

OPTION AND ASSET PURCHASE AGREEMENT

THIS OPTION AND ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of May 8, 2007, by and between **RADIO RANCH, LTD**, a Texas limited partnership ("Buyer"), and **RADIOACTIVE, LLC**, an Ohio limited liability company ("Seller").

RECITALS

WHEREAS, Seller, as the winning bidder for the permit in Auction No. 37, was issued by the Federal Communications Commission ("FCC") on March 10, 2005, a construction permit, FCC File No. BNPH-20050103ACN (the "Original Permit") authorizing the construction of a new FM radio station to operate on Channel 243A, 96.5 MHz, serving Ingram, Texas, FCC Facility ID No. 164252, call sign KAKI (the "Station"); and

WHEREAS, Seller has pending before the FCC an application on FCC Form 301 for the minor modification of the Original Permit, FCC File No. BMPH- 20050815AEK (the "Modification Application"), upon grant of which the FCC will issue a construction permit authorizing construction of the facilities specified in the Modification Application (the "Modified Permit" and, together with the Original Permit, the "Permit"); and

WHEREAS, following the construction of the Station in accordance with the Permit, and upon the filing by Seller with the FCC of an acceptable application for a license to cover the Permit (the "License Application"), the FCC shall in due course issue a license to Seller for the Station (the "Station License"); and

WHEREAS, the parties have reached agreement with respect to the grant by Seller to Buyer of an option to purchase substantially all of the assets of the Station; and

WHEREAS, Seller and Buyer, simultaneously with the execution of this Agreement, have entered into an Local Programming and Marketing Agreement dated as of the date hereof (the "LMA"), pursuant to which Seller has agreed, beginning on the date the Station commences operations pursuant to program test authority (the "PTA Date") to make available to Buyer airtime on the Station and to accept for broadcast the programs of Buyer on the terms and conditions set forth in the LMA; and

WHEREAS, Seller and Buyer, simultaneously with the execution of this Agreement, have entered into an Equipment and Studio Lease Agreement dated as of the date hereof (the "Lease Agreement"), pursuant to which Buyer shall lease to Seller audio delivery, broadcast transmission system, program delivery and telephone equipment and studio space as described therein under the terms and conditions set forth in the Lease Agreement; and

WHEREAS, in the event that Buyer exercises the option granted herein, Seller desires to sell and Buyer desires to purchase the Station and substantially all assets used and

useful in the operation of the Station on the terms and subject to the conditions set forth herein;
and

WHEREAS, in order to induce Buyer to enter into this Agreement, Seller hereby makes certain representations and warranties to, and covenants and agreements with, Buyer, and in order to induce Seller to enter into this Agreement, Buyer hereby makes certain representations and warranties to, and covenants and agreements with, Seller.

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

ARTICLE 1 **OPTION**

1.1 Option to Purchase. Upon the terms and conditions set forth herein, in exchange for the Option Payments (as hereinafter defined), Seller hereby grants an exclusive option to Buyer to purchase from Seller all of the assets of Seller used and useful in the operation of the Station, during the period from the day hereof until and including April 10, 2010 (the "Option"). In the event that Buyer exercises the Option, the purchase and sale of the Assets shall be on the terms and conditions as hereinafter provided in this Agreement.

1.2 Initial Option Payment. Buyer has on this date and concurrently with the execution of this Agreement paid to Seller the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00), in cash by wire transfer of immediately available funds (the "Initial Option Payment"), in exchange solely for the Option herein granted by Seller. The Initial Option Payment is non-refundable and shall not be subject to rescission or any other equitable remedy, except, however, in the event of a Buyer Refund Event (as defined below). In the event that Buyer exercises the Option, the Initial Option Payment shall be credited against the Purchase Price payable at Closing.

1.3 Second Option Payment. Buyer shall pay Seller the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00), in cash by wire transfer of immediately available funds within five (5) business days following the issuance by the FCC of a Public Notice announcing the FCC's grant (involving action by the Media Bureau on designated authority) of the Modification Application (the "Second Option Payment") in exchange solely for the continuation of the Option granted by Seller; provided, however, that in the event the Modified Permit contains a condition dealing with receipt of Mexican concurrence, then the Second Option Payment will not be due until five (5) business days following the issuance by the FCC of a Modified Permit without any condition dealing with receipt of Mexican concurrence ("Clean Modified Permit"). The Second Option Payment shall be non-refundable and shall not be subject to rescission or any other equitable remedy, except in the event of a Buyer Refund Event (as defined below). In the event that Buyer exercises the Option, the Second Option Payment, if made, shall be credited against the Purchase Price payable at Closing.

1.4 Installment Option Payments. Buyer shall pay to Seller TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00), in cash by wire transfer of

immediately available funds, in equal monthly installments starting on the first day of the first calendar month subsequent to the PTA Date, and continuing on the first day of each calendar month until the Closing ("Installment Option Payments" and collectively with the Initial Option Payment and the Second Option Payment, the "Option Payments"); provided, however, that in the event the Modified Permit contains a condition making it subject to the receipt of Mexican concurrence, then the Installment Option Payments will not commence until the first day of the first calendar month subsequent to issuance by the FCC of a Modified Permit without the condition relating to the receipt of Mexican concurrence. The amount of each Installment Option Payment shall be determined at the time the first Installment Option Payment is due by dividing TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) by the number of complete calendar months remaining until the Outside Closing Date. The Installment Option Payments are non-refundable and shall not be subject to rescission or any other equitable remedy, except in the event of a Buyer Refund Event. The total amount of Installment Option Payments paid to Buyer shall be credited against the Purchase Price payable at Closing.

