

## **EXECUTION COPY**

### **ASSET PURCHASE AGREEMENT**

This ASSET PURCHASE AGREEMENT (this "*Agreement*"), made as of the 30th day of January, 2003, is by and between Silverado Broadcasting Company, a California corporation ("*Seller*"), and Citadel Broadcasting Company, a Nevada corporation ("*Buyer*").

### **RECITALS**

Seller is the licensee of and operates radio broadcast Stations KWIN(FM), Lodi, CA, (Facility ID #60425), KWNN(FM), Turlock, CA (Facility ID #60427), KJOY(FM), Stockton, CA (Facility ID #32215), and KNVQ(FM), South Lake Tahoe, CA (Facility ID #67816) and related FM translator and auxiliary broadcast stations (the "*Stations*") pursuant to licenses issued by the Federal Communications Commission (the "*FCC*");

Seller and Buyer have agreed that Seller will sell and Buyer will acquire all of the assets used or useful in connection with the operation of the Stations, on the terms and subject to the conditions set forth in this Agreement;

Simultaneously with the execution and delivery of this Agreement, Seller and Buyer are executing a Local Marketing Agreement (the "*LMA*") pursuant to which Buyer shall purchase time from Seller on stations KWIN(FM), KWNN(FM), and KJOY(FM) to present Buyer's programming, and to sell advertising time for inclusion in such programming. Effective beginning at such time as permitted under the FCC's rules, in particular, 47 C.F.R. § 73.3555, Seller and Buyer agree that the LMA will include Station KNVQ(FM) at no additional cost to Buyer other than reimbursement of expenses with respect to Station KNVQ(FM) as provided in the LMA.

Therefore, the parties agree as follows:

### **ARTICLE 1** **ASSETS TO BE CONVEYED**

**1.1. Closing.** Subject to Section 17.1 hereof and except as otherwise mutually agreed upon by Seller and Buyer, the closing of this transaction (the "*Closing*") shall take place on a date agreed upon by Buyer and Seller within ten (10) business days after the conditions specified in Sections 11.2 and 12.2 hereof have been fulfilled or waived by the party entitled to waive such condition. The parties agree that if the conditions specified in Sections 11.2 and 12.2 hereof have been fulfilled or waived by the party entitled to waive such condition with respect to the acquisition of Stations KWIN(FM), KJOY(FM) and KNVQ(FM) (collectively, the "*Stockton/Reno Stations*") and such conditions remain pending with respect to Station KWNN(FM), the parties will close on the acquisition of the Stockton/Reno Stations in advance of the acquisition of Station KWNN(FM) and the portion of the Purchase Price specified on Schedule 1.1 hereof shall be paid at the Closing. The Closing shall be held at 10:00 a.m.

Eastern time at the offices of Leventhal Senter & Lerman PLLC (“LS&L”), or at such other place and time as the parties may otherwise agree.

**1.2. Station Assets.** At the Closing, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, all of the assets used in connection with the business and operation of the Stations, including but not limited to the following:

(a) Seller’s rights in and to all of the licenses, permits and other authorizations issued to Seller by any governmental authority and used in the conduct of the business and operation of the Stations, including those listed in Schedule 1.2(a), together with any additions thereto (including renewals or modifications of such licenses, permits and authorizations and applications therefor) between the date hereof and the Closing Date (the “*Station Licenses*”) and all of Seller’s rights in and to the call letters KWIN, KWNN, KJOY, and KNVQ;

(b) Seller’s right and interests in and to the real property leased by Seller and used in the conduct of the business and operation of the Stations, including those leases listed in Schedule 1.2(b) (the “*Leases*”), together with any additions thereto between the date hereof and the Closing Date, including to the extent owned or leased by Seller, the easements, rights of ingress and egress, and rights of way associated therewith, and the buildings, towers, and fixtures located thereon. All of Seller’s real property interests to be assigned to Buyer hereunder shall be referred to as the “*Real Property*.”

(c) all equipment, office furniture and fixtures, office materials and supplies, inventory, spare parts, motor vehicles and other tangible personal property of every kind and description, owned, leased or held by Seller and used or useful in the conduct of the business and operation of the Stations, including those listed in Schedule 1.2(c), together with any replacements thereof and additions thereto, made between the date hereof and the Closing Date (the “*Personal Property*”);

(d) subject to the provisions of Article 3 hereof, all of Seller’s rights under and interest in (i) all Contracts listed in Schedule 1.2(d) hereto, (ii) the Time Sales Agreements, (iii) the Trade Agreements, and (iv) all Contracts entered into or acquired by Seller between the date hereof and the Closing Date in the ordinary course of business consistent with past practices, provided that Buyer expressly consents in writing to assume such Contracts, such Contracts are for spots which are preemptible for cash sales and which can be placed on a “run of schedule” basis, or such other Contracts that, in the aggregate, will not require payment by Buyer on or after the Closing of more than \$5,000 (the “*Assumed Contracts*”);

(e) all of Seller’s rights in and to all registered and unregistered trademarks, trade names, service marks, franchises, copyrights, including registrations and applications for registration of any of them, jingles, logos, slogans, licenses, patents, Internet domain names, Internet URLs, Internet web sites, content and databases, permits and privileges, and other intangible property rights and interests applied for, issued to or owned by Seller for use in the conduct of the business and operation of the Stations, including those listed in Schedule

1.2(e), together with any additions thereto between the date hereof and the Closing Date (the “*Intellectual Property*”);

(f) all files, records and logs relating to the operation of the Stations, including, without limitation, receivable records, the Stations’ public inspection files, filings with the FCC related to the Stations, invoices, statements, technical information and engineering data, sales correspondence, filings with the FCC and copies of all written Contracts to be assigned hereunder except for the records specifically excluded by Section 1.3(a) hereof;

(g) all rights under manufacturers’ and vendors’ warranties as exist at Closing and which relate to any of the Station Assets, as defined herein; and

(h) all computer software and programs used or held for use in the operation of the Stations.

The assets to be transferred to Buyer hereunder are hereinafter collectively referred to as the “*Station Assets*.” The Station Assets shall be transferred to Buyer free and clear of any Liens.

**1.3. Excluded Assets.** The Station Assets shall not include the following (the “*Excluded Assets*”):

(a) Seller’s books of account, financial records and records pertaining to the organization, existence or capitalization of Seller;

(b) all cash, cash equivalents, or similar type investments of Seller, such as certificates of deposit, treasury bills, and other marketable securities on hand and/or in banks;

(c) all insurance policies, except for any rights that may be assigned pursuant to Article 20 hereof; and

(d) all pension, profit sharing or cash or deferred (Section 401(k)) plans and trusts and the assets thereof and any other employee benefit plan or arrangement.

(e) subject to the LMA, all accounts receivable and notes receivable arising in connection with the operation of the Stations prior to the Closing Date and outstanding and uncollected as of the Closing Date (the “*Accounts Receivable*”); and

(f) the items listed on Schedule 1.3(f) hereof.

## **ARTICLE 2**

### **PURCHASE PRICE**

**2.1. Purchase Price.** The total consideration to be paid by Buyer for the Station Assets shall be Twenty-Five Million Five Hundred Thousand and 00/100 Dollars (\$25,500,000.00) (the “*Purchase Price*”), subject to upward or downward adjustment, as the case may be, on and after the Closing Date, pursuant to Article 5.

**2.2. Payment of Purchase Price.** The Purchase Price will be payable as follows:

(a) Upon the execution of this Agreement, Buyer shall deposit a letter of credit in the amount of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) in form satisfactory to Seller’s counsel (the “*Escrow Deposit*”) with Escrow Agent to be held pursuant to the terms and conditions of the Escrow Agreement in the form of Exhibit B. If the Closing of the sale and acquisition of Stockton/Reno Stations has occurred, and the Closing of the sale and acquisition of Station KWNN(FM) remains pending, Seller shall have the right to substitute a letter of credit in the amount of One Hundred Forty-Two Thousand, One Hundred Twenty-Five and 00/100 Dollars (\$142,125.00).

(b) At the Closing, Buyer shall pay Seller the Purchase Price, as adjusted pursuant to Section 5, by wire transfer of immediately available federal funds pursuant to wire instructions that shall be delivered by Seller to Buyer at least two (2) business days prior to the Closing Date, and Buyer and Seller shall jointly instruct Escrow Agent to return the Escrow Deposit to Buyer. If the Closing of the acquisition of the Stockton/Reno Stations and Station KWNN(FM) occur on separate dates, the portion of the Purchase Price set forth on Schedule 1.1 will be paid at each respective closing

## **ARTICLE 3**

### **ASSUMPTION OF OBLIGATIONS**

**3.1. Assumption of Obligations.** Subject to the provisions of this Article 3 and of Article 5 of this Agreement and the terms and conditions of the LMA, at the Closing Buyer shall assume and undertake to pay, satisfy or discharge the liabilities, obligations and commitments of Seller under the Station Licenses, the Leases and the Assumed Contracts, to the extent that either (1) the obligations and liabilities relate to the period after the Effective Time and arise out of events related to Buyer’s ownership of the Station Assets or Buyer’s operation of the Stations on or after the Effective Time or (2) the Purchase Price was reduced pursuant to Article 5 as a result of the proration or adjustment of such obligations and liabilities.

**3.2. Limitation.** Except as set forth in Section 3.1 hereof, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Seller of any nature whatsoever.

## **ARTICLE 4**

### **REQUIRED CONSENTS**

**4.1. FCC Application.** The assignment of the Station Licenses as contemplated by this Agreement is subject to the prior consent and approval of the FCC. No later than ten (10) business days after the date of this Agreement, Buyer and Seller shall file the FCC Applications for the Stockton/Reno Stations and for Station KWNN(FM). Seller and Buyer shall thereafter prosecute the FCC Applications with all reasonable diligence and otherwise use their best efforts to obtain the grant of the FCC Applications as expeditiously as practicable. If reconsideration or judicial review is sought with respect to the FCC Consents, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; *provided, however*, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to Article 17 hereof.

