

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

Red Rock Communications, Ltd., and Red Rock Communications II, Ltd.,

AS SELLER

AND

Grenax Broadcasting LLC,

AS BUYER

DATED: March 3, 2005

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of March 3, 2005 by and between Red Rock Communications, Ltd. and Red Rock Communications II, Ltd., both Arizona corporations (collectively, "Seller") and Grenax Broadcasting LLC, a Delaware limited liability company ("Buyer").

Recitals

A. Seller owns and operates the following radio broadcast stations (each a "Station" and collectively the "Stations") pursuant to certain authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC"):

KFLX(FM), Kachina Village (Flagstaff), Arizona
KSED(FM), Sedona, Arizona
KWMX(FM), Williams, Arizona

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller the Station Assets (defined below), subject to the terms and conditions of this Agreement.

Agreement

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

ARTICLE 1: SALE AND PURCHASE

1.1 Station Assets. On the terms and subject to the conditions herein contained, Seller shall, convey, sell, assign, transfer and deliver to Buyer, all right, title and interest of Seller in and to all properties, assets, rights and interests, real and personal, tangible and intangible, except for Excluded Assets (defined below), used or held for use in the operation of the Stations (the "Station Assets"), including the following:

(a) FCC Authorizations. All of the FCC Authorizations issued with respect to the Stations, including those described on *Schedule 1.1(a)* of the Schedule Volume (defined below), together with any renewals or modifications thereof between the date hereof and Closing (defined below);

(b) Tangible Personal Property. All of Seller's equipment, transmitters, antennas, cables, furniture, fixtures, office materials and supplies, inventory, motor vehicles, spare parts and other tangible personal property of every kind and description which is used or held for use in the operation of the Stations, including without limitation those items listed on *Schedule 1.1(b)* of the Schedule Volume, except for any retirements or dispositions thereof made between the date hereof and Closing in the ordinary course of business consistent with Seller's past practices (the "Tangible Personal Property");

(c) Real Property. All real property and interests in real property leased, licensed or otherwise used or held for use in the operation of the Stations and all appurtenant easements for the benefit thereof and improvements located thereon, including those listed on *Schedule 1.1(c)* of the Schedule Volume (the "Real Property");

(d) Contracts. (i) All agreements entered into in the ordinary course of business for the sale of advertising time on the Stations for cash at usual and customary rates consistent with past practices for the periods in question that are in existence on the Closing Date; (ii) the contracts listed on *Schedule 1.1(d)* of the Schedule Volume which are in effect on the Closing Date; (iii) all agreements for advertising time on the Stations for consideration other than cash (trade agreements) at usual and customary rates consistent with past practices in existence on the date of this Agreement up to a maximum amount of \$35,000; and, (iv) all agreements for sale of advertising time entered into between the date hereof and the Closing in the usual and ordinary course of business (collectively the "Station Contracts"). Buyer shall receive all consideration, whether cash or non-cash, for broadcast of advertising after 12:01 a.m. on the Closing Date with respect to the Station Contracts;

(e) Intangible Property. All of Seller's rights in and to the Stations' call letters and Seller's rights in and to the trademarks, trade names, service marks, copyrights, programs and programming material, jingles, slogans, Internet domain names, Internet URLs, logos and other intangible property which is used or held for use in the operation of the Stations, including those listed on *Schedule 1.1(e)* of the Schedule Volume (the "Intangible Property");

(f) Files and Records. Seller's rights in and to all the relevant files, documents, records, logs and books of account (or copies thereof) relating to the operation of the Stations, including the Stations' local public inspection files, programming information and studies, blueprints, technical information and engineering data, advertising studies, marketing and demographic data, sales correspondence, lists of advertisers, credit and sales reports; and

(g) Going Concern Value. Seller's goodwill in, and the going concern value of, the Stations.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the following assets along with all rights, title and interest therein (the "Excluded Assets"):

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

(b) all accounts receivable or notes receivable arising in the operation of the Stations prior to 12:01 a.m. on the Closing Date (the "Accounts Receivable"). For a period of 150 days following Closing Date (the "Collection Period"), Buyer will collect the Accounts Receivable in accordance with the provisions of Section 1.12 below;

(c) all tangible and intangible personal property of Seller disposed of or consumed in the ordinary course of business of Seller between the date of this Agreement and Closing;

(d) all Station Contracts that terminate or expire prior to Closing in the ordinary course of business;

(e) Seller's corporate name, minute books, charter documents, corporate stock record books and such other books and records as pertain to the organization, existence or share capitalization of Seller, duplicate copies of the records of the Stations, and all records not relating to the operation of the Stations;

(f) contracts of insurance, and all insurance proceeds or claims made thereunder;

(g) 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 and the assets thereof, if any, maintained by Seller; and

(h) all assets, property, interests and rights of Seller used or held for use (in whole or in part) in any other station of Seller or its affiliates.

1.3 Assumption of Obligations. On the Closing Date, Buyer shall assume the obligations of Seller (the "Assumed Obligations") arising after 12:01 a.m. on the Closing Date under the Station Contracts. Buyer does not assume or agree to discharge or perform, and will not be deemed by reason of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, to have assumed or to have agreed to discharge or perform, any liabilities, obligations or commitments of Seller, arising from the business or operation of the Stations before 12:01 a.m. on the Closing Date, or otherwise of any nature whatsoever other than the Assumed Obligations.

1.4 Liabilities. The Station Assets shall be transferred to Buyer free and clear of all liens, mortgages, assignments, security interests, claims and encumbrances of any type ("Liens") except for (i) the Assumed Obligations, and (ii) liens for taxes not yet due and payable and other non-monetary liens in existence as of the date hereof such as easements, restrictions and the like, none of which impair the use of the Station Assets in the manner they are currently being used (collectively, "Permitted Encumbrances").

1.5 Purchase Price and Method of Payment. The purchase price to be paid for the Station Assets shall be the sum of Five Million Twenty-Five Thousand Dollars (\$5,025,000), subject to adjustment pursuant to Section 1.8 below (the "Purchase Price"). The Purchase Price shall be paid at Closing as follows:

(a) Upon execution of this Agreement Buyer has deposited with Escrow Agent the sum of Five Hundred Thousand Dollars (\$500,000) which constitutes the Deposit as provided in Section 1.6 below, under the terms set forth in the Escrow Agreement between Seller, Buyer, and the Escrow Agent dated of even date herewith (the "Escrow Agreement"). At Closing, Two Hundred Fifty Thousand Dollars (\$250,000) of the Deposit shall be disbursed to Seller. Following the Closing, Two Hundred Fifty Thousand Dollars (\$250,000) of the Deposit (the "Post-Closing Escrow") shall be retained by the Escrow Agent pursuant to the Escrow Agreement for a period of nine (9) months after the Closing Date in order to secure the post-closing indemnifications of Seller pursuant to Article 9. Absent a timely

indemnification claim by Buyer pursuant to Article 9 below, One Hundred Twenty-Five Thousand Dollars (\$125,000) of the Post-Closing Escrow shall be disbursed to Seller on the date six (6) months after the Closing Date, and the balance of the Post-Closing Escrow (together with all interest earned on the Post-Closing Escrow) shall be disbursed to Seller on the date nine (9) months after the Closing Date.

