

ASSET PURCHASE AGREEMENT

by and among

C&C CONSULTING, INC.

and

KANSAS RADIO, INC.

*for the Sale and Purchase of Station
KANS(FM), Emporia, Kansas*

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), made and entered into as of this ___ day of October, 2005, by and among **C&C CONSULTING, INC.**, a corporation organized under the laws of the State of Kansas ("Seller"), and **KANSAS RADIO, INC.**, a corporation formed under the laws of the State of Kansas ("Buyer").

WITNESSETH:

WHEREAS, Seller is owner of certain licenses, permits and authorizations issued by the Federal Communications Commission (the "Commission") used for the operation of Station KANS(FM), Facility No. 41542, Emporia, Kansas; and

WHEREAS, the assignment of the licenses of the Station is subject to the prior approval of the Commission; and

WHEREAS, Buyer and Seller have entered into a Time Brokerage Agreement ("TBA") for the use of broadcast time on the Station prior to Closing of this Agreement; and

WHEREAS, Seller also is owner is certain tangible personal property used in conjunction with the operation of the Station.

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

SECTION 1 **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") free and clear of any security interests, claims, encumbrances, liens or liabilities except for Permitted Liens and except as provided in Section 2.1.1. "Permitted Liens" shall consist only of (i) Liens for taxes, assessments, water and sewer charges, license fees, and all other fees, special assessments and charges assessed or imposed by a public body upon the Purchased Assets or any part thereof, provided such fees assessments or taxes are not yet due and payable or are being contested in good faith in an appropriate proceeding and disclosed in **Schedule 1.1**; (ii) zoning laws and ordinances; (iii) rights reserved to any governmental authority to regulate the affected property.

1.1.1 **Authorizations.** All licenses, permits and authorizations issued or granted by the Commission for the operation of, or used in connection with the operation of the Station and all applications filed with the Commission (hereinafter "Commission Authorizations") which are listed in **Schedule 1.1.1**. All franchises, licenses, permits, and authorizations issued by any administrative body or licensing authority or governmental or regulatory agency, other than Commission Authorizations, used or useful in connection with the operation of the Station (hereinafter "Other Authorizations") which are listed in **Schedule 1.1.1**.

1.1.2 **Tangible Personal Property.** All of Seller's rights in and to all fixed and tangible property used and useful in the operation of the Station, including but not limited to the assets described and 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 **Agreements.** All Seller's rights to and in the contracts and agreements to which Seller or the Station is a party listed in **Schedule 1.1.3** (hereinafter collectively "Agreements"), together with all contracts and agreements and leases, entered into or acquired by the Seller between the date hereof and the Closing Date which have been approved in writing by Buyer, and all right, title and interest of Seller in and to all orders and agreements for the sale of advertising time and for the production of any programming on the Station for cash, and all trade, barter and similar agreements for the sale of advertising time and for the production of any programming on the Station other than for cash, and all such orders and agreements for advertising time entered into between the date hereof and the Closing Date, each in the ordinary course of business, and to the extent the foregoing have not been performed as of the Closing Date, in each case to which Seller or the Station is a party and to be assumed by Buyer pursuant to this Agreement (hereinafter collectively "Advertising Contracts"). The only agreements for advertising time for trade, barter, or similar arrangement that Buyer shall be required to assume are listed on **Schedule 1.1.3**.

1.1.4 **Intangibles.** All right, title and interest of Seller in and to logos, jingles, marketing plans, copyrights, trademarks, trade names, websites, domain names, and other intangible property of Seller set forth on **Schedule 1.1.4** attached hereto and made a part hereof (hereinafter collectively the "Intellectual Property"), and in any call sign identified with the Station.

1.1.5 **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 Station (hereinafter collectively "Business Records") or to assets or agreements purchased or assumed by Buyer.

1.1.6 **Software.** All of Seller's interest in all computer software and programs used or held for use exclusively in the operation of the Station.

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 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;

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

1.2.4 Ownership of the any of the real property used in conjunction with the operation of the Station;

1.2.5 All contracts of Seller not assumed by Buyer;

1.2.6 Seller's minute books, charter documents, partnership records, and such other books and records as pertain to the organization, existence or share capitalization of Seller, as well as any other records or materials relating to Seller generally and not involving the assets or operation of the Station;

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)) 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 tangible personal assets listed on **Schedule 1.2.9**.

Notwithstanding the foregoing, at Closing, Seller shall enter into a Lease Agreement in the form attached hereto as **Exhibit A** for the lease of the studio building used in conjunction with the operation of the Station (the "Real Property"), as described in **Schedule 1.2**.

1.3 **Assignments of Contracts**. In the event certain of the Contracts to be included in the Purchased Assets, and the rights and benefits thereunder necessary or appropriate or relating to the conduct of the business and activities of Seller and/or the Station are not, by their terms, assignable, such contracts shall be identified by an asterisk on **Schedule 1.1.3**. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any such Contract so identified, and Buyer shall not be deemed to have assumed the same or to be required to perform any obligations thereunder, if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach thereof or in any way affect the rights under any such Contract of Buyer or Seller thereunder. Notwithstanding the foregoing, in such event, upon request of Buyer, Seller will cooperate with Buyer in all lawful ways to provide for Buyer all benefits to which Seller is entitled under such Contracts so long as Buyer undertakes to perform or cause to be performed the obligations of Seller under such Contracts, and any transfer or assignment to Buyer by Seller of any such Contract or any right or benefit arising thereunder or resulting therefrom which shall require the consent or approval of any third party shall be made subject to such consent or approval being obtained. Seller will use its best efforts prior to, and if requested by Buyer after, the Closing Date to obtain all necessary consents to the transfer and assignment of the Contracts. Buyer will cooperate with Seller, to the extent reasonably requested by Seller, to obtain any such consents provided that Buyer shall have no obligation to make expenditures or grant any financial accommodation to obtain any such

consent. Consent to the assignment of all contracts not marked with an asterisk must be obtained as a condition precedent to Buyer's obligation to close the transactions contemplated by this Agreement unless such consent is waived by Buyer.

1.4 **Satisfaction of Liens.** At the Closing, Seller shall cause all Liens on or relating to any of the Purchased Assets (other than Permitted Liens), to be released, extinguished and discharged in full, and shall deliver to Buyer instruments releasing, extinguishing and discharging all such Liens, and all rights and claims of any holder(s) of any of such Liens with respect to any of the Purchased Assets, all in such form and substance as Buyer shall reasonably require (collectively the "Lien Release Instruments").

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 One Hundred and Twenty Thousand Dollars (\$120,000.00), as adjusted pursuant to Section 3, hereto. The Purchase Price shall be paid as follows:

2.1.1 **Payment of Purchase Price.** At Closing, Buyer shall deliver to Seller a Promissory Note (the "Note") in the form attached hereto as **Exhibit C** in the amount of the Purchase Price, as adjusted. The Note shall be secured by a Security Agreement in the form attached hereto as **Exhibit D** and a pledge of Buyer's stock, in the form attached hereto as **Exhibit E**.

2.2 **Allocation of Purchase Price.** The parties agree to allocate the Purchase Price pursuant to the requirements of Section 1060 of the Internal Revenue Code of 1986 as provided in Schedule 2.2. The parties also agree to use such Purchase Price allocation in completing and filing Internal Revenue Code Form 8594 for federal income tax purposes.

SECTION 3 **ADJUSTMENTS**

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

3.2 **Adjustment Items.**

3.2.1 To the extent they remain unpaid as of the date of Closing and not already subject to reimbursement by Buyer to Seller pursuant to the TBA, the following items (the "Adjustment Items") shall be prorated as of the commencement date of the TBA, assuming a 365-day year or a 28-day, 30-day or 31-day month, as appropriate, and monies shall be paid at Closing in accordance with Section 3.3 herein below.

(a) 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 1.1.3.**

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

(c) Transferable license, permit, and registration fees, and like items.

(d) 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 Station.

(e) License agreements with ASCAP, BMI and SESAC.

(f) Unpaid or prepaid obligations of Seller with respect to any lease, contract, or agreement which Buyer assumes, including, without limitation, prepaid premiums on any insurance policies that Seller has agreed to assign to Buyer and Buyer elects to assume. Seller shall be compensated by Buyer for any Security Deposits, if any, previously paid by Seller for any such obligations in any amounts to which it is entitled.