1.5 Manner of Exercise of Option. Provided that Seller has notified Buyer in writing, on or before November 3, 2009, of the final date for notification of exercise of the Option, Buyer shall be required to issue to Seller, no later than November 30, 2009, written notice of Buyer's election to exercise the Option (the "Option Exercise Notice"). After issuance of the Option Exercise Notice, each party shall undertake the obligations set forth in the remainder of this Agreement.

1.6 Buyer Refund Event. For purposes of this Agreement, the term "Buyer Refund Event" shall mean the termination of this Agreement pursuant to Section 0, Section 0, Section 0 or Section 0, provided that Buyer is not in material default or breach of this Agreement at the time of such termination.

1.7 Alternative Payment Schedule. In the event that the FCC has not granted the Clean Modified Permit on or before December 1, 2008, Seller may, at its discretion, issue a written notification to Buyer that the Purchase Price adjustment, provided for in Section 3.2.2 below, shall be effective and that Buyer shall commence making the payments due pursuant to Sections 1.3 and 1.4 as well as the LMA Monthly Payment as set forth in the LMA. The Second Option Payment, pursuant to Section 1.3, shall be made and the Installment Option Payments, pursuant to Section 1.4, and the LMA Monthly Payment, pursuant to the LMA, shall commence on the first day of the first calendar month after Buyer receives such written notice from Seller, provided that the date of receipt is no later than the 20th day of any calendar month. The Purchase Price adjustment, provided for in Section 3.2.2 below, shall be applicable to the principal of the Installment Option Payments, pursuant to Section 1.4. The issuance of a Clean Modified Permit following the date of Seller's notice of its election of this alternative payment schedule shall not require Buyer to refund the Purchase Price adjustment or otherwise affect the payments due under the terms of this Section 1.7.

ARTICLE 2

PURCHASE AND SALE OF ASSETS

2.1 Assignment and Acquisition of Assets. In the event that Buyer exercises the Option, on the terms and subject to the conditions hereof, Seller shall, on the Closing Date

(as hereinafter defined), sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase and assume from Seller, all of the right, title and interest of Seller in and to the Station License and any other licenses issued to Seller by the FCC used and useful exclusively in the operation of the Station (collectively the "FCC Licenses") and all of the material assets used and useful exclusively in the operation of the Station owned by Seller (collectively with the FCC Licenses, the "Assets").

2.2 No Liens. The Assets shall be transferred to Buyer free and clear of all charges, conditions, community property interests, options, hypothecations, attachments, conditional sales, title retentions, rights of first refusal, debts, security interests, mortgages, trusts, claims, pledges or other liens, liabilities, encumbrances or rights of third parties whatsoever ("Liens").

2.3 Excluded Items. Notwithstanding anything to the contrary contained herein, it is expressly understood and agreed that the transaction involving the assignment of the Assets shall not include any assets or licenses owned or held by the Seller relating to stations or enterprises other than the Station, Seller's company seal, minute books, charter documents, ownership record books and such other books and records as pertain to the organization, existence or capitalization of Seller and duplicate copies of such records as are necessary to enable Seller to file its tax returns and reports as well as any other records or materials relating to Seller generally and not involving or relating to the Assets.

ARTICLE 3 **CONSIDERATION**

3.1 Delivery of Consideration. In the event that Buyer exercises the Option, in consideration for the sale of the Assets to Buyer, Buyer agrees to pay to Seller the purchase price of FOUR HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$475,000.00.00) (the "Purchase Price"), to be paid as follows:

3.1.1 As provided in Sections 1.2, 0 and 0, the Option Payments shall be credited against the Purchase Price payable at Closing.

3.1.2 At Closing, Buyer shall pay to Seller the balance of the Purchase Price in cash by wire transfer of immediately available funds.

Notwithstanding the preceding, in the event that the Closing shall occur on or before March 10, 2010, the Purchase Price shall be increased by the amount of any Unjust Enrichment Payment (as hereinafter defined). The "Unjust Enrichment Payment" is the amount that Seller is required to reimburse the United States Government, pursuant to 47 C.F.R. Section 73.5007(e), in connection with the request for consent to the assignment or transfer of control of the Permit or FCC Licenses.

3.2. Adjustment to Purchase Price. Notwithstanding the provisions of Section 3.1, the Purchase Price shall be reduced by the following amounts: (i) in the event that, on or before the date of the Closing, the FCC has failed to grant the Seller's request to operate the Station on FM Channel 243C3 (as proposed in the Modified Permit) and, as a result, the Station is operated on FM Channel 243A (as granted by the FCC in the Original Permit or in a

subsequent permit), or (ii) in the event that, on or before the date of the Closing, the FCC, in applying Special Operating Condition No. 3, has taken an action (which action need not be a Final Order, as defined below), in the form of a decision in MM Docket No. 00-148 or any proceeding related thereto, directing that the frequency, class, or site location of the Station be changed from that authorized by the FCC in the Original Permit and/or the Modification Application:

3.2.2. Fifty Thousand Dollars (\$50,000.00), but only if the channel class is downgraded from Class C3 to Class A; and

3.2.3. Such sums as Buyer was required to expend, and not reimbursed by any third party, in order to carry out the action required of Buyer to change the frequency, class, or site location of the Station. In the event that Buyer has not yet undertaken the work necessary to carry out the action required of Buyer by the FCC, the obligation of Seller to reimburse Buyer shall survive Closing and the parties shall escrow, at Closing, a mutually agreed upon sum estimated by the parties to approximate closely, but not be the exact amount of, the obligation of Seller to Buyer.

