

EXECUTION COPY

ASSET PURCHASE AGREEMENT

by and among

COLUMBIA GORGE BROADCASTERS, INC., M.S.W. COMMUNICATIONS, LLC

and

BICOASTAL COLUMBIA RIVER, LLC

for the Sale and Purchase of

radio stations: KACI(AM) and KACI-FM, The Dalles, Oregon, and KIHR(AM) and KCGB-FM, Hood River, Oregon, and: KMSW(FM), The Dalles, Oregon

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”) made and entered into as of the 1st day of February, 2007, by and among Columbia Gorge Broadcasters, Inc., a corporation organized and subsisting under the laws of the State of Oregon (“CGB”) and M.S.W. Communications, LLC, a limited liability company organized and subsisting under the laws of the State of Oregon (“MSW,” and together with CGB, “Seller”), and BICOASTAL COLUMBIA RIVER, LLC, a Delaware limited liability company, or its assignee or designee as permitted herein (“Buyer”).

BACKGROUND.

A. CGB holds certain licenses, permits and authorizations issued by the Federal Communications Commission (the “Commission”) for the operation of radio stations KACI(AM) and KACI-FM, The Dalles, OR, and KIHR(AM) and KCGB-FM, Hood River, OR, and MSW holds certain licenses, permits and authorizations issued by the Commission for the operation of radio station KMSW(FM), The Dalles, OR (collectively, the “Stations”).

B. Seller owns or leases and desires to sell and/or assign, and Buyer desires to purchase and/or assume certain of the assets, property and business used in the operation of the Stations.

C. The assignment of the licenses of the Stations is subject to the prior approval of the Federal Communications Commission (the "Commission").

D. Concurrently with the execution and delivery of this Agreement, Buyer and Seller have entered into a Time Brokerage Agreement dated as of the date hereof (the “TBA”)

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intention of being legally bound, the parties agree as follows:

SECTION I
ASSETS TO BE SOLD

1.1 On the Closing Date, Seller shall sell, assign, transfer, convey, set over, and deliver to Buyer, and Buyer shall purchase and/or accept assignment of the following (hereinafter collectively the "Assets")(other than the Excluded Assets) free and clear of any liens, encumbrances or liabilities ("Lien"):

1.1.1 **Authorizations.** All licenses, permits and authorizations issued or granted by the Commission to Seller for the operation of, or used in connection with the operation of the Stations and all applications filed with the Commission by Seller (hereinafter "Commission Authorizations") which are listed in Schedule 1.1.1. All franchises, licenses, permits and authorizations issued to Seller by any administrative body or governmental or regulatory agency other than the Commission Authorizations used or useful in connection with the operation of the Stations (the "Other Authorization"). Seller and Buyer will cooperate with the goal of preserving the opportunity for Buyer to obtain the benefit of any FM translators which are the subject of currently pending applications previously filed by Seller. In that regard, while Seller shall take no action to dismiss such applications, if Buyer wishes Seller to take any special action with respect to one or more of the applications, Buyer shall pay Seller's reasonable costs in doing so. If the FCC grants any of the applications, Seller and Buyer shall promptly jointly seek prior FCC consent to the assignment of any such outstanding construction permits to Buyer for a cash payment of TEN DOLLARS (\$10.00) per assignment, and promptly consummate such assignment(s) after initial grant of such assignment application(s). Buyer shall pay all of Seller's reasonable costs in obtaining FCC consent and in consummating the transaction(s).

1.1.2 **Tangible Personal Property.** All of Seller's rights in and to the fixed and tangible personal property used in the operation of the Stations, including, but not limited to the physical assets and equipment, leasehold improvements and music libraries listed in Schedule 1.1.2, together with replacements thereof, additions and alterations thereto, and substitutions therefor, made between the date hereof and the Closing Date (hereinafter collectively the "Tangible Personal Property").

1.1.3 **Real Property.** All of Seller's rights in and to the land, buildings, improvements, and other real property and all leaseholds and other interests in real property and the buildings and improvements thereon (hereinafter collectively the "Real Property"), consisting of all real property and leases, contracts, easements, options and agreements creating such interests listed and described in Schedule 1.1.3.

1.1.4 **Agreements.** All Seller's rights to and in the contracts, agreements, and leases, if any to which Seller or the Stations are a party listed in Schedule 1.1.4 and to and in the contracts and agreements for the sale of advertising time on the Stations in existence on the Closing Date which have been entered into for cash or trade, (hereinafter collectively "Agreements"), together with all contracts, agreements and leases, entered into or acquired by the Seller between the date hereof and the Closing Date which have been approved by Buyer; including, without limitation, all rights and obligations of CGB under that certain asset purchase agreement between CGB and Portland Broadcasting, LLC ("PB") dated as of August 25, 2005, a copy of which is attached hereto as Exhibit A (the "Portland Agreement"); provided that the parties acknowledge and agree that Buyer shall not assume any of CGB's rights to the purchase price under the Portland Agreement. All agreements for programming and barter relating to the Stations were entered into in the ordinary course of business and are usual and customary for the Seller.

1.1.5 **Intangibles.** All right, title and interest of Seller in and to the call letters "KACI," "KIHR," KCGB," and "KMSW," logos, jingles, marketing plans, copyrights, trademarks, trade names and other intangible property of Seller used or useful in the operation of or otherwise pertaining to the Stations as set forth on Schedule 1.1.5 attached hereto and made a part hereof (hereinafter collectively the "Intangibles").

1.1.6 **Business Records.** Copies of financial records, engineering, advertising reports, programming studies, consulting reports, computing software, marketing data, and business and personnel records relating solely to the business or operation of the Stations (hereinafter collectively "Business Records") or to assets or agreements purchased or assumed by Buyer; provided, however, that Buyer shall afford Seller reasonable post-Closing access, for up to one year after Closing (hereinafter the "Post-Closing Access Deadline") to such books and records, including those pertaining to the Portland Agreement, upon reasonable advance written notice and at Seller's expense if access to such books and records is reasonably required to enable Seller, Gregory Walden and/or Mylene Walden, to comply with any tax, financial or other legal obligations and/or to enforce the Portland Agreement; provided further, that Buyer shall afford Seller, Gregory Walden and/or Mylene Walden such reasonable post-Closing access after the expiration of the Post-Closing Access Period where such access is necessary to enable Seller, Gregory Walden and/or Mylene Walden to comply with any tax, financial or other legal obligations (including but not limited to any relating to Gregory Walden's status as a United States Congressman) and/or to enforce the Portland Agreement and neither Seller, Gregory Walden nor Mylene Walden was aware of the need for such access before the expiration of the Post-Closing Access Period .

1.1.7 **Manufacturer and Vendor Warranties.** All of Seller's right, title and interest in any manufacturer's and vendor's warranties relating to any of the Stations Assets.

1.1.8 **Internet Domain Registrations.** All of Seller's rights in and to the internet domain registrations of the Stations listed on Schedule 1.1.5.

1.2 **Excluded Assets.** The Assets shall not include the following assets along with all rights, title and interest therein which shall be referred to as the "Excluded Assets":

1.2.1 All cash, cash equivalents or similar type investments of Seller, such as certificates of deposit, Treasury bills and other marketable securities on hand and/or in banks;

1.2.2 Except as may be provided in the TBA, Seller's accounts receivable for services performed by it in connection with the operation of the Stations prior to the Closing Date (the "Accounts Receivable");

1.2.3 All claims, rights and interest of Seller to any (i) refunds of taxes or fees of any nature whatsoever or (ii) deposits or utility deposits, which in each case relate solely to the period prior to the Closing Date;

1.2.4 All contracts that have terminated or expired prior to the Closing Date in the ordinary course of business and as permitted hereunder,

1.2.5 All contracts of Seller not assumed by Buyer,

1.2.6 The originals of Seller's organizational documents, business organization records, and such other copies of 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 the operation of the Stations, provided that Buyer shall have access to all such records which might remain in the possession of Seller for a period of five (5) years from the Closing Date;

1.2.7 Contracts of insurance, including the cash surrender value thereof, and all insurance proceeds or claims made by Seller prior to the Closing Date;

1.2.8 All pension, profit sharing or cash or deferred (Section 401 (k) or similar) plans and trusts and the assets thereof and any other employee benefit plan or arrangement and the assets thereof, if any, maintained by Seller;

1.2.9 All other personal assets, whether tangible or intangible, not mentioned herein including but not limited to items of a personal nature not reasonably necessary to the conduct or operation of the Stations.

1.2.10 The purchase price under the Portland Agreement ("Portland Agreement Purchase Price").

1.2.11 The Studio and Tower site located at Hood River, OR ("Hood River Site").

1.2.12 All other assets listed in Schedule 1.2 attached hereto.

SECTION 2 **PURCHASE PRICE**

2.1 **Purchase Price.** In consideration of Seller's performance of this Agreement, the total purchase price (the "Purchase Price") to be paid by Buyer shall be TWO MILLION AND SEVEN HUNDRED AND SEVENTY-FIVE THOUSAND DOLLARS AND NO/100Dollars (\$2,775,000.00).

2.2 **Payment of Purchase Price.** The Purchase Price shall be paid to Seller as follows:

(a) Within five (5) business days of the date of this Agreement, Buyer shall deposit One Hundred Thousand Dollars (\$100,000) (the "Escrow Deposit") in the form of a cashier's or certified check. The Escrow Deposit shall be held and disbursed by Sherman, Silverstein, Kohl, Rose & Podolsky, P.A., 4300 Haddonfield Road, Suite 311, Pennsauken, New Jersey (the "Escrow Agent"), pursuant to an Escrow Agreement in the form attached hereto as Exhibit B, which Escrow Agreement shall be signed by Seller, Buyer, and Escrow Agent simultaneously with the execution of this Agreement. At the Closing, Seller and Buyer shall cause the escrow agent to apply the Escrow Deposit (minus all interest earned thereon) toward payment of the Purchase Price.

