy, subsequent to the Closing Date, all benefits and rights under those agreements, leases, licenses and permits which it has agreed to accept, including, without limitation, the following: any tower lease or studio lease necessary and currently used for the operation of the Stations which shall be material to Buyer's obligation to close on this Agreement.

(f) Phase I Environmental Evaluation. Buyer shall have the option to conduct Phase I testing of the owned and leased real estate which is the subject of this Agreement to be completed by Buyer, at Buyer's sole expense, within 60 days from the date hereof. In the event that the Phase I testing reveals a material violation contrary to the affirmative representations of the Seller, Buyer may elect to terminate this Agreement or shall permit Seller, at its expense and option, to remediate the real property.

(g) Lease. Seller and Buyer shall have entered into a lease agreement with respect to the studio and office facilities located at 11 Dennis Terrace, Colonie, New York and such lease shall remain in full force and effect.

(h) Instruments of Conveyance. Buyer may require that any and all bills of sale, deeds, assignments and other instruments of conveyance contemplated by Section 17(a) hereof be executed and delivered by TMCENY to Buyer (so that the chain of title to all assets runs directly from TMCENY to Buyer).

12. Conditions Precedent to Seller's Obligations. The obligations of Seller to consummate the transaction contemplated hereby are subject to satisfaction at or prior to the Closing of the following:

(a) Representations, Warranties and Covenants. The representations, warranties and covenants of the Buyer contained in this Agreement to the extent stated herein shall be true and correct in all material respects at and as of the Closing Date and shall survive the Closing and extend for the period provided in Paragraph "13(a)".

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(b) Performance. Buyer shall have met all conditions and conformed and complied with all agreements, obligations and conditions required by this Agreement to be met, performed or complied with by it prior to or at the Closing.

(c) Certification. Buyer shall have furnished or caused to be furnished to Seller on the Closing Date a certificate executed by the general partner of Buyer stating that the representations, warranties and covenants of Buyer contained in this Agreement are, to the extent stated herein, true and correct on and as of the Closing Date, and that all of the covenants required by this Agreement to be performed by Buyer on or prior to the Closing Date have been performed.

(d) Related Acquisition. Seller shall have closed and acquired the Assets from TMCENY in accordance with the Pamal Acquisition.

13. Survival of Representations and Warranties; Rights of Indemnification.

(a) All covenants, agreements, representations and warranties of the parties under this Agreement, in any Schedule or certificate or other document delivered pursuant hereto shall remain effective regardless of any investigation at any time made by or on behalf of Buyer or of any information Buyer may have with respect thereof. The representations and warranties of Seller set forth in Section 6 hereof, and Seller's indemnification obligation under Section 13(b)(2) hereof, shall survive the Closing, except that the representations and warranties of Seller set forth in Sections 6(c), (d), (e), (f), (g), (h), (i), (j), (k) and (l) (and Seller's obligation to indemnify Indemnified Parties under Section 13(b)(2) hereof by reason of such a breach of a representation or warranty) shall expire one (1) year following the Closing Date.

Notwithstanding the foregoing, the representations and warranties of Seller set forth in such Sections (and the indemnification obligation of Seller under Section 13(b)(2) hereof with respect to a breach of such representation or warranty) shall, with respect to claims which have arisen and of which Seller shall have received written notice in compliance with this Agreement, and

MFM:dml/112219v5 21610.002

which have not been resolved prior to one (1) year after the Closing Date, shall continue and survive beyond such expiration date.

(b) It is understood and agreed that Buyer does not assume, and shall not be obligated to pay, any liabilities of Seller under the terms of this Agreement or otherwise, and shall not be obligated to perform any obligations of Seller of any kind or manner, except by reason of leases, contracts and agreements expressly assigned to and assumed by Buyer, and with respect thereto only such obligations which first accrue and become payable subsequent to the Closing hereunder. Seller agrees to indemnify and hold Buyer and its respective successors and assigns (collectively, "Indemnified Parties" and, individually, "Indemnified Party"), harmless from and against:

(1) Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the ownership or operation of the Stations or the Stations' assets prior to the Closing hereunder including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed prior to the Closing hereunder under any lease, contract, agreement, or instrument assumed by any Indemnified Party hereunder; and

(2) Any and all damage or deficiency resulting from any misrepresentation, breach of warranty, or material failure to perform any agreement on the part of the Seller under this Agreement arising out of events occurring prior to the Closing, or from any misrepresentation in or omission from any certificate or other instrument furnished to any Indemnified Party pursuant to this Agreement or in connection with any of the transaction contemplated hereby; and

(3) Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees, incurred by any Indemnified

Party as a result of Seller's failure or refusal to compromise or defend any claim incident to, or otherwise to comply with, any of the foregoing provisions.

