

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ( "Agreement") is made this 7th day of August 2008, by and between Farm and Home Broadcasting Company, a Pennsylvania corporation ( "Seller" ), and Colonial Radio Group, Inc., a North Carolina corporation ( "Buyer" ).

### Recitals

A. Seller is the licensee or permittee of the following radio broadcast station ( "Station" ) and translator station ( "Translator" ), pursuant to certain authorizations issued by the Federal Communications Commission ( "FCC" ):

Station – WQRM (FM), Smethport, Pennsylvania (Facility ID 21195)  
Translator – W257BA, Bradford, Pennsylvania (Facility ID 21198)

B. Pursuant to the terms and subject to the conditions set forth in this Agreement, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Station Assets.

### Agreement

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, hereby agree as follows:

## ARTICLE 1 PURCHASE OF ASSETS

1.1 Station Assets. On the terms and subject to the conditions hereof, at Closing (defined below), except as set forth in Sections 1.2 and 1.3, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all right, title and interest of Seller in and to all assets and properties of Seller, real and personal, tangible and intangible, that are used in the operation of the Station ( "Station Assets" ), as set forth in the following schedules:

(a) all licenses, permits, and other authorizations issued to Seller by the FCC with respect to the Station ( "FCC Licenses" ), as described on *Schedule 1.1(a)*, including any renewals or modifications thereof between the date hereof and Closing;

(b) all of Seller's, equipment, transmitters, antennas, cables, towers, vehicles, furniture, fixtures, spare parts, and other tangible personal property of every kind and description that are used or held for use in the operation of Station, as listed on *Schedule 1.1(b)*, except for any retirements or dispositions thereof made between the date hereof and Closing in the ordinary course of business ( "Tangible Personal Property" );

(c) all of Seller's real property used or held for use in the operation of the Station (including any appurtenant easements and improvements located thereon), as listed on *Schedule 1.1(c)* (the "Real Property" );

(d) all agreements for the sale of advertising time on Station entered into in the ordinary course of business, and all other contracts, agreements, and leases entered into in the ordinary course of Station's business, as listed on *Schedule 1.1(d)*, together with all contracts,

agreements, and leases made between the date hereof and Closing in accordance with Article 4 "Station Contracts";

(e) all of Seller's rights in and to Station's call letters and Seller's rights in and to the trademarks, trade names, service marks, internet domain names, copyrights, programs and programming material, jingles, slogans, logos, and other intangible property which are used or held for use in the operation of the Station, listed on *Schedule 1.1(e)* (the "Intangible Property"); and

(f) Seller's rights in and to all the files, documents, records, and books of account (or copies thereof) relating to the operation of Station, including Station's local public files, programming information and studies, engineering data, advertising studies, marketing and demographic data, sales correspondence, lists of advertisers, credit and sales reports, and logs, but excluding records relating to Excluded Assets (defined in section 1.2 below).

The Station Assets shall be transferred to Buyer free and clear of liens, claims, and encumbrances ("Liens") except for Assumed Obligations (defined in Section 1.4), liens for taxes not yet due and payable, and liens that will be released at or prior to Closing.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the following assets or any right, title or interest therein ("Excluded Assets"):

(a) all cash and cash equivalents of Seller, including without limitation certificates of deposit, commercial paper, treasury bills, marketable securities, money market accounts, and all such similar accounts or investments;

(b) all tangible and intangible personal property of Seller retired or disposed of between the date of this Agreement and Closing in accordance with Article 4;

(c) all Station Contracts that are terminated or expire prior to Closing in accordance with Article 4;

(d) Seller's corporate and trade names unrelated to the operation of Station, charter documents, and books and records relating to the organization, existence or ownership of Seller, duplicate copies of the records of the Station, and all records not relating to the operation of Station;

(e) all contracts of insurance, all coverages and proceeds thereunder, and all rights in connection therewith, including without limitation rights arising from any refunds due with respect to insurance premium payments to the extent related to such insurance policies;

(f) all pension, profit sharing plans and trusts and the assets thereof and any other employee benefit plan or arrangement and the assets thereof, if any, maintained by Seller;

(g) Station's accounts receivable and any other rights to payment of cash consideration for goods or services sold or provided prior to the Effective Time (defined below) or otherwise arising during or attributable to any period prior to the Effective Time ("A/R");

(h) any computer software and any other non-transferable computer licenses that are not material to the operation of Station;

(i) all rights and claims of Seller, whether mature, contingent or otherwise, against third parties with respect to Station and to Station Assets, to the extent arising during or attributable to any period prior to the Effective Time;

(j) all deposits and prepaid expenses (and rights arising therefrom or related thereto), except to the extent Seller receives a credit therefor under Section 1.7;

(k) computers and other similar assets located anywhere other than at the Station studios, and any other operating systems and related assets that are used in the operation of multiple stations or other business units;

(l) all studios, towers, and other assets used or held for use in the operation of any other radio station owned or operated by Seller or an affiliate of Seller.