(b) At the Closing, Buyer will pay to Seller by wire transfer of immediately available funds to a bank designated by Seller the sum of TWO MILLION AND SIX HUNDRED AND SEVENTY-FIVE THOUSAND DOLLARS AND NO/100 Dollars (\$2,675,000.00) plus the Escrow

Deposit (minus all interest earned thereon) and plus or minus any Prorations mutually agreed to by the parties at the Closing pursuant to Section 3 of this Agreement.

2.3 **Allocation of Purchase Price.** Seller and Buyer shall negotiate in good faith a mutual agreement on the allocation of the Purchase Price between and among not only the Stations but also between and among the tangible and intangible Assets.. The parties shall use such mutually agreed upon Purchase Price allocation in completing and filing Internal Revenue Code Form 8594 for federal income tax purposes. The existence of a mutually agreed upon Purchase Price allocation shall be a condition precedent to each party's obligation to consummate the transactions contemplated hereunder.

SECTION 3 **Prorations**

3.1 **Proration Time.** The "Proration Time" as used herein shall be 12:01 A.M. current local time on the Closing Date.

3.2 **Proration Items.** Subject to the TBA, the following items (the "Proration Items") shall be prorated as of the Proration Time, assuming a 365-day year or a 30-day or 31-day month, as appropriate, and monies shall be paid at Closing in accordance with this Sections 3.2 and 3.3 herein below.

3.2.1 Rentals or other charges, payable or paid in respect of leasehold interests or tenancies, or leased transmitter sites, studios, offices or other Real Property or equipment under any lease or tenancy of Real Property, and any and all equipment leases described in Schedule 1.1.2.

3.2.2 Real and personal property taxes and assessments (including sewerage assessments and fees), levied or assessed against or otherwise paid or payable with respect to any of the Assets.

3.2.3 Transferable license, permit, and registration fees, and like items.

3.2.4 Charges for utilities (including but not limited to electricity, fuel, water, basic monthly telephone charges, long distance telephone calls, and sanitation and garbage disposal) furnished to or in connection with the Stations.

3.2.5 Unpaid and prepaid obligations of Seller with respect to any lease, contract, or agreement which Buyer assumes, including, without limitation, prepaid amounts under that certain sales promotion agreement with Mind Rank not to exceed SEVENTEEN THOUSAND THREE HUNDRED AND TWENTY-ONE AND 44/100 DOLLARS (\$17,321.44), and prepaid premiums on any insurance policies that Seller has agreed to assign to Buyer and Buyer elects to assume. Security Deposits, if any, shall be refunded by Buyer to Seller.

3.2.6 Other similar items applicable to the Assets and/or attributable to the operations, advertising and/or the business of the Stations, it being the intention of the parties that all operations and the business of the Stations prior to the Proration Time shall be for the account of Seller, and all operations and business of the Stations after the Proration Time shall be for the account of Buyer.

3.2.7 If the amount of any real or personal property tax to be prorated is not known on the Closing Date, such tax shall be apportioned on the basis of the most recent tax assessment. As soon as

the new tax rate and valuation can be ascertained, there shall be a reapportionment and adjustment with respect to such tax even though that final pro ration may take place more than sixty (60) days after the Closing Date.

3.2.8 Seller shall notify all persons employed by Seller in connection with the business, of the change of the ownership of the business and shall pay all wages and bonuses owing to such employees (and all vacation, severance pay and fringe benefits to which such employees are entitled) such that any employee of Seller whom Buyer may elect to retain in Buyer's employ shall have no claim against Buyer by reason of any prior employment by Seller.

3.2.9 The Purchase Price shall be reduced to the extent that the amount of any advertising time sold by Seller remaining to be run on the Stations under their Mind Rank promotion trade or barter agreements as of the Proration Time exceeds by more than ONE THOUSAND FOUR HUNDRED AND EIGHTY-SIX AND 78/100 DOLLARS (\$1,486.78), the value of the goods or services to be received under such trade or barter agreements or other compensation from and after the Closing Date. For purposes of this Section, the liability of the Stations for unperformed time shall be valued in a manner mutually agreed to by the parties in good faith on or before the Closing Date in accordance with industry practice.

3.2.10 The Purchase Price shall be increased by ELEVEN THOUSAND ONE HUNDRED AND TWENTY-ONE AND 3/100 DOLLARS (\$11,121.03) which amount represents the costs and expenses associated with the upgrade of the KCGB-FM translator.

3.3 **Prorations After Closing Date.** Subject to the provisions of Section 3.2.8, if the amount of any items to be prorated cannot be readily ascertained or agreed upon on the Closing Date, pro ration of such items shall be determined within sixty (60) days after the Closing Date and payment therefor shall be made to the party entitled thereto within ten (10) days after notice of such determination thereof has been given to Buyer or Seller, as the case may be. In the event of any disputes between the parties as to adjustments, the amounts not in dispute shall nonetheless be paid at the time provided in this Section and such disputes shall be determined by an independent certified public accountant mutually acceptable to the parties. The accountant's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. The fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer. If the Closing occurs before the deadline for the payment of the FCC's Annual Regulatory Fees for the Stations (the "FCC Fee Deadline"), Seller shall remit to Buyer the pro-rata amount of such fees for the period October 1, 2006 through January 31, 2007. If the Closing occurs after the FCC Fee Deadline, Buyer shall remit to Seller the pro-rata amount of such fees for the period February 1, 2007 through the period during which the TBA is in force.

SECTION 4 **APPLICATION TO AND CONSENT BY COMMISSION**

4.1 **Commission Consent.** Consummation of the purchase and sale provided for herein and the performance of the obligations of Seller and Buyer under this Agreement are subject to the condition that the Commission shall have given its consent in writing, without any condition materially adverse to Buyer or Seller except as otherwise set forth herein, to the assignment of the Commission Authorizations to Buyer.

4.2 **Application For Commission Consent.**

(a) Seller and Buyer agree to proceed expeditiously and with due diligence and to use their best efforts and to cooperate with each other in seeking the Commission's approval of the transactions contemplated hereunder. At a date not later than seven (7) business days after the date of this Agreement, Buyer and Seller shall execute, file and vigorously prosecute an application or applications with the FCC (the "Assignment Application(s)") requesting its consent to the assignment, from Seller to Buyer, of all Commission Authorizations pertaining to the Stations. Each party further agrees expeditiously to prepare Application amendments, respond to oral or written inquiries, and answer pleadings whenever such documents are required by the Commission or its rules.

(b) Except as otherwise provided herein, each party will be solely responsible for the expenses incurred by it in the preparation, filing and prosecution of its respective portion of the Assignment Application(s). Seller and Buyer shall each be responsible for one-half (1/2) of all filing fees imposed by the Commission.

(c) Each party agrees to comply with any condition imposed on it by the Commission, except that no party shall be required to comply with a condition that would have a material adverse effect upon it unless the condition was imposed as the result of a circumstance which constitutes a breach by that party of any of its representations, warranties, or covenants in this Agreement. Buyer and Seller shall oppose any efforts before the Commission or in court for reconsideration or review or stay of the grant by the Commission of the Assignment Application(s) (but nothing in this Section shall limit any party's right to terminate this Agreement pursuant to Section 16 of this Agreement).

4.3 **Notice of Application.** Seller shall, at its expense, give due notice of the filing of the Assignment Application(s) by broadcasting on the Stations, and by such other means as may be required by the rules and regulations of the Commission.

SECTION 5 ASSUMPTION

5.1 **Buyer's Assumed Obligations.** Buyer covenants and agrees to assume at Closing and discharge following the Closing all of the unperformed obligations of the Seller accruing under the Agreements listed in Schedules 1.1.3 and 1.1.4, but only to the extent that such obligations accrue after the Closing Date. Except as specifically assumed by Buyer in this Agreement or in the TBA, Buyer is not assuming any liabilities other than those specified in this Agreement. Buyer shall not be obligated to continue the employment of any current employee of the Stations.

5.2 **Seller's Liabilities.** Seller shall remain liable for, and covenants to pay, satisfy, or discharge, all liabilities, payments, obligations, and duties under the Agreements or other instruments transferred or assigned to Buyer hereunder, or otherwise relating to the operation of the Stations accruing prior to or by reason of events occurring prior to the Closing Date. With respect to any contingent liabilities and any accounts payable of Seller relating to the Stations which are not known or due as of the Closing Date, Seller and Buyer agree at the Closing to enter into arrangements reasonably satisfactory to Buyer concerning the payment by Seller of such accounts payable and the satisfaction of any contingent liabilities.

SECTION 6
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Seller represents and warrants to Buyer as follows;

6.1 **Seller's Best Knowledge.** "To the best of Seller's knowledge" shall mean the actual knowledge of Mylene Walden and Gregory Walden, without further inquiry or investigation.

6.2 **Standing.**

6.2.1 Seller has the full power to own the assets and to carry on the business of the Stations as it now is being conducted and is qualified and in good standing in the State of Oregon.

6.2.2 Seller has the full power and authority to enter into this Agreement and to execute all of Seller's Closing Documents that require Seller's signature. The execution, delivery and performance of this Agreement (as of the date of execution of this Agreement and on the Closing Date) and the Seller's Closing Documents (on the Closing Date) are or will be authorized by all necessary corporate action of the Seller.

6.3 **Binding Effect of Agreement.** This Agreement constitutes a valid and binding obligation of Seller enforceable against Seller in accordance with the terms of this Agreement, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity. Upon execution, the Seller's Closing Documents will constitute valid and binding obligations of Seller enforceable against Seller in accordance with their terms. Except for the prior consent of the FCC, the execution, delivery, and performance of this Agreement or any of the Closing Documents do not violate any provision of the organizational documents of Seller, or contract provision or other commitment to which Seller or the Stations is a party or under which it or its property is bound, or any judgment or order, and will not result in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the Assets.