(b) At Closing, Buyer shall pay to Seller, by wire transfer of immediately available funds to such accounts as Seller specifies in writing to Buyer at least two business days before the Closing Date or directly to any secured parties pursuant to payoff letters delivered by Seller at Closing under the provisions of Section 8.1(d) below, the amount of Four Million Five Hundred Twenty-Five Thousand Dollars (\$4,525,000) for the Station Assets acquired hereunder.

1.6 Deposit. Simultaneously with the execution and delivery of this Agreement, Buyer has deposited the sum of Five Hundred Thousand Dollars (\$500,000) (the "Deposit") with Fidelity National Title Insurance Company, 5151 East Broadway, Suite 185, Tucson, Arizona 85711 (the "Escrow Agent") to be held in accordance with the Escrow Agreement. At Closing, a portion of the Deposit shall be disbursed to Seller and applied to the Purchase Price, and a portion retained in a post-closing escrow, as set forth in Section 1.5(a) above. If this Agreement is terminated by Seller pursuant to Section 10.1(c), the Deposit and any interest accrued thereon shall be disbursed to Seller. If this Agreement is terminated for any other reason, the Deposit and any interest accrued thereon shall be disbursed to Buyer. The parties shall each instruct the Escrow Agent to disburse the portion(s) of the Deposit and all interest accrued thereon to the party or parties entitled thereto and shall not, by any act or omission, delay or prevent any such disbursement. This Agreement shall not become effective if Buyer fails to make the Deposit on the date hereof, and in such event, any understandings between the parties as to whether the transactions contemplated in this Agreement will be considered as terminated and cancelled.

1.7 Allocation. Seller and Buyer mutually agree to allocate the Purchase Price in accordance with the amounts set forth in Schedule 1.7 attached hereto (the "Allocation"). Seller and Buyer agree: (i) to complete Internal Revenue Service ("IRS") Form 8594 in the manner required by Section 1060 of the Internal Revenue Code of 1986, as amended, the regulations thereunder and in accordance with the Allocation, and to separately file such IRS Form 8594 with its federal income tax return for the tax year in which the Closing occurs; and (ii) that neither Seller nor Buyer will take a position on any tax return inconsistent with the Allocation without the written consent of the other party; *provided, however*, that nothing contained herein shall prevent Buyer or Seller from settling with the IRS or any other taxing authority any proposed deficiency or adjustment based upon or arising out of the Allocation, and neither Buyer nor Seller shall be required to litigate before any court, any proposed deficiency or adjustment by the IRS or any other taxing authority challenging such Allocation.

1.8 Prorations and Adjustments. The income and operating expenses attributable to the operation of the Stations until 12:01 a.m. on the Closing Date shall be for the account of Seller and thereafter for the account of Buyer. Deposits, reserves and prepaid and deferred items of income and expense relating to the Station Assets shall be prorated between Seller and Buyer as of the Closing Date in accordance with generally accepted accounting principles. Such prorations shall include, without limitation, business and license fees, music and other license

fees (including any retroactive adjustments thereof), utility expenses, prepaid time sales agreements, amounts due or to become due under Station Contracts and similar prepaid and deferred items. Except as otherwise provided herein, the prorations and adjustments contemplated by this Section 1.8, to the extent practicable, shall be made on the Closing Date. Without limiting the foregoing, all real estate rent, *ad valorem* real estate and other property taxes (if any) shall be prorated as of the Closing Date and paid on the Closing Date. If real estate taxes are not yet known they shall be determined on the basis of the most recent assessment, with an adjustment thereof, if any, as soon as the new tax rate and valuation is issued. All special tax assessments and similar governmental charges imposed against the Real Property and Tangible Personal Property in respect of any period of time through 12:01 a.m. on the day before the Closing Date, whether payable in installments or otherwise, shall be the responsibility of Seller, such special tax assessments and similar governmental charges in respect of any period of time after the Closing Date shall be the responsibility of Buyer, and such assessments and charges shall be adjusted accordingly. To the extent that any of the foregoing prorations and adjustments are not or cannot be determined as of the Closing Date, Buyer and Seller shall conduct a final accounting and make any further payments, as required on a date mutually agreed upon, within ninety (90) days after the Closing. In the event of any disputes between the parties as to such adjustments, the amounts not in dispute shall nonetheless be paid at the time provided in herein and such disputes shall be determined by an independent certified public accountant mutually acceptable to the parties, with the fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer. Except as set forth in Section 1.3 (Assumption of Obligations), Buyer expressly does not, and shall not, assume or be deemed to have assumed under this Agreement or by reason of any transactions contemplated hereunder any liabilities, obligations, or commitments of Seller of any nature whatsoever.

1.9 Closing. The consummation of the sale and purchase of the Station Assets provided for in this Agreement (the "Closing") shall take place on the tenth (10th) business day after the date the FCC Consent (defined below) without conditions materially adverse to Buyer (other than those of general applicability) either (at Buyer's option) is initially granted or becomes Final (defined below), or on such other date as Buyer and Seller may mutually agree, in any case 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."

1.10 FCC Application. As soon as possible (but in no event later than three (3) business days after the date of this Agreement), Seller and Buyer shall join in and file an application (the "FCC Application") requesting FCC consent to the assignment of the FCC Authorizations from Seller to Buyer (the "FCC Consent"). Seller and Buyer shall diligently take all steps that are necessary, proper or desirable to expedite the prosecution of the FCC Application to a favorable conclusion. Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to the FCC Application, shall furnish all information required by the FCC, and shall be represented at all meetings or hearings scheduled to consider the FCC Application. For purposes of this Agreement, the term "Final" shall mean a written action shall have been taken by the FCC (including action duly taken by the FCC's staff, pursuant to delegated authority) which shall not have been reversed, stayed, enjoined, set aside, annulled or suspended; with respect to which no timely request for stay, petition for reconsideration, or rehearing, appeal or certiorari or *sua sponte* action of the FCC with comparable effect shall be pending; and as to which the time for filing any such request,

petition, appeal, certiorari or for the taking of any such *sua sponte* action by the FCC shall have expired or otherwise terminated.

1.11 License Renewal. The current FCC Authorization term expires October 1, 2005. If Closing has not occurred on or before June 1, 2005, Seller shall file FCC renewal applications with respect to the Stations not later than June 1, 2005 and thereafter diligently prosecute such applications. The parties acknowledge that under current FCC policy, either the FCC will not grant an assignment application while a renewal application is pending, or the FCC will grant an assignment application with a renewal condition. If the FCC Application is granted subject to a renewal condition, then the term "FCC Consent" shall mean FCC consent to the FCC Application, satisfaction of such renewal condition, and a written action of the FCC approving the renewal applications, which action has become Final.