**4.2. Other Governmental Consents.** Promptly after the date of this Agreement, the parties shall prepare and file with the appropriate governmental authorities any other requests for approval or waiver that are required from such governmental authorities in connection with the transactions contemplated hereby and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and waivers.

## **ARTICLE 5**

### **PRORATIONS**

**5.1. Proration of Expenses.** Subject to the terms and conditions of the LMA, all revenues and expenses arising from the conduct of the business and operation of the Stations shall be prorated between Buyer and Seller as of the Effective Time. Such prorations shall be based upon the principle that Seller shall be responsible for all liabilities and obligations incurred or accruing in connection with the operation of the Stations until the Effective Time, and Buyer shall be responsible for such liabilities and obligations incurred by Buyer thereafter. Such prorations shall include, without limitation, all ad valorem, real estate and other property taxes, business and license fees, FCC regulatory fees, utility expenses, liabilities and obligations under all Assumed Contracts, rents and similar prepaid and deferred items, except taxes arising by reason of the transfer of the Station Assets as contemplated hereby, which shall be paid in accordance with Section 14.2. Notwithstanding the foregoing, there shall be no adjustment for, and Seller shall remain solely liable with respect to any obligations or liabilities not being assumed by Buyer in accordance with Article 3 hereof.

**5.2. Payment of Proration Items.** Three (3) business days prior to Closing, Buyer shall deliver to Seller a preliminary list of all items to be prorated pursuant to Section 5.1 (the "*Preliminary Proration Schedule*"), and, to the extent feasible, such prorations shall be credited against or added to the Purchase Price at Closing. In the event Buyer and Seller do not reach a final agreement on such prorations and adjustments at Closing, Buyer shall deliver to Seller a schedule of its proposed prorations and adjustments (the "*Proration Schedule*") no later

than forty-five (45) days after the Closing Date. The Proration Schedule shall be conclusive and binding upon Seller unless Seller provides Buyer with written notice of objection (the “*Notice of Disagreement*”) within ten (10) days after Seller’s receipt of the Proration Schedule, which notice shall state the prorations of expenses proposed by Seller (the “*Seller’s Proration Amount*”). Buyer shall have ten (10) days from receipt of a Notice of Disagreement to accept or reject Buyer’s Proration Amount. If Buyer rejects Seller’s Proration Amount, and the amount in dispute exceeds \$5,000, the dispute shall be submitted within ten (10) days to an accounting firm, mutually agreeable to the parties, that is unaffiliated with either party (the “*Referee*”) for resolution, such resolution to be made within twenty (20) days after submission to the Referee and to be final, conclusive and binding on Seller and Buyer. Buyer and Seller agree to share equally the cost and expenses of the Referee, but each party shall bear its own legal and other expenses, if any. If the amount in dispute is equal to or less than \$5,000, such amount shall be divided equally between Buyer and Seller. Payment by Buyer or Seller, as the case may be, of the proration amounts determined pursuant to this Section 5.2 shall be due five (5) days after the last to occur of (i) Seller’s acceptance of the Proration Schedule or Seller’s failure to give Buyer a timely Notice of Disagreement; (ii) Buyer’s acceptance of Seller’s Proration Amount or failure to reject Seller’s Proration Amount within ten (10) days after receipt of a Notice of Disagreement; (iii) Buyer’s rejection of Seller’s Proration Amount in the event the amount in dispute equals or is less than \$5,000; and (iv) notice to Seller and Buyer of the resolution of the disputed amount by the Referee in the event that the amount in dispute exceeds \$5,000. Any payment required by Seller to Buyer or by Buyer to Seller, as the case may be, under this Section 5.2 shall be paid by check or wire transfer of immediately available federal funds to the account of the payee with a financial institution in the United States as designated by Seller in the Proration Schedule or by Buyer in the Notice of Disagreement (or by separate notice in the event that Buyer does not send a Notice of Disagreement). If either Buyer or Seller fails to pay when due any amount under this Section 5.2, interest on such amount will accrue from the date payment was due to the date such payment is made at a per annum rate equal to the Prime Rate *plus* two percent (2%), and such interest shall be payable upon demand.

**5.3. Allocation.** The Purchase Price shall be allocated among the Station Assets in a manner complying with Section 1060 of the Internal Revenue Code of 1986, as amended, and in accordance with the procedures set forth in this Section 5.3. Buyer shall prepare an initial draft of IRS Form 8594 and shall forward such form to Seller for its approval, which approval shall not be unreasonably withheld. If the parties fail to agree on an allocation, the parties shall obtain an appraisal of the fair market value of the Station Assets. The cost of such appraisal shall be divided equally between the parties. If, contrary to the intent of the parties hereto as expressed in this **Section 5.3**, any taxing authority makes or proposes an allocation different from the allocation agreed to by the parties, Buyer and Seller shall cooperate with each other in good faith to contest such taxing authority’s allocation or proposed allocation.

## **ARTICLE 6**

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

Buyer represents and warrants to Seller as follows:

**6.1. Organization and Standing.** Buyer is a corporation organized, validly existing and in good standing under the laws of the State of Nevada and is qualified to do business in the States of California and Nevada.

**6.2. Authorization and Binding Obligation.** Buyer has all necessary power and authority to enter into and perform under this Agreement and the transactions contemplated hereby, and Buyer's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by Buyer and constitutes its valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting creditors' rights or equitable principles generally.

**6.3. Absence of Conflicting Agreements or Required Consents.** Except as set forth in Article 4 with respect to FCC and other governmental consents, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Buyer: (a) do not and will not require the consent of any third party; (b) do not and will not violate any provisions of Buyer's organizational documents; (c) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Buyer is a party; and (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under any agreement, instrument, license or permit to which Buyer is now subject.

**6.4. Absence of Litigation.** Except as set forth on Schedule 6.4, there is no claim, litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer which seeks to enjoin or prohibit, or which otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

**6.5. Bankruptcy.** No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Buyer, are pending or, to the best of Buyer's knowledge, threatened, and Buyer has not made any assignment for the benefit of creditors or taken any action which would constitute the basis for the institution of such insolvency proceedings.

**6.6. FCC Qualification.** Except as set forth on Schedule 6.6, to Buyer's knowledge, there are no facts that, under the Communications Act or the FCC rules, would disqualify it as the assignee of the Station Licenses and Buyer knows of no reason related to the Buyer why the FCC would not approve the assignment of the Station Licenses to Buyer. Except as set forth on Schedule 6.6, taking into account all stations in which Buyer currently has an attributable interest, the acquisition of the Stations by Buyer is consistent with the numerical limits as to the number of stations in which Buyer and Buyer's principals may hold attributable interests under the FCC's multiple ownership rules. Neither Buyer nor any party with an attributable interest in Buyer has filed, and prior to the Closing neither Buyer nor any party with

an attributable interest in Buyer will file any application to acquire stations operating in the same radio markets as the Stations which would result in Buyer, or persons with an attributable interest in Buyer owning and/or seeking to acquire interests in a greater number of stations in such radio market than is permitted under the FCC's multiple ownership rules or which would raise market concentration questions under the FCC's 50/70 market share test in addition to such questions presented by the transaction contemplated in this Agreement.

## **ARTICLE 7**

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

Seller represents and warrants to Buyer as follows:

**7.1. Organization and Standing.** Seller is a corporation duly formed, validly existing and in good standing under the laws of the State of California and qualified to engage in business in the State of Nevada, and has all necessary power and authority to own, lease and operate the Station Assets and to carry on the business of the Stations as now being conducted and as proposed to be conducted by Seller between the date hereof and the Closing Date.

**7.2. Authorization and Binding Obligation.** Seller has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and Seller's execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary action its part. This Agreement has been duly executed and delivered by Seller and constitutes its valid and binding obligation, enforceable in accordance with its terms, except as limited by laws affecting the enforcement of creditors' rights or equitable principles generally.

**7.3. Absence of Conflicting Agreements or Required Consents.** Except as set forth in Article 4 with respect to FCC and other governmental consents and/or as disclosed on Schedules 1.2(d) and 7.3, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Seller (a) do not and will not require the consent of any third party; (b) do not and will not violate any provisions of Seller's organizational documents; (c) do not and will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Seller is a party or by which it or the Station Assets are bound; and (d) do not and will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under any lease, contract, agreement, instrument, license or permit to which either Seller or the Station Assets are now subject.

**7.4. FCC Authorizations.**

(a) Schedule 1.2(a) contains a true and complete list of the Station Licenses, including their expiration dates. Seller has delivered to Buyer true and complete copies of the Station Licenses. The Station Licenses and other licenses, permits and authorizations listed in Schedule 1.2(a) are validly held by Seller pursuant to Final Order, and



are in full force and effect, have been issued for the full terms customarily issued to radio broadcast Stations in the States of California and Nevada, and none is subject to any restriction or condition which would limit in any respect the full operation of the Stations as now operated. The Stations are being operated in all material respects in accordance with the terms and conditions of the Station Licenses and the rules and regulations of the FCC.

(b) Except as set forth on Schedule 1.2(a), there are no applications, complaints or proceedings pending or, to Seller's Knowledge, threatened before the FCC relating to the operation of the Stations or that may result in the revocation, materially adverse modification, non-renewal or suspension of any of the Station Licenses, or the imposition of any fines, forfeitures, or other administrative actions with respect to the Stations or its operation other than proceedings affecting the broadcasting industry generally. Seller is not subject to any outstanding judgment or order of the FCC relating to the Stations. Seller is not aware of any action other than rule-making proceedings of general applicability to the radio industry which would adversely affect the FCC protected service area of the Stations as such service area is presently authorized by the FCC. All required FCC regulatory fees with respect to the Station Licenses have been paid.