6.4 **Financial Statements.** Seller and Buyer acknowledge that copies of the following financial statements (collectively the "Financial Statements") have been provided to Buyer: the balance sheets and income statements of the Seller relating to the Stations as of and for the periods November, 2003 through October, 2004; November, 2004 through October, 2005; November, 2005 through October, 2006; and December, 2005 through November, 2006, copies of which are attached to Schedule 6.4. The Financial Statements have been prepared only on an income tax basis during the periods covered, are consistent with the books and records of the Seller, but were not prepared according to generally accepted accounting practices ("GAAP"). In order to aid Buyer's preparation of audited financial statements, Seller will provide Buyer, at no cost to Seller, both prior to and following the Closing with access to the Financial Statements as well as all books and records of Seller relating to the Stations including but not limited to original books of entry, sales invoices and purchase orders, supporting schedules and reconciliations, internal financial statements, and all documents relating to the books, records and financial statements pertaining to the Assets conveyed by this Agreement. Seller understands that Buyer may supply financial statements to lending institutions to be reviewed in connection with loan applications or financing arrangements of Buyer. The Financial Statements are complete and accurate in all material respects. Provided that Seller is able to obtain from its accountant such documents between the date hereof and the Closing, , Seller shall promptly upon such receipt furnish to Buyer an unaudited balance sheet and income statement of the Seller relating to the Stations, as of the end of a period as close as practicable to the date such documents are delivered to Seller (the "Additional Financials") fairly

presenting the financial position of the Seller at the date thereof, it being mutually acknowledged that such documents will not be prepared in accordance with GAAP. The Financial Statements and the Additional Financials fairly present the financial condition of the Stations at the date thereof and, except as indicated therein, reflects all material claims against and all material debts and liabilities of the Seller, fixed or contingent, as of the date thereof and the related statements of income, members equity and changes in financial position fairly present the results of the operations of the Seller and the Stations and the changes in their financial position for the period indicated. From the date hereof to the date of such Additional Financials (the "Balance Sheet Date"), there has been (x) no material adverse change in the assets or liabilities, or in the result of operations of the Stations, whether as a result of revocation of any license or rights to do business, fire, explosion, accident, casualty, labor trouble, flood, drought, riot, storm, condemnation or act of God or other public force or otherwise and (y) no change in the assets or liabilities, or in the business or condition, financial or otherwise, or in the results of operations of the Seller in the ordinary course of business.

6.5 **Real and Tangible Personal Property.**

6.5.1 **Real Property.** Schedule 1.1.3 attached hereto accurately lists and describes all of the Real Property leased or otherwise held or used by the Stations which is being assigned or transferred to the Buyer. The Real Property listed in Schedule 1.1.3 comprises all real property interests necessary to conduct the business or operations of the Stations as now conducted. To the best of Seller's knowledge, there are no pending or threatened condemnation or eminent domain proceedings that may have a material adverse effect on Buyer's use of the Real Property for the operation of the Stations after Closing. To the best of Seller's knowledge, there are no structural defects in the towers, buildings, structures and other improvements located on the Real Property. To the best of Seller's knowledge, all utilities that are necessary for the present operation of the Stations have been connected to the Real Property and are in working order. To the best of Seller's knowledge, no utility lines serving the Stations pass over the lands of others except where appropriate easements or licenses have been obtained. To the best of Seller's knowledge, Seller's use and occupancy of the Real Property comply in all material respects with all regulations, codes, ordinances, and statutes of all Governmental Authorities, including without limitation all zoning, health, environmental protection and sanitary regulations and all occupational safety and health regulations and all occupational safety and health regulations. The transmitting facilities of the Stations, including the tower, guy wires and ground systems, are now and on the Closing Date will be located entirely on the confines of the Real Property leased by Seller. Seller represents that it has access to the Real Property as set forth in Schedule 1.1.3.

6.5.2 **Patents, Trademarks, Copyrights.** Except as set forth on Schedule 6.5.2 attached hereto, the Intangible Property includes all call signs, slogans, and logos used to promote or identify the Stations. Seller has no knowledge of any infringement or unlawful or unauthorized use of those promotional rights, including without limitation, the use of any call sign, slogan or logo by any broadcast Stations in the Stations' radio market as defined by Arbitron which may be confusingly similar to the call signs, slogans, and logos currently used by the Stations.

6.5.3 **Tangible Personal Property.** Schedule 1.1.2 attached hereto accurately lists all the Tangible Personal Property owned, leased, or otherwise held by the Stations and/or Seller which is intended to be conveyed hereunder. Seller represents and warrants that the Tangible Personal Property listed in Schedule 1.1.2 is sufficient to carry out the normal operations of the Stations as presently conducted by Seller. Seller is the owner of and at Closing, will have good, clear, marketable, and indefeasible title to all of the Tangible Personal Property listed in Schedule 1.1.2, free and clear of all liens,

charges, encumbrances, restrictions, debts, demands, or claims of any kind or nature whatsoever, except for Permitted Liens.

6.5.4 **Condition of Property.** The Tangible Property listed in Schedule 1.1.2 (except as expressly noted therein or as set forth in Schedules 1.1.1 and 6.5.4) is in good operating condition subject to normal wear and tear and, except as caused by Buyer in connection with the TBA, shall be in substantially the same condition, reasonable wear and tear excepted, on the Closing Date as it was on the date of this Agreement. Subject to the actions of Buyer under the TBA, the Tangible Property has been operated in all material respects in compliance with the Commission's regulations and requirements and all Commission Authorizations and Other Authorizations. If Buyer claims that equipment, that is not otherwise the responsibility of Buyer under the TBA to repair, e.g., noncapitalized equipment, parts and office and studio equipment, fails to comply with the warranties and conditions set forth in Section 6.5.4, and Seller disputes the claim, Buyer and Seller shall jointly retain and pay a consulting engineer mutually acceptable to them to give a report on the disputed items. The consulting engineer's report shall be final. Seller covenants to perform the remediation as set forth in Schedules 1.1.1 and 6.5.4; provided, that so long as Seller files the appropriate application or request with the FCC or the Federal Aviation Administration within thirty (30) days of the date hereof, to achieve those remediations identified in Schedules 1.1.1 and 6.5.4 which require governmental approval, grants of such applications or requests shall not be conditions precedent to Buyer's obligation to close hereunder; provided further that the successful accomplishment of any remediations identified on Schedules 1.1.1 or 6.5.4 not requiring governmental approval shall be conditions precedent to Buyer's obligation to close hereunder.

6.5.5 **Engineering Inspection.** Seller agrees that within a reasonable period of time prior to the Closing Date, Buyer's engineer, at no cost to Seller, may inspect the equipment of the Stations to insure that the equipment complies with all warranties and conditions set forth herein. Seller agrees to extend full cooperation to said engineer, including such access to the equipment and to logs pertaining thereto at such time or times as said engineer shall reasonably request. Buyer acknowledges that Buyer's engineer inspected all of the Stations' equipment and facilities prior to the execution of this Agreement and, with the exception of the matters identified in Schedule 1.1.2, Buyer's engineer has not notified Seller or Buyer that any of such equipment or facilities fails to comply with all warranties and conditions set forth herein.

6.6 **Agreements.** Schedule 1.1.4 accurately lists all agreements, leases and other contracts with respect to the Stations (except for contracts for the sale of advertising time for cash on the Stations sold substantially at rates and upon terms consistent with the Stations' customary and normal selling business practices) to which, as of the date hereof, Seller and/or the Stations are a party or by which Seller and/or the Stations may be bound or obligated in any way. All of the Agreements are in full force and affect, and except as specifically noted on Schedules 1.1.3 and 1.1.4, may be assigned to Buyer without the consent of any third party.

6.7 **Authorizations.** Except as disclosed in Schedules 1.1.1 and 6.5.4., Seller is the holder of all licenses, permits, and authorizations necessary to operate the business of the Stations as it now is being conducted, including, without limitation, all Commission Authorizations and all Other Authorizations, including but not limited to those identified in Schedule 1.1.1. All such Commission Authorizations are validly existing authorizations for the operation of the facilities described therein under the Communications Act of 1934, as amended. Except as disclosed in Schedules 1.1.1 and 6.5.4, there is no action pending nor to Seller's knowledge, threatened, before the Commission or other governmental body to revoke, refuse to renew, suspend or modify any of the Commission Authorizations or any Other

Authorization, or any action which may reasonably be expected to result in the denial of any pending applications, the issuance of any cease and desist orders, or the imposition of any administrative sanctions whatsoever with respect to the Stations or their operation. Except as disclosed in Schedules 1.1.1. and 6.5.4, to Seller's knowledge, there is no fact that would, under present law (including the Communications Act of 1934, as amended) and the present rules and regulations of the Commission, disqualify Seller from being the assignor of the Stations or that would unduly delay Commission approval of the Assignment Application(s). Should Seller become aware of any such fact, it will so inform Buyer and will use its reasonable best efforts to remove any such disqualification. Seller will not take any action that Seller knows, or has reason to believe, would result in such disqualification.