As used in this Agreement, the term "Final Order" shall mean such order, action or decision of the FCC that has not been reversed, stayed, enjoined, annulled or suspended and as to which (i) no timely request for stay, appeal, petition for reconsideration, application for review or reconsideration, or action by the FCC on its own motion with comparable effect is pending and (ii) the time for filing any such request, appeal, petition or application or for the taking of any such action by the FCC on its own motion, has expired.

ARTICLE 4

CLOSING

4.1 Closing. Except as otherwise mutually agreed upon by Buyer and Seller, the consummation of the transactions contemplated herein (the "Closing") shall occur within five (5) business days after the later to occur of: (a) the satisfaction or waiver of each condition to closing contained herein (excluding conditions that by their terms cannot be satisfied until the Closing Date), provided, however, that each party hereto shall use its reasonable best efforts to cause each condition to closing to be satisfied so that the Closing may occur at the earliest possible date; (b) such other date as may be mutually agreed by the parties hereto; or (c) March 11, 2010 (the "Closing Date"). The Closing shall be held in the offices of Hogan & Hartson L.L.P., 555 Thirteenth Street, N.W., Washington, D.C., or at such place and in such manner as the parties hereto may agree.

4.2 Outside Closing Date. Notwithstanding the foregoing, in no event shall the Closing occur later than April 10, 2010 (the "Outside Closing Date"). The Outside Closing Date shall be extended, provided that there is pending before the FCC an application requesting consent to the assignment of the Station's Permit or FCC Licenses, as the case may be, from Seller to Buyer or its permitted assignee ("Assignment Application"), until: (a) such date which is the earlier to occur of (i) five (5) business days after the FCC issues a Public Notice announcing its consent to the Assignment Application, or (ii) the fourth anniversary of the filing

of the Assignment Application; or (b) in the event that a Petition to Deny or Informal Objection has been filed against the Assignment Application, at Buyer's (or its permitted assignee's) election, such date which is the earlier to occur of (i) five (5) business days after the FCC consent to the Assignment Application has become a Final Order, or (ii) the fourth anniversary of the filing of the Assignment Application. If Buyer (or its permitted assignee) fails to satisfy all conditions to Closing necessary hereunder in order to consummate the transactions contemplated hereby on or before the Outside Closing Date, and Seller is not at such time in material breach hereunder, Seller shall be entitled to terminate this Agreement, retain any paid Option Payments and keep or sell the Assets to another party, provided that Buyer has been given written notice thereof and a period of thirty (30) days in which to cure such breach.

ARTICLE 5

GOVERNMENTAL CONSENTS

5.1 FCC Consent. It is specifically understood and agreed by Buyer and Seller that the assignment of the FCC Licenses is expressly conditioned on and is subject to the prior consent and approval of the FCC, including the Media Bureau pursuant to delegated authority, without the imposition of any conditions materially adverse to Seller or Buyer with respect to the assignment of the FCC Licenses from Seller to Buyer (the "FCC Consent").

5.2 FCC Application. Buyer and Seller agree to file an application with the FCC for the FCC Consent (the "FCC Application") upon the earlier of: (a) ten (10) business days after Buyer's delivery to Seller of the Option Exercise Notice; or (b) December 10, 2009. Buyer and Seller shall prosecute the FCC Application with all reasonable diligence and otherwise use their best efforts to obtain the FCC Consent as expeditiously as practicable (but neither Buyer nor Seller shall have any obligation to satisfy complainants or the FCC by taking any steps which would have a material adverse effect upon Buyer or Seller). If the FCC Consent imposes any condition on Buyer or Seller, such party shall use its best efforts to comply with such condition; provided, however, that neither Buyer nor Seller shall be required hereunder to comply with any condition that would have a material adverse effect upon it. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; provided, however, that nothing herein shall be construed to limit either party's right to terminate this Agreement pursuant to 0.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby makes the following representations and warranties to Seller, each of which is true and correct on the date hereof and shall remain true and correct through to and survive the Closing as provided in 0.