(c) There are no facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Seller as the assignor of the Station Licenses.

## **7.5. Title to and Condition of Real Property.**

(a) Schedule 1.2(b) contains descriptions of all of Seller's interests, including leasehold interests, easements and rights in and agreements with respect to the Real Property. To Seller's Knowledge, except as set forth on Schedule 1.2(b), (i) the Real Property and the use thereof by Seller comply in all respects with all applicable laws, statutes, ordinances, rules and regulations of federal, state and local governmental authorities, including, without limitation, those relating to zoning; (ii) any improvements upon the Real Property and the present use thereof comply or conform in all material respects with all deed restrictions, restrictive covenants, building codes, and federal, state and local laws, regulations and ordinances, and no permits, licenses or certificates pertaining to ownership or operation of the Real Property, other than those that are transferable with the Real Property, are required by any federal, state or local government, agency, board or other governmental authority having jurisdiction over the Real Property; (iii) all such improvements are in good working condition and repair, are insurable at standard rates, and are in compliance with the rules and regulations of the FCC, and all other applicable federal, state and local statutes, ordinances, rules and regulations; (iv) there are no structural, electrical, mechanical, plumbing, air conditioning, heating or other defects in the improvements on the Real Property; (v) all towers located upon the Real Property, are structurally sound, comply with current wind-loading requirements and are not in need of repair or maintenance; and (vi) there are no modifications or improvements to the Real Property required to bring it into compliance with any law, notwithstanding that Seller's current operations on the Real Property may be grandfathered or otherwise subject to an exception, exemption or waiver. Seller has paid, or shall have paid prior to Closing all amounts owed to any contractor, architect or subcontractor for labor or materials performed, rendered or supplied in connection with the Real Property, and all contributions required to have been paid by Seller, or to Seller's Knowledge, a landlord, in connection with the construction of, or modification to, any leased Real Property have been paid.

(b) Seller holds valid and subsisting leasehold interests in and to all Leases free and clear of all Liens. With respect to each Lease included in the Station Assets, so long as Seller fulfills its obligations under the Lease, Seller has enforceable rights to non-disturbance and quiet enjoyment, to Seller's Knowledge, no third party holds any interest in the leased premises with the right to foreclosure upon Seller's leasehold interest, and Seller has full legal and practical access to the Real Property.

(c) Seller has not received any notice of any appropriation, condemnation or like proceeding, or of any violation of any applicable zoning law, regulation or other law, order, regulation or requirement affecting the Real Property or the improvements thereon, or of the need for any material repair, remedy, construction, alteration or installation with respect to the Real Property or improvements thereon, or any material change in the means or methods of conducting operations thereon.

(d) To Seller's Knowledge, all towers, guy anchors, and buildings and other improvements included in the Station Assets are located entirely on the Real Property.

**7.6. Title to and Condition of Personal Property.** Schedule 1.2(c) lists all material items of Personal Property used or held for use in conducting the business and operations of the Stations as now conducted. Seller has good and marketable title to all Personal Property and on the Closing Date, the Personal Property shall be free and clear of all Liens. On the Commencement Date of the LMA, all of the items of tangible personal property and facilities included in the Station Assets shall be in good operating condition and repair (reasonable wear and tear excepted), insurable at standard rates, shall have been properly maintained in accordance with industry standards, shall be performing satisfactorily and in accordance with standards of good engineering practice, shall comply in all material respects with applicable rules and regulations of the FCC, the terms of the Station Licenses, and with other applicable federal, state and local statutes, ordinances, rules and regulations, and shall be available for immediate use in the operation of the Stations. Seller has no knowledge of any defect in the condition or operation of any item of Personal Property which is reasonably likely to have a material adverse effect on the operation of the Stations.

**7.7. Contracts.** Seller has delivered to Buyer true and complete copies of all written Contracts and true and complete memoranda of all oral Contracts, including any amendments and other modifications to such Contracts. The Assumed Contracts constitute valid and binding obligations of Seller and, to Seller's Knowledge, of all other parties thereto, and are in full force and effect as of the date hereof. Seller is not in default under any of the Assumed Contracts and, to Seller's Knowledge, the other parties to such Assumed Contracts are not in default thereunder. Seller has not received or given written notice of any default thereunder from or to any of the other parties thereto. Except as disclosed on Schedule 1.2(d), Seller has all requisite power and authority to assign its rights under the Assumed Contracts to Buyer in accordance with this Agreement on terms and conditions no less favorable than those in effect on the date hereof, and such assignment will not affect the validity, enforceability or continuity of any such Assumed Contracts.

**7.8. Personnel Information.**

(a) Schedule 7.8 contains a true and complete list of all persons employed at the Stations, including each person's job title or the capacity in which employed, date of hire, and a description of all compensation including bonus arrangements and employee benefit plans or arrangements applicable to each such employee. Seller is not a party to any agreement, written or oral, with employees except as described on Schedule 1.2(d) or Schedule 7.8. Seller has no employment agreement of any kind, oral or written, express or implied, that would require Buyer to employ any employee of Seller after the Closing, or that would otherwise confer any obligation on Buyer.

(b) Seller is not a party to any collective bargaining agreement covering any of the employees at the Stations. Seller is not a party to any Contract with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of Seller's employees at the Stations, nor has Seller received any demands or any other requests

from a labor organization for representative status with respect to any persons employed at the Stations.

(c) Except as set forth in Schedule 7.8, Seller is not a party to or bound by any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”), whether or not such plan is otherwise exempt from the provisions of ERISA, and no employee or spouse of an employee is entitled to any benefits that would be payable pursuant to any such plan.

(d) There are no unfair labor practice charges pending against Seller.

**7.9. Intellectual Property.** Schedule 1.2(e) lists all material items of Intellectual Property applied for, issued to or owned by Seller for use in the operation of the Stations, or under which Seller is licensed or franchised to be assigned hereunder, all of which rights and interests are issued to or owned by Seller, or if licensed or franchised to Seller, are valid and uncontested. Seller has delivered to Buyer copies of all documents, if any, establishing such rights, licenses or other authority. There is no pending or, to Seller’s Knowledge, threatened proceeding or litigation affecting or with respect to the Intellectual Property. To Seller’s Knowledge, Seller is not infringing upon or otherwise acting adversely to any trademarks, trade names, service marks, service names, copyrights, patents, patent applications, internet domain names, know-how, methods, or processes owned by any other person or persons, and there is no claim or action pending, or to the knowledge of Seller threatened, with respect thereto. The Intellectual Property listed on Schedule 1.2(e) comprise all material intangible property interests used or held for use in conducting the business and operations of the Stations as now conducted.

**7.10. Compliance With Laws.** Seller has operated and is operating in material compliance with all laws, regulations and governmental orders applicable to the operation of the Stations, and its present use of the Station Assets does not violate any such laws, regulations or orders in any material respect. Seller has not received any notice asserting any noncompliance with any applicable statute, rule or regulation, in connection with the operation of the Stations.

**7.11. Taxes.** Seller has duly, timely and in the required manner filed all federal, state, local and foreign income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses which, if they had not been duly, timely and in the required manner paid by Seller would create a lien on the Station Assets that would impose a liability or obligation upon Buyer or the Station Assets. As of the time of filing of the tax returns referred to in the preceding sentence, such returns were true, complete and correct in all material respects. There are no governmental investigations or other legal, administrative, or tax proceedings pending, or to Seller’s Knowledge, threatened pursuant to which Seller is or could be made liable for any taxes, penalties, interest, or other charges, the liability for which could extend to Buyer as transferee of the business of the Stations, or could result in a Lien on any of the Station Assets, and no event has occurred that could impose on Buyer any transferee liability for any taxes, penalties, or interest due or to become due from Seller.

**7.12. Bankruptcy.** No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or any of the Station Assets, are pending or, to Seller's Knowledge, threatened, and Seller has not made any assignment for the benefit of creditors or taken any action which would constitute the basis for the institution of such insolvency proceedings.

**7.13. Environmental Matters.** To Seller's Knowledge, during Seller's tenancy at the Real Property and prior to such tenancy (a) there has been no release, nor is there a threat of a release, of any Hazardous Substance or Hazardous Waste at or from the Real Property; (b) there have been no Hazardous Substances or Hazardous Wastes present on the Real Property except for ordinary quantities of properly stored Hazardous Substances or Hazardous Wastes found in consumer or commercial products that are used in the normal course of broadcast station operations, including grounds and building operation and maintenance; (c) there have been no aboveground or underground storage tanks, whether in use or closed, on or under the Real Property; and (d) neither the Real Property, equipment or installations on the Real Property nor any Personal Property contain PCBs or asbestos in quantities sufficient to mandate the labeling or removal of such PCBs (unless in the case of equipment containing PCBs such PCBs are properly contained and labeled) or asbestos in accordance with federal, state or local government environmental standards or to warrant the imposition of any penalty, civil or criminal, against Seller. The terms "*Hazardous Substance*" and "*Hazardous Waste*" shall have the meanings set forth in the Resource Conservation and Recovery Act, as amended from time to time, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, any other applicable Environmental Law, and the regulations promulgated under all such laws. Seller has obtained all environmental, health and safety permits necessary for the operation of the Stations, all such permits are in full force and effect, and the Seller is in compliance with the terms and conditions of all such permits. Seller has not received any notice, nor does Seller have any knowledge of any administrative or judicial investigations, proceedings or actions with respect to violations, alleged, or proved, of any Environmental Law involving the Stations' operations or the Real Property.

**7.14. Location of Station Assets.** All of the Station Assets are and have been located in the States of California or Nevada since the Station Assets were acquired by Seller.