(c) If any claim or liability shall be asserted against any Indemnified Party which would give rise to a claim by such Indemnified Party against Seller for indemnification under the provisions of this Paragraph, such Indemnified Party shall promptly notify Seller in writing of the same, and Seller shall be obligated at its own expense to compromise or defend any such claim. Buyer agrees to indemnify and hold Seller and its respective successors and assigns (collectively, "Indemnified Parties" and, individually, "Indemnified Party"), harmless from and against:

(1) Any and all claims, liabilities and obligations of every kind and description, contingent or otherwise, arising from or related to the ownership or operation of the Stations or the Stations' assets after the Closing hereunder including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed after the Closing hereunder under any lease, contract, agreement, or instrument assumed by Buyer hereunder; and

(2) Any and all damage or deficiency resulting from any misrepresentation, breach of warranty, or material failure to perform any agreement on the part of the Buyer under this Agreement arising out of events occurring after the Closing, or from any misrepresentation in or omission from any certificate or other instrument furnished to Seller pursuant to this Agreement or in connection with any of the transaction contemplated hereby; and

(3) Any and all actions, suits, proceedings, damages, assessments, judgments, costs and expenses, including reasonable attorneys' fees, incurred by any Indemnified Party as a result of Buyer's failure or refusal to compromise or defend any claim incident to, or otherwise to comply with, any of the foregoing provisions.

(d) If any claim or liability shall be asserted against any Indemnified Party which would give rise to a claim by such Indemnified Party against Buyer for indemnification under the provisions of this Paragraph, such Indemnified Party shall promptly notify Buyer in writing of the same, and Buyer shall be obligated at its own expense to compromise or defend any such claim.

14. Termination of Agreement: Default by Buyer. If at any time Buyer is in default hereunder and such default is not cured within thirty (30) days after written notice to that effect by Seller, or if Buyer refuses or fails to close after the conditions to its closing have been satisfied, the Seller not being in breach of its obligations, the entire amount of deposits referred to in Paragraph "5" above, together with interest shall be paid over to Seller. The deposits shall constitute full and complete liquidated damages. It is understood that said sums shall constitute full payment for any and all damages incurred by Seller by reason of Buyer's failure to close this Agreement. The parties acknowledge that the damages actually suffered by Seller would be difficult to determine, but that the amount of the deposits is reasonable compensation to Seller in light of the damages anticipated to be suffered by the Seller in such event. In addition, if the escrow contemplated by Section 5(b) (i) is not funded by 5:00 p.m. Eastern Standard Time on August 20, 2001, Seller may, at any time thereafter but before such escrow is funded, terminate this Agreement, in which case the parties will be released from liability hereunder.

15. Termination of Agreement: Default by Seller. If at any time Seller is in material default hereunder and such default is not cured within thirty (30) days after written notice to that effect from Buyer, or if Seller fails or refuses to close after the conditions to its Closing have been satisfied, Buyer shall have the option to:

(a) Terminate this Agreement and sue for damages (the amount of which the parties hereto agree shall equal the liquidated sum of \$50,000), and/or (b) Bring an action to

enforce the terms of this Agreement by decree of specific performance, it being agreed that the property to be transferred hereunder is unique and not readily available in the open market.

16. Rescission of the Agreement. If the Closing occurs prior to the FCC consent with respect to the transfer of control of the licenses from TMCENY to Buyer under the SPA (the "FCC Consent") becoming a Final Order (as hereinafter defined), and prior to becoming a Final Order the FCC Consent is reversed or otherwise set aside, and there is an order of the FCC (or court of competent jurisdiction) requiring the reassignment of control of such licenses to TMCENY, the Seller and Buyer agree that the purchase and sale of assets under this Agreement shall be rescinded. In such event, Buyer shall convey to Seller such assets, and Seller shall repay to Buyer the Purchase Price and reassume the leases, contracts and agreements assigned and assumed by Buyer at Closing. Any such rescission shall be consummated on a mutually agreeable date within thirty (30) calendar days of such order (or, if earlier, within the time required by such order). In connection therewith, Buyer and Seller shall each execute such documents (including execution by Buyer of instruments of conveyance of the assets to Seller and execution by Seller of instruments of assumption of the leases, contracts and agreements assigned and assumed at Closing) and make such payments (including repayment by Seller to Buyer of the Purchase Price) as are reasonably necessary to give effect to such rescission. Seller's and Buyer's obligations under this Section 16 shall survive the Closing. "Final Order" means an order or action of the Commission as to which, under FCC rules, the time for filing a request for administrative or judicial review, or for instituting administrative review sua sponte, shall have expired without any such filing having been made or notice of such review having been issued; or in the event of such filing or review sua sponte, as to which such filing or review shall have been disposed of favorably to the grant and the time for seeking further relief with respect thereto under the applicable FCC or court rules shall have expired without any request for such further relief having been filed.