(g) Unpaid TBA payments owed by Buyer to Seller in the amount of Twenty-Five Thousand Dollars (\$25,000.00).

(h) Payment by Buyer to Seller for Buyer's collection of Seller's receivables in the amount of Seventeen Thousand Six Hundred Dollars (\$17,600.00).

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

3.2.2 If the amount of any real or personal property tax or other regulatory fee to be prorated is not known on the Closing Date, such tax or fee shall be apportioned on the basis of the most recent tax assessment or based on the fees due in the prior year. As soon as the new tax rate and valuation can be ascertained, there shall be a reapportionment and adjustment with respect to such tax or fee even though that final proration and adjustment may take place more than sixty (60) days after the Closing Date.

3.3 All obligations for unused vacation time, severance fees or other costs and expenses relating to Seller's employees shall be assumed by Buyer, with no adjustment against Seller.

3.4 **Adjustments After Closing Date.** Except as provided in Section 3.2.2, if the amount of any Adjustment Item(s) cannot be readily ascertained or agreed upon on the Closing

Date, proration 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 five (5) 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 any such accountant shall be paid one-half by Seller and one-half by Buyer.

SECTION 4

APPLICATION TO AND CONSENT BY COMMISSION

4.1 **Commission Consent.** Buyer and Seller acknowledge that consummation of the purchase and sale provided for herein and the performance of the obligations of Seller and Buyer under this Agreement is subject to the Commission consent to the assignment of the Commission Authorizations from Seller to Buyer or Designee.

4.2 **Applications For Commission Consent.**

(a) Seller and Buyer agree to proceed expeditiously and with due diligence and in good faith and to use their best efforts and to cooperate with each other in seeking the Commission's approval of the transactions contemplated hereunder. Within five (5) business days after the FCC permits filing of this an Assignment Application, each party shall have prepared its portion of the Assignment Application and all information, data, exhibits, resolutions, statements, and other materials necessary and proper in connection with such Assignment Application and shall have delivered it to Seller's counsel. Each party further agrees expeditiously to prepare Assignment Application amendments, respond to oral or written inquiries, and answer pleadings whenever such are required by the Commission or its rules within five calendar days of such requests.

(b) Each party shall bear its own expenses incurred for the preparation, filing and prosecution of the Assignment Application. The parties agree that counsel for Buyer shall file the Assignment Application. The parties shall split equally 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 circumstances 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 for reconsideration or judicial review of the grant by the Commission of the assignment application (but nothing in this Section shall limit any party's right to terminate this Agreement in accordance with the terms herewith).

SECTION 5

ASSUMPTIONS

5.1 **Liabilities.** The Assets shall be sold and conveyed to Buyer free and clear of all liabilities (absolute or contingent), obligations, liens (including tax, mechanics' and materialmen's liens), pledges, conditional sales agreements, charges, mortgages, security interests, encumbrances and restrictions of any type or amount created or suffered by Seller prior to the Closing Date, whether existing now or in the future, except for Permitted Liens.

5.2 **Buyer's Assumed Obligations.** Buyer covenants and agrees to assume at Closing and discharge following the Closing all of the unperformed duties of the Seller accruing after the Closing Date under the Agreements listed in **Schedules 1.1.3**, as well as and including whatever executory obligations which exist on the Closing Date for the broadcast of air time and only those trade obligations set out on **Schedule 1.1.3**, provided that all such obligations are under agreements where neither party is in breach as of the Closing Date (the "Assumed Obligations"). Except as required by the TBA, Buyer shall assume such unperformed duties of Seller only to the extent that such duties accrue after on or after Closing based on the operation of the Station after the Closing Date, and pursuant to agreements disclosed to Buyer herein. Except as specifically assumed by Buyer in this Agreement, Buyer is not agreeing to, and shall not, assume any other liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement ("Excluded Obligations").

5.3 **Seller's Liability.** Seller shall remain liable for, and covenants to pay, satisfy, or discharge when due, all Excluded Obligations and all liabilities, payments, obligations, and duties under the Agreements or other instruments transferred or assigned to Buyer hereunder, accruing prior to or by reason of events occurring prior to Closing. With respect to any contingent liabilities and any accounts payable of Seller which are not known or due as of Closing, 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 WARRANTIES AND COVENANTS OF SELLER

6.1 **Seller's Best Knowledge.** "To the best of Seller's knowledge" shall mean the actual knowledge of Seller after (i) due inquiry of all managers, department heads or other similar employee or agent of Seller having responsibility for or holding a position that reasonably could be expected to involve substantial knowledge about the subject matter to which such Seller's Best Knowledge relates; and (ii) due examination of any documents, correspondence or other items contained in the files of Seller or the Station pertaining to such subject matter.

6.2 **Standing.**

6.2.1 Seller is now and on the Closing Date will be a corporation validly existing and in good standing under the laws of the State of Kansas. Seller has the full power to own the assets and to carry on the business of the Station as they now are being conducted and is qualified and in good standing in the State of Kansas.

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 actions 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. Upon execution, the Seller's Closing Documents will constitute valid and binding obligations of Seller enforceable against Seller in accordance with their terms except as may be limited by laws affecting the enforcement of creditor's rights or equitable principles generally. The execution, delivery, and performance of this Agreement or any of the Closing Documents do not violate any provisions of the partnership agreement of Seller, or contract provision or other commitment to which Seller or the Station 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. The execution, delivery, and performance of this Agreement or any of the Closing Documents do not violate any contract provision or other commitment to which Buyer is a party or under which it or its property is bound, or any judgment or order, and, except as contemplated herein.

6.4 **Real and Tangible Personal Property.**

6.4.1 **Real Property Leases.** **Schedule 1.1.6** attached hereto accurately lists and describes all of Seller's interest in real property leased or otherwise held or used by the Station (the "Real Property"). Seller represents that it has full and legal access to the property described and set forth in **Schedule 1.1.6**. Seller's interest in the Real Property listed in **Schedule 1.1.6** comprises all real property interests necessary to conduct the business or operations of the Station as now conducted, for the periods stated therein, except as otherwise specified herein. The Real Property and the structures located thereon, and the present uses thereof, conform in all respects with all material restrictive covenants and with all applicable zoning, environmental, and building codes, laws, rules and regulations. There are no pending or, to the best of Seller's knowledge, 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 Station 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. All utilities that are necessary for the present operation of the Station has been connected to the Real Property and are in working order. To the best of Seller's knowledge, no utility lines serving the Station pass over the lands of others except where appropriate easements or licenses have been obtained. 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. The transmitting facilities of the Station, including the tower, guy wires and ground systems, are now and on the Closing Date will be located entirely on the confines of the owner of the Real Property.

6.4.2 **Tangible Personal Property.** **Schedule 1.1.2** attached hereto accurately lists all major items of Tangible Personal Property owned, leased, or otherwise held by the Station and/or Seller. Seller represents and warrants that the Tangible Personal Property being conveyed is sufficient to carry out the normal operations of the Station. Seller is the owner the Tangible Personal Property except as permitted in Section 1.1.2 and at Closing, Seller will have good, clear, marketable, and indefeasible title to all of the Tangible Personal Property being conveyed as described and 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. Prior to or simultaneously with the Closing, Seller shall acquire good, clear, marketable and indefeasible title to any Leased Equipment used by the Station, and at Closing, shall transfer said title to the Leased Equipment to Buyer, free and clear of all liens, charges, encumbrances, restrictions, debts, demands, or claims of any kind or nature whatsoever, except as provided in Section 1.1.2.

6.4.3 **Condition of Property.** At Closing, the Tangible Property listed, including the Tangible Personal Property listed in **Schedule 1.1.2** (except as expressly noted therein) shall be transferred “as is, where is.” Seller warrants that such equipment is sufficient to operate the Station in accordance with its FCC Authorizations, and that the equipment is currently operating in compliance with Commission rules, regulations and policies. Seller does not have any material assets used, held for use in, related in any way to, or required for, the conduct of the business of the Station which are not set forth in the schedules hereto or otherwise described in Section 1.1 hereof, and the Assets include all of the assets necessary for the business of the Station as it is currently conducted by Seller.