6.1 Organization and Standing. Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Texas.

6.2 Authorization and Binding Obligation. Buyer has all necessary power and authority required for a limited partnership to enter into and perform this Agreement and the transactions contemplated hereby, to hold the Assets and to carry on the business of the Station

upon the consummation of the transactions contemplated by this Agreement. Buyer's execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary action on its part and, assuming the due authorization, execution and delivery of this Agreement by Seller, this Agreement will constitute the valid and binding obligation of Buyer, enforceable against it in accordance with its terms, except as limited by laws affecting creditors' rights or equitable principles generally. **6.3**

Qualification. To the best of Buyer's knowledge, there are no facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Buyer as an assignee of the FCC Licenses. **6.4** **Absence of**

Conflicting Agreements or Required Consents. Except as set forth in 0 with respect to governmental consents, the execution, delivery and performance of this Agreement by Buyer: (a) do not conflict with the provisions of the certificate of limited partnership or limited partnership agreement (or other organization documents) of Buyer; (b) do not require the consent of any third party which has not already been obtained by Buyer; (c) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Buyer is bound; and (d) will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under, any agreement, instrument, license or permit to which Buyer is now subject. **6.5** **Litigation.**

There is no claim, litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer, that could have a material adverse effect on Buyer's ability to perform its obligations pursuant to this Agreement. Buyer is not in violation of any law, regulation, or ordinance or any other requirement of any governmental body or court which could have a material adverse effect on Buyer's ability to perform its obligations pursuant to this Agreement.

6.6 **Commissions or Finder's Fees.** Neither Buyer nor any person or entity acting on behalf of Buyer has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity. **6.7**

FCC Deadline. Buyer represents that it knows that the Permit will expire at 3:00 a.m. local time on March 10, 2008 (the "FCC Deadline"), unless the facilities authorized by the Permit are constructed and the License Application is filed prior to the FCC Deadline.

The representations and warranties of Buyer shall be unaffected by an investigation heretofore or hereafter made by Seller; provided that Seller shall use reasonable efforts to notify Buyer of any facts of which Seller has actual knowledge, that would cause any of the representations and warranties set forth in 0 to be materially false or misleading.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Buyer, each of which is true and correct on the date hereof and shall remain true and correct through to and survive the Closing as provided in 0:

7.1 Organization and Standing. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Ohio, and has the power and authority to hold the Assets.

7.2 Authorization and Binding Obligation. Seller has all necessary power and authority required for a limited liability company to enter into and perform this Agreement and the transactions contemplated hereby. Seller's execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary action on its part and, assuming the due authorization, execution and delivery of this Agreement by Buyer, this Agreement will constitute the valid and binding obligation of Seller, enforceable against it in accordance with its terms, except as limited by laws affecting creditors' rights or equitable principles generally.

7.3 Absence of Conflicting Agreements or Required Consents. Except as set forth in 0 with respect to governmental consents, the execution, delivery and performance of this Agreement by Seller: (a) do not conflict with the provisions of the articles of organization of the limited liability company agreement (or other organization documents) of Seller; (b) do not require the consent of any third party which has not already been obtained by Seller; (c) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which Seller is bound; and (d) will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under, any agreement, instrument, license or permit to which Seller is now subject.

7.4 FCC Licenses. Seller is the authorized legal holder of the Permit, which, until the issue of the FCC Licenses, shall be in full force and effect, in good standing and unimpaired by any act of Seller or its members, directors, officers, employees or agents. The Permit, and when issued, the FCC Licenses, is not subject to any material adverse restrictions or conditions except those set forth on such authorization or which apply generally to radio station authorizations of its type. At the time of Closing, Seller shall be the authorized legal holder of the FCC Licenses, which shall be in full force and effect, in good standing and unimpaired by any act of Seller or its members, directors, officers, employees or agents, and none of which is subject to any material adverse restrictions or conditions except those set forth on such authorization or which apply generally to radio station authorizations of its type. To the knowledge of Seller, there are no facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Seller as assignor of the FCC Licenses, once issued.

7.5 Litigation. There is no claim, litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against Seller, that could have a material adverse effect on Seller's ability to perform its obligations pursuant to this Agreement. Seller is not in violation of any law, regulation, or ordinance or any other requirement of any governmental body or court which could have a material adverse effect on Seller's ability to perform its obligations pursuant to this Agreement.

7.6 Compliance With Laws. Seller is not in violation of, and has not received any notice asserting any non-compliance by it in connection with the Permit.

7.7 Commissions or Finder's Fees. Neither Seller nor any person or entity acting on behalf of Seller has agreed to pay a commission, finder's fee or similar payment in connection with this Agreement or any matter related hereto to any person or entity.

7.8 Instruments of Conveyance; Good Title. The instruments to be executed by Seller and delivered to Buyer at the Closing, conveying the Assets to Buyer, will transfer all of Seller's right, title and interest in and to the Assets to Buyer.

7.9 Undisclosed Liabilities. No liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, relating to Seller or the Permit exists which could, after the Closing, result in any form of transferee liability against Buyer or subject the Assets to any Liens or otherwise affect the full, free and unencumbered use of the Assets by Buyer.

The representations and warranties of Seller shall be unaffected by an investigation heretofore or hereafter made by Buyer; provided that Buyer shall use reasonable efforts to notify Seller of any facts of which Buyer has actual knowledge, that would cause any of the representations and warranties set forth in 0 to be materially false or misleading.

ARTICLE 8 **COVENANTS OF BUYER**

Buyer covenants to Seller that it will perform as follows, which covenants survive the Closing as provided in ARTICLE 15:

8.1 Closing. In the event that Buyer exercises the Option and subject to 0, on the Closing Date, Buyer shall purchase the Assets from Seller as provided in 0. **8.2**

Notification. Buyer shall provide Seller prompt written notice of: (a) any change in any of the information contained in the representations and warranties made in 0 of which it becomes aware; and (b) any litigation, arbitration or administrative proceeding pending or, to its knowledge, threatened against Buyer which challenges the transactions contemplated hereby.