(m) any shares of stock in Broadcast Music, Inc. held by Seller;

(n) all intercompany arrangements among Seller and its affiliates that are not listed on *Schedule 1.1(c)* or *Schedule 1.1(d)*;

(o) certain contracts or portions thereof as provided by *Schedule 1.1(c)* or *Schedule 1.1(d)*; and

(p) the assets listed on *Schedule 1.2*.

1.3 Assumption of Obligations. On the Closing Date (defined below), Buyer shall enter into any new contracts required by *Schedule 1.1(c)* or *Schedule 1.1(d)* or otherwise required by this Agreement and shall assume the obligations of Seller arising during, or attributable to, any period of time on or after the Closing Date under the Station Contracts, the obligations described in Section 5.6 and any other liabilities of Seller to the extent Buyer receives a credit therefor under Section 1.6 (collectively, the “Assumed Obligations”). Except for the Assumed Obligations, Buyer does not assume, and will not be deemed by the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby to have assumed, any other liabilities or obligations of Seller (the “Retained Obligations”).

1.4 Purchase Price. The Purchase Price hereunder for the Authorizations and Assets shall be Two Hundred Ninety Thousand Dollars (\$290,000.00).

1.5 Escrow Deposit. Upon the execution of this Agreement, buyer will pay into escrow in favor of Seller in accordance with the terms of the Escrow Agreement attached hereto as Exhibit 1, an Escrow Deposit of Five Thousand Dollars (\$5,000.00), which shall be part of the purchase price.

1.6 Cash at Closing. On the closing date Buyer will pay cash or wire transfer to Debtor, in addition to the Escrow Deposit, the sum of Twenty-Five Thousand Dollars (\$25,000.00) less the amount credited as the LMA license fee.

1.7 **Balance of Purchase Price.** On the Closing Date, the balance of the Price shall be paid by negotiable promissory notes (copy attached) by Buyer in favor of Debtor, which will be for the principal amount of Two Hundred Sixty Thousand Dollars (\$260,000.00) at no interest payable for the first five months at the rate of Five Hundred Dollars (\$500.00) per month; Two Thousand Five Hundred Dollars (\$2,500) per month for the next fifty-five months; and at the end of 60 months from the date of the note a balloon payment of One Hundred Twenty Thousand Dollars (\$120,000).

1.8 **Closing.** The consummation of the sale and purchase of the Station Assets provided for in this Agreement (the "Closing") shall take place on or before the tenth business day after the date of FCC Consent or on such later day after such consent as Buyer and Seller may mutually agree, subject to the satisfaction or waiver of the conditions set forth in Articles 6 or 7 below. The date on which the Closing is to occur is referred to herein as the "Closing Date."

1.9 **FCC Consent.**

(a) Within five (5) business days of the date of this Agreement, Buyer and Seller shall file an application with the FCC ("FCC Application") requesting FCC consent to the assignment of the FCC Licenses to Buyer. FCC consent to the FCC Application without any material adverse conditions other than those of general applicability is referred to herein as the "FCC Consent". Buyer and Seller shall diligently prosecute the FCC Application and otherwise use their commercially reasonable efforts to obtain the FCC Consent as soon as possible.

(b) Buyer and Seller shall notify each other of all documents filed with or received from any governmental agency with respect to this Agreement or the transactions contemplated hereby. Buyer and Seller shall furnish each other with such information and assistance as the other may reasonably request in connection with their preparation of any governmental filing hereunder.

## ARTICLE 2: **SELLER REPRESENTATIONS AND WARRANTIES**

Seller makes the following representations and warranties to Buyer:

2.1 **Organization.** Seller has the requisite power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be made by Seller pursuant hereto (collectively, the "Seller Ancillary Agreements") and to consummate the transactions contemplated hereby.

2.2 **Authorization.** The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all necessary action of Seller and do not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when made by Seller and the other parties thereto will be, a legal, valid, and binding agreement of Seller enforceable in accordance with its terms, except in each case as such enforceability may be limited by bankruptcy, moratorium,

insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally, and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.3 No Conflicts. Except as set forth on *Schedule 2.3* and except for the FCC Consent and consents to assign certain of the Station Contracts, the execution, delivery and performance by Seller of this Agreement and the Seller Ancillary Agreements and the consummation by Seller of any of the transactions contemplated hereby does not conflict with any organizational documents of Seller, any contract or agreement to which Seller is a party or by which it is bound, or any law, judgment, order, or decree to which Seller is subject, or require the consent or approval of, or a filing by Seller with, any governmental or regulatory authority or any third party.