1.12 Accounts Receivable. The Accounts Receivable shall remain the property of Seller, and Buyer shall not acquire any right or interest therein. During the Collection Period, Buyer shall use commercially reasonable efforts to collect the Accounts Receivable in the ordinary course of business and shall apply all amounts collected from the Stations' account debtors to the oldest account first, unless the advertiser disputes in good faith in writing an older account and designates the payment to a newer account. Any amounts relating to the Accounts Receivable that are paid directly to Seller (if any) shall be retained by Seller. Buyer shall not discount, adjust or otherwise compromise any Accounts Receivable and Buyer shall refer any disputed Accounts Receivable to Seller. Within twenty (20) days after the end of each month during the Collection Period, Buyer shall deliver to Seller a report showing Accounts Receivable collections for the prior month and Buyer shall make a payment to Seller equal to the amount of all such collections. At the end of the Collection Period, any remaining Accounts Receivable shall be returned to Seller and Seller shall assume sole responsibility for collection of any remaining Accounts Receivable. During the Collection Period, neither Seller nor any of Seller's agents, without the consent of Buyer (or without consulting with Buyer in the case of disputed accounts), shall make any direct solicitation of any customers owing Accounts Receivable for collection purposes. In collecting the Accounts Receivable pursuant to this Section 1.12, Buyer shall not be required to institute any legal proceedings to collect the Accounts Receivable or to otherwise incur any cost or obligations in respect thereof other than in the ordinary course of business.

1.13 Non-Competition Agreement. At Closing, Thomas S. Rockler (on behalf of himself and any of his businesses or affiliates) shall execute the three (3) year Non-Competition Agreement in the form of *Exhibit A* attached hereto (the "Noncompete"). Ten Thousand Dollars (\$10,000) of the Purchase Price shall be allocated to the Noncompete.

ARTICLE 2: REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

2.1 Organization. Seller is duly organized, validly existing and in good standing under the laws of the State of Arizona, and is qualified to do business in each jurisdiction in which the Station Assets are located. Seller has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and

delivered by Seller pursuant hereto (collectively, the "Seller Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

2.2 Authority. 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, its officers, directors, and shareholders and do not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its respective 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. The execution, delivery and performance by Seller of this Agreement and the Seller Ancillary Agreements does not conflict with any organizational documents of Seller or any law, judgment, order, or decree to which Seller is subject or require the approval, consent, authorization or act of, or the making by Seller of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except for the FCC Consent and consents to the assignment of those Station Contracts which are subject to such consent.

2.4 FCC Authorizations. The FCC Authorizations include all licenses and construction permits for the Stations as well as those for any booster, translator, studio-to-transmitter station, microwave station, remote pick-up station, auxiliary or any other authorization used or usable for operation of the Stations that are held by Seller. Seller holds the FCC Authorizations listed and described on *Schedule 1.1(a)* and has provided Buyer with copies of all FCC Authorizations. The FCC Authorizations 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 modify any of the FCC Authorizations (other than proceedings to amend FCC rules of general applicability), and there is not now issued or outstanding or pending or, to Seller's knowledge, threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Seller or the Stations. The Stations are operating in compliance in all material respects with the FCC Authorizations, the Communications Act of 1934, as amended ("Communications Act") and the rules, regulations and written policies of the FCC.

2.5 Real Property. Seller has no owned Real Property. *Schedule 1.1(c)* includes a description of any lease or similar agreement under which Seller is lessee or licensee of, or holds, uses or operates, any real property in the business or operation of the Stations (the "Real Property Leases"). To Seller's knowledge, neither the whole nor any part of any Real Property is subject to any pending or threatened suit for condemnation or other taking by any public authority. Seller's use of the Real Property complies in all material respects with all applicable laws, statutes, ordinances, rules and regulations of federal, state and local governmental authorities. Seller has paid, or shall have paid prior to Closing all amounts owed by it to any

contractor, architect or subcontractor for labor or materials performed, rendered or supplied to Seller in connection with Seller's use of the Real Property. 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 by Seller affecting the Real Property or the improvements thereon, or of the need for any material change in the means or methods of conducting Seller's operations thereon.

2.6 Personal Property. *Schedule 1.1(b)* contains a list of all material items of Tangible Personal Property included in the Station Assets. Seller has good and marketable title to the Tangible Personal Property free and clear of Liens other than Permitted Encumbrances and such Liens identified in *Schedule 2.6* that will be released no later than at Closing. All of the items of Tangible Personal Property included in the Station Assets are in operating condition and repair (reasonable wear and tear excepted), other than Tangible Personal Property which has been retired from service in the Stations' normal course of business or which is used for spare parts, and comply in all material respects with applicable rules and regulations of the FCC, the terms of the FCC Authorizations, and with other applicable federal, state and local statutes, ordinances, rules and regulations.

2.7 Contracts. Each of the existing Station Contracts (including without limitation each Real Property Lease) 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 existing Station Contracts in all material respects, is not in material default thereunder, and, to Seller's knowledge, no other party to any of the existing Station Contracts is in default thereunder in any material respect.

2.8 Intangible Property. *Schedule 1.1(e)* contains a description of all material Intangible Property used or held for use in operation of the Stations (whether owned by Seller or licensed by Seller to use), and all of the foregoing are included in the Station Assets. To Seller's knowledge, Seller's rights in the Intangible Property are valid and uncontested and Seller has received no notice of any claim that the use thereof conflicts with or infringes upon any rights of any third party.

2.9 Employees. Seller has provided to Buyer in *Schedule 2.9* of the Schedule Volume a list of all of the Stations' employees (full and part-time), and their positions and rates of compensation, bonus arrangements, written contracts (and summaries of oral contracts), and a description of Seller's health and all other employee benefit plans. Seller has complied in all material respects with all labor and employment laws, rules and regulations applicable to the Stations' business, including without limitation those which relate to prices, wages, hours, discrimination in employment and collective bargaining. There is no (i) unfair labor practice charge or complaint against Seller in respect of the Stations' business pending or, to Seller's knowledge, threatened by or before the National Labor Relations Board, any state labor relations board or any court or tribunal, or other governmental authority, or (ii) strike, dispute, request for representation, slowdown, organizational drive or stoppage pending or, to Seller's knowledge, threatened in respect of the Stations' business.

2.10 Compliance with Laws. Seller has complied in all material respects with all laws, regulations, rules, writs, injunctions, ordinances, franchises, decrees or orders of any court or of any foreign, federal, state, municipal or other governmental authority which are applicable to the Stations or the Station Assets. There is no action, suit or proceeding pending or, to Seller's knowledge, threatened against Seller in respect of the Stations or the Station Assets. There are no governmental claims or investigations pending or, to the knowledge of Seller, threatened against Seller in respect of the Stations or the Station Assets. There is no action, suit or proceeding pending or, to Seller's knowledge, threatened against Seller which questions the legality or propriety of the transactions contemplated by this Agreement, or which could materially adversely affect Seller's ability to perform its obligations hereunder.