**7.15 Insurance.** The business, properties (including the Station Assets) and employees of the Stations are insured against loss, damage, or injury in amounts customary in the broadcast industry.

**7.16 Financial Statements.** Seller has provided Buyer with true and complete copies of unaudited statements of income and expense (including a statement of earnings before taxes, depreciation and amortization and any extraordinary items of income or loss) of the Stations for the calendar year ended December 31, 2001 and for the months of January through November 2002 (the "*Financial Statements*"). The Financial Statements were prepared in accordance with the books and records of the Stations, and in conformity with generally

accepted accounting principles and policies (“GAAP”), consistently applied, and fairly present the information purported to be presented therein as of the dates and for the respective periods covered thereby, and fairly reflect the results of operation of the Stations on a stand-alone basis. Seller further represents and warrants that the combined earnings before interest, taxes, depreciation and amortization (“EBITDA”) for Stations KWIN, KWNN and KJOY calculated on a stand-alone basis in accordance with GAAP for the 12 months ending December 2002 is at least One Million Five Hundred Fifty Thousand and 00/100 Dollars (\$1,550,000.00). Seller has furnished Buyer a true and complete copy of Seller’s month-by-month budget for the Stations for Year 2002, which includes all budgeted capital expenditures.

**7.17 Sufficiency of Station Assets.** The Station Assets include all assets that are necessary to operate the Stations in all material respects as currently operated.

**7.18 Absence of Litigation.** Except as set forth on Schedule 7.18, Seller is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree. There is no claim, litigation, proceeding or investigation pending or, to the Seller’s Knowledge, threatened against the Station in any federal, state or local court, or before any administrative agency, arbitrator or other tribunal authorized to resolve disputes. There is no claim, litigation, proceeding or investigation pending or, to Seller’s Knowledge, threatened against Seller, which might have a material adverse effect upon the business, assets or condition, financial or otherwise, of the Station or which seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

## **ARTICLE 8**

### **COVENANTS OF BUYER**

**8.1. Notification.** Buyer shall notify Seller of any litigation, arbitration or administrative proceeding pending or threatened against Buyer which challenges the transactions contemplated hereby, including any challenges to the FCC Application, and shall use reasonable efforts to remove any such impediment to the transactions contemplated by this Agreement.

**8.2. No Inconsistent Action.** Buyer shall not take any action materially inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement.

## **ARTICLE 9**

### **COVENANTS OF SELLER**

**9.1. Interim Operation.** Between the date of this Agreement and the Closing Date, subject to the terms and conditions of the LMA, except with the prior written consent of Buyer:

(a) Seller shall conduct the operation of the Stations solely in the ordinary and normal course of operation consistent with past practice, including continuation of the current broadcast hours of the Stations and the carriage of programming during such hours;

(b) Seller shall not sell, assign, lease or otherwise transfer or dispose of any of the Station Assets, except where no longer used or useful in the operation of the Stations or where replaced by a like asset;

(c) Seller shall not create, assume or permit to exist any mortgage, lien, pledge, or encumbrance of any nature whatsoever upon the Station Assets, except for those in existence on the date of this Agreement, all of which will be removed on or prior to the Closing Date, and for taxes which are not yet due;

(d) Seller shall operate the Stations in material compliance with the FCC's rules and regulations and the Station Licenses and with all other applicable laws, regulations, rules and orders;

(e) Seller shall (i) comply in all material respects with the Assumed Contracts, (ii) not, without the express written consent of Buyer, which consent shall not be unreasonably withheld, materially modify or amend any of the Assumed Contracts, (iii) not enter into any employment, professional service, bonus, severance pay or similar contract on behalf of the Stations that will be binding on Buyer after Closing; or (iv) not enter into any other contract, lease or agreement that will be binding on Buyer after Closing;

(f) Seller shall promptly notify Buyer of any default by, or claim of default against, any party under any of the Contracts or Leases which are material, individually or in the aggregate, to the operation of the Stations, and any event or condition which, with notice or lapse of time or both, would constitute an event of default under such Leases;

(g) Seller shall maintain insurance policies on the Stations and the Station Assets;

(h) Subject to Buyer's obligation to reimburse Seller for repairs and maintenance of Station Assets under the LMA, shall maintain the Station Assets in good operating condition; repair or replace all items of Personal Property at time intervals consistent with prior practice; maintain adequate supplies of spare parts consistent with past practices; and repair or replace (subject to Article 20) any Stations Asset that may be damaged or destroyed with items of equal or greater value and utility;

(i) Seller shall not increase the compensation payable to any employee of the Stations, or pay or arrange to pay any bonus to any employee of the Stations except in the ordinary course of Seller's business, provided that Seller shall be permitted to offer "stay" or similar bonuses to its employees.

**9.2. Access to Stations.** Between the date of this Agreement and the Closing Date, Seller shall give Buyer and Buyer's counsel, accountants, engineers and other representatives, reasonable access during normal business hours to all of Seller's properties, records and employees relating to the Stations, and shall furnish Buyer with all information

related to the Stations that Buyer reasonably requests. The rights of Buyer under this Section 9.2 shall not be exercised in such a manner as to interfere unreasonably with or disrupt the business or operation of the Stations.

**9.3. Notification.** If Seller receives notice of any litigation, arbitration or administrative proceeding pending or threatened against Seller which challenges the transactions contemplated hereby, including any challenges to the FCC Application, or otherwise becomes aware of same, Seller shall notify Buyer and shall use its reasonable efforts to take such steps as may be necessary to remove any such impediment to the transactions contemplated by this Agreement.

**9.4. Third-Party Consents.** Seller shall use its best efforts to obtain the consent of any third party necessary for the assignment to Buyer of any Lease or Assumed Contract to be assigned hereunder.

**9.5. Closing Covenant.** On the Closing Date, Seller shall transfer, convey, assign and deliver to Buyer the Station Assets as provided in Article 1 of this Agreement.

**9.6. Payment of Indebtedness; Financing Statements.** Except as specifically noted on Schedule 7.14, Seller shall secure the release of all liens or encumbrances on the Station Assets that secure the payment of any indebtedness and shall deliver to Buyer at the Closing releases or terminations under the Uniform Commercial Code and any other applicable federal, state or local statutes or regulations of any financing or similar statements filed against any Station Assets in (a) the jurisdictions in which the Station Assets are and have been located since such Station Assets were acquired by Seller, and (b) any other location specified or required by applicable federal, state or local statutes or regulations.

**9.7. No Inconsistent Action.** Seller shall not take any action which is materially inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement.

**9.8. Estoppel Certificates.** Seller shall obtain estoppel certificates from each lessor with respect to each Lease included in the Station Assets. Each estoppel certificate shall identify with specificity the lease and the term thereof, and any amendments or modifications thereto, and the amount of the monthly payment due thereunder, and shall contain the lessor's certification for the benefit of Buyer that such lease is in full force and effect, that there are no uncured defaults with respect to such lease and that Seller has been and is in full compliance with all of Seller's obligations thereunder.

## **ARTICLE 10**

### **JOINT COVENANTS**

**10.1. Conditions.** If any event should occur between the date hereof and the Closing, either within or without the control of any party hereto, which would prevent fulfillment of the conditions upon the obligations of any party to consummate the transactions



contemplated by this Agreement, the parties shall use their reasonable efforts to cure the event as expeditiously as possible.

**10.2. Commercially Reasonable Efforts.** Between the date of this Agreement and the Closing, each party shall use commercially reasonable efforts to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of the other party to consummate the sale and purchase under this Agreement.

**10.3. Control of Stations.** Between the date of this Agreement and the Closing, and subject to the LMA, Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Stations. Such operations shall be the sole responsibility of Seller and, subject to the provisions of Article 9, shall be in its complete discretion.

**10.4. Confidentiality.** Buyer and Seller shall each keep confidential all information obtained by it with respect to the other in connection with this Agreement, and if the transactions contemplated hereby are not consummated for any reason, each shall return to the other, without retaining a copy thereof, any schedules, documents or other written information, including all financial information, obtained from the other in connection with this Agreement and the transactions contemplated hereby, except where such information is known or available through other lawful sources or where such party is advised by counsel that its disclosure is required in accordance with applicable law.

**10.5. Access to Records.** For a period of four (4) years from the Closing Date, each party to this Agreement shall provide to the other party access during normal business hours to such financial records as may be necessary for either party to prepare any required tax filings.

**10.6 Environmental Studies.** Buyer may obtain, within forty-five (45) days of the execution of this Agreement, a completed Phase I environmental audit report (the "*Phase I Report*") at Buyer's sole expense regarding the Real Property. Buyer agrees to notify Seller of any objection to the status of the Phase I Report within ten (10) days after Buyer's receipt of the Phase I Report. To the extent Buyer does not notify Seller within such ten (10) day period of any objection to the Phase I Report, Buyer hereby waives any right to refuse to consummate this Agreement or to terminate this Agreement as a result of any noncompliance with Environmental Laws disclosed in the Phase I Report. If, in Buyer's reasonable judgment, a Phase II environmental audit report ("*Phase II Report*") is necessary in light of the contents of the Phase I Report and Buyer has timely objected to the applicable Phase I Report, Buyer shall obtain such Phase II Report within thirty (30) days following Buyer's objection to the Phase I Report, at Buyer's sole expense, which shall be satisfactory to Buyer in all respects. In the event that a Phase I Report and/or a Phase II report discloses an environmental condition or matter which is reasonably unsatisfactory to Buyer and to which Buyer objects on a timely basis, Seller shall have sixty (60) days from Seller's receipt of notice to remediate and eliminate such condition or matter and bring such Real Property into compliance with all Environmental Laws. If the environmental condition or matter is not remediated and eliminated by Seller within the

prescribed 60 day period, Buyer may terminate this Agreement, without any further liability hereunder.