8.3 No Inconsistent Action. Buyer shall not take any action which: (a) is materially inconsistent with or which breaches its obligations under this Agreement; or (b) would cause any representation or warranty of Buyer contained herein to be or become false or invalid.

ARTICLE 9 **COVENANTS OF SELLER**

Seller covenants to Buyer that it will perform as follows, which covenants survive the Closing as provided in ARTICLE 15:

9.1. Closing. In the event that Buyer exercises the Option and subject to 0, on the Closing Date, Seller shall sell to Buyer the Assets as provided in 0. **9.2 Notification.**

Seller shall provide Buyer prompt written notice of: (a) any change in any of the information contained in the representations and warranties made in 0 of which it becomes aware; and (b) any litigation, arbitration or administrative proceeding pending or, to its knowledge, threatened against Seller which challenges the transactions contemplated hereby.

9.3 No Inconsistent Action. Seller shall not take any action which: (a) is materially inconsistent with its obligations under this Agreement; or (b) would cause any representation or warranty of Seller contained herein to be or become false or invalid.

9.4 Exclusivity. Seller agrees that, commencing on the date hereof and continuing through the Closing or earlier termination of this Agreement, Buyer shall have the exclusive right to consummate the transactions contemplated herein, and during such exclusive period, Seller agrees, unless Seller maintains a good faith belief that Buyer may be unable or unwilling to fulfill its obligations under this Agreement, that neither Seller nor any member, officer, employee or other representative or agent of Seller: (a) will initiate, solicit or encourage, directly or indirectly, any inquiries, or the making or implementation of any proposal or offer with respect to an acquisition or any purchase of the Assets (any such inquiry, proposal or offer being hereinafter referred to as an "Acquisition Proposal" and any such transaction being hereinafter referred to as an "Acquisition"); (b) will engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal; or (c) will continue any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal or Acquisition and will take the necessary steps to inform the individuals or entities referred to above of the obligations undertaken by them in this Section 0.

9.5 Modification of Facilities. During the term of this Agreement, Seller shall not request from the FCC a further modification of the construction permit, license or community of license for the Station without the consent of the Buyer, which consent Buyer may grant or withhold at Buyer's absolute discretion.

9.6 Defense of FCC Authorizations. Seller shall diligently defend all FCC authorizations for the Station against any claims, by the FCC or third parties, that would result in the cancellation, modification, termination or non-renewal of such FCC authorizations.

ARTICLE 10 **JOINT COVENANTS**

Buyer and Seller hereby covenant and agree that between the date hereof and the Closing Date it shall act in accordance with the following:

10.1 Confidentiality.

10.1.1. Subject to the requirements of applicable law, Buyer and Seller shall each keep confidential all information obtained by it with respect to the other party 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"). 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. If the transactions contemplated hereby are not consummated for any reason, each party shall return to such other party hereto, without retaining a copy thereof, any schedules, documents or other written information obtained from such other party in connection with this Agreement and the transactions contemplated hereby.

10.1.2. Notwithstanding anything contained in Section 0, no party shall be required to keep confidential or return any Confidential Information which: (a) is known or available through other lawful sources, not bound by a confidentiality agreement with the disclosing party; (b) is or becomes publicly known through no fault of the receiving party or its agents; (c) 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 (d) is developed by the receiving party independently of the disclosure by the disclosing party.

10.2 Cooperation. Subject to express limitations contained elsewhere herein, Buyer and Seller agree to cooperate fully with one another in taking any reasonable actions (including without limitation, reasonable actions to obtain the required consent of any governmental instrumentality or any third party) necessary or helpful to accomplish the transactions contemplated by this Agreement, including but not limited to the satisfaction of any condition to closing set forth herein.

10.3 Control of FCC Licenses. Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Seller or assume any control of the FCC Licenses or the Station prior to the Closing. Such operations, including complete control and supervision of the FCC Licenses and the Station shall be the sole responsibility of Seller.

10.4 "Turn-Key" Facilities. Buyer (at Buyer's sole expense) shall expeditiously, and in no event later than September 10, 2007, arrange, implement and lease to Seller "turn-key" transmitting and studio facilities in accordance with the requirements of the FCC and the Modified Permit and pursuant to the terms of the Lease Agreement. In the event the FCC has not issued the Modified Permit on or before May 1, 2007, the September 10, 2007 completion date shall be extended, day-for-day, for each day between May 1, 2007 and the date of issuance of the Modified Permit, but in no event shall that extended be later than December 1, 2007. Within the time period specified by the FCC rules, following the PTA Date, Seller shall file the License Application with the FCC that reflects the facilities of the constructed Station. Seller shall diligently prosecute to grant the License Application before the FCC. The parties recognize that if Buyer refuses to perform under the provisions of this Section 0, monetary damages alone will not be adequate to compensate Seller for its injury. Seller shall therefore be entitled to obtain specific performance of the terms of this Section 0 in addition to any other remedies, including, but not limited to, monetary damages, that may be available to it. If any action is brought by Seller to enforce this Section 0, Buyer shall waive the defense that there is an adequate remedy at law. In the event of a default by Buyer which results in the filing of a lawsuit for damages, specific performance, or other remedy, Seller shall be entitled to reimbursement by Buyer of reasonable attorneys' fees and expenses incurred by Seller, at trial and on appeal, if Seller receives a judgment in its favor.