2.11 Environmental. No hazardous or toxic substance or waste (including without limitation petroleum products) or other material regulated under any applicable environmental, health or safety law (each a "Contaminant") has been generated, stored, transported or released by Seller (each a "Release") on, in, from or to the Real Property included in the Station Assets, and, to Seller's knowledge, there has been no Release of any Contaminant by any other party on, in, from or to the Real Property included in the Station Assets. To Seller's knowledge, Seller has complied in all material respects with all applicable Environmental Laws. "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. Seller has obtained all environmental, health and safety permits necessary for the operation of the Stations, all such permits (if any) are in full force and effect, and the Seller is in compliance in all material respects with the terms and conditions of all permits (if any). There are no underground or above-ground storage tanks owned, leased or used by Seller located on the Real Property.

2.12 No Finder. Except for the Exline Company whose fees shall be paid by Seller, no broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Seller or any party acting on Seller's behalf.

2.13 Insurance. Seller maintains insurance policies with respect to the Stations and the Station Assets consistent with its practices for other stations, and will maintain such policies until Closing.

2.14 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 required to be paid. There are no governmental investigations or other legal, administrative, or tax proceedings pending, or to the best of 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 assignee of the Station Assets and 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.

2.15 Sufficiency of Station Assets. The Station Assets include all assets that are necessary to operate the Stations in all material respects as currently operated, with the exception of Excluded Assets.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

3.1 Organization. Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is (or will by Closing Date be) qualified to do business in the State of Arizona. Buyer has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer (collectively, the "Buyer Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

3.2 Authority. 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, its officers, directors and members and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective 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. Neither the execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements or the consummation by Buyer of any of the transactions contemplated hereby or thereby nor compliance by Buyer with or fulfillment by Buyer of the terms, conditions and provisions hereof or thereof will: (i) conflict with any organizational documents of Buyer or any law, judgment, order or decree to which Buyer is subject; or (ii) require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except the FCC Consent. Buyer has obtained all necessary consents of its lenders and investors to the acquisition of the Station Assets.

3.4 No Finder. No broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Buyer or any party acting on Buyer's behalf.

3.5 Qualifications. Buyer is now and on the Closing Date will be legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Stations under the Communications Act and the rules, regulations and policies of the FCC. There are no facts that would, under existing law and the rules, regulations, policies and procedures of the FCC, disqualify Buyer as an assignee of the FCC Authorizations or as the owner and operator of the

Stations. With respect to Buyer's qualifications, no waiver of any FCC rule or policy is necessary for the FCC Consent to be obtained. 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 Buyer's ability to perform its obligations hereunder.

ARTICLE 4: COVENANTS OF SELLER

Seller covenants and agrees that from the date hereof until the completion of the Closing, except as permitted by this Agreement or with the prior consent of Buyer, Seller shall:

- (a) Operation. Operate the Stations, in the usual and ordinary manner in which the business has been conducted in the past and in all material respects in accordance with the terms of the FCC Authorizations, the Communications Act, FCC rules, regulations and policies, and all other applicable laws, rules and regulations.
- (b) Sale or Encumbrance of Assets. Not, without the prior written consent of Buyer, which consent will not be unreasonably withheld, sell, lease, transfer, pledge or encumber or agree to sell, lease, transfer, or create a Lien or any other encumber, any Station Assets, other than dispositions in the ordinary course of business of the Stations consistent with past practice.
- (c) Compliance as to Agreements. Seller shall comply in all material respects with the Station Contracts and Real Property Leases.
- (d) Access. At the request of Buyer upon reasonable prior notice, give or cause to be given to the officers, employees, accountants, counsel, agents, consultants and representatives of Buyer access during normal business hours to all of the Stations' facilities, properties, accounts, books, title papers, insurance policies, licenses, agreements, contracts, commitments, records and files of every character, equipment, machinery, fixtures, furniture and vehicles and such other information concerning the affairs of the Stations as Buyer may reasonably request. Any investigation or examination by Buyer shall not unreasonably disrupt or interfere with the business and operation of the Stations.
- (e) Maintenance. Seller shall maintain the Station Assets in operating condition; repair or replace all items of Tangible Personal Property at time intervals consistent with prior practice; maintain adequate supplies of spare parts consistent with past practices; and repair or replace any Stations Asset that may be damaged or destroyed with items of equal or greater value and utility, subject to Section 10.7 below.
- (f) Leases. Prior to execution of this Agreement, Seller has delivered to Buyer copies of three license agreements with AAT Communications Corp. (which are included in the Real Property Leases) to which copies of Seller's signature pages are attached, which replace the prior agreements. As soon as practicable after the date of this Agreement and in any event prior to Closing, Seller shall deliver to Buyer copies of the signature pages to such agreements executed by AAT Communications Corp.

(g) 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 free and clear of any Lien except Permitted Encumbrances.

(h) Payment of Indebtedness; Financing Statements. Except for Permitted Encumbrances, Seller shall secure the release of all Liens on the Station Assets that secure the payment of any indebtedness (including, without limitation, any Lien identified in *Schedule 2.6*) and shall deliver to Buyer at the Closing appropriate 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. Further, Seller shall, on or prior to Closing Date, pay, settle, or otherwise satisfy any liabilities or debts occurring on or before Closing Date relating to operation of Stations or any of the Station Assets.

(i) Monthly Reports. By the 15th day of each month, Seller shall provide to Buyer copies of the Stations' aged accounts receivable reports for the previous month.

(j) Estoppel Certificates. Seller shall use best efforts to obtain reasonable estoppel certificates from each lessor, landlord or licensor with respect to each of the Real Property Leases. Each estoppel certificate requested by Seller shall identify the lease or license, the term thereof (and any amendments or modifications thereto), and the amount of the monthly payment or other consideration due thereunder, and shall contain the lessor's, landlord's or licensor's certification that such lease is in full force and effect, that there are no uncured defaults with respect to such lease or license and that Seller is in full compliance and not in default as to Seller's obligations thereunder.

(k) Employee Compensation and Benefits. Seller shall not increase the compensation, expense allowance, bonus or other benefits payable or to become payable to any employees of Stations other than in the ordinary course of business of the Stations consistent with past practices.

(l) Insurance. Seller shall cause to be maintained in effect until the Closing Seller's existing property damage, liability and other insurance with respect to the Station Assets.

(m) Offers to Purchase. Seller shall not, either directly or indirectly, sell or attempt to sell any significant portion of the Station Assets, conduct a discussion with any person or entity with respect to an offer to purchase any significant portion of the Station Assets, or enter into any agreement or transaction relating to the foregoing. Seller is not presently a party to any such negotiations, agreements or transactions other than with Buyer.

(n) Compliance with Law. Seller shall comply in all material respects with all laws, rules and regulations applicable or relating to the Stations and the Station Assets.

(o) Trade. Seller shall use best efforts to run off the Stations' existing trade agreements described in Section 1.1(d)(iii) above prior to Closing, and Seller shall not, without the prior written consent of Buyer (which shall not be unreasonably withheld) enter into any new trade agreements with respect to the Stations.