MFM:dml/112219v5 21610.002

17. Closing Documents. On the Closing Date at the Closing Place:

(a) Seller shall execute and/or deliver or cause to be delivered by TMCENY to Buyer:

(1) One or more bills of sale conveying to Buyer all of the tangible personal property to be acquired by Buyer hereunder.

(2) An assignment assigning to Buyer the leases, contracts and agreements to be assigned to and which Buyer has agreed at its option to assume along with all requisite third party consents.

(3) Such other assignments, bills of sale or other instruments of conveyance as may be reasonably required by Buyer to effectuate the assignment and transfer to Buyer of the assets of Seller to be assigned to Buyer hereunder.

(4) A copy of resolution of Seller's Board of Directors, certified by its Secretary, authorizing the execution, delivery and performance of this Agreement.

(5) General Warranty Deeds conveying the real estate described in Schedule A. Buyer shall obtain, at its cost, title insurance and UCC searches.

(6) A favorable opinion of counsel for Seller, dated as of the Closing Date, to the effect that:

(i) The execution and delivery of this Agreement have been duly approved by the Board of Directors of Seller, and this Agreement constitutes a valid and binding agreement and obligation of Buyer in accordance with its terms.

(ii) Seller is a limited liability company duly organized and validly existing under the laws of the State of Delaware and is qualified to do business in, and is in good standing under the laws of the State of New York.

(iii) The execution, delivery and performance of this Agreement by Seller are not conditioned on or prohibited by, and do not conflict with or result in the breach

MFM:dml/112219v5 21610.002

of the terms, conditions or provisions of, or constitute a default under, its articles of organization or its operating agreement or any other agreement or instrument to which it is a party or otherwise subject.

(iv) such counsel is aware of no suit, action or other legal or administrative proceeding or governmental investigation pending or threatened which may adversely affect Seller's ability to perform under this Agreement or which may adversely affect title to any of the purchased assets or the operation of the Stations.

(7) Seller's certificate as specified in Paragraph 11(e).

(b) Buyer shall execute and/or deliver or cause to be delivered to Seller:

(1) The Purchase Price.

(2) Satisfactory documentation from the partnership authorizing the execution, delivery and performance of this Agreement.

(3) The written undertaking of Buyer to assume, discharge and satisfy the leases, contracts and agreements assigned to Buyer pursuant to this Agreement and which Buyer has agreed at its option to assume.

(4) Such other documents or instruments as may be reasonably required by Seller, both before and after the Closing Date, to effectuate the transaction herein contemplated.

(5) A favorable opinion of counsel for Buyer dated as of the Closing Date, to the effect that:

(i) The execution and delivery of this Agreement have been duly approved by the partners of Buyer, and this Agreement constitutes a valid and binding agreement and obligation of Buyer in accordance with its terms.

(ii) Buyer is a limited partnership duly organized and validly existing under the laws of the State of Delaware, and is qualified to do business in, and is in good standing under the laws of the State of New York.

(iii) The execution, delivery and performance of this Agreement by Buyer are not conditioned on or prohibited by, and do not conflict with or result in the breach of the terms, conditions or provisions of, or constitute a default under, its partnership agreement, or any other agreement or instrument to which it is a party or otherwise subject.

18. Expenses. Buyer shall pay all sales taxes. The parties shall pay in even shares the real estate transfer taxes and other similar charges incurred in connection with the transfers contemplated by this Agreement. Real estate taxes shall be prorated between the parties as provided in Paragraph "21" as of the Closing Date. The parties shall evenly divide the cost of UCC searches, lien searches, but not title searches and title insurance. All other expenses incurred in connection with this transaction shall be borne by the party incurring the same.