2.4 FCC Licenses. Except as set forth on *Schedule 1.1(a)*

Seller is the holder of the FCC Licenses described on *Schedule 1.1(a)*, which are all of the licenses, permits, and authorizations required for the present operation of Station. The FCC Licenses are in full force and effect and have not been revoked, suspended, canceled, rescinded, or terminated and have not expired. There is not pending, or, to Seller's knowledge, threatened, any action by or before the FCC to revoke, suspend, cancel, rescind, or materially adversely modify any of the FCC Licenses (other than proceedings to amend FCC rules of general applicability). There is not issued or outstanding, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or order of forfeiture against Station or against Seller with respect to Station that could result in any such action. Station is operating in compliance in all material respects with the FCC Licenses, the Communications Act of 1934, as amended ("Communications Act"), and the rules, regulations, and policies of the FCC. All material reports and filings required to be filed with the FCC by Seller with respect to Station have been timely filed. All such reports and filings are accurate and complete in all material respects.

2.5 Taxes. Seller has, in respect of Station's business, filed all foreign, federal, state, county, and local income, excise, property, sales, use, franchise, and other tax returns and reports which are required to have been filed by it under applicable law, and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments which have become payable.

2.6 Personal Property. Except as set forth on *Schedule 1.1(b)*, Seller has good and marketable title to the Tangible Personal Property free and clear of Liens other than Permitted Liens.

2.7 Real Property. *Schedule 1.1(c)* includes a description of each lease of Real Property or similar agreement included in the Station Contracts ("Real Property Leases"). To Seller's knowledge, the Real Property is not subject to any suit for condemnation or other taking by any public authority. The Real Property Leases include access to the Station's facilities, as set forth in *Schedule 1.1 (c)*.

2.8 Contracts. *Schedule 1.1(d)* contains a list of all contracts that are used in the operation of Station other than contracts that when combined with any Station Contracts executed after the date of this Agreement do not exceed the limitations set forth in Section 4.1 and agreements for the sale of advertising time entered into in the ordinary course of business. The Station Contracts requiring the consent of a third party to assignment are identified with an asterisk on *Schedule 1.1(c)* and *Schedule 1.1(d)*. Each of the Station Contracts (including without limitation each of the Real Property Leases) is in effect and is binding upon Seller and, to Seller's knowledge, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). Seller has performed its obligations under each of the Station Contracts (including without limitation each of the Real Property Leases) in all material respects, and is not in material default thereunder, and to Seller's knowledge, no other party to any of the Station Contracts is in default thereunder in any material respect.

2.9 Environmental. Except as set forth on *Schedule 1.1(c)* to Seller's knowledge, no hazardous or toxic substance or waste regulated under any applicable environmental, health, or safety law has been generated, stored, transported, or released on, in, from, or to Real Property included in the Station Assets. Except as set forth on *Schedule 1.1(c)* to Seller's knowledge, Seller has complied in all material respects with all environmental, health, and safety laws applicable to Station.

2.10 Intangible Property. *Schedule 1.1(e)* contains a description of the material Intangible Property included in the Station Assets. Except as set forth on *Schedule 1.1(e)*, (i) to Seller's knowledge, Seller's use of the Intangible Property does not infringe upon any third party rights in any material respect, (ii) no material Intangible Property is the subject of any pending, or, to Seller's knowledge, threatened legal proceedings claiming infringement or unauthorized use, and (iii) Seller has not received any written notice that its use of any material Intangible Property is unauthorized or infringes upon the rights of any other person. Except as set forth on *Schedule 1.1(e)*, to Seller's knowledge, Seller owns or has the right to use the Intangible Property free and clear of Liens other than Permitted Liens.

2.11 Employees. Except as set forth on *Schedule 2.11*, (i) Seller has complied in all material respects with all labor and employment laws, rules and regulations applicable to Station's business, including without limitation those which relate to prices, wages, hours, discrimination in employment and collective bargaining, (ii) there is no unfair labor practice charge or complaint against Seller in respect of Station's business pending or, to Seller's knowledge, threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, and there is no strike, dispute, request for representation, slowdown or stoppage pending or threatened in respect of Station's business, and (iii) Seller is not party to any collective bargaining, union or similar agreement with respect to the employees of Seller at Station, and to Seller's knowledge, no union represents or claims to represent or is attempting to organize such employees.

2.12 Insurance. Seller maintains insurance policies or other arrangements with respect to Station and the Station Assets consistent with its practices for other stations, and will maintain such policies or arrangements until the Effective Time.

2.13 Compliance with Law. Except as set forth on *Schedule 2.13*, (i) Seller has complied in all material respects with all laws, rules, and regulations, including without limitation all FCC and Federal Aviation Administration rules and regulations applicable to the operation of Station, and all decrees and orders of any court or governmental authority which are applicable to the operation of the Station, and (ii) to Seller's knowledge, there are no governmental claims or investigations pending or threatened against Seller in respect of Station except those affecting the industry generally.