6.8 **Litigation and Insurance.**

6.8.1 **Litigation: Compliance With Law.** Except as disclosed in Schedules 1.1.1 and 6.5.4, to the best of Seller's knowledge, Seller is in compliance in all material respects with all applicable federal, state and local laws, ordinances and regulations, including compliance with the Communications Act and all rules and regulations issued thereunder. Except as disclosed in Schedules 1.1.1 and 6.5.4, to the best of Seller's knowledge, except for proceedings affecting the broadcasting industry in general, there is no complaint, claim, litigation, investigation, or judicial, administrative, or other proceeding of any nature, including, without limitation a grievance, arbitration, or insolvency or bankruptcy proceeding, pending, or threatened, against the Stations, Seller, or any of the Assets being sold or transferred to Buyer, including, without limitation, any proceeding which may (a) adversely affect the Assets or the Commission Authorizations or Other Authorizations to be assigned hereunder, or the operation of the Stations or the ability of Buyer to own and operate the Stations, or the use, ownership, or operation of any of the Assets by Buyer, (b) restrain or enjoin the Closing or the consummation of the transactions contemplated hereby, or (c) result in the revocation, modification or suspension of the Commission Authorizations or Other Authorizations, or the issuance or imposition of any administrative sanction that would reasonably be expected to adversely affect the Assets or the Commission Authorizations or Other Authorizations, or the operation of the Stations or the ability of Buyer to own and operate the Stations or the use, ownership, or operation of any of the Assets by Buyer. Seller will give Buyer prompt notice of its discovery of any such basis or the institution or the threat of any such litigation, investigation, or proceeding. Except as disclosed in Schedules 1.1.1 and 6.5.4, Seller is not in default in respect to any judgment, order, writ, injunction decree, rule, or regulation of any applicable court or governmental body, which default could have a materially adverse effect on the Assets or the Stations.

6.8.2 **Insurance.** All of the Tangible Personal Property listed in Schedule 1.1.2 is insured, in full force and effect, paying all premiums for all such insurance, when due.

6.9 **Employees and Labor Relations.**

6.9.1 Seller: (a) is not a party to any collective bargaining agreement, labor agreement or union agreement, written or oral, covering or relating to any of Stations' employees and has not recognized, and to Seller's knowledge, is not required to recognize, and has received no demand for recognition by any contract with any of the employees of the Stations or to any other employment contract, labor agreement, or union agreement, written or oral; (b) other than as disclosed in the Schedules, has not promulgated any policy or entered into any agreement relating to the payment of pensions, profit sharing, or bonuses to any of its employees whose employment, if terminated or suspended, for which Buyer will be liable, and (c) to Seller's knowledge, has not committed any unfair labor practices.

6.9.2 To the best of Seller's knowledge, Seller has complied in all material respects with all applicable laws, rules and regulations relating to the employment of labor, including those relating to rates, hours, equal employment opportunity, collective bargaining, and the withholding and payment of taxes and contributions and has withheld all amounts required by law or agreement to be withheld from the wages or salaries of the Stations' employees and is not liable to the employees or any government body for arrears of wages or for any tax or penalty for failure to comply with the foregoing.

6.10 **Taxes and Other Matters.**

6.10.1 **Payment of Taxes.** All returns and reports concerning franchise taxes, unemployment insurance, withholding and payroll taxes, sales taxes, personal property taxes, license taxes, social security taxes, and all other reports required to have been filed by the Seller relating to the Assets, the Stations, and/or their operation pursuant to any law or regulation have been duly filed, and all taxes, interest, assessments, and penalties which are due to any taxing authority, federal, state, or local, with respect to any tax period ending on or prior to the making of this warranty have been duly paid.

6.10.2 **Bankruptcy.** No voluntary or, to Seller's knowledge, involuntary petition in bankruptcy, receivership, insolvency, or reorganization with respect to Seller, or petition to appoint a receiver or trustee of Seller's property, has been filed by or, to Seller's knowledge, against Seller. Seller has not made any assignment for the benefit of its creditors, and has not permitted any judgment, execution, attachment or levy against it or against any of its properties to remain outstanding or unsatisfied for more than thirty (30) days.

6.10.3 **Environmental Matters.** Seller makes the following representations and warranties to the best of Seller's knowledge, except as set forth on Schedules 6.10.3, 1.1.1 and 6.5.4 :

(a) Seller has complied with all laws, rules and regulations of all federal, state, and local governments (and all agencies thereof) concerning the environment, public health and safety, and employee health and safety, and no charge, complaint, action, suit, proceeding, hearing, investigation, claim, demand, or notice has been filed or commenced against Seller alleging any failure to comply with any such law, rule or regulation.

(b) Seller has no liability (and Seller has not handled or disposed of any substance, arranged for the disposal of any substance, or owned or operated any property or facility in any manner that could form the basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand (under the common law or pursuant to any statute) against Seller giving rise to any liability) for environmental damage to any site, location, or body of water (surface or subsurface) or for environmental illness or personal injury.

(c) Seller has no liability (and there is no basis related to the past or present operation, properties, or facilities of Seller for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand against Seller giving rise to any liability) under the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Refuse Act, of the Emergency Planning and Community Right-to-Know Act (each as amended) or any other law, rule, or regulation of any federal, state or local government (or agency thereof) concerning release or threatened release of hazardous substances, public health and safety, or pollution or protection of the environment.

(d) Seller has obtained and been in compliance with all of the terms and conditions of all permits, licenses, and other authorizations which are required under, and has complied with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables which are contained in, all federal, state and local laws, rules, and regulations (including all codes, plans, judgments, orders, decrees, stipulations, injunctions, and charges thereunder) relating to public health and safety, worker health and safety, and pollution or protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes.

(e) Except as disclosed in Schedule 6.10.3, all properties and equipment used in the business of Seller are and have been free of asbestos and asbestos-related products, PCB's, methylene chloride, trichloroethylene, 1,2-trans-dichloroethylene, dioxins, dibenzofurans, and Extremely Hazardous Substances (as defined in Section 302 of the Emergency Planning and Community Right-To-Know Act) and all prior remediation, which is disclosed in Schedule 6.10.3, has been performed in material accordance with applicable law and no further action is required to the best of Seller's knowledge .

(f) Except as described in Schedule 6.10.3, no pollutant, contaminant, or chemical, industrial, hazardous, or toxic material or waste has ever been manufactured, buried, stored, spilled, leaked, discharged, emitted, or released by Seller or by any other party on any Real Property.

6.10.4 **OSHA Matters.** To the best of Seller's knowledge, Seller is in compliance in all material respects with the requirements of the Occupational Safety and Health Act and the regulations promulgated thereunder and any similar laws or regulations of any state or local jurisdiction ("OSHA"). Seller has not received any citation from the Occupational Safety and Health Administration or any comparable administration of any state or local jurisdiction (an "Administration") or any Administration inspector setting forth any respect in which the facilities or operation of Seller are not in compliance with OSHA, or the regulations under such act, which non-compliance has not been corrected or remedied to the satisfaction of such Administration or inspector. Seller has heretofore furnished to Buyer copies of any citations heretofore issued to Seller and relating to the Stations under OSHA and copies of all correspondence from and to such Administration and any Administration inspectors during the past three (3) years.

6.10.5 **No Liabilities Attaching to Buyer.** Except as expressly provided in this Agreement or the TBA, to the best of Seller's knowledge, there are no liabilities of any kind or nature whatsoever of Seller that attach or will, after the consummation of the transaction contemplated hereby, attach to Buyer, including, without limitation, any liability for or arising out of (a) employee withholding, (b) worker's compensation, or (c) unemployment compensation.

6.10.6 **[Intentionally Omitted]**

6.10.7 **No Untrue Statements or Omission.** No representation or warranty made by Seller in this Agreement or any Schedule, exhibit, statement, certificate, or other document heretofore or hereafter furnished by Seller, or on its behalf, to Buyer and pursuant to this Agreement or in connection with the transactions contemplated hereby contains or will contain any knowingly untrue statement or knowingly omits to state a material fact necessary to make the statements contained therein not misleading.

All representations and warranties of Seller set forth in this Agreement shall be true, complete and accurate in all material respects as of the Closing Date as if made on that date.

SECTION 7
WARRANTIES, REPRESENTATIONS AND COVENANTS OF BUYER

Buyer covenants, represents, and warrants as follows:

7.1 **Organization and Standing.** Buyer is a limited liability company duly organized validly existing and in good standing under the laws of the State of Delaware, and now and as of the Closing Date, shall be duly qualified to do business and be in good standing in the State of Oregon.

7.2 **Authorization and Binding Obligation.** Buyer has all necessary power and authority to enter into this Agreement and all of Seller's closing documents that require Buyer's signature. The execution, delivery and performance of this Agreement (as of the date of execution of this Agreement and on the Closing Date) and the Buyer's closing documents (on the Closing Date) are or will be authorized by all necessary officers of the Buyer. This Agreement constitutes a valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms of this Agreement, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity. Upon execution, the Buyer's closing documents will constitute valid and binding obligations of Buyer enforceable against Buyer in accordance with their terms.

7.3 **No Contravention.** The execution, delivery and performance of this Agreement do not violate any provision of the Operating Agreement of Buyer, or any contract provision or other commitment to which Buyer is bound, or any judgment or order or require the consent or approval of any governmental authority, lending institution or other third party other than the approval of the Assignment Application(s) by the FCC.

7.4 **Litigation.** Except for administrative rule making or other proceedings of general applicability to the broadcast industry, there is no litigation, proceeding, judgment, claim, action, investigation or complaint, before the Commission, other governmental body, or court, of any nature pending or, to the best of Buyer's knowledge, threatened against or affecting it which would affect Buyer's authority or ability to carry out this Agreement.

7.5 **Buyer's Qualifications.** There is no fact that would, under present law (including the Communications Act of 1934, as amended) and the present rules and regulations of the Commission, disqualify Buyer from being the licensee of the Stations or that would delay Commission approval of the Assignment Application(s). Should Buyer become aware of any such fact, it will so inform Seller and will use its best efforts to remove any such disqualification. Buyer will not take any action that Buyer knows, or has reason to believe, would result in such disqualification or delay in the Commission approval of the Assignment Application(s). Buyer will not require, nor request, any waiver of or exemption from any FCC-related rule, regulation or policy in order for the FCC to grant the Assignment Application(s).

7.6 **No Untrue Statements or Omission.** No representation or warranty made by Buyer in this Agreement or any Schedule, exhibit, statement, certificate, or other document heretofore or hereafter furnished to Seller and pursuant to this Agreement or in connection with the transaction contemplated hereby contains or will contain any knowingly untrue statement or knowingly omits to state a material fact necessary to make the statement contained therein not misleading.