ARTICLE 5: JOINT COVENANTS

Buyer and Seller hereby covenant and agree that between the date hereof and Closing:

5.1 Confidentiality.

(a) Subject to the requirements of applicable law, Buyer and Seller shall each keep confidential all information obtained by it with respect to the other parties hereto in connection with this Agreement and the negotiations preceding this Agreement (“Confidential Information”); provided that, the parties hereto may furnish such Confidential Information to its employees, agents and representatives who need to know such Confidential Information (including its financial and legal advisers, its banks and other lenders) (collectively, “Representatives”); provided however, the disclosing party shall be responsible for all actions or omissions of such Representatives with regard to Representatives’ breach of this Section 5.1. Each party hereto shall, and shall cause each of such party’s Representatives to, use the Confidential Information solely in connection with the transactions contemplated by this Agreement, and not for any competitive purpose or advantage detrimental to the other party hereto or any of its affiliates. If the transactions contemplated hereby are not consummated for any reason, each party shall (i) return to such other party hereto, without retaining a copy thereof, any schedules, documents or other written information (and any derivative work product) obtained from such other party in connection with this Agreement and the transactions contemplated hereby, and (ii) provide, upon request, a written confirmation that all Confidential Information (and derivative work product) has been returned to the other party, and that the Confidential Information was used solely in connection with the transactions contemplated by this Agreement.

(b) Notwithstanding anything to the contrary in this Agreement, no party shall be required to keep confidential or return any Confidential Information which: (i) is known or available through other lawful sources, not bound by a confidentiality agreement with the disclosing party; (ii) is or becomes publicly known through no fault of the receiving party or its agents; (iii) is required to be disclosed pursuant to an order or request of a judicial or governmental authority (provided the disclosing party is given reasonable prior notice of the order or request and the purpose of the disclosure); or (iv) is developed by the receiving party independently of the disclosure by the disclosing party. Notwithstanding anything to the contrary in this Agreement, Seller and its affiliates may, in accordance with their respective legal obligations (including but not limited to filings permitted or required by the applicable securities laws or any securities market) make such filings and public statements and announcements as necessary or appropriate in connection with this Agreement and the transactions contemplated hereby.

5.2 Cooperation. Subject to express limitations contained elsewhere herein, each party shall cooperate fully with one another in taking any reasonable actions to obtain the required consent for FCC approval necessary to accomplish the transactions contemplated by this Agreement, including but not limited to the prompt satisfaction of any FCC condition to Closing set forth herein.

5.3 Control of Station. Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Stations prior to Closing. Consistent with FCC rules, control, direction and supervision of all Stations operations prior to Closing shall remain the sole

responsibility of Seller. Consistent with the foregoing, Seller shall not, without the prior written consent of Buyer, which consent will not be unreasonably withheld, make any material change in the Station's (i) format, (ii) credit policy, (iii) rates, or (iv) number of commercial units run per hour between the date of this Agreement and Closing unless such change is consistent with prior business practices.

5.4 Consents to Assignment. Prior to Closing, Seller shall use commercially reasonable efforts to obtain the consent, in a form reasonably acceptable to Buyer and Seller, of any third party necessary for the assignment to Buyer of all Real Property Leases and Station Contracts to be assigned hereunder. 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 hereto shall not constitute an assignment thereof, but subject to the consent of Buyer, and to the extent permitted by law shall constitute an equitable assignment by Seller and assumption by Buyer of Seller's rights and obligations under the applicable Station Contract, with Seller making available to Buyer the benefits thereof and Buyer performing the obligations thereunder on Seller behalf.

5.5 Access to Records. For a period of two (2) 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 reasonably necessary for either party to prepare any required tax filings or audits.

5.6 Environmental Studies.

(a) Buyer shall have the right to obtain environmental assessments of the real property under the Real Property Leases, and if Buyer exercises such right, Buyer shall obtain such assessments as soon as reasonably possible, but in no event later than sixty (60) days after execution of this Agreement. If requested by Buyer prior to Closing, Seller will provide access to Buyer to such real property to conduct such environmental assessments at Buyer's expense and during normal business hours upon reasonable prior notice (and subject to landlord consent if necessary), but completion of such assessments is not a condition to Closing. Buyer and any professional company engaged by Buyer shall conduct such environmental assessments in a manner consistent with the Real Property Leases, respectful of the rights and property of others (whether Seller, landlord, or any other users of the tower site), and without damage to the property of the foregoing. Buyer agrees to notify Seller of any good faith objections to the contents of the environmental assessment reports within five (5) business days after Buyer's receipt of any such report.

(b) In the event that any such environmental assessment discloses an environmental condition or matter for which Seller is responsible which is reasonably unsatisfactory to Buyer and to which Buyer objects on a timely basis, then Seller shall remediate and eliminate such condition or matter in all material respects. If such remediation is not completed prior to the time prescribed for Closing under this Agreement, then Buyer may, in its discretion, either terminate this Agreement upon written notice to Seller, or proceed with the Closing, and in such latter circumstance Seller shall complete the remediation as soon as practicable after Closing.

(c) In the event that any such environmental assessment discloses an environmental condition or matter for which the landlord of the site or a third party is responsible which is reasonably unsatisfactory to Buyer and to which Buyer objects on a timely basis, and if such landlord or third party fails or refuses to remediate such condition or matter prior to Closing, and if such condition or matter would impair or prevent Station operations, put any of the Stations in violation of applicable law in any material respect, or would impose liability on Buyer if such Real Property Lease is assumed by Buyer, then Buyer may terminate this Agreement upon written notice to Seller. Seller shall cooperate and use commercially reasonable efforts to obtain the landlord's or third party's efforts to remediate any such condition or matter in all material respects.

5.7 Station Facilities. Buyer shall have the right, at its expense, to confirm that the each of Station's transmission facilities, and the building and tower of the landlord, lessor or licensee in or upon which such facilities are located, is located entirely within the real property boundaries covered by its respective Real Property Lease or underlying lease or license (if any), and if Buyer exercises such right, Buyer shall obtain such assessments as soon as reasonably possible, but in no event later than sixty (60) days after execution of this Agreement. Buyer shall conduct such investigations in a manner consistent with the Real Property Leases, respectful of the rights and property of others (whether Seller, landlord, or any other users of the tower site), and without damage to the property of the foregoing. The completion of any such investigations by Buyer is not a condition to Closing. If any such investigations by Buyer disclose that any of the Stations' transmission facilities, or the building or the towers in or upon which such transmission facilities are located, are not located entirely within the real property boundaries covered by its respective Real Property Lease or underlying lease or license (if any), then Seller shall cooperate and use commercially reasonable efforts to cause the landlord under the applicable Real Property Lease or underlying lease or license (if any) to remediate and eliminate such matter in all material respects. If such remediation is not completed prior to Closing, then Buyer may terminate this Agreement on written notice to Seller.

5.8 Employees. Buyer may, but is not obligated to, hire any of Seller's employees. With respect to each employee of the Stations, Buyer shall notify Seller in writing whether or not it is hiring such employee upon Closing. With respect to employees of the Stations hired by Buyer, Seller shall be responsible for all compensation, benefits and other liabilities arising from employment by Seller of such employees prior to Closing (in accordance with Seller's employment terms and applicable law), and Buyer shall be responsible for all compensation, benefits and other liabilities arising from employment by Buyer of such employees after Closing (in accordance with Buyer's employment terms and applicable law).