10.5 Compliance with Conditions. In the event that the FCC requires the Seller to comply with Special Operating Condition No. 3 to the Original Permit, or as incorporated into any subsequent permit or license for the Station, the parties shall cooperate in effectuating such compliance. In connection therewith, Buyer shall be responsible for all modifications to the Station, Seller shall prepare, file and prosecute all necessary FCC

applications, and Seller shall secure from any reimbursements due from third parties and immediately upon receipt pay them over to Buyer.

10.6 Bulk Sales Laws. Buyer hereby waives compliance by Seller with the provisions of the “bulk sales” or similar laws of any state.

ARTICLE 11

CONDITIONS OF CLOSING BY BUYER

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

11. Representations, Warranties and Covenants.

11.1.1. All representations and warranties of Seller made in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, shall be true and complete in all material respects as of the date hereof and on and as of the Closing Date as if made on and as of that date, except for changes expressly permitted or contemplated by the terms of this Agreement.

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

11.1.3. Buyer shall have received a certificate, dated as of the Closing Date, executed by an officer of Seller, to the effect that: (a) the representations and warranties of Seller contained in this Agreement are true and complete in all material respects on and as of the Closing Date as if made on and as of that date; and (b) that Seller has complied with or performed in all material respects all terms, covenants and conditions to be complied with or performed by it on or prior to the Closing Date.

11.2 Governmental Authorizations. The FCC shall have issued the Modified Permit without any conditions that would have a material adverse effect on the Permit, provided, that, it shall not be considered an adverse condition for the Modified Permit to be subject to such conditions which apply generally to radio station authorizations of its type or to be conditioned on the final outcome of MM Docket 00-148. No proceeding shall be pending which seeks or the effect of which reasonably could be to revoke, cancel, suspend or adversely modify the Modified Permit.

11.3 Adverse Proceedings. No suit, action, claim or governmental proceeding shall be pending against, and no other decree or judgment of any court, agency or other governmental authority shall have been rendered (and remain in effect) against, any party hereto which would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms. **11.4 Closing Documents.** Seller shall have delivered or caused to be delivered to Buyer, on the Closing Date, each of the documents required to be delivered by it pursuant to Section 0.

ARTICLE 12
CONDITIONS OF CLOSING BY SELLER

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

12.1 Representations, Warranties and Covenants.

12.1.1. All representations and warranties of Buyer made in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, shall be true and complete in all material respects as of the date hereof and on and as of the Closing Date as if made on and as of that date, except for changes expressly permitted or contemplated by the terms of this Agreement.

12.1.2. All the terms, covenants and conditions to be complied with and performed by Buyer on or prior to the Closing Date shall have been complied with or performed in all material respects.

12.1.3. Seller shall have received a certificate, dated as of the Closing Date, executed by an officer of the General Partner of Buyer, to the effect that: (a) the representations and warranties of Buyer contained in this Agreement are true and complete in all material respects on and as of the Closing Date as if made on and as of that date; and (b) that Buyer has complied with or performed in all material respects all terms, covenants and conditions to be complied with or performed by it on or prior to the Closing Date.

12.2 Governmental Consents. The FCC Consent shall have been obtained. Seller acknowledges that it shall not be a condition of Closing, exercisable by Seller, that the FCC Consent has become a Final Order.

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

12.4 Closing Documents and Payment. Buyer shall have delivered or caused to be delivered to Seller, on the Closing Date, each of the documents required to be delivered by it pursuant to Section 0, and Buyer shall have paid Seller the balance of the Purchase Price, as contemplated by 0.

ARTICLE 13
TAXES; FEES; AND EXPENSES

13.1 Expenses. Except as set forth in Sections 0 and 0 or otherwise expressly set forth in this Agreement, each party hereto 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 including, but not limited to the costs and expenses incurred pursuant to 0 and the fees and disbursements of counsel and other advisors.

13.2 Taxes and Similar Charges. All costs of transferring the Assets in accordance with this Agreement, including recordation, transfer and documentary taxes and fees and any excise, sales or use, or other local taxes taxes, shall be shared equally by Buyer and Seller.

13.3 Governmental Filing or Grant Fees. Any filing or grant fees imposed by any governmental authority the consent of which or the filing with which is required for the consummation of the transactions contemplated hereby shall be shared equally by Buyer and Seller. In the case of other applications required by the FCC, Seller shall pay all required filing fees. In the case of other applications to the FCC sought by Buyer, Buyer shall reimburse Seller for the filing fee.

ARTICLE 14

DOCUMENTS TO BE DELIVERED AT CLOSING

14.1 Seller's Documents. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

14.1.1. Certified resolutions of the sole member of the Seller approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby;

14.1.2. A certificate of the Seller dated the Closing Date, in the form described in Section 0;

14.1.3. Such certificates, assignments and other instruments of conveyance, assignment and transfer, including without limitation any necessary consents to conveyance, assignment or transfer, all in form reasonably satisfactory to Buyer and Buyer's counsel, as shall be effective to vest in Buyer all of Seller's right, title and interest in the Assets, free, clear and unencumbered (except for the right of the United States Government in the FCC Licenses).