SECTION 8
SELLER'S CONDUCT OF BUSINESS PRIOR
TO CLOSING AND BUYER'S ACCESS TO INFORMATION

8.1 **Affirmative Covenants of Seller.** Subject to the TBA, from the date of this Agreement until the Closing Date, Seller shall:

8.1.1 Operate the Stations in material accordance with the rules and regulations of the Commission, the Commission Authorizations and the Other Authorizations and file all ownership reports, regulatory fee reports and other documents required to be filed during such period and maintain copies of the Stations' required filings.

8.1.2 Maintain all of the Tangible Personal Property and the Real Property, as specified in Schedules 1.1.2 and 1.1.3, so that when the same are delivered to Buyer they shall satisfy all the warranties in all material respects on the part of Seller set forth herein, subject to reasonable wear and tear.

8.1.3 **[Intentionally Omitted].**

8.1.4 Deliver to Buyer within ten (10) days after filing thereof with the Commission copies of any and all reports, applications, and/or responses relating to the Stations which are filed with the Commission on or prior to the Closing Date, including a copy of any Commission inquiries to which the filing is responsive (in the event of an oral Commission inquiry, Seller will furnish a written summary thereof).

8.1.5 Take the remedial actions contemplated under Schedules 1.1.1 and 6.5.4 ; provided that if the FCC determines that KACI(AM) shall not have authority to operate at nighttime power of at least 13 watts ("Nighttime Operations"), and such determination becomes a Final Order, the Purchase Price shall be reduced by FIFTEEN THOUSAND DOLLARS (\$15,000)(the "Nighttime Operation Purchase Price Adjustment"); provided further, that neither the pendency of such remedial effort nor an initial adverse determination on Nighttime Operations shall be a basis for Buyer to refuse or to delay in the Closing; provided further, that if the Closing has occurred prior to an initial determination or a Final Order, Seller shall be obligated to pay Buyer the Nighttime Operation Purchase Price Adjustment within five (5) business days of the Final Order.

8.1.6 Give prompt notice to Buyer of any occurrence that comes to Seller's attention that may constitute a misrepresentation, breach of warranty, or non-fulfillment of any covenant or condition on the part of the Seller contained in this Agreement.

8.1.7 **[Intentionally Omitted]**

8.1.8 **[Intentionally Omitted]**

8.1.9. **[Intentionally Omitted]**

8.1.10 Subject to Buyer's conduct under the TBA, use its commercially reasonable efforts to keep the physical facilities of the Stations and its Assets and properties substantially intact.

8.1.11 Deliver to Buyer within ten (10) days after filing thereof with the Commission copies of any reports, applications, and/or responses to the Stations which are filed with the Commission on or prior to the Closing Date, including a copy of any Commission inquiries to which the filing is responsive (in the event of an oral Commission inquiry, Seller will furnish a written summary thereof).

8.2 **Negative Covenants of Seller.** Except in connection with the transactions contemplated by the Portland Agreement and subject to the TBA, between the date hereof and the Closing Date, Seller shall not, with respect to the Assets, the Stations, or the operation thereof, without the consent of Buyer, not to be unreasonably withheld, conditioned or delayed:

8.2.1 By any act or omission surrender, modify adversely, forfeit, or fail to renew under regular terms the Commission Authorizations or any Other Authorizations with respect to the Stations or give the Commission grounds to institute any proceeding for the revocation, suspension or modification of any such Commission Authorization, or fail to prosecute with due diligence any pending applications with respect to such Commission Authorizations or Other Authorizations.

8.2.2 Other than in the usual and ordinary course of business, sell or dispose of any of the Assets; Seller shall replace all Assets thus disposed of in the usual and ordinary course of business with assets having an aggregate value at least equal to the aggregate value of the Assets sold or otherwise disposed of.

8.2.3 Create or suffer or permit the creation of any mortgage, conditional sales agreement, security interest, lien, hypothecation, pledge, encumbrance, restriction, liability, charge, claim or imperfection of title on any of the Assets or with respect thereto, other than Permitted Liens or liens removed prior to Closing.

8.2.4 Except as provided in Section 8.1 hereof, fail to repair or maintain any equipment included among the Assets that Buyer is not responsible for repairing or maintaining during the TBA

8.2.5 Take any action that could reasonably be expected to result in a material adverse change in the operation, financial condition or prospects of the Stations.

8.2.6 Amend, modify or terminate any of the Agreements referred to on Schedule 1.1.4 or any of the leases referred to on Schedule 1.1.3.

8.3 **Failure of Broadcast Transmissions.** Assuming Buyer's cooperation under the TBA, Seller shall give prompt written notice to Buyer if any of the following (a "Specified Event") shall occur and continue for a period in excess of twenty-four (24) consecutive hours: (i) the transmission of the regular broadcast programming of the Stations in the normal and usual manner is interrupted or discontinued; or (ii) the Stations are not operated in accordance with the directional parameters specified in the Stations' licenses or are operated at less than ninety percent (90%) of their licensed power. Not including Specified Events, that are caused in whole or in part by the actions of Buyer, if three (3) or more Specified Events occur prior to the Closing Date each lasting more than twenty-four (24) consecutive hours, or if the Stations are not operated substantially at the licensed operating parameters for more than five (5) consecutive days, then Buyer may, at its option: (i) terminate this Agreement, or (ii) proceed in the manner set forth in Paragraph 12.1 or 12.2.

8.4 **Access to Information.** Between the date hereof and the Closing Date, Seller will give to Buyer and its authorized representatives and agents, including engineers, accountants, lawyers, and other representatives, upon at least two (2) days written notice from Buyer to Seller, reasonable access during reasonable business hours to the Assets; provided this provision shall not be deemed to limit Buyer's access during the TBA. Seller shall furnish to Buyer such information and materials concerning the Stations' affairs as Buyer may reasonably request, so far as such access, information and materials pertain to the operation of the Stations.

8.5 **Restrictions on Buyer.** Notwithstanding the TBA, nothing contained in this Agreement shall give Buyer any right to control the programming or operations of the Stations prior to the Closing Date and Seller shall have complete control of the programming and operation of the Stations between the date hereof and the Closing Date and shall operate the Stations in conformity with the public interest, convergence and necessity and with all other requirements of law and this Agreement.

8.6 **Environmental Audit.** For a period expiring thirty (30) days after the date hereof, Buyer may, at its option and sole expense, and subject to the approval of the landlord's for such properties, conduct a Phase I environmental assessment of the real property subject to the leases listed on Schedule 1.1.3., conducted in accordance with Part x of the Federal National Mortgage Association's Delegated Underwriting and Servicing Guide, including the certificate of a qualified environmental engineer stating in substance that, following all appropriate inquiry into the previous ownership and uses of said real property consistent with good commercial or customary practice, the engineer has concluded that there is no environmental condition on or affecting said real property that would either (i) materially impair the use of said real property for the present operation of the Stations or (ii) require the expenditure of any sum to remedy. In the event such inspection reveals any agreed upon conditions noted above, such findings shall be reported to Seller within five (5) days of Buyer's receipt of the written report of the inspection. In the event that Seller, for any reason, does not repair or correct the condition revealed by such inspection within ninety (90) days of written notice thereof by Buyer, Buyer shall have the right, as its sole remedy, to terminate this Agreement and the Escrow Deposit shall be returned to Buyer and neither party shall have any further liability to the other party.

SECTION 9 **CONDITIONS FOR CLOSING**

9.1 **Closing.** The Closing of this Agreement shall take place at the offices of Buyer, or such other place as mutually agreed upon in writing by Seller and Buyer, and on a date mutually agreed upon by Buyer and Seller, provided that such date shall be no later than ten (10) business days after the grant(s) by the Commission of all of the Assignment Application(s) shall have become Final Orders and the other conditions to closing set forth in this Section 9 shall have either been waived or satisfied (the "Closing Date"). For purposes of this Agreement, the term "Final Order" means action by the Commission consenting to an application without imposing any condition materially adverse to Seller or Buyer and which is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the normal time for filing any such request, petition or appeal or reconsideration by the Commission on its own motion has expired.

9.2 **Conditions to Obligations of Buyer.** The obligations of the Buyer under this Agreement are subject to the satisfaction of each of the following express conditions (provided that Buyer may, at its

election, waive any of such conditions on the Closing Date, notwithstanding that such condition is not fulfilled) on the Closing Date:

9.2.1 Seller shall have delivered to Buyer the Seller's Closing Documents as described in Section 10.1 below;

9.2.2 Each of the Seller's representations and warranties contained in this Agreement or in any Schedule, certificate, or document delivered pursuant to the provisions hereof, or in connection with the transactions contemplated hereby, shall be true and correct in all material respects at and as of the Closing Date with the same force and effect as if each such representation or warranty were made at and as of such time.

9.2.3 Seller shall have performed and complied in all material respects with all covenants, agreements and obligations required by this Agreement to be performed or complied with by it prior to the Closing Date and shall be in full compliance therewith on the Closing Date;

9.2.4 Seller shall be the holder of the Commission Authorizations listed in Schedule 1.1.1.

9.2.5 Seller shall have taken all action required by this Agreement to consummate this transaction.

9.2.6 Seller shall have delivered to Buyer an inventory of the Tangible Personal Property to be conveyed, current as of the Closing Date. There shall be no material changes between Schedule 1.1.2 and the inventory of Tangible Personal Property as of the Closing Date other than changes that have been caused by Buyer in connection with the TBA or agreed to and accepted by Buyer, in its reasonable discretion.

9.2.7 Seller shall have delivered to Buyer an opinion dated the Closing Date from FCC counsel to Seller relating to the Station Licenses and the assignment thereof in the form attached hereto as Exhibit C

9.2.8 Except as may be caused by Buyer under the TBA, there shall have been no material adverse change in the physical condition of the Assets between the date hereof and the Closing Date.