5.9 No Inconsistent Action. Neither Buyer nor Seller shall 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.

5.10 Litigation. Seller shall notify Buyer (a) of any litigation pending or, to Seller's knowledge, threatened, against any of the Station Assets or which challenges the transactions contemplated hereby and (b) of any material damage to or destruction of the Station Assets.

Buyer shall notify Seller of any litigation pending, or to Buyer's knowledge, threatened, which challenges the transactions contemplated hereby.

ARTICLE 6: CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or at Closing:

6.1 Representations, Warranties and Covenants. Each of the representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Closing Date, and each of the covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with and performed in all material respects. 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 this Section have been satisfied.

6.2 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.

6.3 FCC Consent. The FCC Consent shall have been granted by the FCC.

6.4 Deliveries. Buyer shall have complied with each and every one of its obligations set forth in Section 8.2.

ARTICLE 7: CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are, at its option, subject to the fulfillment of the following conditions prior to or at Closing:

7.1 Representations, Warranties and Covenants. Each of the representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date, and each of the covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with and performed in all material respects. Buyer shall have received a certificate dated as of the Closing Date from Seller, executed by an authorized officer of Seller, to the effect that the conditions set forth in this Section have been satisfied.

7.2 FCC Consent. The FCC Consent shall have been granted by the FCC and, at Buyer's option, shall have become Final.

7.3 Deliveries. Seller shall have complied with each and every one of its obligations set forth in Section 8.1.

7.4 Governmental Authorizations. Seller shall be the lawful holder of the FCC Authorizations and all other material licenses, permits and other authorizations listed in *Schedule*

1.1(a), and there shall not have been any material adverse modification of any of such licenses, permits and other authorizations between the date of this Agreement and Closing. No proceeding shall be pending which seeks or the effect of to revoke, cancel, fail to renew, suspend or modify adversely any of the FCC Authorizations or any other material licenses, permits or other authorizations relating to the Stations.

7.5 Required Consents and Estoppels. Seller shall have obtained the consents to assign the Real Property Leases from Seller to Buyer marked as "Required Consents" in *Schedule 1.1(c)* (the "Required Consents") and the estoppel certificates described in Article 4(j) for the Real Property Leases marked as "Required Estoppel Certificates" in *Schedule 1.1(c)* (the "Required Estoppel Certificates").

7.6 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.

7.7 Adverse Change. There shall have occurred no material adverse change in the condition of the equipment or other assets included in the Station Assets or used in operation of the Stations between the date of this Agreement and the Closing Date, other than any change that shall not have a Material Adverse Effect. "*Material Adverse Effect*" shall be defined as a material adverse effect on the Station Assets taken as a whole on the ability of Seller to operate the Stations in all material respects as currently operated by Seller, provided that the foregoing shall not include any material adverse effect arising out of changes in the financial performance, results of operations or business of the Stations, or the financial prospects of the Stations. Notwithstanding anything else contained herein to the contrary, the provisions of Section 10.7 (Risk of Loss) shall be applicable in the event of a Material Adverse Effect.

ARTICLE 8: CLOSING DELIVERIES

8.1 Deliveries by Seller. At the Closing, Seller shall deliver to Buyer duly executed by Seller or such other signatory as may be required by the nature of the document:

(a) bills of sale, assignments and other good and sufficient instruments of sale, conveyance, transfer and assignment, in form and substance reasonably satisfactory to Buyer, sufficient to sell, convey, transfer and assign the Station Assets to Buyer free and clear of Liens (other than Permitted Encumbrances);

(b) certified copies of resolutions authorizing the execution, delivery and performance by Seller of this Agreement, which shall be in full force and effect;

(c) the certificate referred to in Section 7.1;

(d) UCC Termination Statements (if applicable) with respect to any Liens or encumbrances which have been placed of record on the Station Assets that are not Permitted Encumbrances, or a payoff letter addressed to Buyer and in a form reasonably acceptable to

Buyer, that without condition or qualifications obligates the secured party under any Lien listed in *Schedule 2.6* to release the Station Assets from such Lien and provide instruments evidencing such release upon payment of the amounts set forth in such payoff letter;

(e) Certificates of Good Standing of Seller issued by State of Arizona;

(f) the Required Consents, the Required Estoppel Certificates and any other estoppel certificates with respect to the Real Property Leases obtained by Seller, and any other consents to assign the Station Contracts obtained by Seller;

(g) the Noncompete; and

(h) such other documents as may be reasonably necessary to convey, transfer and assign the Station Assets from Seller to Buyer, including free and clear of Liens except Permitted Encumbrances.

8.2 Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller:

(a) the Purchase Price, which shall be paid in the manner specified in Section 1.5;

(b) an instrument or instruments of assumption of the Assumed Obligations;

(c) certified copies of resolutions authorizing the execution, delivery and performance by Buyer of this Agreement, which shall be in full force and effect;

(d) the certificate referred to in Section 6.1;

(e) a Certificate of Good Standing of Buyer issued by the State of Delaware and a certificate issued by the State of Arizona indicating that Buyer is qualified to conduct business in the State of Arizona;

(f) the Noncompete; and

(g) such other documents as may be reasonably necessary to assume the Assumed Obligations.

ARTICLE 9: SURVIVAL; INDEMNIFICATION

9.1 Survival. The covenants, agreements, 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 those under (i) this Article 9.1 that relate to Damages (defined below) for which written notice is given by the indemnified party to the indemnifying party prior to the expiration of twelve (12) months, which shall survive until resolved and (ii) Sections 1.3 (Assumption of Obligations), 1.7 (Allocation), 1.8 (Prorations and Adjustments), 2.4 (FCC Authorizations), 2.11 (Environmental), 2.14 (Taxes), 5.1 (Confidentiality), 5.4 (Consents to Assignment), 5.5 (Access to Records) and 10.4

(Expenses), and indemnification obligations with respect to such provisions, which shall survive until performed.

9.2 Indemnification.

(a) From and after Closing, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, claims, demands, actions, suits, recoveries, deficiencies, liabilities and expenses, including reasonable attorneys' fees and expenses ("Damages") incurred by Buyer arising out of or resulting from: (i) any breach or default by Seller of its representations, warranties and covenants under this Agreement; or (ii) without limiting the foregoing, any litigation, proceeding or claim by any third party relating to the business or operation of the Stations prior to Closing; provided, however, with respect to clause (i) above, Seller shall not have any liability to the Buyer hereunder until, and only to the extent that, the Buyer's aggregate Damages exceed \$25,000 and the maximum liability of Seller hereunder shall be \$1,000,000.

(b) 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 or default by Buyer of its representations, warranties and covenants under this Agreement; (ii) the Assumed Obligations; or (iii) without limiting the foregoing, any litigation, proceeding or claim by any third party relating to the business or operation of the Stations after Closing; provided, however, with respect to clause (i) above, Buyer shall not have any liability to the Seller hereunder until, and only to the extent that the Seller's aggregate Damages exceed \$25,000 and the maximum liability of Buyer to Seller hereunder shall be \$1,000,000.