6.5 **Agreements.** **Schedule 1.1.3** accurately lists all agreements, leases and other contracts (or, when the same are oral, a complete and correct description thereof) with respect to the Station to be conveyed hereby to Buyer (except for contracts for the sale of advertising time for cash on the Station sold substantially at rates and upon terms consistent with the Station’s customary and normal selling business practices) to which, as of the date hereof, Seller and/or the Station is a party or by which Seller and/or the Station may be bound or obligated in any way. Seller is not in default under any of the Agreements and, to the best of Seller’s knowledge, the other parties to the Agreements are not in default thereunder. Seller has not received or given written notice of any default thereunder from or to any of the parties thereto. Seller has all requisite power to assign its rights under the Agreements on terms and condition no less favorable than those in effect on the date hereof, and such assignment will not affect the validity, enforceability or continuity of any such Agreements.

6.6 **Authorizations.** Seller is the authorized legal holder of all licenses, permits, and authorizations necessary to operate the business of the Station lawfully as it is now being conducted, including, without limitation, all Commission Authorizations and all Other

Authorizations listed in **Schedule 1.1.1**, none of which is subject to any restrictions or conditions which would limit in any respect the full operation of the Station as now operated. All such Commission Authorizations are validly existing authorizations for the operation of the facilities described therein under the Communications Act of 1934, as amended. Seller is operating the Station at maximum authorized facilities and in accordance with all material terms of the Commission Authorizations, the underlying construction permits and all rules, regulations and policies of the Commission. There is no action pending nor to Seller's knowledge, threatened, before the Commission or other body to revoke, refuse to renew, suspend or modify any of the Commission Authorizations or any Other Authorization, or any action which may 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 Station or its operation.

6.7 Litigation and Insurance.

6.7.1 Litigation; Compliance With Law. The Station 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 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 to Seller's knowledge, threatened, against the Station, 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 Station, or the ability of Buyer to own and operate the Station, 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 might adversely affect the Assets or the Commission Authorizations or Other Authorizations, or the operation of the Station or the ability of Buyer to own and operate the Station or the use, ownership, or operation of any of the Assets by Buyer. In addition, to Seller's knowledge, no such litigation, investigation, or proceeding has been threatened which would result in a material adverse effect upon the Station or its business, operations, prospects or conditions (financial or otherwise). 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. 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 Station.

6.7.2 Insurance. All of the Tangible Personal Property, including the Tangible Personal Property listed in **Schedule 1.1.2** is insured, and such insurance includes public liability insurance for the Station, and such policies are in full force and effect.

6.8 **Employees and Labor Relations.**

6.8.1 Seller: (a) is not a party to any collective bargaining agreement covering or relating to any of Station's 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 Station 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.

6.8.2 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 Station's 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.

6.9 **Taxes and Other Matters.**

6.9.1 **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 Station, and/or its 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.

6.9.2 **UCC Financing Statements.** All of the Station Assets are and have been located in the State of Kansas since the Station Assets were acquired by Seller, and no party has filed a deed of trust, mortgage, or UCC financing statement with respect to the Station Assets except as set forth in **Schedule 6.9.2** hereto.

6.9.3 **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 **Environmental Matters.** Seller makes the following representations and warranties with respect to environmental matters.

6.10.1 **Environmental.**

(a) To the best of Seller's knowledge, Seller has complied in all material respects 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, commenced or threatened against Seller alleging any failure to comply with any such law, rule or regulation.

(b) To the best of Seller's knowledge, 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) To the best of Seller's knowledge, Seller has no liability (and there is no basis related to the past or present operations, 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 Federal Water Pollution Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Refuse Act, or 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) To the best of Seller's knowledge, Seller has obtained and been in compliance in all material respects 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) To the best of Seller's knowledge, 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).

(f) Except as described in **Schedule 6.10**, 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, to the best of Seller's knowledge, after due investigation, by any other party on any Real Property.

6.10.2 **OSHA Matters.** To the best of Seller's knowledge, Seller is in compliance 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 furnished to Buyer copies of all citations heretofore issued to Seller and relating to the Station under OSHA and copies of all correspondence from and to such Administration and any Administration inspectors during the past three (3) years.

6.11 **No Liabilities Attaching to Buyer.** Except as expressly provided in this Agreement, 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.

6.12 **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 corporation organized under the laws of the State of Kansas, and is duly qualified to do business and be in good standing in the State of Kansas.

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 actions of Buyer. This Agreement constitutes a valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms of this Agreement. Upon execution, the Buyer's Closing Documents will constitute valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms.

7.3 **No Contravention.** The execution, delivery, and performance of this Agreement or any of the Closing Documents do not violate any contract provision or other commitment to which Buyer is a party or under which it or its property is bound, or any judgment or order, and, except as contemplated herein.

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 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 Designee from being the assignee of the Station. Buyer is financially qualified, as that expression is defined by the FCC, to file the Assignment Application and to consummate the transaction contemplated herein.

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.** From the date of this Agreement until the Closing Date, except as provided in the TBA, Seller shall have complete control and supervision of and sole responsibility for the Station or its operation, and except as provided in the TBA, during such period, Seller shall:

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

8.1.2 Maintain all of the Tangible Personal Property, as specified in **Schedule 1.1.2**, in good operating condition, and repair or replace all items of Tangible Personal Property at time intervals consistent with prior practice, 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 Maintain the existing inventory levels of the Station (including spare parts, tubes, equipment and the like) and shall replace inventory items expended, depleted or worn out.

8.1.4 Operate the Station in the ordinary course of business and substantially in the same manner as heretofore operated, particularly with regard to maintaining current year budgeted levels for operating expenses in the areas of programming, sales, technical and advertising and promotion.

8.1.5 Follow its usual and customary policies with respect to extending credit for sales of air time and advertising on the Station and with respect to collecting accounts recently arising from such extension of credit.

8.1.6 Use its best efforts to keep the Station and its Assets and properties substantially intact, including their present operations, physical facilities, working conditions, and their relationships with lessors, advertisers, suppliers, customers and employees.

8.1.7 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 Station 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).

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

8.2 **Negative Covenants of Seller.** Between the date hereof and the Closing Date, Seller shall not, with respect to the Assets, the Station, or the operation thereof, without the consent of Buyer, which consent shall not be unreasonably withheld:

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 Station 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.

8.2.4 Fail to repair or maintain any of its transmitting, studio, and other technical equipment or any other equipment, supplies, and other Tangible Personal Property used or usable in the operations of the Station in accordance with the normal standards of maintenance applicable in the broadcast industry (and in no event at a standard below that standard at the date hereon).

8.2.5 Make any expense reductions which would create a material adverse change in the operations and financial condition of the Station or which might adversely impact on the present or future value of the Station's Assets.

8.2.6 Take any action that could reasonably be expected to result in an impairment of the value or business of the Station.

8.4 **Employment Offers.** From and after the execution of this Agreement, the Seller shall use its best efforts to assist Buyer in retaining those employees of the Station which the Buyer wishes to hire in connection with the operation of the Station by the Buyer subsequent to the Closing, and the Seller will not take any action to preclude or discourage any of the Seller's employees from accepting any offer of employment extended by the Buyer.

8.6 **Restrictions on Buyer.** Except as provided below or as permitted under the TBA, nothing contained in this Agreement shall give Buyer any right to control the programming or operations of the Station prior to the Closing Date and Seller shall have complete control of the programming and operation of the Station between the date hereof and the Closing Date and shall operate the Station in conformity with the public interest, convenience and necessity and with all other requirements of law and this Agreement.

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

8.8 **Buyer's Covenants.** From the date of this Agreement until the Closing Date, Buyer covenants that it will take no action, or fail to take any action, that would disqualify it from becoming the licensee of the Station or delay the grant of the Assignment Application by the Commission. Furthermore, Buyer shall give prompt notice to Seller of any occurrence that comes to Buyer's attention that may constitute a misrepresentation, breach of warranty or nonfulfillment of any covenant or condition on the part of Buyer or Seller contained in this Agreement.

SECTION 9

CONDITIONS FOR CLOSING

9.1 **Closing.** The Closing of the transactions contemplated by this Agreement (the “Closing”) shall take place within thirty (30) calendar days after the date on which the FCC order (the "Order") approving the assignment of the FCC Licenses from Seller to Buyer has been granted and becomes a "Final Order"; and *provided further*, that the parties shall not be obligated to proceed to Closing if (1) the Order includes conditions materially adverse to Buyer or Seller; or (2) the conditions precedent to Closing have not been satisfied or waived. For purposes of this Agreement, the term “Final Order” shall mean a final order of the Commission which is not reversed, stayed, enjoined or set aside, and with respect to which no timely request for stay, reconsideration, review, rehearing or notice of appeal or determination to reconsider or review is pending, and as to which the time for filing any such request, petition or notice of appeal or for review by the Commission, and for any reconsideration, stay or setting aside by the Commission on its own motion or initiative, has expired.