9.2.9 The Commission shall have approved all of the Assignment Application(s).

9.2.10 The Seller shall have obtained and delivered to the Buyer the consents to the assignment of those Agreements or leases requiring such consent as indicated on Schedule 1.1.3 and Schedule 1.1.4.

9.2.11 The Seller shall have used commercially reasonable efforts to have obtained and delivered to Buyer an estoppel certificate signed by each landlord under the leases set forth on Schedule 1.1.3, except not including the lease for The Dalles Studio, in form reasonably acceptable to Buyer, confirming that there are no defaults under such Lease; provided that Seller shall not be obligated to pay any amounts to any of the landlords to obtain such certificates; provided further, that Buyer shall take reasonable steps to cooperate with each such landlord, except for the Hood River Studio landlord,

including pay the reasonable legal fees and related costs of any such landlord in connection with the review and negotiation of such landlord's estoppel certificate; provided further, that Buyer shall not be obligated to pay any other amount to any of the landlords to obtain such certificates; provided however, that if Seller is not able to obtain an estoppel certificate for each of the Leases (but not including The Dalles Studio Lease) for any reason, Seller shall provide Buyer with an estoppel certificate signed by Seller for each such Lease, including for The Dalles Studio; provided, that if Seller does not provide such estoppel certificates, Buyer's sole remedy shall be to terminate this Agreement in which case the parties shall cooperate in returning the Escrow Deposit with accrued interest to Buyer and unwinding the TBA.

9.3 **Conditions to Obligations of Seller.** The performance of the obligations of the Seller under this Agreement is subject to the satisfaction of each of the following express conditions, provided that Seller may, at its election, waive any of such conditions at Closing, notwithstanding that such condition is not fulfilled on the Closing Date:

9.3.1 Each of Buyer's representations and warranties contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof, or in connection with the transactions contemplated hereby, shall be true in all material respects at and as of Closing Date, as though each such representation or warranty was made at and as of such time, except in respect of such changes as are contemplated or permitted by this Agreement.

9.3.2 Buyer shall have performed and complied in all material respects with all covenants, agreements and obligations required by this Agreement to be performed or complied with by it prior to the Closing Date and shall be in full compliance therewith on the Closing Date. Buyer shall perform all of the obligations set forth in Section 2 of this Agreement with respect to the payment of the Purchase Price.

9.3.3 Buyer shall have agreed in form reasonably acceptable to Seller to assume all obligations under the Agreements assigned to Buyer which arise on or after the Closing Date.

9.3.4 The Commission shall have approved all of the Assignment Application(s).

9.3.5 Buyer shall have delivered to Seller the Buyer's Closing Documents as described in Section 10.2 below;

9.4 **Failure of Conditions Precedent to Obligations of Buyer.** In case of the failure of any of the conditions precedent described in Section 9.2 hereof, and if Seller, after having received notice of such failure from Buyer and having had thirty (30) days within which to cure same, and has failed to cure same, Buyer shall have the right to terminate this Agreement without liability. In addition, if the failure of such condition precedent constitutes a material default by Seller, Buyer shall have the right, at its option, to exercise any or all of its rights or remedies for default provided in Section 16 hereof. Buyer shall not be deemed to have waived any failure by Seller to fulfill any of the conditions precedent described in Section 9.2 if Buyer does not have actual knowledge of such failure at the time of Closing.

9.5 **Failure of Conditions Precedent to Obligations of Seller.** In case of the failure of any of the conditions precedent described in Section 9.3 hereof, and if Buyer, after having received notice of such failure from Seller and having had thirty (30) days within which to cure same, has failed to cure the same, Seller shall have the right to terminate this Agreement without liability. In addition, if the failure of such condition precedent results from a material default by Buyer, Seller shall have the right, at its option,

to exercise any or all of its rights or remedies for default provided in Section 16 hereof. Seller shall not be deemed to have waived any failure by Buyer to fulfill any of the conditions precedent described in Section 9.3 if Seller does not have actual knowledge of such failure at the time of Closing.

SECTION 10
OBLIGATIONS AT CLOSING

10.1 **Closing Documents to be Delivered by Seller.** At the Closing, Seller shall deliver to Buyer the following (“Seller’s Closing Documents”):

10.1.1 An executed Bill of Sale in form and substance reasonably satisfactory to Buyer transferring to Buyer all Tangible Personal Property to be transferred hereunder.

10.1.2 One or more executed Assignment and Assumption Agreements in form and substance reasonably satisfactory to Buyer assigning to Buyer the Agreements to be assigned hereunder.

10.1.3 An executed Assignment and Transfer in form and substance reasonably satisfactory to counsel for Buyer assigning and transferring to Buyer all of the Authorizations and the Intangibles.

10.1.4 [Intentionally Omitted]

10.1.5 A certificate executed by Seller stating that (a) all of the representations and warranties of Seller set forth in this Agreement are in all material respects true, correct, and accurate as of the Closing Date, and (b) all covenants set forth in this Agreement to be performed by Seller on or prior to the Closing Date have been performed in all material respects.

10.1.6 Copies of all Business Records.

10.1.7 Possession and/or ownership of and all right, title and/or interest in and to the Assets.

10.1.8 An executed opinion of Seller's FCC counsel, dated as of the Closing Date, in the form attached hereto as Exhibit C.

10.1.9 An executed certificate of good standing (or similar government-issued document) verifying that Seller is in good standing under the laws of the State of Oregon.

10.1.10 The third party consents referred to in Section 9.2.10.

10.1.11 An executed copy of each of (A) the Hood River Studio Lease between CGB and Bicoastal Media, LLC and (B) the Hood River Tower Site Lease between Gregory P. Walden and Mylene Ann Simons Walden and Bicoastal Media, LLC, an affiliate of Buyer, in substantially the forms attached hereto as Exhibit D (the “Hood River Leases”).

10.1.12 An executed copy of the Assignment and Assumption Agreement with respect to the Portland Agreement and the other instruments in substantially the form attached hereto as Exhibit E.

pursuant to which Buyer shall agree to assume all rights and obligations of CGB under the Portland Agreement, except for the right to the Portland Agreement Purchase Price which shall remain with Seller, and shall agree to take all actions necessary to consummate the transactions contemplated by the Portland Agreement and to not assign, transfer, modify, amend or terminate the Portland Agreement, in whole or in part, without the prior written consent of Seller (the "Portland Agreement Assignment and Assumption Agreement") except as provided in Section 21.12 hereof.

10.2 **Closing Documents to be Delivered by Buyer.** At the Closing, Buyer shall deliver to Seller the following ("Buyer's Closing Documents"):

10.2.1 The Purchase Price as provided in Section 2.2

10.2.2 A certificate executed by Buyer's chief executive officer stating that: (a) all of the representations and warranties of Buyer set forth in this Agreement are in all material respects true, correct, and accurate as of the Closing Date, and (b) all covenants set forth in this Agreement to be performed by Buyer on or prior to the Closing Date have been performed in all material respects.

10.2.3 An Assignment and Assumption Agreement and the other instruments executed by Buyer, in form and substance reasonably satisfactory to Seller.

10.2.4 An executed certified copy of the resolutions of an officer of Buyer authorizing the execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions provided for herein.

10.2.5 An executed certificate of good standing (or similar government- issued document) verifying that Buyer is a limited liability company validly existing and in good standing under the law of the State of its organization, and is authorized to conduct business in the State of Oregon.

10.2.6 An executed copy of each of the Hood River Leases substantially in the form of the leases attached here to as Exhibit 10.2.6.

10.2.7 An executed copy of the Portland Agreement Assignment and Assumption Agreement.

SECTION 11 **BROKERAGE**

Seller and Buyer each represent and warrant to the other that it knows of no broker, finder, or intermediary who has been involved in the transactions provided for in this Agreement or who might be entitled to a fee or commission upon the consummation of such transactions. Buyer and Seller hereby agree to indemnify each other from and against any claim of any such obligation or liability by any person, and any expense incurred in defending against any such claim, including reasonable attorneys' fees, that shall have resulted from any conduct, activity, or action taken, or allegedly taken, by the indemnifying party.

SECTION 12
INDEMNIFICATIONS

12.1 **Seller's Indemnifications.** Seller shall reimburse Buyer for, and indemnify and hold harmless Buyer from and against, any loss, damage, liability, obligation, deficiency, claim, suit, cause of action, demand, judgment, or expense (including without being limited to, payments, fines, penalties, interest, taxes, assessments, reasonable attorneys' fees and accounting fees of any kind or nature), contingent or otherwise, arising out of or sustained by Buyer prior to, or within eighteen (18) months with respect to any matter constituting a breach of any Seller warranty, representation or covenant, or within thirty (30) months with respect to any matter arising from any claim by a third party against Buyer, after the Closing Date by reason of:

(a) any breach of any warranty, representation, or agreement of Seller contained under this Agreement or in any certificate or other instrument furnished to Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby,

(b) the operation of the Stations by Seller or the ownership of the Assets by Seller prior to Closing (including, but not limited to, any and all claims, liabilities, and obligations arising or required to be performed prior to the Closing Date under the Agreements, or any other lease, contract, or agreement of Seller);

(c) any transaction entered into by Seller or arising in connection with the Stations or the operation of the business thereof or any of the Assets prior to the Closing other than transactions entered into by Buyer or arising in connection with the TBA; or

(d) any and all actions, suits, or proceedings, incident to any of the foregoing.