9.3 Procedures. The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or arising from a breach or default of representations, warranties and covenants under this Agreement, or other circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's right to indemnification and the indemnifying party's obligation to indemnify as set forth in this Agreement, except to the extent the indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced. The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim. In the event that the indemnifying party shall elect not to undertake such defense or opposition, or, within twenty (20) days after written notice (which shall include sufficient description of background information explaining the basis for such Claim) of any such Claim from the indemnified party, the indemnifying party shall fail to undertake to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the indemnifying party. Notwithstanding anything herein to the contrary (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, and shall have the right to consult with the indemnifying party and its counsel concerning such Claim, and the indemnifying party and the indemnified party shall cooperate in good faith with respect to such 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; and; (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 or other representatives concerning such Claim and the indemnifying party and the indemnified party and their respective counsel or other representatives shall cooperate in good faith with respect to such Claim. Claims not involving third parties shall be resolved as set forth in Section 9.4. All claims not disputed shall be paid by the indemnifying party within thirty (30) days after receiving notice of the Claim.

9.4. Sole Remedy. After the Closing, the right to indemnification under this Article 9 shall be the exclusive remedy of any party in connection with any breach or default by the other party of its representations, warranties and covenants under this Agreement, with such indemnification rights enforceable by the parties under the procedures provided in Section 11.5, except as modified by the Post-Closing Escrow arrangement described in Section 1.5(a).

ARTICLE 10: MISCELLANEOUS

10.1 Termination. This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written consent of Buyer and Seller;
- (b) by written notice of Buyer to Seller if Seller (i) is in default for failure to perform in any material respect the obligations to be performed by it under this Agreement on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements herein contained and such breach or default under (i) or (ii) is not cured within the Cure Period (defined below);
- (c) by written notice of Seller to Buyer if Buyer (i) is in default for failure to perform in any material respect the obligations to be performed by it under this Agreement on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements herein contained, and (except as provided by Section 1.6) such breach or default is not cured within the Cure Period;
- (d) by written notice of Buyer to Seller, or of Seller to Buyer, if the Closing shall not have been consummated on or before the date one (1) year after the date of this Agreement (the "Outside Date"); provided, however, that if the FCC Consent has not been granted by such date as a result of circumstances not caused by either Buyer or Seller, then either party may extend the Outside Date for an additional one (1) year period by written notice to the other given no more than thirty (30) days prior to the Outside Date;
- (e) as provided by Sections 5.6 (Environmental Studies), 5.7 (Station Facilities) or 10.7 (Risk of Loss); or

(f) if Seller, after using its best efforts to obtain the estoppel certificates pursuant to Article 4(j) above, receives a refusal, from one or more of the landlords, lessors or licensors for the leases designated as "Required Estoppel Certificates" in *Schedule 1.1(c)*, to deliver a Required Estoppel Certificate dated within ten (10) business days of the Closing, then Seller shall notify Buyer within three (3) business days after receipt of such refusal. Upon receipt of such notice, Seller shall permit Buyer to contact the refusing landlord, lessor, or licensor in an effort to obtain a commitment to deliver such Required Estoppel Certificate. Buyer may thereafter contact such landlord, lessor or licensor, but without liability or obligation to obtain such commitment. If Seller (or Buyer, with permission from Seller pursuant to the preceding sentence), after sixty (60) days from the date of this Agreement, has been unable to obtain a commitment from such refusing landlord(s), lessor(s) or licensor(s) to deliver such Required Estoppel Certificate(s), then Buyer may terminate this Agreement by giving written notice to Seller on or before five (5) business days after expiration of such sixty-day period. If at the end of such five (5) business day period Seller does not receive such notice of termination, then Buyer's termination right under this Section 10.1(f) is waived and this Agreement remains in full force and effect.

The term "Cure Period" as used herein means a period commencing on the date Buyer or Seller receives from the other written notice of a breach or default hereunder and continuing until the earlier of (i) thirty (30) days thereafter or (ii) the Closing Date; 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, 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, and provided, further, that Buyer's and Seller's obligation to close on the Closing Date shall not be subject to notice and right to cure. Except as provided by Section 10.3, 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 herein to the contrary, Sections 1.6 (Deposit), 5.1 (Confidentiality), and 10.4 (Expenses) shall survive any termination of this Agreement.

10.2 Remedies. Subject to Seller's rights under Section 10.3 (Liquidated Damages) or Buyer's rights under Section 11.6 (Specific Performance), the remedies for any default or breach under this Agreement are set forth in Section 11.5 (Resolution of Disputes).

10.3 Liquidated Damages. If Seller terminates this Agreement pursuant to Section 10.1(c), then the Deposit and any interest accrued thereon shall be paid to Seller in cash, and such payment shall constitute liquidated damages; provided, that if Seller prevails in any dispute with respect to the Deposit, it shall also be entitled to recover its good faith reasonable costs, fees and expenses with respect thereto. It is understood and agreed that payment of the Deposit to Seller in cash shall constitute liquidated damages due to Seller upon any such termination, and such amount represents the parties' reasonable estimate of actual damages and does not constitute a penalty, and provided further, such amount shall be the sole and exclusive remedy of Seller against Buyer for breach of or default under this Agreement and shall be applicable regardless of the actual amount of damages sustained.

10.4 Expenses. Each party hereto shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement, including without limitation, accounting

and legal fees incurred in connection herewith; provided, however, that Seller and Buyer shall each pay one-half of the FCC filing fees required to be paid in connection with the FCC Application, and Buyer shall pay any recordation fees arising from the transfer of the Station Assets to Buyer.

10.5 Further Assurances. After Closing, each party hereto will execute all such instruments and take all such actions as any other party shall reasonably request, without payment of further consideration, to carry out and effectuate this Agreement and the transactions contemplated hereby, including without limitation the execution and delivery of confirmatory and other transfer documents in addition to those to be delivered at Closing.

10.6 Public Announcements. Prior to Closing, neither party shall, without the approval of the other party hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except to announce it has been entered into, and except as required by law. Notwithstanding the foregoing, the parties acknowledge that the rules and regulations of the FCC require that public notice of the transactions contemplated by this Agreement be made after the FCC Application has been filed with the FCC.