9.2 **Conditions Precedent to Obligations of Buyer.** The obligations of the Buyer under this Agreement are subject to the satisfaction of each of the following express conditions precedent (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 and Other Authorizations listed in **Schedule 1.1.1.**

9.2.5 Seller shall have taken all internal and other actions necessary to consummate this transaction.

9.2.6 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 agreed to and accepted by Buyer, in its reasonable discretion.

9.2.7 Any parties to any material agreement as designated pursuant to Section 1.3 shall have consented to the assignment of Seller's rights on terms identical to the terms enjoyed by Seller at the time of execution of this Agreement, and shall have signed estoppel agreements certifying that Seller is not in breach in any of the terms and conditions of the lease or agreement and that the lease or agreement remains in full effect.

9.2.8 The Commission shall have granted its written consent to the Assignment Application, and such consent shall be in full force and effect and shall contain no conditions that are materially adverse to Buyer.

9.3 **Conditions Precedent 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 precedent, 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 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 arising on or after Closing.

9.3.4 The Commission shall have granted its written consent to the Assignment Application, and such consent shall be in full force and effect and shall contain no conditions that are materially adverse to Seller.

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 fifteen (15) calendar days 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 a reasonable opportunity, 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, except as provided in Section 1.1.2 hereof.

10.1.2 An executed Assignment/Assumption Agreement in form and substance reasonably satisfactory to Buyer assigning to Buyer the Agreements and Intellectual Property to be assigned hereunder.

10.1.3 An executed Assignment of Licenses in form and substance reasonably satisfactory to counsel for Buyer assigning the Commission Authorizations to Buyer.

10.1.4 A certified copy of the resolutions of the Seller's Board of Directors authorizing the execution, delivery, and performance of this Agreement by Seller and the consummation of the transactions provided for herein, together with an incumbency certificate.

10.1.5 A certificate executed by Seller's managing partner 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 material Business Records as described in Section 1.1.5 hereof, but excluding those described in Section 1.2.6 hereof.

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 Lease Agreement in the form attached hereto as **Exhibit A.**

10.1.9 An executed Security Agreement in the form attached hereto as **Exhibit D.**

10.1.10 An executed Stock Pledge Agreement in the form attached hereto as **Exhibit D.**

10.2 **Closing Documents to be Delivered by Buyer.** At the Closing, in addition to the Purchase Price, Buyer shall deliver to Seller the following (“Buyer’s Closing Documents”):

10.2.1 A Promissory Note in the form attached hereto as **Exhibit B.**

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/Assumption Agreement executed by Buyer, in form and substance reasonably satisfactory to Seller.

10.2.4 A certified copy executed by Buyer’s chief executive officer of the resolutions of the Member and Board of Managers 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 Security Agreement in the form attached hereto as **Exhibit C.**

10.2.6 An executed Stock Pledge Agreement in the form attached hereto as **Exhibit D.**

10.2.7 An executed Non-Compete Agreement in the form attached hereto as **Exhibit B.**

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 **Breach of Seller’s Agreements, Representations, and Warranties.** 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 limitation, payments, fines, penalties, interest, taxes, assessments, and reasonable attorneys' fees and accounting fees), contingent or otherwise, whether incurred or asserted prior to or after the Closing Date, arising out of or sustained by Buyer which exceed an aggregate of One Thousand Dollars (\$1,000.00) (except for a failure to discharge an Excluded Obligation, for which Buyer will be fully indemnified) 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) except for obligations or liabilities expressly assumed by Buyer herein, the operation of the Station or the ownership of the Assets prior to Closing (including, but not limited to, any and all claims, liabilities, and obligations arising or required to be performed by Seller under any lease, contract, or agreement (other than the Agreements on or after Closing) or under the Agreements prior to Closing);

(c) except for obligations or liabilities expressly assumed by Buyer herein, any transaction entered into by Seller or arising in connection with the Station or the operation of the business thereof or any of the Assets prior to the Closing; or

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

12.2 Breach of Buyer's Agreements, Representations and Warranties. 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 which exceeds an aggregate of One Thousand Dollars (\$1,000.00) by reason of:

(a) any 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 Station subsequent to Closing (including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed on or after Closing under the Agreements);

(c) any transaction entered into by Buyer or arising in connection with the Station or the operation of the Station subsequent to the Closing;

(d) any and all liabilities or obligations of Seller expressly 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.** All representations and warranties contained in this Agreement shall be deemed continuing representations and warranties and shall survive the Closing for a period of two (2) years. Any claim to indemnification in respect of a covenant or agreement shall be made before the expiration of the second anniversary of the Closing Date. 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 ten (10) business 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 ten (10) business 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 limitation, the filing of a claim, petition, or other pleading in a court of competent jurisdiction.

12.4 **Sole Remedy.** Except as provided to the contrary in this Agreement, the right to indemnification pursuant to this Section shall be the sole and exclusive remedy of each party in connection with any breach or other violation by the other party of its representations, warranties, or covenants contained in this Agreement.

SECTION 13

RISK OF LOSS

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 Station 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 and shall promptly take all 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, and the cost of such replacements, restoration or repairs is in the aggregate Twenty Thousand Dollars (\$20,000) or less, the Closing shall occur as scheduled and the amount necessary to replace, restore or repair the damaged or lost property shall be credited against the Purchase Price to be paid to Seller. If the cost of such uncompleted replacement, restoration or repairs exceeds Twenty Thousand Dollars (\$20,000) in the aggregate, Buyer may, at its option, upon written notice to Seller, either (i) terminate this Agreement, or (ii) 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. 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. Local transfer and title fees and sales taxes, if any, each shall be paid one-half by Seller and Buyer. Buyer and Seller each shall pay one-half of the FCC Filing Fee associated with the Assignment Application. All other expenses incurred in connection with this transaction shall be borne by the party incurring same.

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

(a) if the other is in material breach or default of its respective covenants, agreements, or other obligations herein, or if any of its representations herein are not true and accurate in all material respects when made or when otherwise required by this Agreement to be true and accurate;

(b) if the Commission denies the Assignment Application or any part thereof or designates any part thereof for a trial-type hearing;

(c) if the grant of the Assignment Application by the Commission has not become a Final Order within nine (9) months after the Assignment Application is accepted for filing with the Commission (unless Buyer elects pursuant to Section 9.1 to waive the requirement of a Final Order, and a Closing has occurred); or

(d) on the Closing Date, Seller or Buyer, as the case may be, have failed to comply with its obligations under Section 9.2 or 9.3 of this Agreement, and does not cure such failure within 15 calendar days of the Closing Date.

A party shall be in “default” under this Agreement if it makes any material misrepresentation to the other party in connection with this Agreement, or materially breaches or fails to perform any of its representations, warranties, or covenants contained in this Agreement. Non-material breaches or failures shall not be grounds for declaring a party to be in default, postponing the Closing, or terminating this Agreement. 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. Except for monetary defaults, if the default is not curable or has not been cured within fifteen (15) calendar 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 fifteen (15) calendar 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. Notwithstanding the foregoing, in the event of monetary default, time shall be of the essence, and this Agreement may be terminated immediately.

16.3 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 specifically to enforce Seller’s performance under this Agreement, in addition to any other remedy to which it is entitled at law, 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.

SECTION 17

SURVIVAL OF WARRANTIES

17.1 All representations and warranties made by the parties 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 a period of two (2) years.

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 **NOTICES**

18.1 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. Edward Lipson
1811 W. 6th Ave.
Emporia, KS 66801

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

Dan J. Alpert, Esq.
The Law Office of Dan J. Alpert
2120 N. 21st Rd.
Arlington, VA 22201

If to Buyer:

Mr. Martin R. Hill
310 E. 14th Ave.
Emporia, KS 66801

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 19

MISCELLANEOUS

19.1 **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.

19.2 **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.