**10.7. Title Insurance.** Within thirty (30) days of the execution of this Agreement, Buyer may obtain at Buyer's expense, a commitment for a lessee's title insurance policy related to each Lease included in the Real Property (the "*Title Commitments*"). The Title Commitments shall in all respects be reasonably acceptable to Buyer. Buyer agrees to notify Seller of any objection to the status of the Title Commitments within ten (10) days after Buyer's receipt of the Title Commitments. In the event that the Title Commitments are reasonably unsatisfactory to Buyer and Buyer has timely objected thereto, Seller shall have sixty (60) days from Seller's receipt of notice to eliminate such condition or matter. If the condition or matter is not eliminated by Seller within the prescribed 60 day period, Buyer may terminate this Agreement, without any further liability hereunder.

**10.8. Employment of Station Employees.** Subject to the terms and conditions of the LMA, (a) on the Closing Date, Seller shall terminate the Stations' employees and shall be responsible for all liabilities, including severance and accrued benefits arising therefrom. Buyer may offer 90-day probationary employment to any such terminated employees of the Station, such employment to become effective as of the Effective Time (any such terminated employees who accept employment with Buyer as of the Closing Date are the "*Transferred Employees*"). Seller shall be responsible for all liabilities and accrued benefits arising from the termination of the Transferred Employees, and in the event that Buyer terminates any Transferred Employee during the 90-day probationary employment period with or without cause, Seller shall pay such employee the severance benefits to which he or she would have been entitled if Seller had terminated such employee on the Closing Date.

(b) Seller acknowledges and agrees that Buyer shall not acquire any rights or interests of Seller in, or assume or have any obligations or liabilities of Seller under, any benefit plans maintained by, or for the benefit of any employee of Seller prior to the Effective Time, including obligations, if any, for severance or vacation accrued but not taken as of the Effective Time.

(c) Seller acknowledges and agrees that Buyer may, at any reasonable time, but subject to the specific prior approval of Seller, prior to the Closing Date interview and discuss employment terms and issues with the employees of the Station.

## **ARTICLE 11**

### **CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE**

The obligations of Buyer hereunder are, at its option, subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

**11.1. Representations, Warranties and Covenants.**

(a) All representations and warranties of Seller made in this Agreement shall be true and complete in all material respects on and as of the Closing Date as if made on and as of that date.

(b) All of the terms, covenants and conditions to be complied with and performed by Seller on or prior to Closing Date shall have been complied with or performed in all material respects.

**11.2. Governmental Consents.** The conditions specified in Article 4 of this Agreement shall have been satisfied, and the FCC Consent shall have been granted and become a Final Order, provided that Buyer may waive the requirement that the FCC Consent shall have become a Final Order.

**11.3. Governmental Authorizations.** Seller shall be the lawful holder of the Station Licenses and all other material licenses, permits and other authorizations listed in Schedule 1.2(a), and there shall not have been any modification of any of such licenses, permits and other authorizations which would have a material adverse effect on the operation of the Stations. No proceeding shall be pending which seeks or the effect of which reasonably could be to revoke, cancel, fail to renew, suspend or modify adversely any of the Station Licenses or any other material licenses, permits or other authorizations relating to the Stations.

**11.4. Third-Party Consents.** Seller shall have delivered to Buyer all third-party consents for those Contracts designated as Material Contracts on Schedule 1.2(d), and shall have delivered to Buyer all other third-party consents that have been obtained for assignment of the Contracts.

**11.5. Adverse Proceedings.** No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against, any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

**11.6. Deliveries.** Seller shall have made or stand willing to make all the deliveries required under Section 13.1.

**ARTICLE 12**

**CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE**

The obligations of Seller hereunder are subject to satisfaction, at or prior to the Closing Date, of each of the following conditions:

**12.1. Representations, Warranties and Covenants.**

(a) All representations and warranties made by Buyer in this Agreement shall be true and complete in all material respects on and as of the Closing Date as if made on and as of that date.

(b) All the terms, covenants and conditions to be complied with and performed by Buyer under this Agreement on or prior to the Closing Date shall have been complied with or performed in all material respects.

**12.2. Governmental Consents.** The conditions specified in Article 4 of this Agreement shall have been satisfied, and the FCC Consent shall have been granted.

**12.3. Adverse Proceedings.** No suit, action, claim or governmental proceeding shall be pending against, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against any party hereto that would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms.

**12.4. Deliveries.** Buyer shall have made or stand willing to make all the deliveries required under Section 13.2.

### **ARTICLE 13**

#### **DOCUMENTS TO BE DELIVERED AT THE CLOSING**

**13.1. Documents to be Delivered by Seller.** At the Closing, Seller shall deliver to Buyer the following:

(a) a certificate of an officer of Seller, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying to the fulfillment of the conditions set forth in Sections 11.1 through 11.7 hereof;

(b) instruments of conveyance and transfer, in form and substance reasonably satisfactory to counsel to Buyer, effecting the sale, transfer, assignment and conveyance of the Station Assets to Buyer, including, but not limited to, the following:

- (i) assignment of the Station Licenses;
- (ii) bill of sale for all Personal Property;
- (iii) assignment of the Leases and Contracts.

(c) resolutions of Seller's board of directors authorizing the execution, delivery and performance of this Agreement, certified by Seller's managing member;

(d) UCC Termination Statements with respect to Liens which have been placed of record on the Station Assets;

(e) evidence reasonably satisfactory to Buyer's counsel that Seller is in good standing in the State of California and is qualified to conduct business in the State of Nevada;

(f) consents for the assignment of all Material Contracts;

(g) estoppel certificates for the Leases as set forth in Section 9.8; and

(h) such other documents as may reasonably be requested by Buyer's counsel.

**13.2. Documents to be Delivered by Buyer.** At the Closing, Buyer shall deliver to Seller the following:

(a) a certificate of an officer of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, certifying to the fulfillment of the conditions specified in Sections 12.1 through 12.4 hereof;

(b) wire transfer of immediately available funds as provided in Section 2.1;

(c) instruments, in form and substance reasonably satisfactory to Seller and its counsel, pursuant to which Buyer assumes obligations, liabilities and commitments as provided in Article 3;

(d) such other documents as may reasonably be requested by Seller's counsel.

## **ARTICLE 14**

### **FEES AND EXPENSES; TRANSFER TAXES**

**14.1. Governmental Filing or Grant Fees.** Any filing or grant fees imposed by any governmental authority, the consent of which is required for the transactions contemplated hereby, including all filing fees incurred pursuant to Article 4, shall be borne equally by Buyer and Seller.

**14.2. Transfer Taxes.** Any taxes arising by reason of the sale or transfer of the Station Assets as contemplated hereby shall be paid by Seller.

**14.3. Expenses.** Each party hereto shall be solely responsible for and shall pay all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

**ARTICLE 15**  
**BROKER'S COMMISSION OR FINDER'S FEE**

**15.1. Buyer's Representation and Agreement to Indemnify.** Buyer represents and warrants to Seller that neither it nor any person or entity acting on its behalf has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, nor has it or any person or entity acting on its behalf taken any action on which a claim for any such payment could be based. Buyer further agrees to indemnify and hold Seller harmless from and against any and all claims, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of a claim by any person or entity based on any such arrangement or agreement made or alleged to have been made by Buyer.

**15.2. Seller's Representation and Agreement to Indemnify.** Seller represents and warrants to Buyer that neither it nor any person or entity acting on its behalf other than Sterling Associates – Capital Group, LLC, whose fee shall be paid by Seller, has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity, nor has it or any person or entity acting on its behalf taken any action on which a claim for any such payment could be based. Seller further agrees to indemnify and hold Buyer harmless from and against any and all claims, losses, liabilities and expenses (including reasonable attorneys' fees) arising out of a claim by any person or entity based on any such arrangement or agreement made or alleged to have been made by Seller.

**ARTICLE 16**  
**INDEMNIFICATION**

**16.1. Indemnification by Seller.** Notwithstanding the Closing, Seller hereby agrees to indemnify, defend and hold Buyer harmless against and with respect to, and shall reimburse Buyer for:

(a) Any and all losses, direct or indirect, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or obligation by Seller contained herein or in any certificate, document or instrument delivered to Buyer hereunder;

(b) Any and all obligations of Seller not assumed by Buyer pursuant to the terms of this Agreement;

(c) Any and all losses, liabilities or damages resulting from the operation or ownership of the Stations prior to the Effective Time, including but not limited to any and all liabilities not assumed by Buyer pursuant to Article 3 hereof;

(d) Any and all losses, liabilities or damages resulting from the litigation listed on Schedule 7.18;

(e) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in opposing the imposition thereof, or in enforcing this indemnity, subject to the notice and opportunity to remedy requirements of Section 16.3 hereof; and

(f) Interest at the Prime Rate on any reimbursable expense or loss incurred by Buyer from the date of payment, in the case of a reimbursable expense, and from the date of incurrence, in the case of any other losses, until the date of reimbursement by Seller.

**16.2. Indemnification by Buyer.** Notwithstanding the Closing, Buyer hereby agrees to indemnify and hold the Seller harmless against and with respect to, and shall reimburse the Seller for:

(a) Any and all losses, direct or indirect, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or obligation by Buyer contained herein or in any certificate, document or instrument delivered to Seller hereunder;

(b) Any and all obligations of Seller assumed by Buyer pursuant to the terms of this Agreement;

(c) Any and all losses, liabilities or damages resulting from the operation or ownership of the Stations by Buyer on and after the Effective Time, including but not limited to any and all liabilities assumed by Buyer pursuant to Article 3 hereof;

(d) Any and all losses, liabilities or damages resulting from the litigation listed on Schedule 6.4;

(e) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in opposing the imposition thereof, or in enforcing this indemnity, subject to the notice and opportunity to remedy requirements of Section 16.3 hereof; and

(f) Interest at the Prime Rate on any reimbursable expense or loss incurred by Seller from the date of payment, in the case of a reimbursable expense, and from the date of incurrence, in the case of any other losses, until the date of reimbursement by Buyer.