10.7 Risk of Loss. The risk of loss or damage to any of the Station Assets from fire or other casualty or cause shall be upon Seller on or before the Closing Date at all times up to the Closing on the Closing Date, and it shall be the responsibility of Seller to repair or cause to be repaired and to restore such assets to their condition prior to any such loss or damage. In the event of any such loss or damage, Seller shall promptly notify Buyer in writing, specifying with reasonable particularity the loss or damage incurred, the cause thereof, if known or reasonably ascertainable and the applicable insurance coverage. The proceeds of any claim for any loss payable under any insurance policy with respect thereto shall be used to repair, replace or restore any such property to its former condition subject to the conditions stated below. If the property is not completely repaired, replaced or restored on or before the Closing on the Closing Date, Buyer may postpone the Closing for a period of up to ninety (90) days until such time as the property has been completely repaired, replaced or restored, and, if necessary, the parties shall join in an application requesting the FCC to extend the effective period of its consent to the FCC Application. If after such ninety (90) day period the property is still not completely repaired, replaced or restored, Buyer may, at its sole option, (i) consummate the Closing and accept the property in its then condition, in which event Seller shall assign to Buyer all proceeds of insurance covering the property involved and deliver to Buyer all proceeds theretofore received by Seller, or (ii) terminate this Agreement upon written notice to Seller and thereafter the Deposit shall be disbursed to Buyer, and Buyer shall have no further obligation to Seller (except for the obligations under this Agreement set forth in Sections 5.1 (Confidentiality) and 10.4 (Expenses)).

ARTICLE 11: GENERAL PROVISIONS

11.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective representatives, successors and assigns. Neither party may assign any of its rights or delegate any of its duties hereunder without the prior written consent of the other party hereto, and any such attempted assignment or delegation without such consent shall be void; provided however, Buyer may assign its rights under this Agreement,

without the consent of Seller, to an entity controlled by or under common control of Buyer so long as (i) such assignment causes no material delay in the obtaining the FCC Consent or the Closing Date, (ii) any such assignee delivers to Seller a written assumption of this Agreement, and (iii) Buyer shall remain liable for all of its obligations hereunder. All covenants, agreements, statements, representations, warranties and indemnities in this Agreement by and on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors and permitted assigns of the parties hereto.

11.2 Amendments; Waivers. 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.

11.3 Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be deemed to have been received on the date of personal delivery, on the day of receipt after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt of delivery requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller, then to:

Red Rock Communications, Ltd.
2909 N. Campbell Avenue
Suite 342
Tucson, AZ 85719
Attention: Thomas S. Rockler, President
Facsimile: (520) 299-5061

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

Wiley Rein & Fielding LLP
1776 K Street, NW
Washington, DC 20006
Attention: Brian A. Johnson
Jessica N. Rosenthal
Facsimile: (202) 719-7049

if to Buyer, then to:

Grenax Broadcasting LLC
10337 Carriage Club Drive
Lone Tree, CO 80124
Attention: Greg Dinetz
Facsimile: (303) 790-4315

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

Fletcher, Heald & Hildreth
1300 N. 17th Street, 11th Floor
Arlington, VA 22209
Attention: M. Scott Johnson
Facsimile: (703) 812-0486

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

11.5 Resolution of Disputes. Any dispute or claim arising out of or relating to this Agreement, or the execution, breach, default, termination or validity hereof, not cured as provided herein, shall be settled, if possible, through friendly, good faith consultations between the parties using their best sincere efforts to resolve any such dispute. In the event settlement cannot be reached through consultation between the parties within thirty (30) days after a written request by one party to the other party to engage in such consultations, either party may submit the dispute to a disinterested professional mediator in Arizona, and the parties shall engage with such mediator in the mediation of such dispute using their best sincere efforts to resolve any such dispute through mediation for a period of thirty (30) days. In the event that the parties are unable to resolve such dispute through mediation within thirty (30) days, the results of the mediation will be kept confidential by each party and the dispute shall be submitted for arbitration in accordance with the Commercial Rules of the American Arbitration Association to a disinterested professional arbitrator selected by the parties from a list provided by the American Arbitration Association in accordance with the procedures and rules of the American Arbitration Association. (In the absence of agreement of the parties on such selection, a request shall be submitted to the American Arbitration Association for appointment of an arbitrator). Such arbitration shall take place in Tucson, Pima County, Arizona, provided however, notwithstanding the foregoing, Buyer shall be entitled to seek specific performance of the terms of this Agreement in the courts of Arizona as set forth in Section 11.6 below.

(a) Any arbitration award shall be final and binding on the parties and enforceable in any court of competent jurisdiction. The arbitrator may (but shall not be required to), award the party that substantially prevails on the merits, its costs and reasonable expenses (including reasonable fees of its counsel). During any arbitration proceedings, this Agreement shall be performed continuously by the parties.

(b) The parties hereby consent to the nonexclusive jurisdiction of the courts of Arizona for enforcement of the arbitration award. Such arbitration shall be the parties' exclusive legal remedy. Damages awarded in this Section 11.5 shall be only those as the party may be entitled to receive under the laws of the State of Arizona subject, however, to the limitation in Section 10.3 as to a recovery of damages by Seller as set forth therein and the limitations for the parties in Section 9.2(a) and 9.2(b).

11.6 Specific Performance. Seller recognizes that, in the event Seller defaults in the performance of its obligations under this Agreement or otherwise breaches this Agreement, or to consummate the transactions contemplated by this Agreement at Closing, monetary damages alone will not be adequate. Buyer shall therefore be entitled in such event, in addition to its right to submit the dispute to mediation and arbitration under Section 11.5, to obtain specific performance of the terms of this Agreement in the federal or state courts in Arizona. 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. As a condition to seeking specific performance upon Seller's failure to consummate this Agreement at Closing, Buyer shall not be required to have tendered the Purchase Price specified in Section 1.5 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.

11.7 Entire Agreement. This Agreement, together with the Schedule Volume, 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. The term "Schedule Volume" refers to a schedule of private and confidential business information pertaining to the Stations including the Station Assets, financial information, litigation (if any) and personnel, which is required to be furnished to Buyer by Seller hereunder or referred to herein which have been bound in a separate volume. No party makes any representation or warranty with respect to the transactions contemplated by this Agreement except as expressly set forth in this Agreement. Without limiting the generality of the foregoing, Seller makes no representation or warranty to Buyer with respect to any projections, budgets or other estimates of the Stations' revenues, expenses or results of operations or any other financial or other information made available to Buyer with respect to the Stations.

11.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together constitute one and the same instrument.

11.9 No Third Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

11.10 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.

11.11 Severability. The parties agree that if one or more provisions contained in this Agreement shall be deemed or held to be invalid, illegal or unenforceable in any respect under any applicable law, 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.

11.12 Time of Essence. Time is of the essence in the performance of this Agreement.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

BUYER:

GRENAX BROADCASTING LLC

By: 
Name: Greg Dinetz
Title: President/CEO

SELLER:

RED ROCK COMMUNICATIONS, LTD.
RED ROCK COMMUNICATIONS II, LTD.

By: _____
Name: Thomas S. Rockler
Title: President

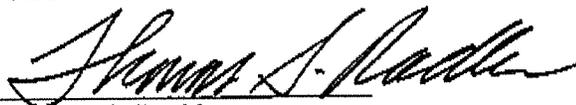
SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

BUYER: GRENAX BROADCASTING LLC

By: _____
Name: Greg Dinetz
Title: President/CEO

SELLER: RED ROCK COMMUNICATIONS, LTD.
RED ROCK COMMUNICATIONS II, LTD.

By: 
Name: Thomas S. Rockler
Title: President