2.14 Litigation. Except as set forth on *Schedule 2.14*, there is no action, suit or proceeding pending or, to Seller's knowledge, threatened against Seller in respect of Station that will subject Buyer to liability or which will affect Seller's ability to perform its obligations under this Agreement. Seller is not operating under or subject to any order, writ, injunction or decree relating to Station or the Station Assets of any court or governmental authority which would have a material adverse effect on the condition of the Station or any of the Station Assets or on the ability of Seller to enter into this Agreement or consummate the transactions contemplated hereby, other than those of general applicability.

2.15 No Undisclosed Liabilities. There are no liabilities or obligations of Seller with respect to Station that will be binding upon Buyer after the Effective Time other than the Assumed Obligations and other than pursuant to the prorrations under Section 1.7.

### ARTICLE 3 BUYER REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations and warranties to Seller:

3.1 Organization. Buyer is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. Buyer has the requisite power and authority to execute, deliver, and perform this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer pursuant hereto (collectively, the "Buyer Ancillary Agreements") and to consummate the transactions contemplated hereby.

3.2 Authorization. The execution, delivery, and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when made by Buyer and the other parties thereto will be, a legal, valid, and binding agreement of Buyer enforceable in accordance with its terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3 No Conflicts. Except for the FCC Consent, the execution, delivery, and performance by Buyer of this Agreement and the Buyer Ancillary Agreements and the consummation by Buyer of any of the transactions contemplated hereby does not conflict with any organizational documents of Buyer, any contract or agreement to which Buyer is a party or is by which it is bound, or any law, judgment, order or decree to which Buyer is subject, or

require the consent or approval of, or a filing by Buyer with, any governmental or regulatory authority or any third party.

3.4 **Litigation.** There is no action, suit, or proceeding pending or, to Buyer's knowledge, threatened against Buyer which questions the legality or propriety of the transactions contemplated by this Agreement or could materially adversely affect the ability of Buyer to perform its obligations hereunder.

3.5 **Qualification.** Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own, and operate Station under the Communications Act and the rules, regulations, and policies of the FCC. There are no facts that would, under existing law and the existing rules, regulations, policies, and procedures of the FCC, disqualify Buyer as an assignee of the FCC Licenses or as the owner and operator of Station. No waiver of or exemption from any FCC rule or policy is necessary for FCC Consent to be obtained. There are no matters which might reasonably be expected to result in the FCC's denial or delay of approval of the FCC Application.

#### **ARTICLE 4: SELLER COVENANTS**

4.1 **Seller's Covenants.** Between the date hereof and Closing, except as permitted by this Agreement or with the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned, Seller shall:

- (a) operate the Station in the ordinary course of business, except as may be modified by the terms of a proposed LMA, and in all material respects in accordance with FCC rules and regulations and with all other applicable laws, regulations, rules and orders;
- (b) not materially adversely modify, and in all material respects maintain in full force and effect, the FCC Licenses;
- (c) except as provided by Section 1.10(c), not other than in the ordinary course of business, sell, lease or dispose of or agree to sell, lease, or dispose of any of the Station Assets unless replaced with similar items of substantially equal or greater value and utility, or create, assume, or permit to exist any Liens upon the Station Assets, except for Permitted Liens, and not dissolve, liquidate, merge, or consolidate with any other entity;
- (d) **maintain the Tangible Personal Property in the ordinary course of business;**
- (e) upon reasonable notice, give Buyer and its representatives reasonable access during normal business hours to the Station Assets, and furnish Buyer with information relating to the Station Assets that Buyer may reasonably request, provided that such access rights shall not be exercised in a manner that interferes with the operation of Station;
- (f) except in the ordinary course of business and as otherwise required by law, not (i) enter into any employment, labor, or union agreement or plan (or amendments of any such existing agreements or plan) that will be binding upon Buyer after Closing or (ii) increase



the compensation payable to any employee of Station, except for bonuses and other compensation payable by Seller in connection with the consummation of the transactions contemplated by this Agreement (if any); and

(g) not enter into new Station Contracts that will be binding upon Buyer after Closing or amend any existing Station Contracts, except for (A) new time sales agreements and other Station Contracts made in the ordinary course of business that are terminable on ninety days notice or less without penalty, (B) other Station Contracts made with Buyer's prior consent, and (C) other Station Contracts that do not require post-Closing payments by Buyer of more than \$10,000 (in the aggregate for all such new contracts).

For purposes of calculating the amount of said post-Closing payments by Buyer, if a contract is terminable by giving advance notice, then such amount shall include only the post-Closing amount that would be payable if a termination notice were given at Closing (whether or not such notice is in fact given), but in no event shall such amount be more than the amount payable absent such termination notice.

## **ARTICLE 5 JOINT COVENANTS**

Buyer and Seller hereby covenant and agree as follows

5.1 **Confidentiality**. Subject to the requirements of applicable law, all non-public information regarding the parties and their business and properties that is disclosed in connection with the negotiation, preparation, or performance of this Agreement (including without limitation all financial information provided by Seller to Buyer) shall be confidential and shall not be disclosed to any other person or entity, except the parties' representatives and lenders for the purpose of consummating the transaction contemplated by this Agreement.