14.1.4. Such additional information, materials, agreements, public inspection files, documents and instruments as Buyer and its counsel may reasonably request in order to consummate the Closing.

14.2 Buyer's Documents. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

14.2.1. Certified resolutions of the Member of the General Partner of Buyer approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby;

14.2.2. A certificate of Buyer, dated the Closing Date, in the form described in Section 0.

14.2.3. The balance of the Purchase Price in immediately available funds.

14.2.4. Such additional information, materials, agreement, documents and instruments as Seller and its counsel may reasonably request in order to consummate the Closing.

ARTICLE 15 **SURVIVAL**

15.1 Survival of Representations, Etc. It is the express intention and agreement of the parties to this Agreement that all covenants and agreements (together, “Agreements”) and all representations, warranties and covenants (together, “Warranties”) made by Buyer and Seller in this Agreement shall survive the Closing (regardless of any knowledge, investigation, audit or inspection at any time made by or on behalf of Buyer or Seller; provided Seller and Buyer comply with the applicable notification obligations set forth in the last paragraph of 0 and 0, respectively) for one year following the Closing. **15.2**

Indemnification.

15.2.1. 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 related to any breach of the Agreements or Warranties given or made by Seller in this Agreement.

15.2.2. Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or related to any breach of the Agreements and Warranties given or made by Buyer in this Agreement.

ARTICLE 16 **TERMINATION RIGHTS**

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

16.1.1. Upon the mutual written agreement of Buyer and Seller, this Agreement may be terminated on such terms and conditions as so agreed; or

16.1.2. By written notice of Buyer to Seller if Seller breaches in any material respect any of its representations or warranties or defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements herein contained and such breach or default is not cured within thirty (30) days of the date of notice of breach or default served by Buyer; or

16.1.3. By written notice of Seller to Buyer if Buyer breaches in any material respect any of its representations or warranties or defaults in any material respect in the observance or in the due and timely performance of any of its covenants or agreements herein contained and such breach or default is not cured within thirty (30) days of the date of notice of breach or default served by Seller; or

16.1.4. By written notice of Seller to Buyer, or, after the PTA Date, by written notice of Buyer to Seller, if the FCC by staff action or action by the full FCC denies by Final Order the FCC Application or designates for hearing the FCC Application; or

16.1.5. After the PTA Date, by written notice of Buyer to Seller if any court of competent jurisdiction shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement; or

16.1.6. By written notice of Seller to Buyer if Buyer has not met its obligations set forth in Section 0, or if the Lease Agreement is terminated, pursuant to its terms or otherwise, unless such termination is the result of a material breach by Seller of the Lease Agreement; or

16.1.7. By written notice of Seller to Buyer, if Seller did not receive from Buyer any of the Option Payments when due and such default is not cured within thirty (30) days of the date of written notice of default served by Seller ; or

16.1.8. By five (5) days prior written notice of Seller to Buyer or Buyer to Seller, if the Closing shall not have been consummated on as contemplated by Section 0; or

16.1.9. By written notice of Seller to Buyer if the LMA is terminated, pursuant to its terms or otherwise, unless: (a) such termination is the result of a material breach by Seller of the LMA; or (b) Buyer continues to pay to Seller an amount equal to the LMA Monthly Payment and the Reimbursement Payments (as defined in the LMA) per month plus such other amounts as would be necessary to place Seller in an economic position not less favorable than it would have been in had the LMA not been terminated, which amounts will be payable in advance on the first day of each month, prorated for any partial month, for each month following termination of the LMA until (1) this Agreement is terminated or (2) the impediment to the continuance of the LMA is removed and Buyer and Seller reinstate the LMA on the terms set forth in the LMA.

Notwithstanding the foregoing, no party hereto may effect a termination hereof if such party is in material default or breach of this Agreement. In the event of a termination by Seller, except for a termination pursuant to Section 16.1.6, either Buyer may put to Seller or Seller may call from Buyer, in a written notice given within ten (10) business days of the termination of this Agreement, the "turn-key facilities" for the Station. The cost incurred by Seller, which shall be equal to Buyer's actual out-of-pocket expenses for the purchase, construction, installation and replacement of the "turn-key facilities," shall be paid as follows: (i) if as a result of any termination other than a termination pursuant to Section 16.1.3, on the tenth (10th) business day after issuance of such notice, or (ii) if as a result of a termination pursuant to Section 16.1.3, it shall be added to the lease payments under the terms of the Lease Agreement, where it shall be amortized over the remaining term of the Lease Agreement. Buyer shall not be entitled to any payment for the work done by Buyer or employees of Buyer, but shall be entitled to payment for work done by independent contractors.