19.3 **Binding Effect and Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns. Buyer may freely assign this Agreement to any corporation under common control of Buyer's principals, and upon the prior written consent of Seller, Buyer may assign any or all of the rights and benefits under this Agreement to any third party which is qualified to be a Commission licensee and which has the financial capacity to close this transaction. Should Buyer assign its rights to acquire the Station, Buyer's assignee shall be entitled, without limitation, to (i) rely on all of the representation, warranties and covenants of Seller hereunder, and (ii) to the benefit of all indemnifications provided by Seller hereunder. Seller will cooperate with Buyer and execute any documents reasonably necessary to effectuate such assignment. However, notwithstanding the foregoing, in the event Buyer either (i) assigns this Agreement, or (ii) during the term of the Notes enters into an agreement to sell the Station, to Emporia Radio Stations, Inc. or a subsidiary thereof, upon consummation of such sale or assignment Buyer shall pay Seller an additional sum of Fifty Thousand Dollars (\$50,000.00).

19.4 **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.

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

19.6 **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 attorneys' 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 or arbitration 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.

19.7 **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 Kansas.

19.8 **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.

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

19.10 **Severability.** If any term or provision of this Agreement or its application shall, to any extent, be 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 are severable; provided, however, neither party shall have any obligation to consummate the transactions contemplated by this Agreement if it is adversely affected in any respect whatsoever and regardless of immateriality by a determination that any term or provision of this Agreement or its application shall, to any extent, be invalid or unenforceable.

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

19.12 **Choice of Forum.** The parties agree that the only and exclusive forum for any action brought to resolve any dispute arising out of this Agreement shall be the federal or state courts having jurisdiction over Emporia, Kansas. No party shall oppose or assert a defense against such litigation in said courts on the grounds that the court lacks personal jurisdiction.

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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:

C&C CONSULTING, INC.

By: _____
Edward Lipson
President

BUYER:

KANSAS RADIO, INC.

By: _____
Martin R. Hill
President

LIST OF EXHIBITS AND SCHEDULES

| | |
|----------------|--|
| Schedule 1.1 | Liens |
| Schedule 1.1.1 | Commission and Other Authorizations |
| Schedule 1.1.2 | Description of Tangible Personal Property |
| Schedule 1.1.3 | Contracts, Agreements and Leases (other than leased real property) |
| Schedule 1.1.4 | Intangible Assets |
| Schedule 1.1.6 | Real Property |
| Schedule 2.2 | Allocation of Purchase Price |
| Schedule 3.2.2 | Trade Accounts |
| Schedule 6.8 | Financial Statements |
| Schedule 6.9.2 | Financing Statements |
| Schedule 6.10 | Environmental Matters |
| Exhibit A | Lease Agreement |
| Exhibit B | Promissory Note |
| Exhibit C | Security Agreement |
| Exhibit D | Stock Pledge Agreement |

Schedule 1.1
Liens

None

Schedule 1.1.1
Commission and Other Authorizations

Station KANS(FM), Emporia, KS, Facility No. 41542

Schedule 1.1.4
Intangible Assets

Call Letters "KANS"

Exhibit B

PROMISSORY NOTE

\$237,400.00

_____, 2005

FOR VALUE RECEIVED, the undersigned **KANSAS RADIO, INC.** ("Maker"), promises to pay to the order of **EDWARD LIPSON** ("Payee") the principal amount of **TWO HUNDRED AND THIRTY-SEVEN THOUSAND, FOUR HUNDRED and 00/100 DOLLARS** (\$237,400.00), together with interest at a rate of 8% per annum, in lawful money of the United States of America, as follows:

Payment shall be due on the first day of each month following execution of this Agreement. Following execution of this Note, Maker shall make monthly payments to Payee of principal plus interest, based upon a twenty-year amortization schedule, in one hundred and twenty monthly payments of \$1,985.71. Additionally, on the tenth anniversary date of this Note, Maker will pay Payee a balloon payment in the amount of \$163,665.05 plus all outstanding interest and penalties due on the Note. The first payment shall be due _____, 2005. Notwithstanding the foregoing, Maker shall be required to pay the Note in full upon sale of substantially all of the assets of Station KANS, FCC Facility No. 41542 (the "Station").

This Note shall be deemed in default and the entire unpaid principal sum and unpaid interest under this Note shall become immediately due and payable upon: (a) any sale, exchange or disposition of any of the "Collateral" (as such term is defined in the Security Agreement (defined below)) secured by the Security Agreement; (b) the failure of Maker to pay when due the principal balance and accrued interest on this Note and the continuation of such default for more than 30 days; (c) the insolvency of Maker, the commission of an act of bankruptcy by Maker, the execution by Maker of a general assignment for the benefit of creditors, or the filing by or against Maker of a petition in bankruptcy or a petition for relief under the provisions of the federal bankruptcy act or another state or federal law for the relief of debtors and the continuation of such petition without dismissal for a period of 90 days or more; or (d) the occurrence of a material event of default under the Security Agreement or Stock Pledge Agreement this Note or any obligation secured thereby.

Maker shall have the right to pre-pay all or any portion of this Note at any time or from time to time without premium or penalty; provided, however, that such optional prepayments shall be applied first to the payment of accrued interest and second to the principal balance, and that prepayments of principal shall be applied to the principal balance in inverse order of maturity. In the event the Note is paid off before sixty (60) months have passed, Maker agrees to pay Payee an amount equal to the interest that would have been earned during the first sixty (60) month term of the Note.

The payments of principal and interest on this Note shall be delivered to Payee at _____ or at such other place as the holder may from time-to-time designate in writing.

Time is of the essence in the performance of this Note. In the event of Default which is not timely cured, Payee can exercise its rights under the Security Agreement dated as of the date hereof. If this Note is placed in the hands of an attorney for collection, Maker promises to pay the reasonable attorneys' fees and collection costs of the Payee hereof whether or not suit is initiated.

Maker hereby waives demand, presentment for payment, notice of dishonor, protest and notice of protest and hereby agrees to all extensions and renewals of this Note, without notice.

This Note shall be secured by a Security Agreement dated as of even date herewith (the "Security Agreement"), and a Stock Pledge Agreement of Maker's stockholders with respect to his stock in Maker. Maker, however, shall remain liable for the payment of this Note, and the assets of Maker, in addition to the Collateral under the Security Agreement, may be applied to the satisfaction of Maker's obligations hereunder. To the extent any provision of this Note is in conflict with any provision of the Security Agreement, the terms of this Note shall prevail. Such conflict shall not, however, void said Security Agreement as to all provisions thereof not in conflict herewith, and as to such non-conflicting provisions, said Security Agreement shall be in full force and effect.

This Note shall be construed and governed by the laws of the State of Kansas except for the choice of law rules utilized in that jurisdiction.

MAKER:

KANSAS RADIO, INC.

By: _____
Martin R. Hill
President

Accepted:

By: _____
Edward Lipson

Exhibit C

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of the __ day of ____, 2005 (this "Agreement"), by and between **KANSAS RADIO, INC.**, a Kansas corporation ("Debtor"), and **C&C CONSULTING, INC.** a Kansas corporation, and **EDWARD LIPSON** ("Secured Parties").

W I T N E S S E T H:

WHEREAS, C&C Consulting, Inc. is a party to an Asset Purchase Agreement , dated August __, 2005 (the "APA"), pursuant to which Kansas Radio has agreed to purchase substantially all of the assets of C&C used or useful in connection with the operation of radio station KANS(FM), Emporia, Kansas, FCC Facility No. 41542 (the "Station"); and

WHEREAS, Edward Lipson is a party to a "Non-Competition Agreement and Agreement for Sale of Intangible Assets" ("Lipson Agreement") for the sale of certain intangible assets held by Lipson and to prevent Lipson from entering into competition with Debtor following Closing; and

WHEREAS, in connection with the APA, Debtor is entering into a Promissory Note with C&C in the amount of \$162,600 (the "C&C Note"); and

WHEREAS, in connection with the Lipson Agreement, Debtor is entering into a Promissory Note with Lipson in the amount of \$237,400 (the "Lipson Note" and, together with the C&C Note, the "Notes"); and

WHEREAS, Secured Parties are willing to enter into the Notes as long as Debtor grants to Secured Parties a security interest pursuant to the terms hereof which shall be exercised in the event of default of either Note by Debtor.

NOW, THEREFORE, in consideration of these premises, and of the extension of credit by Secured Parties to Debtor as recited above, and of the mutual covenants and obligations hereinafter set forth, the parties hereto agree as follows:

SECTION 1 **Security Interest.**

(a) As security for performance under either Note, and any amendments, increases or extensions thereunder (collectively, the "Liabilities"), Debtor hereby grants to Secured Parties a continuing security interest in the assets, as defined in Exhibit 1 (the "Assets")

The Assets (excluding licenses and permits issued by the FCC to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses and permits, but including, to the maximum extent permitted by law, all rights incident or appurtenant to such licenses and permits, including, without limitation, the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of such licenses and permits) and the assets

described in Exhibit 1, including any replacement there to and the proceeds thereof are referred to as the "Collateral."