5.2 **Announcements**. Prior to Closing, no party shall, without the prior written consent of the other, issue any press release or make any other public announcement concerning the transactions contemplated by this Agreement, except to the extent that such party is so obligated by law, in which case such party shall give advance notice to the other, and except that the parties shall cooperate to make a mutually agreeable announcement.

5.3 **Control**. Buyer shall not, directly or indirectly, control, supervise, or direct the operation of Station prior to Closing. Consistent with the Communications Act and the FCC rules and regulations, control, supervision, and direction of the operation of Station prior to Closing shall remain the responsibility of Seller as the holder of the FCC Licenses.

### **5.4 Risk of Loss**

(a) Seller shall bear the risk of any loss of or damage to any of the Station Assets at all times until the Effective Time, and Buyer shall bear the risk of any such loss or damage thereafter.

(b) If prior to the Effective Time any item of Tangible Personal Property is damaged or destroyed or otherwise not in the condition described in Section 2.6 in any material respect, then:

(i) Seller shall use commercially reasonable efforts to repair or replace such item in all material respects in the ordinary course of business; and

(ii) if such repair or replacement is not completed prior to Closing, then the parties shall proceed to Closing (with Seller's representations and warranties deemed modified to take into account any such condition) and Seller shall promptly repair or replace such item in all material respects after Closing (and Buyer will provide Seller access and any other reasonable assistance requested by Seller with respect to such obligation), except that if such damage or destruction materially disrupts Station operations, then Buyer may postpone Closing until the date five (5) business days after operations are restored in all material respects, subject to Section 10.1.

5.5 If prior to Closing a Station is off the air or operation at a power level that results in a material reduction in coverage (a "Broadcast Interruption"), then Seller shall use commercially reasonable efforts to return the Station to the air and restore prior coverage as promptly as possible in the ordinary course of business.


(a) The parties shall use commercially reasonable efforts to obtain (i) any third party consents necessary for the assignment of any Station Contract (which shall not require any payment to any such third party. (b) To the extent that any Station Contract may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant to this Agreement shall not constitute an assignment of such Station Contract; provided, however, with respect to each such Station Contract, Seller and Buyer shall cooperate to the extent feasible in effecting a lawful and commercially reasonable arrangement under which Buyer shall receive the benefits under the Station Contract from and after Closing, and to the extent of the benefits received, Buyer shall pay and perform Seller's obligations arising under the Station Contract from and after Closing in accordance with its terms.

## 5.6 Employees

Seller has provided Buyer a list showing employee positions and basic compensation for employees of Station. Except as set forth on *Schedule 1.1(d)*, Buyer may, but is not obligated to offer post-Closing employment to such employees.

## 5.7 Accounts Receivable

~~For the first ninety (90) days after Closing (the "Collection Period"), Buyer shall, without charge to Seller, use commercially reasonable efforts to collect the A/R in the ordinary course of business and shall apply all amounts collected from Station's account debtors to the oldest account first, unless the advertiser disputes a bill. In writing an older account and designates the payment to a new account. Any amounts relating to the A/R that are paid directly to Seller shall be retained by Seller. Buyer shall not discount, adjust, or otherwise compromise any A/R and Buyer shall refer any disputed A/R to Seller. Within ten calendar days after the end of each month, Buyer shall deliver to Seller a report showing A/R collections for the prior month and Buyer shall make a payment without offset to Seller equal to the amount of all such collections. At the end of the Collection Period, any remaining A/R shall be returned to Seller for collection.~~



5.8 1031 Exchange. To facilitate a like-kind exchange under Section 1031 of the Code, Seller may assign its rights under this Agreement (in whole or in part) to a "qualified intermediary" under section 1.1031(k)-1(g)(4) of the treasury regulations (but such assignment shall not relieve Seller of its obligations under this Agreement) and any such qualified intermediary may re-assign to Seller. If Seller gives notice of such assignment, Buyer shall provide Seller with a written acknowledgment of such notice prior to Closing and pay the Purchase Price (or such portion thereof as is designated in writing by the qualified intermediary) to or on behalf of the qualified intermediary at Closing and otherwise reasonably cooperate therewith.

5.9 Actions. After Closing, Buyer shall cooperate with Seller in the investigation, defense or prosecution of any action which is pending or threatened against Seller or its affiliates with respect to Station, whether or not any party has notified the other of a claim for indemnification with respect to such matter. Without limiting the generality of the foregoing, Buyer shall make available its employees to give depositions or testimony and shall furnish all documentary or other evidence that Seller may reasonably request, subject to reimbursement of Buyer's reasonable out-of-pocket costs incurred in complying with Seller's request.