16.2 Liability. Except as set forth in Section 0, the termination of this Agreement under Section 0 shall not relieve any party of any liability for breach of this Agreement prior to the date of termination. **16.3 Monetary Damages, Specific Performance and Other Remedies.** The parties recognize that if Seller refuses to perform under the provisions of this Agreement or Seller otherwise breaches such that the Closing has not occurred, monetary damages alone will not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled to obtain specific performance of the terms of this Agreement in addition to any other remedies, including but not limited to monetary damages, that may be available to it. Where Buyer effects a termination, if such termination constitutes a Buyer Refund Event as set forth in Section 1.6, Buyer shall be entitled, except where it secures specific performance, to the refund of all Option Payments paid to the date of the refund. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law. In the event of a default by Seller which results in the filing of a lawsuit for damages, specific performance, or other remedy, Buyer shall be entitled to reimbursement by Seller of reasonable attorneys' fees and expenses incurred by Buyer at trial and on appeal, if Seller receives a judgment in its favor.

16.4 Seller's Liquidated Damages. If the parties hereto shall fail to consummate this Agreement on the Closing Date due to a material breach hereof by Buyer, and Seller is at that time not in material breach hereof, then Seller shall retain any paid Option Payments. It is understood and agreed that such liquidated damages amount represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. Except as set forth in Section 0, recovery of liquidated damages shall be the sole and exclusive remedy of Seller against Buyer for failing to consummate this Agreement and shall be applicable regardless of the actual amount of damages sustained and all other remedies are deemed waived by Seller. Seller and Buyer hereby expressly acknowledge that this Section 0 shall survive the termination of this Agreement.

ARTICLE 17

MISCELLANEOUS PROVISIONS

17.1 Certain Interpretive Matters and Definitions. Unless the context otherwise requires: (a) all references to Sections, Articles, Schedules or Exhibits are to Sections, Articles, Schedules or Exhibits of or to this Agreement; (b) each term defined in this Agreement has the meaning assigned to it; (c) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with generally accepted accounting principles as in effect on the date hereof; (d) "or" is disjunctive but not necessarily exclusive; (e) words in the singular include the plural and vice versa; and (f) all references to "\$" or dollar amounts will be to lawful currency of the United States of America.

17.2 Further Assurances. After the Closing, Seller shall from time to time, at the request of and without further cost or expense to Buyer, execute and deliver such other instruments of conveyance and transfer and take such other actions as may reasonably be requested in order more effectively to consummate the transactions contemplated hereby to vest in Buyer good and marketable title to the Assets being transferred hereunder, free, clear and unencumbered, and Buyer shall from time to time, at the request of and without further cost or expense to Seller, execute and deliver such other instruments and take such other actions as may

reasonably be requested in order more effectively to relieve Seller of any obligations being assumed by Buyer hereunder.

17.3 Assignability; No Third Party Rights. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns. Notwithstanding the foregoing, no party may assign its rights or obligations under this Agreement without prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Seller may, without such consent, assign its rights and obligations under this Agreement to a person or entity that the FCC has approved to be the permittee or licensee of the Station pursuant to an application on FCC Form 316, which assignment shall not constitute a release or novation of Seller under this Agreement. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement.

17.4 Modification and Waiver; Remedies Cumulative. No modification of any provision of this Agreement shall be effective unless in writing and signed by all parties. No failure or delay on the part of Seller or Buyer in exercising any right or power under this Agreement shall operate as a waiver of such right or power, nor shall any single or partial exercise of any such right or power or the exercise of any other right or power. Except as otherwise provided in this Agreement, the rights and remedies provided in this Agreement are cumulative and are not exclusive of any other rights or remedies which a party may otherwise have.

17.5 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.

17.6 Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Ohio without giving effect to the choice of law provisions thereof. **17.7 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 duly delivered and received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt 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 to the following addresses, or to such other address as any party may request, in the case of Seller, by notifying Buyer, and in the case of Buyer, by notifying Seller:

To Seller:

Radioactive, LLC
1717 Dixie Highway
Suite 650
Ft. Wright, KY 41011
Attention: Randy Michaels

With copies (which shall not constitute notice) to:

Hogan & Hartson L.L.P.
555 Thirteenth Street, N.W.
Washington, D.C. 20004-1109
Attention: Marissa G. Repp, Esq.

and

Paul F. Solomon, Esq.
4226 Bridgetown Road
Cincinnati, OH 45211

To Buyer:

Radio Ranch, Ltd.
3505 Fredericksburg Road
Highway 16 N.
Kerrville, TX 78028
Attention: Lyndell M. Grubbs, President

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

Thompson Hine LLP
1920 N Street, N.W., Suite 800
Washington, D.C. 20036-1600
Attention: Barry A. Friedman, Esq.

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

17.9 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.

17.10 Entire Agreement. This Agreement 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.

[CONTINUED ON NEXT PAGE]

SIGNATURE PAGE TO OPTION AND ASSET PURCHASE AGREEMENT

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

SELLER:

RADIOACTIVE, LLC

By: 

Name: Randy L. Michaels
Title: Member and President

BUYER:

RADIO RANCH, LTD

**Radio Ranch Management, L.C.,
General Partner**

By: _____

Name: Lyndell M. Grubbs
Title: President

SIGNATURE PAGE TO OPTION AND ASSET PURCHASE AGREEMENT

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

SELLER:

RADIOACTIVE, LLC

By: _____

Name: Randy L. Michaels

Title: Member and President

BUYER:

RADIO RANCH, LTD

**Radio Ranch Management, L.C.,
General Partner**

By: _____

Name: Lyndell M. Grubbs

Title: President