SECTION 2 **Covenants of Debtor.**

Debtor hereby covenants with Secured Parties that:

(a) All equipment used in conjunction with the operation of the Station which is material to the operation of the Station shall at all times during the term of this Agreement be owned or leased by Debtor, and all real property used in conjunction with the operation of the Station shall be owned or leased by Debtor. Debtor shall defend the Collateral against any claims and demands of all other persons at any time claiming the same or any interest therein which would conflict with any claim or interest of Secured Parties. Debtor shall not encumber, sell, transfer, assign, abandon or otherwise dispose of the Collateral except for: (i) collection, discharge, discount, compromise or expiration of the Assets in the ordinary course of business; (ii) cancellation of insurance (subject to Section 2(b) hereof) in the ordinary course of business; (iii) liens arising from tax assessments, charges, levies or claims that are not yet due or that remain payable without penalty or which are being contested in good faith by appropriate proceedings; (iv) liens arising from legal proceedings, so long as such proceedings are being contested in good faith by appropriate proceedings diligently conducted and so long as execution is stayed on all judgments resulting from any such proceedings; (v) liens created by this Agreement; and (vi) trade-ins, replacements or exchanges of items of Equipment for other items of Equipment having an equal or greater value (in excess of any purchase money liens on such items) and useful in Debtor's business.

(b) Debtor shall have and maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, including, without limitation, property and casualty insurance. Debtor shall use reasonable efforts to ensure that Secured Parties shall at all times be named as a loss payee on any property and casualty insurance. Debtor shall use reasonable efforts to ensure that each insurance policy shall provide that upon cancellation of such insurance policy or a material adverse change of the coverage of such insurance policy, the insurer shall furnish to Secured Parties notice thereof not later than thirty (30) days after such cancellation or material change, during which 30-day period each insurance policy shall remain in full force and effect. Debtor shall deliver certificates evidencing (and, upon Secured Parties' request, copies of) each policy of insurance with respect to the Collateral to Secured Parties. Debtor shall apply all insurance proceeds to repair and/or replace the Collateral.

(c) Debtor shall pay promptly when due all taxes and assessments upon the Collateral owned by Debtor or upon its use or sale unless such taxes or assessments are being contested in good faith by Debtor. If Debtor fails to discharge taxes, liens or other encumbrances within ten (10) business days after written notice from Secured Parties, Secured Parties may discharge taxes, liens or other encumbrances at any time levied against or placed on the Collateral which have not been stayed as to execution and contested with due diligence in appropriate legal

proceedings, and Secured Parties may pay for insurance on the Collateral if Debtor has failed to comply with such obligation and if Debtor fails to do so within ten (10) business days after written notice from Secured Parties. Debtor shall reimburse Secured Parties on demand for any such expense incurred by Secured Parties pursuant to the foregoing authorization.

(d) Debtor, at the request of Secured Parties, shall execute and file appropriate financing statements. Debtor shall from time to time promptly execute and deliver to Secured Parties such financing statements and other papers and shall do all such reasonable acts and things as may be reasonably necessary or appropriate to establish, perfect and maintain a valid security interest in the Collateral as security for the Liabilities, and Debtor hereby authorizes Secured Parties to execute and file at any time and from time to time one or more financing statements or copies thereof or of this Agreement with respect to the Collateral.

SECTION 3 **Events of Default.**

(a) Debtor shall be in default under this Agreement upon the occurrence of any of the following (each, an "Event of Default"):

(i) an "Event of Default" shall occur and be continuing under either Note or the Securities Pledge Agreement; or

(ii) Debtor shall fail to perform or observe any material covenant, or agreement contained in this Agreement, and such failure is not cured within ten (10) calendar days after the date on which Secured Parties gives Debtor written notice of such failure; or

(iii) If Debtor shall fail to comply with a Final Order or Decree, no longer subject to administrative or judicial review, of any federal, state, municipal, or other governmental authority relating to the Collateral requiring compliance with any applicable statute, requirement, rule or regulation; or

(iv) Debtor shall have entered against it by a court having jurisdiction thereof a decree or order for relief in respect to Debtor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official shall be appointed for Debtor or for any substantial part of Debtor's property, or the winding up or liquidation of Debtor's affairs shall have been ordered; or Debtor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or consent to the entry of an order for such relief in an involuntary case under any such law, or any such involuntary case shall commence, and not be dismissed within sixty (60) days, or Debtor shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for Debtor, or of the Station license or for all or substantially all of Debtor's property, or make any general assignment for the benefit of creditors.

(b) Subject to Section 8 hereof, upon the occurrence of an Event of Default, subject to the Communications Act and the rules and regulations of the Federal Communications Commission ("FCC"), Secured Parties shall have all of the rights, powers and remedies set forth in this Agreement, together with the rights and remedies of a secured party under the Uniform Commercial Code of the jurisdictions where the Collateral is located, including, subject only to the limitations of Section 8 hereof, the right to sell, lease or otherwise dispose of any or all of the Collateral, and to take possession of the Collateral for the purposes of conducting a public or private sale. Secured Parties may require Debtor to assemble its Collateral and make it available to Secured Parties at a place to be designated by Secured Parties that is reasonably convenient to both parties. Secured Parties and Debtor hereby agree that Debtor's address and the current location of the Collateral are places reasonably convenient to it to assemble the Collateral. Secured Parties shall send to Debtor reasonable advance notice of the time and place of any public sale or reasonable advance notice of the time after which any private sale or any other disposition thereof is to be made. The requirement of sending reasonable advance notice shall be met if such notice is mailed, postage prepaid, to Debtor at least ten (10) business days before the time of the sale or disposition.

In addition to the foregoing, upon the occurrence of an Event of Default, Secured Parties may apply to any court of competent jurisdiction for the appointment of a receiver for the benefit of the creditors of Debtor. Debtor agrees to cooperate and support the appointment of Receiver, and to execute and cooperate in the filing of any and all documents necessary to effectuate the appointment. If the court grants the application for receivership, such receiver shall be instructed immediately to seek from the FCC consent to an assignment of the Station's FCC Licenses to the Receiver. Debtor agrees, subject to the receipt of prior FCC approvals, that the receiver shall have the power to dispose of the Station's FCC Licenses and the Collateral in any manner lawful in the jurisdiction in which his or her appointment is confirmed, including the power to conduct a public or private sale of the FCC Authorizations and the Collateral. Secured Parties may bid at any such public or private sale.

(c) Upon the occurrence of an Event of Default, upon the request of Secured Parties, Debtor shall join with the successful bidder or other purchaser at a foreclosure sale regarding the Collateral in seeking from the FCC all applicable prior approvals of the assignment of the FCC Authorizations to such bidder or other purchaser. In that regard, Debtor agrees to execute and deliver all applications, certificates, instruments, assignments and other documents and papers that may be required to obtain any necessary FCC consent, approval or authorization. It is expressly understood that such sale shall be subject to all applicable consents and prior approvals of the FCC.

(d) Debtor specifically agree that any public or private sale held in accordance with the terms of this Security Agreement shall, for all other purposes, be deemed to have been conducted in a commercially reasonable manner and in good faith; and the proceeds of any such sale shall be applied as follows:

FIRST: to satisfaction of Debtor's obligations to Secured Parties;

SECOND: to the payment of all expenses reasonably incurred by Secured Parties in connection with such sale, including, but not limited to, the expenses of taking, advertising, processing, preparing and storing the Collateral to be sold, and all court costs and reasonable fees of counsel to Secured Parties in connection with the exercise of any right or remedy hereunder, to the extent that such costs and expenses shall not theretofore have been reimbursed to Secured Parties; and

THIRD: in the case of any surplus remaining after the application of the proceeds of the sale of Collateral as aforesaid, to Debtor, its successors or assigns, or as a court of competent jurisdiction may direct.