19. Brokerage. The parties agree that no broker has been involved in this Agreement. The parties agree to indemnify and hold each other harmless from any claim made by any broker or finder based upon any agreement, arrangement or understanding alleged to have been made by the indemnifying party.

20. Proration. All ad valorem, real estate and other property taxes, including special assessments, on the acquired assets, shall be prorated as of the Closing Date.

21. Bulk Sales Law. Seller shall indemnify Buyer against any claims by creditors under the provisions of any applicable Bulk Sales Law.

22. Notices. All necessary notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be deemed duly given if and when mailed by certified or registered mail, return receipt requested, postage prepaid addressed as follows:

If to SELLER: Mr. James J. Morrell
Pamal Broadcasting, Ltd.

MFM:dml/112219v5 21610.002

6 Johnson Road
Latham, New York 12110

With a Copy to: Robert L. Adams, Esq.
Adams, Dayter & Sheehan, LLP
39 North Pearl Street
Albany, New York 12207

If to BUYER: Edward Levine
Galaxy Communications, LP
235 Walton Street
Syracuse, New York 13202

With a Copy to: Michael Mulpeter, Esq.
Cohn Birnbaum & Shea P.C.
100 Pearl Street
Hartford, Connecticut 06103

or such other addresses as the parties may from time to time designate.

23. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns. Notwithstanding the foregoing, Pamal shall not assign any of its rights or obligations under this Agreement without the prior written consent of Buyer, except that Seller may assign its rights and obligations to James Morrell ("Morrell") to the extent that Morrell has been assigned the right to acquire the assets (which are the subject of this Agreement) pursuant to the Pamal Acquisition (provided that Seller shall remain liable for all obligations under this Agreement).

24. Other Documents. The parties shall execute such other documents as may be necessary and desirable to the implementation and consummation of this Agreement.

25. Survival of Representations. The provisions hereof which by their terms are to be performed or observed after the Closing Date and the several representations and warranties of the parties herein contained shall survive the Closing Date hereunder for the periods specified in Paragraph "13(a)".

26. Construction. This Agreement shall be construed and enforced in accordance with the laws of the State of New York.

27. Counterparts. This Agreement may be signed by any number of counterparts with the same effect as if the signature of each such counterpart were upon the same instrument.

28. Headings. The headings of the paragraphs of this Agreement are inserted as a matter of convenience and for reference only and in no way define, limit or describe the scope of this Agreement nor the intent of any paragraph hereof.

29. Entire Agreement. This Agreement is the only agreement between the parties hereto and contains all of the terms and conditions agreed upon with respect to the subject matter hereof.

30. Effectiveness. This Agreement shall become effective immediately upon the execution and delivery by each of the parties hereto. Notwithstanding the foregoing, if this Agreement is executed prior to the completion of any or all of Schedules B, C, D, and E, Buyer and Seller shall each use good faith efforts to agree upon the contents of each such Schedule within the twenty (20) day period following the date on which Seller shall have delivered to Buyer proposed versions of all such Schedules. If, at the end of such twenty (20) day period, Buyer and Seller have not agreed on the content of each such schedule, Buyer and Seller shall submit the dispute to the determination of an individual who shall be reasonably acceptable to both Buyer and Seller and who shall have at least ten (10) years of experience in an executive capacity for an operator of a radio station (or stations) licensed to a community in the State of New York. Such individual will be requested to determine an allocation of items and matters to such Schedules which results in (i) Buyer and Seller each acquiring from TMCENY properties and assets (including, without limitation, studio and transmission equipment) sufficient to enable each to operate the radio stations which are the subject of the Galaxy Acquisition and the Pamal Acquisition, respectively, in accordance with the past practice of TMCENY and general industry

MFM:dml/112219v5 21610.002

standards, and (ii) an otherwise equitable allocation of assets, properties, contracts, leases and obligations between Buyer and Seller (taking into account the total of all such items acquired or assumed from TMCENY). The determination of such individual shall be final and binding on Buyer and Seller (and the cost of engaging such individual to conduct such an arbitration shall be borne equally by Buyer and Seller).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be executed by their duly authorized officers on the day and year first above written.

SELLER:

PAMAL BROADCASTING, LTD.
LP

By: _____
Title:

BUYER:

GALAXY COMMUNICATIONS,

By: GC Radio, Inc.
Its General Partner

By: _____
Edward F. Levine
Its President

[SIGNATURE PAGE TO ASSET SALE AGREEMENT]