**16.3. Procedure for Indemnification.** The procedure for indemnification shall be as follows:

(a) The party seeking indemnification under this Article 16 (the “*Claimant*”) shall give notice to the party from whom indemnification is sought (the “*Indemnitor*”) of any claim, whether solely between the parties or brought by a third party, specifying (i) the factual basis for the claim, and (ii) the amount of the claim. If the claim relates to an action, suit or proceeding filed by a third party against Claimant, notice shall be given by

Claimant within fifteen (15) business days after written notice of the action, suit or proceeding was given to Claimant. In all other circumstances, notice shall be given by Claimant within thirty (30) days after Claimant becomes, or should have become, aware of the facts giving rise to the claim. Notwithstanding the foregoing, Claimant's failure to give Indemnitor timely notice shall not preclude Claimant from seeking indemnification from Indemnitor except to the extent that Claimant's failure has materially prejudiced Indemnitor's ability to defend the claim or litigation.

(b) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have thirty (30) days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purposes of this investigation, the Claimant agrees to make available to the Indemnitor and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 30-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate legal remedy.

(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification hereunder, the Indemnitor shall have the right at its own expense to participate in or assume control of the defense of the claim, and the Claimant shall cooperate fully with the Indemnitor, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnitor. If the Indemnitor elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of the claim as its own expense. If the Indemnitor does not elect to assume control or otherwise participate in the defense of any third party claim, Claimant may, but shall have no obligation to, defend or settle such claim or litigation in such manner as it deems appropriate, and in any event Indemnitor shall be bound by the results obtained by the Claimant with respect to the claim (by default or otherwise) and shall promptly reimburse Claimant for the amount of all expenses (including the amount of any judgment rendered), legal or otherwise, incurred in connection with such claim or litigation. The Indemnitor shall be subrogated to all rights of the Claimant against any third party with respect to any claim for which indemnity was paid.

**16.4. Limitations.** Neither Seller nor Buyer shall have any obligation to the other party for any matter described in Section 16.1 or Section 16.2, as the case may be, except upon compliance by the other party with the provisions of this Article 16, particularly Section 16.3. Neither party shall be required to indemnify the other party under this Article 16 for any breach of any representation or warranty contained in this Agreement unless written notice of a claim under this Article 16 was received by the party within the pertinent survival period specified in Article 18 of this Agreement.



**ARTICLE 17**  
**TERMINATION RIGHTS**

**17.1. Termination.**

This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in material default or breach of this Agreement, upon written notice to the other upon the occurrence of any of the following:

(a) if, on or prior to the Closing Date, the other party defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements contained herein and such default has not been cured within ten (10) days from receipt of written notice of default from the non-defaulting party;

(b) if the FCC denies the FCC Application for the Stockton/Reno Stations or designates it for a trial-type hearing;

(c) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing;

(d) if the Closing of the sale and acquisition of the Stockton/Reno Stations has not occurred within twelve (12) months of the date the FCC Application is accepted for filing; *provided, however*, that if this Agreement is terminated pursuant to this Subsection 17.1(d), the termination right set forth in Section 8.3(a) of the LMA shall not apply; or

(e) by Buyer, pursuant to the terms of Sections 10.6 and 10.7 hereof.

**16.2. Termination with respect to Station KWNN(FM).** If this Agreement has been consummated with respect to the Stockton/Reno Stations, and the FCC Consent remains pending with respect to Station KWNN(FM), the following provisions shall apply:

(a) the LMA shall remain in effect with respect to Station KWNN(FM) for the remainder of its five (5) year term. Between the Closing Date of the sale and acquisition of the Stockton/Reno Stations and the expiration date of the LMA, Buyer shall continue to prosecute the FCC Application with respect to Station KWNN(FM) with all reasonable diligence. Upon grant of the FCC Consent for assignment of license of Station KWNN(FM) to Buyer, Buyer shall pay Seller the remaining Two Million Nine Hundred Thousand Dollars (\$2,900,000) of the Purchase Price.

(b) if Buyer determines in its sole discretion that further prosecution of the FCC Application is inadvisable, Buyer

shall have right to assign its right to purchase Station KWNN(FM) to a third party who shall either enter into a new purchase agreement with Seller that is substantially similar in form to this Agreement or be assigned Buyer's rights hereunder. Seller covenants and agrees to execute such new purchase agreement or to approve the assignment of this Agreement with such amendments as a commercially reasonable with or to such third party as designated by Buyer. If such an arrangement for the sale of Station KWNN(FM) to a third party has not taken place prior to the expiration of the term of the LMA, this Agreement shall automatically terminate and Seller shall have the right to sell Station KWNN(FM) and retain all proceeds from the sale thereof.

(c) if Buyer assigns its right to purchase Station KWNN(FM) to a third party, upon closing of such sale, Seller shall receive Two Million Nine Hundred Thousand Dollars (\$2,900,000) regardless of the actual selling price (*i.e.* if the purchase price is in excess of Two Million Nine Hundred Thousand Dollars (\$2,900,000), Buyer shall receive the excess amount, if the purchase price is less than Two Million Nine Hundred Thousand Dollars (\$2,900,000), Buyer shall pay Seller the shortfall). If Buyer assigns its right to purchase Station KWNN(FM) to a third party during the fifth (5<sup>th</sup>) year of the term of the LMA, and the purchase price exceeds Two Million Nine Hundred Thousand Dollars (\$2,900,000), upon closing of such sale, Seller shall receive Two Million Nine Hundred Thousand Dollars (\$2,900,000), plus ten percent (10%) of the selling price in excess of Two Million Nine Hundred Thousand Dollars (\$2,900,000), and Buyer shall receive ninety percent (90%) of the selling price in excess of Two Million Nine Hundred Thousand Dollars (\$2,900,000), if any.

**17.3. Liability.** The termination of this Agreement under Section 17.1 hereof shall not relieve any party of any liability for breach of this Agreement prior to the date of termination.

## **ARTICLE 18**

### **SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS**

The representations, warranties, covenants, indemnities and agreements contained in this Agreement or in any certificate, document or instrument delivered pursuant to this Agreement are and will be deemed and construed to be continuing representations, warranties, covenants, indemnities and agreements and shall survive the Closing for a period of two years after the Closing Date. No claim may be brought under this Agreement or any other certificate, document or instrument delivered pursuant to this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the applicable survival period. In the event such a notice is given, the right to indemnification with respect thereto shall survive the applicable survival period until such claim is finally resolved and any obligations thereto are fully satisfied. Any investigation by or on behalf of any party

hereto shall not constitute a waiver as to enforcement of any representation, warranty, covenant or agreement contained herein.

## **ARTICLE 19**

### **REMEDIES UPON DEFAULT**

**19.1. Default by Seller.** Seller recognizes that, in the event Seller defaults in the performance of its obligations under this Agreement, monetary damages alone will not be adequate. Buyer shall therefore be entitled in such event, in lieu of bringing suit at law or equity for money or other damages (including costs and expenses incurred by Buyer in the preparation and negotiation of this Agreement and in contemplation of the Closing hereunder) or for indemnification under Article 16 hereof, to obtain specific performance of the terms of this Agreement. In any action to enforce the provisions of this Agreement, Seller shall waive the defense that there is an adequate remedy at law or equity and agree that Buyer shall have the right to obtain specific performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security. In addition, Buyer shall be entitled to obtain from Seller court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder, plus interest at the Prime Rate on the amount of any judgment obtained against Seller from the date of default until the date of payment of the judgment. As a condition to seeking specific performance, Buyer shall not be required to have tendered the Purchase Price specified in Section 2.1 of this Agreement, but shall be required to demonstrate that it is willing and able to do so and to perform its other closing obligations in all respects.

**19.2. Default by Buyer.** If the transactions contemplated by this Agreement are not consummated as a result of Buyer's material breach of this Agreement or wrongful failure to close hereunder, and Seller is not also in material breach hereunder, Seller shall be entitled to payment of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) as liquidated damages in full settlement of any damages of any nature or kind that Seller may suffer or allege to suffer as the result thereof; *provided, however*, that if Buyer's material breach or wrongful failure to close hereunder occurs after the Closing of the Stockton/Reno Stations has occurred, Seller shall be entitled to payment of One Hundred Forty-Two Thousand One Hundred Twenty-Five and 00/100 Dollars (\$142,125.00) as liquidated damages in full settlement of any damages of any nature or kind that Seller may suffer or allege to suffer as the result thereof. It is understood and agreed that the amount of liquidated damages represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. Recovery of liquidated damages under this Section 19.2 shall be the sole and exclusive remedy of Seller against Buyer for breach of or failure to consummate this Agreement and shall be applicable regardless of the actual amount of damages sustained. In addition, Seller shall be entitled to obtain from Buyer court costs and reasonable attorneys' fees incurred by it in enforcing its rights hereunder, plus interest at the Prime Rate on the amount of any judgment obtained against Buyer from the date of default until the date of payment of the judgment. As a condition to obtaining liquidated damages, Seller shall not be required to have tendered the Station Assets but shall be required to demonstrate that it is willing and able to do so and to perform its other closing obligations in all material respects.