SECTION 4 **Waivers.**

Debtor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description except as hereinbefore provided. DEBTOR HEREBY ACKNOWLEDGES THAT ITS UNDERSIGNED OFFICER HAS READ AND UNDERSTANDS THIS SECURITY AGREEMENT AND SPECIFICALLY THE PARAGRAPHS CONTAINED HEREIN RELATING TO DEFAULT AND REMEDIES UPON DEFAULT. DEBTOR FURTHER ACKNOWLEDGES THAT IN THE EVENT OF DEFAULT THE SECURED PARTIES MAY TAKE POSSESSION OF THE COLLATERAL WITHOUT RESORT TO ANY JUDICIAL PROCESS, NOTICE OR HEARING, EXCEPT AS EXPRESSLY REQUIRED BY APPLICABLE LAW OR SET FORTH HEREIN. DEBTOR FURTHER HEREBY SPECIFICALLY AGREES THAT THE SECURED PARTIES' INTEREST IN THE COLLATERAL ARISES OUT OF A "COMMERCIAL TRANSACTION." Secured Parties shall have no duty as to the collection or protection of any Collateral not in Secured Parties' possession and Secured Parties' duty with reference to Collateral in its possession shall be to use reasonable care in the custody and preservation of such Collateral.

SECTION 5 **Successors and Assigns.**

The covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor, its successors and assigns, and shall inure to the benefit of Secured Parties, its successors and assigns.

SECTION 6 **Miscellaneous.**

(a) **Agreement Remains in Effect.** The parties agree to each of the following:

(1) This Security Agreement shall remain in effect, without waiver or surrender of any of the parties' rights hereunder, notwithstanding any one or more of the following:

(i) Extension of time of the whole or any part of either Note;

- (ii) Any change in the terms and conditions of either Note;
- (iii) Surrender, release, exchange or alteration of any Collateral or other security given, either in whole or in part; or
- (iv) The release, settlement, discharge, compromise, change or amendment, in whole or in part, of any claim of Secured Parties against Debtor.

(2) Secured Parties shall be under no duty to select any of the Collateral over any other property securing payment under either Note, but may select, sell and/or foreclose against such property as Secured Parties in its sole discretion may determine; provided, however, that the Secured Parties may not attempt to foreclose against the FCC licenses or other authorizations for the Station, except in connection with a foreclosure on substantially all of the tangible assets used in the operation of the Station conducted in compliance with the requirements of the Communications Act and the rules and regulations of the FCC.

(3) No delay or failure of Secured Parties in the exercise of any power or right shall operate as a waiver or acquiescence, nor shall any single or partial exercise of any power or right preclude any other future exercise of such power or right, and any rights and remedies of the Secured Parties are cumulative.

(b) This Agreement shall be governed by and construed under the laws of the State of Kansas without regard to its principles of conflict of laws.

(c) None of the terms or provisions of this Agreement may be waived, altered, modified, or amended except by an agreement in writing signed by Secured Parties and Debtor.

(d) This Agreement may be signed in counterpart originals, which collectively shall have the same legal effect as if all signatures had appeared on the same physical document.

(e) Every provision of this Security Agreement is intended to be severable. In the event that any term or provision hereof is declared by a court to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable, then to the extent possible all of the other provisions shall nonetheless remain in full force and effect.

(f) Time is of the essence with respect to all obligations of Debtor under this Security Agreement and all of its provisions.

SECTION 7 **Notices.**

All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; to include delivery by overnight courier services or (b) sent to the parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier

service. The respective addresses to be used for all such notices, demands or requests are as follows:

(a) If to Secured Parties, to:

C&C Consulting, Inc.
Mr. Edward Lipson
1811 W. 6th Ave.
Emporia, KS 66801

or to such other person or address as Debtor shall furnish to Secured Parties in writing.

(b) If to Debtor, to:

Kansas Radio, Inc.
Mr. Martin R. Hill
310 E. 14th Ave.
Emporia, KS 66801

or to such other person or address as Secured Parties shall furnish to Debtor in writing.

If personally delivered, such communication shall be deemed delivered upon actual receipt; if sent by overnight courier pursuant to this paragraph, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this paragraph, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section.

SECTION 8 **FCC Approval.**

Notwithstanding any provision herein to the contrary, Secured Parties may not, in the event of a default or otherwise, exercise any control over the operation of the Station or take possession of or exercise any rights with respect to the Station's FCC licenses or other authorizations without first obtaining the prior written consent of the FCC as required by Section 310(d) of the Communications Act and the rules and regulations of the FCC. Any foreclosure on, sale, transfer or other disposition of any Collateral or any other action taken or proposed to be taken hereunder that would affect the operational, voting, or other control of Debtor or affect the ownership of the FCC Authorizations, shall be pursuant the Communications Act of 1934, as amended (the "Communications Act"), and to the applicable rules and regulations of the FCC and, if and to the extent required thereby, subject to the prior consent of the FCC and any other applicable governmental authority. Notwithstanding anything to the contrary contained herein, Secured Parties shall not take any action pursuant hereto that would constitute or result in any assignment of the FCC Authorizations or transfer of control of Debtor if such assignment or transfer of control would require under then existing law (including the Communications Act),

the prior approval of the FCC, without first obtaining such approval of the FCC and notifying the FCC of the consummation of such assignment or transfer of control (to the extent required to do so).

SECTION 9 **Attorney-In-Fact.**

Upon the occurrence and continuance of an Event of Default, Debtor hereby appoints the Secured Parties, as Debtor's attorneys-in-fact, irrevocably and coupled with an interest, with full authority in its place and stead, and in its name or otherwise, from time to time in Secured Parties' discretion upon the occurrence and during the continuance of an Event of Default, but at Debtor's cost and expense and without notice to Debtor:

- (a) to perform any obligation of Debtor hereunder in Debtor's name or otherwise.
- (b) to give notice of the Secured Parties' right in the Collateral, to enforce the same, and make extension agreements with respect thereto.
- (c) to release security and to resort to security in any order.
- (d) to release persons liable on the Collateral and to give receipts and acquittance and compromise disputes in connection therewith.
- (e) to obtain, adjust, sell and cancel any insurance with respect to the Collateral, and endorse any draft drawn by insurers of the Collateral. The Secured Parties may apply any proceeds or unearned premiums of such insurance to the Secured Obligations (whether or not due).
- (f) to take any action and to execute any assignment, certificate, financing statement, notification, document or instrument which Secured Parties may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to Debtor representing any payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.
- (g) to exercise all rights, powers and remedies which the Debtor would have, but for this Security Agreement, under all of the Collateral.

Notwithstanding the foregoing, the Secured Parties may not, under any circumstance, make any filing, report, application or other submission to the FCC on behalf of or in the name of Debtor.

[Signature Page follows]

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

SECURED PARTIES:

C&C CONSULTING, INC.

By: _____
Edward Lipson
President

EDWARD LIPSON

By: _____
Edward Lipson

DEBTOR:

KANSAS RADIO, INC.

By: _____
Martin R. Hill
President

EXHIBIT 1

A. All fixtures and all tangible and intangible personal property of Debtor, used or useful in the operation of the Station, whether now owned or hereafter acquired by Debtor, or in which the Debtor may now have or hereafter acquire an interest, including, without limitation, the following:

(a) all machinery equipment, radio transmitting towers, antennas, broadcasting studio equipment, program libraries, radio transmitters, furnishings, microphones, audio equipment, tape recorders, tools, goods, connectors, and broadcasting and receiving equipment;

(b) all of Debtor's rights under all present and future authorizations, permits, licenses and franchises heretofore or hereafter granted to Debtor for the operation and ownership of the Station (excluding licenses and permits issued by the FCC to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses and permits, but including, to the maximum extent permitted by law, all rights incident or appurtenant to such licenses and permits, including, without limitation, the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of such licenses and permits), whether now owned or hereafter acquired by the Debtor, or in which the Debtor may now have or hereafter acquire an interest. The parties acknowledge that the Federal Communications Commission currently does not recognize the granting of security interests in licenses and authorizations issued by the Federal Communications Commission, but the parties intend that the security interest shall attach in the FCC Licenses if hereafter permitted by law;

(c) all accounts, accounts receivable, other receivables, contract rights, chattel paper, and general intangibles of the Debtor including, without limitation, goodwill, patents, trademarks, tradenames, call signs, blueprints, product lines and research and development (excluding licenses and permits issued by the FCC to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses and permits, but including, to the maximum extent permitted by law, all rights incident or appurtenant to such licenses and permits, including, without limitation, the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of such licenses and permits), whether now owned or hereafter acquired by the Debtor or in which the Debtor may now have or hereafter acquire an interest;

(d) all instruments, documents of title, policies and certificates of insurance, securities, bank deposits, checking accounts and cash now or hereafter owned by the Debtor or in which the Debtors may now have or hereafter acquire an interest;

(e) all real estate leases, causes of action, rights of action, claims for damages and similar rights to recover damages or obtain relief;

(f) all inventory, including all merchandise, raw materials, work in process, finished goods, and supplies, now or hereafter owned by the Debtor or in which the Debtor may now have or hereafter acquire an interest;

(g) all accessions, additions or improvements to and all proceeds and products of

all of the foregoing; and

(h) all books, records and documents relating to all of the foregoing.