12.2 **Buyer's Indemnifications.** Buyer shall reimburse Seller for, and indemnify and hold harmless Seller from and against, any loss, damage, liability, obligation, deficiency, claim, suit, cause of action, demand, judgment, or expense (including without being limited to, payments, fines, penalties, interest, taxes, assessments, reasonable attorneys' fees and accounting fees of any kind or nature), contingent or otherwise, arising out of or sustained by Seller prior to or within eighteen (18) months with respect to any matter constituting a breach of any Buyer warranty, representation or covenant, or within thirty (30) months with respect to any matter arising from any claim by a third party against Seller, after the Closing Date by reason of:

(a) any material breach of any warranty, representation, or agreement of Buyer contained under this Agreement or any certificate or other instrument furnished by Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby,

(b) the operation of the Stations subsequent to Closing (including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed subsequent to the Closing under the Agreements or any other lease, contract, or agreement of Buyer),

(c) any transaction entered into by Buyer or arising in connection with the Stations or the operation of the Stations subsequent to the Closing Date or prior thereto in connection with the TBA,

(d) any and all liabilities or obligations of Seller specifically assumed by Buyer pursuant to this Agreement , or

(e) any and all actions, suits, or proceedings incident to any of the foregoing.

12.3 **Notice of Claim.** Buyer and Seller agree to give prompt written notice to each other of any claim for indemnification under Sections 12.1 or 12.2 hereof (“Notice of Claim”), which amount is believed to be required to discharge the obligations of the indemnifying party resulting therefrom. Within thirty (30) days after having been given the Notice of Claim, the indemnifying party may deliver to the other party (i) a written notice of objection to the payment of such claim (“Notice of Objection”), which Notice of Objection shall set forth the basis for such objection; or (ii) a written notice that the indemnifying party intends to defend against such claim in good faith (“Notice of Intention to Defend”). If such a Notice of Intention to Defend is delivered, the indemnifying party shall have the right to hold in abeyance its claim for indemnification if and so long as such defense is conducted by the indemnifying party at the latter's expense in a manner effective to protect the indemnified party against such claim. If no Notice of Objection or Notice of Intention to Defend is given within the prescribed thirty (30) day period, the indemnifying party shall promptly pay to the indemnified party the amount set forth in the Notice of Claim. If the parties are unable to resolve any Notice of Claim and corresponding Notice of Objection, either party may take whatever action it deems reasonable, including without limitations the filing of a claim, petition, or other pleading in a court of competent jurisdiction.

12.4. **Limitations.** The aggregate liability of each of Seller and Buyer under Sections 12.1 and 12.2 hereof shall not exceed the Purchase Price. No party shall have any obligation to indemnify another party under Sections 12.1 or 12.2 hereof except to the extent that the aggregate liability to the other party for such indemnification exceeds TWENTY-FIVE THOUSAND DOLLARS (\$25,000) (“Threshold Amount”), in which event the indemnifying party shall be liable for the total amount of such indemnification, including the sums constituting the Threshold Amount, subject to the limits on aggregate liability of the preceding sentence.

SECTION 13 **RISK OF LOSS**

Except for loss or damage due to the action or inaction of Buyer under the TBA, which loss or damage shall be the sole responsibility of Buyer, the risk of any loss or damage to the Assets by fire, theft, breakage, explosion, earthquake, accident, flood, rain, storm, riot, act-of-God, or public enemy, or any other casualty or cause, reasonable wear and tear excepted, which impairs the ability of the Stations to broadcast is assumed and shall be borne by the Seller at all times before the Closing of this Agreement. If any such loss or damage occurs, Seller shall give prompt written notice of the loss or damage to Buyer, stating with particularity reasonable estimates of loss or damage incurred, the cause of damage, if known, and the extent to which restoration, replacement and repairing the damaged Asset or Assets lost or destroyed is believed reimbursable under any insurance policy with respect thereto. Seller shall promptly take all commercially reasonable steps to rebuild, replace, restore or repair any such damaged property at its own cost and expense. In the event that Seller does not fully replace or restore any such lost or damaged Asset or Assets by the time the Closing otherwise would be held, Buyer may, at its option and sole remedy, upon written notice to Seller, either (i) postpone the Closing until such time as the property has been repaired, replaced or restored and the Stations returned to its operating status (subject to the right of either party to terminate this Agreement pursuant to Section 16 hereof), (ii) terminate this Agreement, or (iii) elect to close without restoration, in which event Seller will deliver all insurance proceeds paid or

payable by reason of the loss or damage to Buyer, together with an amount equal to the Seller's deductible under any such policy. If Buyer terminates this Agreement under this Section, each party shall bear its own expenses.

SECTION 14
FEES AND EXPENSES

Each party shall pay its own attorneys' fees and expenses which it initiates, creates, or incurs in connection with the negotiation, preparation and execution of this Agreement. Seller and Buyer believe that the consummation of the transactions provided for in this Agreement do not require the payment of local transfer and title fees and sales taxes. In the event any of the aforementioned fees or taxes are imposed, payment shall be made equally by Seller and Buyer. All FCC filing fees relating to the Assignment Application(s) shall be shared equally by Seller and Buyer.

SECTION 15
BULK SALES LAW

The parties do not believe that any bulk sales or fraudulent conveyance statute applies to the transactions contemplated by this Agreement. Buyer therefore waives compliance by Seller with the requirements of any such statutes, and Seller agrees to indemnify and hold Buyer harmless against any claim made against Buyer by any creditor of Seller as a result of a failure to comply with any such statute.

SECTION 16
DEFAULT AND TERMINATION

16.1 A party shall "default" under this Agreement if it makes any material misrepresentation to the other party in connection with this Agreement or the TBA, or in any material way breaches or fails to perform any of its representations, warranties, or covenants contained in this Agreement or the TBA.

16.2 If either party believes the other to be in default hereunder, the former party shall provide the other with written notice specifying in reasonable detail the nature of such default. If the default is not curable or has not been cured within thirty (30) days after delivery of that notice (or such additional reasonable time as the circumstances may warrant provided the party in default undertakes diligent, good faith efforts to cure the default within such thirty (30) day period and continues such efforts thereafter), then the party giving such notice may terminate this Agreement and/or exercise the remedies available to such party pursuant to this Agreement, subject to the right of the other party to contest such action through appropriate proceedings.

16.3 Buyer recognizes that if the transaction contemplated by this Agreement is not consummated as a result of Buyer's default, Seller would be entitled to compensation, the extent of which is extremely difficult and impractical to ascertain. To avoid this problem, the parties agree that if this Agreement is not consummated due to the default of Buyer, Seller shall be entitled to receive as liquidated damages the Escrow Deposit plus ONE HUNDRED THOUSAND DOLLARS (\$100,000) for a total of TWO HUNDRED THOUSAND DOLLARS (\$200,000)("Liquidated Damages"). The parties agree that the Liquidated Damages shall constitute liquidated damages and shall be in lieu of any other remedies to which Seller might otherwise be entitled due to Buyer's wrongful failure to consummate the transaction contemplated by this Agreement. Buyer and Seller acknowledge and agree that liquidated damage amount

is reasonable in light of the anticipated harm which will be caused by Buyer's breach of this Agreement, the difficulty of proof of loss, the inconvenience and non-feasibility of otherwise obtaining an adequate remedy, and the value of the transaction to be consummated hereunder.

16.4 Seller agrees that the Assets include unique property that cannot be readily obtained on the open market and that Buyer will be irreparably injured if this Agreement is not specifically enforced. Therefore, Buyer shall have the right, in lieu of any and all other remedies available to the Buyer hereunder, at law or in equity, specifically to enforce Seller's performance under this Agreement, and Seller agrees to waive the defense in any such suit that Buyer has an adequate remedy at law and to interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy. In the event Seller breaches this Agreement or defaults on the performance of its obligations hereunder, Buyer shall have the right to sue either for specific performance or for other remedies available at law or equity.

16.5 In addition to termination for default as set forth above, Seller or Buyer may terminate this Agreement upon sixty (60) days written notice to the other party in the event that the Closing has not occurred within one (1) year of the date of this Agreement, unless such delay is due to a default under this Agreement by the party seeking to terminate; provided that such notice shall not be given until after such one (1) year period.

16.6 In the event of a lawsuit under this Section 16, the prevailing party shall be entitled to reasonable attorneys' fees.

SECTION 17 **SURVIVAL OF WARRANTIES**

17.1 All representations, warranties, and covenants made by the Seller in this Agreement shall be deemed made for the purpose of inducing the other to enter into this Agreement, and shall survive the Closing and remain operative and in full force and effect for eighteen (18) months after the Closing Date.

17.2 Neither the acceptance nor the delivery of property hereunder shall constitute a waiver of any covenant, representation, warranty, agreement, obligation, undertaking, or indemnification of Seller or Buyer contained in this Agreement, all of which shall, unless otherwise specifically provided, survive the Closing hereunder in accordance with the terms of this Agreement and shall be binding upon and inure to the benefit of all of the parties hereto, their heirs, legal representatives, successors and assigns.

SECTION 18 **INTENTIONALLY OMITTED [IT IS ALREADY COVERED IN TBA]**

SECTION 19 **NOTICES**

19.1 All notices, requests, demands, waivers, consents and other communications required or permitted hereunder shall be in writing and be deemed to have been duly given when delivered in person (against receipt) to the party to be notified at the address set out below or sent by registered or certified mail, or by express mail or courier, postage prepaid, return receipt requested, addressed to the party to be notified, as follows:

If to Seller;

Mr. and Mrs. Gregory P. Walden
1504 Sherman Avenue
Hood River, OR 07031

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

Richard R. Zaragoza, Esq.
Miles S. Mason, Esq.
Pillsbury Winthrop Shaw Pittman LLP
2300 N Street, NW
Washington, DC 20037

If to Buyer:

Kenneth R. Dennis, President
Bicoastal Holdings Co., L.L.C.
One Blackfield Drive #333
Tiburon, California 94920
Fax No: (415) 789-5036

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

Paul A. Moses, Managing Director
Diamond Hill Equity Corporation
Four Tower Bridge
200 Barr Harbor Drive, Suite 400
W. Conshohocken, PA 19428

And to:

Robert E. Schwartz, Esq.
Sherman, Silverstein, Kohl, Rose & Podolsky, PA
4300 Haddonfield Road, Suite 311
Pennsauken, New Jersey 08019

Either party may change its address for notices by written notice to the other given pursuant to this Section. Any notice purportedly given by a means other than as provided in this Section shall be invalid and shall have no force or effect.