**ARTICLE 19A**  
**ENFORCEMENT OF REMEDIES; DISPUTE RESOLUTION**

**19A.1. Arbitrable Disputes.** Except for (i) the right of Buyer to seek specific performance of the Seller's obligation to consummate this Agreement, (ii) disputes between Buyer and Seller arising out of or in connection with this Agreement which constitute claims of greater than One Million Dollars (\$1,000,000), or (iii) the right of Seller or Buyer to enforce the provisions of or any determination made pursuant to this section, the parties agree to resolve (i) disputes between Buyer and Seller arising out of or in connection with this Agreement which constitute claims of less than One Million Dollars (\$1,000,000), or (ii) disputes between Buyer and Seller relating directly to the disposition of the Escrow Deposit (an "*Arbitrable Dispute*") as provided in this Section 19A. With respect to disputes between Buyer and Seller arising out of or in connection with this Agreement which constitute claims of greater than One Million Dollars (\$1,000,000) (other than disputes between Buyer and Seller relating directly to the disposition of the Escrow Deposit), the parties shall be entitled to bring suit at law or equity for money or other damages.

**19A.2. Appointment of Dispute Panel.** If any Arbitrable Dispute is not resolved in the time permitted by this Agreement or, if no time is specified, within ten (10) business days of the date either party gives the other notice that it intends to invoke the provisions of this Section 21.10, each party will immediately name one arbitrator who shall be a person with one of the following qualifications: (i) substantial experience in radio ownership or management; (ii) an accountant with experience in radio broadcasting; or (iii) a radio broadcasting consultant or broker affiliated with a national media brokerage company, and, within ten (10) business days of their appointment, the two arbitrators so selected shall select a third arbitrator with similar qualifications (the "*Dispute Panel*").

**19A.3. Decision Process.** Each party may submit such materials as it may elect (including without limitation, written testimony in the form of affidavits or declarations under penalty of perjury of persons with personal knowledge regarding the facts pertaining to the matter or matters in dispute) to the Dispute Panel, provided that a copy of such material is delivered by hand or overnight courier to the other party. Neither party will contact any member of the Dispute Panel to discuss the dispute unless the other party is present in person or by conference telephone call or the other party consents. The Dispute Panel will request and review such information as its members deem necessary to resolve the dispute. If the Dispute Panel requests that any person who has presented written testimony on behalf of one of the parties appear before the Dispute Panel for examination, the party sponsoring such person's testimony shall arrange for such person to appear before the Dispute Panel at such sponsoring party's expense. The Dispute Panel and each party will treat all information received by it as confidential and will destroy such information when the dispute is resolved. The Dispute Panel will resolve the matters presented to it so as to give each party the benefit of its bargain by applying the provisions of this Agreement and, to the extent the Agreement is not dispositive, the customs and practices which, in the reasonable view of the Dispute Panel, are common to transactions of this nature. The Dispute Panel will render its decision as soon as possible, but in

any event, within sixty (60) days after the appointment of the third expert. The decision will be in writing and signed by each member of the Dispute Panel. The decision may include an award of damages, as permitted by this Agreement. Any third party may rely upon an original copy of the written decision or a copy of the decision certified by any member of the Dispute Panel as evidence of the decision.

**19A.4. Binding Effect.** The decision of a majority of the members of the Dispute Panel will be binding and final with respect to both parties and may be enforced by seeking preliminary and permanent injunctive relief or entry of a judgment by a court of competent jurisdiction.

**19A.5. Costs and Fees.** Each party will bear the costs and fees of the expert appointed by it plus half of the costs and expenses of the third expert. If the Dispute Panel determines by majority decision that the position of a party was taken primarily to delay or otherwise impair the business efforts of the other party, then that party that advocated such position will pay the costs and fees of all the members of the Dispute Panel, plus the other party's reasonable attorney's fees and expenses, including any expenses incurred in connection with the appearance of persons giving testimony on the party's behalf before the Dispute Panel.

## **ARTICLE 20**

### **RISK OF LOSS**

The risk of loss or damage to the Station Assets prior to the Effective Time shall be upon Seller. Seller shall repair, replace and restore any damaged or lost material Stations Asset to its prior condition as soon as possible; *provided, however*, if Seller is unable or fails to repair, restore or replace a lost or damaged item required to be repaired or replaced by Seller prior to the Closing, the Closing shall nevertheless take place as scheduled, Seller shall assign to Buyer any insurance proceeds with respect to the lost or damaged property, and, to the extent that the insurance proceeds do not fully cover the costs of repairing or replacing the lost or damaged property, Seller shall reimburse Buyer for the cost of the repair, restoration or replacement of such item.

## **ARTICLE 21**

### **OTHER PROVISIONS**

**21.1. Publicity.** Except as required by applicable law or with the other party's express written consent, no party to this Agreement nor any affiliate of any party shall issue any press release or similar public statement regarding the transactions contemplated by this Agreement.

**21.2. Benefit and Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Neither Buyer nor Seller may assign this Agreement without the prior written consent of the other party hereto, except that Buyer may assign this Agreement to an Affiliate.

**21.3. Entire Agreement.** This Agreement and the exhibits and schedules hereto embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No amendment, waiver of compliance with any provision or condition hereof, or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought. Any matter that is disclosed in a Schedule hereto in such a way as to make its relevance to the information called for by another Schedule readily apparent shall be deemed to have been included in such other Schedule, notwithstanding the omission of an appropriate cross-reference.

**21.4. Headings.** The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

**21.5. Computation of Time.** If after making computations of time provided for in this Agreement, a time for action or notice falls on Saturday, Sunday or a Federal holiday, then such time shall be extended to the next business day.

**21.6. Governing Law; Venue for Legal Actions; Waiver of Jury Trial; Attorneys Fees.** The construction and performance of this Agreement shall be governed by the laws of the State of California without regard to its principles of conflict of law. If any law suit is filed to resolve an issue as to the interpretation or enforcement of this agreement and is not dismissed on the basis, (i) each party irrevocably waives trial by jury and the right thereto in any and all litigation in any court with respect to, in connection with, or arising out of this Agreement and (ii) the prevailing party in such action shall be entitled to receive reimbursement from the other party for all reasonable attorneys' fees and other costs and expenses incurred by the prevailing party in respect of such litigation, including any appeal, and such reimbursement may be included in the judgment or final order issued in that proceeding. The parties hereby agree that any law suit in connection with this Agreement may only be filed in a state court located within Stanislaus County, California, or in a federal court for the district in which said county is located, and the parties waive any objection to a legal action brought in such court based on *forum non conveniens*.

**21.7. Notices.** Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, addressed to the following addresses, or to such other address as any party may request in writing.

If to Buyer:

Citadel Broadcasting Company  
c/o Forstmann Little & Co.  
767 Fifth Avenue, 44<sup>th</sup> Floor  
New York, NY 10153  
Attn: Mr. Farid Suleman  
Telephone: (212) 355-5656  
Facsimile: (212) 759-9059

and

Citadel Broadcasting Company  
7201 W. Lake Mead Blvd.  
Suite 400  
Las Vegas, NV 89128  
Attn: Ms. Donna Heffner, CFO  
Telephone: (702) 804-8202  
Facsimile: (702) 804-8292

With a copy to:

Leventhal, Senter & Lerman, P.L.L.C.  
2000 K Street, N.W.  
Suite 600  
Washington, D.C. 20006-1809  
Attention: Steven A. Lerman, Esq.  
Telephone: (202) 429-8970  
Facsimile: (202) 293-7783

If to Seller:

Silverado Broadcasting Company  
6392 Washington Street  
Napa, CA 94558  
Attn: Mr. Roy Williams, President  
Telephone: (209) 476-1230  
Facsimile: (209) 957-1833

With a copy to:

David Tillotson, Esquire  
4606 Charleston Terrace, N.W.  
Washington, DC 20007  
Telephone: (202) 625-6241  
Facsimile: (202) 965-2018

Any such notice, demand or request shall be deemed to have been duly delivered and received (i) on the date of personal delivery, or (ii) on the date of transmission, if sent by facsimile (but only if a hard copy is also sent by overnight courier), or (iii) on the date of receipt, if mailed by registered or certified mail, postage prepaid and return receipt requested, or (iv) on the date of a signed receipt, if sent by an overnight delivery service, but only if sent in the same manner to all persons entitled to receive notice or a copy.

**21.8. Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

**21.9. Further Assurances.** Seller shall at any time and from time to time after the Closing execute and deliver to Buyer such further conveyances, assignments and other written assurances as Buyer may reasonably request in order to vest and confirm in Buyer (or its assignees) the title and rights to and in all of the Station Assets to be and intended to be transferred, assigned and conveyed hereunder.

## **ARTICLE 22**

### **DEFINITIONS**

Unless otherwise stated in this Agreement, the following terms when used herein shall have the meanings assigned to them below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

*“Accounts Receivable”* shall have the meaning set forth in Section 1.3.

*“Affiliate”* shall mean any person or entity that is controlling, controlled by or under common control with the named person or entity.

*“Agreement”* shall mean this Asset Purchase Agreement, including the exhibits and schedules hereto.

*“Arbitrable Dispute”* shall have the meaning set forth in Section 21.10.

*“Assumed Contracts”* shall have the meaning set forth in Section 1.2(d).



*“Buyer”* shall have the meaning set forth in the preamble to this Agreement.

*“Buyer’s Proration Amount”* shall have the meaning set forth in Section 5.2.

*“Business Day,”* whether or not capitalized, shall mean every day of the week excluding Saturdays, Sundays and Federal holidays.

*“Claimant”* shall have the meaning set forth in Section 16.3(a).

*“Closing”* shall have the meaning set forth in Section 1.1.

*“Closing Date”* shall mean the date on which the Closing is completed.

*“Contracts”* shall mean the contracts, agreements, including employment agreements, commitments and understandings of Seller or to which Seller is a party, relating to the conduct of the business and operation of the Stations.

*“Dispute Panel”* shall have the meaning set forth in Section 21.10.

*“Effective Time”* shall mean 12:01 a.m., local Pacific Standard Time, on the Closing Date.

*“Environmental Laws”* shall mean any applicable federal, state or local law, statute, charter, ordinance, rule or regulation or any governmental agency interpretation, policy or guidance, and any permit, order, directive, court ruling or order or consent decree applicable to or affecting the Real Property.