5.10 FCC Compliance. If after Closing the FCC Consent is reversed or otherwise set aside, and there is a final order of the FCC (or court of competent jurisdiction) requiring the re-assignment of the FCC Licenses to Seller, then the purchase and sale of the Station Assets shall be rescinded. In such event, Buyer shall reconvey to Seller the Station Assets free and clear of Liens other than Permitted Liens, and Seller shall repay to Buyer the Purchase Price and reassume the Station Contracts. Any such rescission shall be consummated on a mutually agreeable date within thirty days of such final order (or, if earlier, within the time required by such order). In connection therewith, Buyer and Seller shall each execute such documents (including execution by Buyer of instruments of conveyance of the Station Assets to Seller and execution by Seller of instruments of assumption of the Station Contracts) and make such payments (including repayment by Seller to Buyer of the Purchase Price) as are necessary to give effect to such rescission.

## ARTICLE 6. SELLER CLOSING CONDITIONS

The obligation of Seller to consummate the Closing hereunder is subject to satisfaction, at or prior to Closing, of each of the following conditions (unless waived in writing by Seller):

### 6.1 Representations and Covenants

(a) The representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement.

(b) The covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with or performed in all material respects.

(c) Seller shall have received a certificate dated as of the Closing Date from Buyer executed by an authorized officer of Buyer to the effect that the conditions set forth in Sections 6.1(a) and (b) have been satisfied.

6.2 Proceedings. Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

6.3 FCC Authorization. The FCC shall have issued its consent to the FCC Application.

6.4 Deliveries. Buyer shall have complied with its obligations set forth in Section 8.2.

#### ARTICLE 7: BUYER CLOSING CONDITIONS

The obligation of Buyer to consummate the Closing hereunder is subject to satisfaction, at or prior to Closing, of each of the following conditions (unless waived in writing by Buyer):

##### 7.1 Representations and Covenants.

(a) The representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement.

(b) The covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with or performed in all material respects.

(c) Buyer shall have received a certificate executed by Seller and dated as of the Closing Date to the effect that the conditions set forth in Sections 7.1(a) and (b) have been satisfied.

7.2 Proceedings. Neither Seller nor Buyer shall be subject to any court or governmental order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby.

7.3 FCC Authorization. The FCC shall have issued its consent to the FCC Application

7.4 Deliveries. Seller shall have complied with its obligations set forth in Section 8.1

7.5 Consents. The Required Consents shall have been obtained

#### ARTICLE 8: CLOSING DELIVERIES

8.1 Seller Documents. At Closing, Seller shall deliver or cause to be delivered to Buyer:

- (i) the certificate described in Section 7.1(c);
  - (ii) an assignment of FCC authorizations assigning the FCC Licenses
- from Seller to Buyer;

(iii) an assignment and assumption of contracts assigning the Station Contracts from Seller to Buyer;

(iv) domain name transfers, if any, assigning Station's domain names listed on *Schedule 1.1(e)* from Seller to Buyer following customary procedures of the domain name administrator;

(v) a bill of sale conveying the other Station Assets from Seller to Buyer; and

(vi) any other instruments of conveyance, assignment, and transfer that may be reasonably necessary to convey, transfer, and assign the Station Assets from Seller to Buyer, free and clear of Liens, except for Permitted Liens.

**8.2 Buyer Documents.** At Closing, Buyer shall deliver or cause to be delivered to Seller:

(i) the Purchase Price in accordance with Section 1.4 hereof;

(ii) the negotiable Promissory Note in the principal amount of Two Hundred Sixty Thousand Dollars (\$260,000.00).

the executed security agreement

the executed pledge of stock

the executed personal guaranty

(vi) good standing certificates issued by the Secretary of State of Buyer's jurisdiction of formation;

(vii) certified copies of resolutions authorizing the execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby;

(viii) the certificate described in Section 6.1(c);

an assignment and assumption of contracts assuming the Station Contracts;

(x) an executed Personal Guarantee Agreement of Jeffrey M. Andrulonis and Christy Andrulonis;

(xi) domain name transfers assuming the Station's domain names listed on *Schedule 1.1(e)* following customary procedures of the domain name administrator;

(xii) any new agreements required by *Schedule 1.1(d)* or otherwise required by this Agreement; and

(xiii) such other documents and instruments of assumption that may be necessary to assume the Assumed Obligations.

## **ARTICLE 9: SURVIVAL; INDEMNIFICATION**

9.1 Survival. The representations and warranties in this Agreement shall survive Closing for a period of twelve (12) months from the Closing Date whereupon they shall expire and be of no further force or effect, except (i) those under Section 2.5 (Taxes), Section 2.9 (Environmental), and those under Sections 2.6, 2.7 and 2.10 solely with respect to title, all of which shall survive until the expiration of any applicable statute of limitations, and (ii) that if within such twelve (12) month period the indemnified party gives the indemnifying party written notice of a claim for breach thereof describing in reasonable detail the nature and basis of such claim, then such claim shall survive until the earlier of resolution of such claim or expiration of the applicable statute of limitations. The covenants and agreements in this Agreement shall survive Closing until performed.