SECTION 20
NON-COMPETITION

20.1 The Seller agrees that for a period of two (2) years after the Closing, the Seller shall not, unless acting pursuant hereto or with the prior written consent of the Buyer, directly or indirectly:

(a) solicit for employment or in any other fashion hire any of the employees of the Buyer;

or

(b) own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing or control of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with any radio station whose main transmitter site is located within the predicted 1 mV/m contour of any of the Stations (excluding indirect ownership by virtue of ownership of fewer than five percent (5%) of the voting shares of any publicly traded class of common stock of the direct or indirect owner of such station).

20.1 The Seller acknowledges that the restrictions contained in this Section 20 are, in view of the nature of the business of the Buyer, reasonable and necessary to protect the legitimate interests of the Buyer, and that any violation of any provisions of this Section 20 will result in irreparable injury to the Buyer. The Seller also acknowledges that the Buyer shall be entitled to temporary and permanent injunctive relief, without the necessity of proving actual damages, and to an equitable accounting of all earnings, profits and other benefits arising from any such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Buyer may be entitled. In the event of any such violation, the Buyer shall be entitled to commence an action for temporary and permanent injunctive relief and other equitable relief in any court of competent jurisdiction and Company further irrevocably submits to the jurisdiction of any Oregon court or Federal court sitting in Oregon over any suit, action or proceeding arising out of or relating to Section 20. The Seller hereby waives, to the fullest extent permitted by law, any objection that he may now or hereafter have to such jurisdiction or to the venue of any such suit, action or proceeding brought in such a court and any claim that such suit, action or proceeding has been brought in any inconvenient forum.

SECTION 21 **MISCELLANEOUS**

21.1 **Headings.** The headings of the Sections of this Agreement are for convenience of reference only, and do not form a part thereof, and do not in any way modify, interpret or construe the meaning of the sections themselves or the intentions of the parties.

21.2 **Entire Agreement.** This Agreement and any other agreements entered into contemporaneously herewith set forth the entire agreement of the parties and are intended to supersede all prior negotiations, understandings, and agreements and cannot be altered, amended, changed or modified in any respect or particular unless each such alteration, amendment, change or modification shall have been agreed to by each of the parties hereto and reduced to writing in its entirety and signed and delivered by each party. No provision, condition or covenant of this Agreement shall be waived by either party hereto except by a written instrument delivered to the other party and signed by the party consenting to and to be charged with such waiver.

21.3 **Binding Effect and Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. Neither Buyer or Seller may assign or transfer its rights and benefits, or delegate its obligations, under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; provided that Seller's consent shall not be required for Buyer to assign this Agreement to an otherwise FCC qualified legal entity that is under the legal control of Buyer so long as such assignment shall not delay either FCC action on the assignment applications or consummation of the transactions.

21.4 **Additional Documents.** The parties hereto agree to execute, acknowledge and deliver, at or after the Closing Date, such other and further instruments and documents as may be reasonably necessary to implement, consummate and effectuate the terms of this Agreement, the effective vesting in

Buyer of title to the Assets, and/or the successful processing by the Commission of the application to be filed with it, as provided in Section 4.2.

21.5 **Counterparts.** This Agreement may be executed in one or more counterparts, all of which, together shall comprise one and the same instrument.

21.6 **Legal Actions.** If either Seller or Buyer initiates any legal action or lawsuit against the other involving this Agreement, the prevailing party in such action or suit shall be entitled to receive reimbursement from the other party for all reasonable attorney's fees and other costs and expenses incurred by the prevailing party in respect of that litigation, including any appeal, and such reimbursement may be included in the judgment or final order issued in such proceeding. Any award of damages following judicial remedy as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law.

21.7 **Governing Law.** The parties agree that this Agreement and the transaction herein contemplated, shall be interpreted, construed, and enforced under and according to the laws of the State of Oregon.

21.8 **Counsel.** Each party has been represented by its own counsel in connection with the negotiation and preparation of this Agreement and, consequently, each party hereby waives the application of any rule of law to the effect that any provision of this Agreement shall be interpreted or construed against the party whose counsel drafted that provision.

21.9 **Time is of the Essence.** Time shall be of the essence in this Agreement and the performance of each and every provision hereof.

21.10 **Severability.** If any term or provision of this Agreement or its application shall to any extent, is declared to be invalid or unenforceable, the remaining terms and provisions shall not be affected and shall remain in full force and effect and to such extent they are severable; provided, however, neither party shall have any obligation to consummate the transactions contemplated by this Agreement if it is materially adversely affected in any respect whatsoever by a determination that any term or provision of this Agreement or its application shall, to any extent, be invalid or unenforceable.

21.11 **Publicity.** Seller and Buyer agree that all public announcements relating to this agreement or the transactions contemplated hereby, including announcements to employees, will be made only as may be agreed upon in writing by the parties, which consent shall not be unreasonably withheld.

21.12 **Portland Agreement; KACI-FM Upgrade.** Seller and Buyer agree and acknowledge that CGB has entered into the Portland Agreement, and that, subject to the satisfaction of certain conditions under the Portland Agreement, KACI-FM shall be transferred to a third party, in which case a substitute station, in lieu of KACI-FM, shall be assigned and transferred to Seller (or if after the Closing to Buyer) under the Portland Agreement. Accordingly, Buyer shall take no action that would impede the ability of CGB (or PB under the Portland Agreement) to perform their respective obligations or enforce their respective rights under the Portland Agreement. The parties further acknowledge and agree that Seller makes no representations, warranties or covenants with respect to (i) the ability to satisfy the conditions of the Portland Agreement, (ii) the suitability of the substitute station described in the Portland Agreement or (iii) the ability of CGB (or Buyer under this Agreement) to consummate the transactions contemplated by the Portland Agreement; and the effectiveness of the Portland Agreement shall not be a

condition to Closing hereunder. Upon Closing, Buyer shall use legally sufficient efforts as contemplated under the Portland Agreement to cooperate with PB in seeking Commission approval of the rulemaking and other consents contemplated by the Portland Agreement and to promptly consummate all of the transactions contemplated by the Portland Agreement in accordance with the terms thereof and to otherwise cooperate with PB (including executing and delivering any amendment to the Portland Agreement or other filing reasonably requested by Seller or PB that would result in the upgrade of KACI-FM) in accordance with the terms of the Portland Agreement; provided that the parties acknowledge and agree that Buyer shall not assume, pursuant to this Agreement or otherwise, any of CGB's rights to the purchase price under the Portland Agreement and CGB shall, notwithstanding its assignment of the other portions of the Portland Agreement to Buyer, retain all rights as a party to the Portland Agreement to obtain the purchase price and to enforce its rights under such agreement; provided further, that Buyer shall not be required to incur any cost or expense not otherwise contemplated under the Portland Agreement; provided further, that if PB requests Buyer to take any action that Buyer believes would cause Buyer to incur more than is otherwise contemplated under the Portland Agreement, Buyer shall promptly notify Seller of the circumstances and expected cost and take the requested action(s) if Seller agrees to reimburse Buyer. Buyer shall comply with the terms and conditions of the Portland Agreement in all respects, and shall not (i) agree to or waive any rights under, suspend or terminate the Portland Agreement, or (ii) agree to or amend or modify the Portland Agreement if any such amendment or modification, separately or in the aggregate, would have an adverse effect on Seller's right or opportunity to promptly enjoy the full benefits intended for it under the Portland Agreement, without the prior written consent of CGB. Buyer shall not take any action which would materially adversely effect Seller's rights under the Portland Agreement, including any rights of Seller to any amounts paid or payable to Seller thereunder. After the Closing, Buyer will promptly update Seller on all developments relating to the Portland Agreement and provide Seller with copies of all pleadings filed in any existing or future proceedings which are the subject of the Portland Agreement. Buyer further agrees that after Closing and prior to the expiration or termination of the Portland Agreement it shall not assign or transfer any interest in the assets of KACI-FM, including the FCC licenses with respect thereto, unless and until Seller has received the purchase price under the Portland Agreement. Notwithstanding anything to the contrary in this Agreement, this provision shall survive Closing for as long as any party to the Portland Agreement, as amended or extended from time to time, has any rights against any other party to the Portland Agreement. Notwithstanding anything to contrary set forth in Portland Agreement or the Assignment and Assumption Agreement with respect to the Portland Agreement, the Buyer shall have no obligation to pay or return to PBLLC the deposit or any portion thereof which sum was paid to PBLLC pursuant to the provisions of Section 2.2(a) of the Portland Agreement. Notwithstanding anything to the contrary set forth in Assignment and Assumption Agreement with respect to the Portland Agreement, Buyer shall assume the obligations under Section 2.2(d) of the Portland Agreement, together with the rights thereunder to reimbursement of the expenditures referred to in such Section 2.2(d).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and executed by their proper officers thereunto duly authorized as of the day and year first above written.

SELLER:
COLUMBIA GORGE BROADCASTERS, INC.

By: 
Name: Mylene S. Walden
Title: Vice President

M.S.W. COMMUNICATIONS, LLC

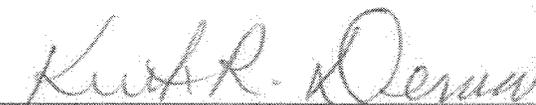
By: 
Name: Mylene S. Walden
Title: Member

BUYER:
BICOASTAL COLUMBIA RIVER, L.L.C.

By: 
Name: Kenneth R. Dennis
Title: President

FOR PURPOSES ONLY OF SELLER'S
ENFORCEMENT OF BUYER'S OBLIGATIONS
UNDER THIS AGREEMENT

BICOASTAL HOLDINGS, L.L.C.

By: 
Name: Kenneth R. Dennis
Title: President