*“ERISA”* shall have the meaning set forth in Section 7.8(c).

*“Escrow Agent”* shall mean Leventhal Senter & Lerman PLLC.

*“Excluded Assets”* shall have the meaning set forth in Section 1.3.

*“FCC”* shall mean the Federal Communications Commission.

*“FCC Applications”* shall mean the applications that Seller and Buyer must file with the FCC requesting its consent to the assignment of the Station Licenses.

*“FCC Consent”* shall mean the action by the FCC granting the FCC Application.

*“Final Order”* shall mean action by the FCC (i) which has not been vacated, reversed, stayed, set aside, annulled or suspended, (ii) with respect to which no timely appeal, request for stay or petition for rehearing, reconsideration or review by any party or by the FCC on its own motion, is pending, and (iii) as to which the time for filing any such appeal, request,

petition, or similar document or for the reconsideration or review by the FCC on its own motion under the Communications Act of 1934, as amended, and the rules and regulations of the Commission, has expired.

*“Hazardous Substance”* shall have the meaning set forth in Section 7.13.

*“Hazardous Waste”* shall have the meaning set forth in Section 7.13.

*“Indemnitor”* shall have the meaning set forth in Section 16.3(a).

*“Intellectual Property”* shall have the meaning set forth in Section 7.9.

*“Knowledge”* when used in this Agreement in connection with any representation or warranty by a party means the actual knowledge of such party through such party’s principals or management employees (including the general managers and chief engineers of the Stations) without any requirement or expectation that such party has made any investigation or inquiry regarding the matter at issue.

*“Leases”* shall have the meaning set forth in Section 1.2(b)

*“Liens”* shall mean mortgages, deeds of trust, liens, pledges, collateral assignments, security interests, leases, subleases, conditional sales agreements, easements, covenants, encroachments, encumbrances, restrictions, charges or other defects of title.

*“LMA”* shall have the meaning set forth in the recitals to this Agreement.

*“LS&L”* shall have the meaning set forth in Section 1.1.

*“Material Adverse Effect”* shall have the meaning set forth in Section 11.6.

*“Material Contracts”* shall mean those Contracts marked as “\*\*\*” on Schedule 1.2(d) of this Agreement.

*“Notice of Disagreement”* shall have the meaning set forth in Section 5.2.

*“Personal Property”* shall have the meaning set forth in Section 1.2(c).

*“Phase I Report”* shall have the meaning set forth in Section 10.7.

*“Phase II Report”* shall have the meaning set forth in Section 10.7.

*“Preliminary Proration Schedule”* shall have the meaning set forth in Section 5.2.

*“Prime Rate”* shall mean a per annum rate equal to the “prime rate” as published in the Money Rates column of the Eastern Edition of *The Wall Street Journal* (or the average of such rates if more than one rate is indicated).

*“Proration Schedule”* shall have the meaning set forth in Section 5.2.

*“Purchase Price”* shall have the meaning set forth in Section 2.1(a).

*“Real Property”* shall have the meaning set forth in Section 1.2(b).

*“Referee”* shall have the meaning set forth in Section 5.2.

*“Seller”* shall have the meaning set forth in the preamble to this Agreement.

*“Stations”* shall mean radio broadcast stations KWIN(FM), Lodi, CA, KWNN(FM), Turlock, CA, KJOY(FM), Stockton, CA, and KNVQ(FM), South Lake Tahoe, CA.

*“Station Assets”* shall have the meaning set forth in Section 1.2.

*“Station Licenses”* shall mean the licenses, permits and other authorizations, including any temporary waiver or special temporary authorization, issued by the FCC to Seller in connection with the operation of the Stations.

*“Stockton/Reno Stations”* shall have the meaning set forth in Section 1.1.

*“Time Sales Agreements”* shall mean contracts entered into in the ordinary course of business of the Stations for the sale or sponsorship of broadcast time on the Stations for cash.

*“Trade Agreements”* shall mean all Contracts for the sale of advertising time for consideration other than cash.

[Signatures follow on next page]

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

**CITADEL BROADCASTING COMPANY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SILVERADO BROADCASTING COMPANY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **EXHIBITS AND SCHEDULES**

|                 |                        |
|-----------------|------------------------|
| Schedule 1.1    | Purchase Price         |
| Schedule 1.2(a) | FCC Licenses           |
| Schedule 1.2(b) | Real Property          |
| Schedule 1.2(c) | Personal Property      |
| Schedule 1.2(d) | Assumed Contracts      |
| Schedule 1.2(e) | Intellectual Property  |
| Schedule 1.3(f) | Excluded Assets        |
| Schedule 6.4    | Buyer's Litigation     |
| Schedule 6.6    | Buyer's FCC Disclosure |
| Schedule 7.3    | Consents               |
| Schedule 7.8    | Employee Matters       |
| Schedule 7.18   | Seller's Litigation    |

### **Schedule 1.1 – Purchase Price**

If the parties consummate the sale and acquisition of the Stockton/Reno Stations in advance of the sale and acquisition of Station KWNN(FM), the Purchase Price payable on the respective Closing Dates shall be as follows:

|                         |                 |
|-------------------------|-----------------|
| Stockton/Reno Stations: | \$22,600,000.00 |
| KWNN(FM):               | \$2,900,000.00  |

**Schedule 1.2(a) - FCC Licenses**

|  |  |
|--|--|
| KWIN(FM), Lodi, CA<br>Fac. ID # 60425            | Main station license                                   |
| KWNN(FM), Turlock, CA<br>Fac. ID #60427          | Main station license                                   |
| KJOY(FM), Stockton, CA<br>Fac. ID #32215         | Main station license                                   |
| KNVQ(FM), South Lake Tahoe, CA<br>Fac. ID #67816 | Main station license                                   |
| K272DA, Stateline, CA<br>Fac. ID #67817          | FM translator  |
| WLJ-945  | Aural STL (KNVQ)                                       |
| WLE-763  | Aural STL (KJOY)                                       |
| WLE-340  | Aural STL (KJOY)                                       |
| WLG-873  | Aural STL (KWIN)                                       |
| BXPH-20020517AAT                                 | Construction permit for KNVQ<br>Expires 10/4/2005      |
| BPH-2000008ACJ                                   | Construction permit for KWIN(FM).<br>Expires 10/4/2005 |
| 1015787  | Antenna structure registration for KWIN                |

### **Schedule 1.2(b) - Real Property Leases**

1. Communications Properties, Inc. License Agreement between Communications Properties, Inc. and Silverado Broadcasting Company dated November 20, 1999. Tower Site, Middle Peak Slide Mountain, Washoe County, NV. **Consent to assign required.**
2. Lease Agreement between Homewood Mountain Resort and Silverado Broadcasting Company dated October 25, 2001, but relates back to superceded lease dated July 17, 2000. FM translator site. **Consent to assign required.**
3. License Agreement between Pilot Communications and Silverado Broadcasting Company dated December 9, 2002. KJOY Tower Site. **Consent to assign required.**
4. Lease between Neil Pollard and Silverado Broadcasting Company as successor in interest to Michael P. Murphy/Front Line Communications, dated June 1, 1993. KWIN Tower Site. Consent to assign **not** required.
5. Lease between Cranbrook Properties, LLC, successor in interest to Landmark Business Center, LLC and Silverado Broadcasting Company effective March 1, 2000. Stockton Studio. Consent to assign **not** required but 30 days prior notice and other transfer formalities apply.
6. Commercial Lease for Tower and Building Space between Debbie L. Gomez and Silverado Broadcasting Company executed December 1, 1997, for term ending November 30, 2007. Consent to assign **not** required.



**Schedule 1.2(c) - Personal Property**

See Attachment

**Schedule 1.2(d) - Assumed Contracts**

See Attachment

**Schedule 1.3(f) - Excluded Assets**

1. Corporate Pointe Lease dated December 5, 2000 between McCarran Properties, LLC and Silverado Broadcasting Company. Studio Space, Reno, NV.
2. Compaq Computer – Tower used by CFO for corporate business/records

**Schedule 6.4 - Buyer's Litigation**

None.

### **Schedule 6.6 - Buyer's FCC Disclosure**

In addition to determining whether a proposed acquisition complies with the Section 73.3555(a)(1) of the FCC's rules, the FCC considers the potential competitive effect of transactions that otherwise comply with the FCC's ownership limits. Pending a decision on the FCC's rulemaking proceeding regarding its local radio ownership rule generally, the FCC adopted interim rules to review assignment and transfer of control applications. Under the interim rules, the FCC screens any application that proposes a radio station combination that would provide one station group with 50% or more, or two station groups with 70% or more, of the radio advertising revenue in the relevant market, and invites public comment on screened applications. Buyer's acquisition of Station KWNN(FM) will result in Citadel having 50% or more and two station groups (Buyer and Clear Channel) with 70% or more of the radio advertising revenue in the relevant market and is therefore likely to be subject to the FCC's screening procedures. In addition, Buyer currently operates Station KWYL(FM), Sun Valley, NV pursuant to a local marketing agreement with Flinn Broadcasting Corporation. Buyer's acquisition of Station KNVQ(FM) would result in Buyer exceeding the numerical limits as to the number of stations in which Buyer and Buyer's principals may hold attributable interests under the FCC's multiple ownership rules. Buyer agrees to use commercially reasonable efforts to terminate the KWYL local marketing agreement as expeditiously as possible in order to come into compliance with Section 73.3555(a)(1) of the FCC's rules, and in all events commits to terminate the KWYL(FM) local marketing agreement on or prior to the date on which the Closing is to occur.

**Schedule 7.3 - Consents**

None

**Schedule 7.8 - Employee Matters**

See Attachment

**Schedule 7.18 - Seller's Litigation**

None