### **9.2 Indemnification**

(a) Subject to Section 9.2(b), from and after Closing, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, liabilities and expenses, including reasonable attorneys' fees and expenses ("Damages") incurred by Buyer arising out of or resulting from:

(i) any breach by Seller of its representations and warranties made under this Agreement; or

(ii) any default by Seller of any covenant or agreement made under this Agreement; or

the Retained Obligations; or

(iv) the business or operation of Station before the Effective Time, except for the Assumed Obligations.

(b) Notwithstanding the foregoing or anything else herein to the contrary, after Closing, (i) Seller shall have no liability to Buyer under clause (i) of Section 9.2(a) until Buyer's aggregate Damages exceed an amount equal to 2.5% of the Purchase Price, after which such threshold amount shall be included, not excluded, from any calculation of Damages, and (ii) the maximum aggregate liability of Seller under Section 9.2(a) shall be an amount equal to 20% of the Purchase Price.

(c) From and after Closing, Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or resulting from:

(i) any breach by Buyer of its representations and warranties made under this Agreement; or

any default by Buyer of any covenant or agreement made under this Agreement; or

the Assumed Obligations; or

the business or operation of the Station after the Effective Time.

### 9.3 Procedures.

(a) The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim, or assertion of liability by third parties that is subject to indemnification hereunder (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's rights or the indemnifying party's obligations except to the extent the indemnifying party's ability to remedy, contest, defend, or settle with respect to such Claim is thereby prejudiced and provided that such notice is given within the time period described in Section 9.1.

(b) The indemnifying party shall have the right to undertake the defense or opposition to such Claim with counsel selected by it. In the event that the indemnifying party does not undertake such defense or opposition in a timely manner, the indemnified party may undertake the defense, opposition, compromise, or settlement of such Claim with counsel selected by it at the indemnifying party's cost (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise, or final determination thereof).

(c) Anything herein to the contrary notwithstanding:

(i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise, or settlement of the Claim;

(ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim;

(iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel concerning such Claim and the indemnifying party and the indemnified party and their respective counsel shall cooperate in good faith with respect to such Claim; and

(iv) neither party shall have any liability to the other under any circumstances for special, indirect, consequential, punitive or exemplary damages or lost profits or similar damages of any kind, whether or not foreseeable.

## ARTICLE 10: TERMINATION AND REMEDIES

10.1 Termination. Subject to Section 10.3, this Agreement may be terminated prior to Closing as follows:

(a) by mutual written consent of Buyer and Seller;

(b) by written notice of Buyer to Seller if Seller breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement or the LMA and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period (defined below);

(c) by written notice of Seller to Buyer if Buyer breaches its representations or warranties or defaults in the performance of its covenants contained in this Agreement or the LMA and such breach or default is material in the context of the transactions contemplated hereby and is not cured within the Cure Period; provided, however, that the Cure Period shall not apply to Buyer's obligations to make the Deposit on the date hereof and to pay the Purchase Price at Closing;

(d) by written notice of Seller to Buyer or Buyer to Seller if Closing does not occur by the date twelve (12) months after the date of this Agreement; or

10.2 Cure Period. Each party shall give the other party prompt written notice upon learning of any breach or default by the other party under this Agreement. The term "Cure Period" as used herein means a period commencing on the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until the earlier of (i) twenty (20) calendar days thereafter or (ii) the Closing Date determined under Section 1.9; provided, however, that if the breach or default is non-monetary and cannot reasonably be cured within such period but can be cured before the Closing Date determined under Section 1.9, and if diligent efforts to cure promptly commence, then the Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Closing Date determined under Section 1.9.

10.3 Survival. Except as provided by Section 10.5, the termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination. Notwithstanding anything contained herein to the contrary, Sections 1.6 (Deposit) (and Section 10.5 with respect to the Deposit), 5.1 (Confidentiality) and 11.1 (Expenses) shall survive any termination of this Agreement.

10.4 Specific Performance. In the event of failure or threatened failure by either party to comply with the terms of this Agreement, the other party shall be entitled to an injunction restraining such failure or threatened failure and, subject to obtaining any necessary FCC consent, to enforcement of this Agreement by a decree of specific performance requiring compliance with this Agreement. Notwithstanding the foregoing, if prior to Closing the condition described in Section 10.1(c) exists, then Seller's sole remedy shall be termination of this Agreement and receipt of the liquidated damages amount pursuant to Section 10.5, except for any failure by Buyer to comply with its obligations related to the Deposit or Sections 1.10, 5.1, 5.2 or 5.3, as to which Seller shall be entitled to all available rights and remedies, including without limitation specific performance.

10.5 Liquidated Damages. If Seller terminates this Agreement pursuant to Section 10.1(c), then Buyer shall pay Seller on demand an amount equal to 10% of the Purchase Price including the value of the by wire transfer of immediately available funds (which amount shall be satisfied by disbursement of the Deposit to Seller under Section 1.6), and such payment shall constitute liquidated damages and the sole remedy of Seller under this Agreement. Buyer acknowledges and agrees that Seller's recovery of such amount shall constitute payment of



liquidated damages and not a penalty and that Seller's liquidated damages amount is reasonable in light of the substantial but indeterminate harm anticipated to be caused by Buyer's material breach or default under this Agreement, the difficulty of proof of loss and damages, the inconvenience and non-feasibility of otherwise obtaining an adequate remedy, and the value of the transactions to be consummated hereunder.

#### **ARTICLE 1: MISCELLANEOUS**

11.1 Expenses. Each party shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation, and performance of, and compliance with, the terms of this Agreement. All governmental fees, and charges applicable to any requests for the FCC Consent shall be paid one-half by Buyer and one-half by Seller. Buyer and Seller shall each be responsible for one-half of all governmental taxes, fees and charges applicable to the transfer of the Station Assets under this Agreement. Each party is responsible for any commission, brokerage fee, advisory fee, or other similar payment that arises as a result of any agreement or action of it or any party acting on its behalf in connection with this Agreement or the transactions contemplated hereby.

11.2 Further Assurances. After Closing, each party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be requested in order to more effectively consummate the transactions contemplated hereby.

11.3 Assignment. Except as provided by Section 5.8 (1031 Exchange) and Section 1.10(c), neither party may assign this Agreement without the prior written consent of the other party hereto. The terms of this Agreement shall bind and inure to the benefit of the parties' respective successors and any permitted assigns, and no assignment shall relieve any party of any obligation or liability under this Agreement.

11.4 Notices. Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery or confirmed facsimile transmission or confirmed delivery by a nationally recognized overnight courier service, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller:

Cary H. Simpson  
Farm and Home Broadcasting  
Company  
P.O. Box 247  
Tyrone, PA 16686  
Facsimile: (814) 684-1220

with a copy (which shall not constitute notice) to

George R. Borsari, Jr.  
Borsari & Paxson  
4000 Albemarle Street NW  
Suite 100  
Washington, DC 20016  
Facsimile: (202) 296-4460

if to Buyer:

Jeffrey M. Andrulonis  
Colonial Radio Group, Inc.  
2086 Old State Road  
Mainesburg, PA 16932  
Facsimile:

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

11.5 Amendments. No amendment or waiver of compliance with any provision 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 such amendment, waiver, or consent is sought.

11.6 Entire Agreement. This Agreement (including the Schedules hereto) constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings with respect to the subject matter hereof, except any confidentiality agreement among the parties with respect to the Station, which shall remain in full force and effect.

11.7 Severability. If any court or governmental authority holds any provision in this Agreement invalid, illegal or unenforceable under any applicable law, then, so long as no party is deprived of the benefits of this Agreement in any material respect, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

11.8 No Beneficiaries. Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any person or entity other than the parties hereto and their successors and permitted assigns.

11.9 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without giving effect to the choice of law provisions thereof.

11.10 Counterparts. This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement.

Dated as of: July \_\_\_\_, 2008

[SIGNATURE PAGE FOLLOWS]

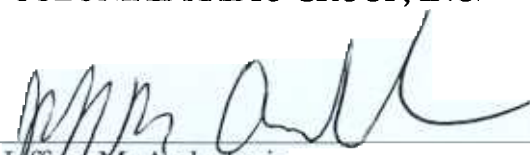
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**SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.


**BUYER**

**COLONIAL RADIO GROUP, INC.**

By:   
Jeffery M. Andrulonis  
President

**SELLER:**

**FARM AND HOME BROADCASTING COMPANY**

By:   
Cary H. Simpson  
President

**ATTACHMENTS**

Exhibit 1 – Promissory Note

Exhibit 2 – Personal Guaranty

Exhibit 3 – Pledge of Stock

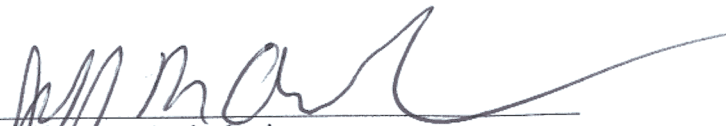
Exhibit 4 – Escrow Agreement

**SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

**BUYER:**

COLONIAL RADIO GROUP, INC.

By:   
Jeffery M. Anderson  
President

**SELLER:**

**FARM AND HOME BROADCASTING COMPANY**

By: \_\_\_\_\_  
Cary H. Simpson  
President

**ATTACHMENTS:**

Exhibit – Promissory Note

Exhibit 2 – Personal Guaranty

Exhibit 3 – Pledge of Stock

Exhibit 4 – Escrow Agreement

## **SCHEDULES**

**1.1 (a) FCC Licenses**

**(b) Tangible Personal Property**

**1.1 (c) Real Property**

**1.1 (d) Station Contracts**

**1 (e) Intangible Property**

**2. 1 Employees**

**2.13 Compliance with Law**

**2.14 Litigation**