B. All Collateral consisting of accounts, accounts receivable, contract rights, chattel paper, other receivables and general intangibles of the Debtor, whether now existing or hereafter acquired, arising from the sale, delivery or provision of goods and/or services.

Exhibit D

SECURITIES PLEDGE AGREEMENT

THIS SECURITIES PLEDGE AGREEMENT (this "Pledge Agreement" or this "Agreement") is made and given as of the ____ day of _____, 2005, by **MARTIN R. HILL, LISA J. HILL, and JOSHUA R. HILL** ("Pledgors") and **KANSAS RADIO, INC.** ("Kansas Radio") to **C&C CONSULTING, INC.**, and **EDWARD LIPSON** ("Pledgees").

RECITALS:

WHEREAS, the Pledgors are the owners of 100% of the issued and outstanding shares of Kansas Radio; and

WHEREAS, C&C Consulting, Inc. is a party to an Asset Purchase Agreement, dated August __, 2005 (the "APA"), pursuant to which Kansas Radio has agreed to purchase substantially all of the assets of C&C used or useful in connection with the operation of radio station KANS(FM), Emporia, Kansas, FCC Facility No. 41542 (the "Station"); and

WHEREAS, Edward Lipson is a party to a "Non-Competition Agreement and Agreement for Sale of Intangible Assets" ("Lipson Agreement") for the sale of certain intangible assets held by Lipson and to prevent Lipson from entering into competition with Kansas Radio following Closing; and

WHEREAS, in connection with the APA, Kansas Radio is entering into a Promissory Note with C&C in the amount of \$162,600 (the "C&C Note"); and

WHEREAS, in connection with the Lipson Agreement, Kansas Radio is entering into a Promissory Note with Lipson in the amount of \$237,400 (the "Lipson Note" and, together with the C&C Note, the "Notes"); and

WHEREAS, Pledgees are willing to enter into the Notes as long as Pledgors grant to Pledgees a security interest in the stock of Kansas Radio pursuant to the terms hereof which secure the performance of Kansas Radio.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties hereby agree as follows:

Section 1. Pledge.

(a) The Pledgors hereby deliver, pledge, and grants a security interest to Pledgees of all Pledgors' rights, titles and interests in and to the Shares, warrants and options of Kansas Radio standing in the Pledgors' name, as more particularly described on **Exhibit A** attached hereto, as collateral security for performance of all of Pledgors' obligations under the Notes (the "Obligations").

(b) The Pledgors shall promptly pledge and deposit hereunder with Jeffrey J. Larson, Miller & Larson, Chtd., 702 Commercial, Suite 11-B, Emporia, Kansas, any membership interests, warrants, options or other rights to acquire membership interests of Kansas Radio acquired by the Pledgors in addition to the securities referred to on **Exhibit A** attached hereto, whether by (i) new purchase or (ii) new issuance or by declaration of a dividend or distribution with respect to, or a split of, or conversion of, any securities now or hereafter held in pledge (all in suitable form for transfer by delivery or accompanied by (a) duly executed instruments of transfer or assignments in blank, and (b) any required transfer tax stamps). (All of the property described in Section 1(a) hereof and this Section 1(b) is hereinafter collectively called the "Pledged Securities"). All Pledged Securities shall stand pledged and assigned as collateral security for the Obligations in the same manner as the property described in the first paragraph hereof and this paragraph. With respect to any uncertificated Pledged Securities, Kansas Radio has caused the Pledgees to be registered as the Pledgees thereof on the books of Kansas Radio, and Kansas Radio shall promptly cause such registration with respect to all uncertificated Pledged Securities pledged and assigned to the Pledgees hereafter.

(c) Pledgors agree to execute and deliver to Pledgees (i) assignments separate from certificate in a form reasonably acceptable to Pledgees, undated and appropriately endorsed in blank, with respect to any certificated Pledged Securities and any warrants or options for the purchase of membership interests, capital stock or other equity securities of Kansas Radio; and (ii) such other documents of transfer as Pledgees may from time to time reasonably request to enable Pledgees to transfer, after the occurrence and during the continuance of an Event of Default, the Pledged Collateral into their name or the name of their nominee (all of the foregoing are hereinafter collectively referred to as the "Powers").

(d) Pledgors agree to (i) promptly deliver to Pledgees or Pledgees' nominees all certificates or other instruments evidencing any of the Pledged Securities, which may at any time come into the possession of such Pledgors, (ii) execute and deliver to Pledgee such financing statements as Pledgees may reasonably request with respect to the Pledged Securities (or, if execution by such Pledgors are not required pursuant to the applicable Uniform Commercial Code, such Pledgors hereby authorize Pledgees to file all financing statements deemed necessary by Pledgees to perfect the security interests granted hereunder), and (iii) take such other steps as Pledgees may from time to reasonably request to perfect Pledgees' security interest in the Pledged Securities or any part thereof under applicable law.

Section 2. Representations, Warranties and Covenants of the Pledgors.

(a) The Pledgors hereby represent, warrant and covenant as follows:

(i) Except for the security interest and pledge hereunder (1) the Pledgors are the sole legal and beneficial owners of the Pledged Securities and hold the Pledged Securities free and clear of any lien, security interest, encumbrance or restriction on transfer (in the case of restrictions on transfer, except as may be imposed by any state or local governmental authorities), (2) except as provided in the Articles of Incorporation of Kansas Radio, there are no restrictions upon the voting rights of any of the Pledged Securities (other than as may be imposed by any state or local governmental authorities),

and (3) the Pledgors have all requisite power and authority to enter into this Pledge Agreement and to pledge the Pledged Securities to the Pledgees hereunder free of any encumbrances.

(ii) The Pledgor shall promptly pay any and all taxes, assessments and governmental charges upon the Pledged Securities pledged by the Pledgors hereunder when due other than those contested in good faith by appropriate proceedings for which adequate funds for the payment thereof shall have been set aside.

(iii) The Pledgors shall not sell or otherwise assign, transfer or dispose of the Pledged Securities or any interest therein during such time as they shall be pledged to the Pledgees as contemplated hereby.

(iv) The Pledgors shall keep the Pledged Securities free from any lien, security interest or encumbrance except for that which is provided hereby and shall take such actions reasonably necessary to protect such Pledged Securities against all claims and demands of all persons at any time claiming any interest therein.

(v) The Pledged Securities are duly and validly issued, fully paid and nonassessable and the certificates or instruments evidencing the Pledged Securities are issued in the name of the Pledgors.

(vi) The Pledged Securities represent, and the Pledgors are the legal and beneficial holders of, all of the issued and outstanding shares of Kansas Radio.

(vii) The execution and delivery of, and performance by the Pledgors of their obligations under, this Pledge Agreement will not violate any provisions of law, any order, judgment or decree of any court or other agency of government, including, without limitation, the FCC, or any indenture, agreement or other instrument to which the Pledgors is a party or by which the Pledgors are bound, or constitute (with due notice or lapse of time or both) a default under, or except as may be permitted under this Pledge Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Pledgors pursuant to, any such indenture, agreement or instrument.

(viii) Upon delivery to the Pledgees of the certificates evidencing the Pledged Securities, the liens granted pursuant to this Pledge Agreement will constitute a valid, perfected first priority lien on the Pledged Securities, enforceable as such against all creditors of the Pledgors and any persons or entities purporting to purchase any of the Pledged Securities from the Pledgors.

(ix) The Pledgors have delivered to Pledgees accurate and complete copies of the Certificate of Formation and Operating Agreement and all other documents concerning the organization, capitalization and governance of Kansas Radio.

(xi) This Pledge Agreement and the other agreements and instruments relating hereto constitute the valid and binding obligations of the Pledgors, enforceable against them in accordance with its terms, subject, however, to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights and remedies of creditors generally.

(xii) To the fullest extent permitted by law, during the term of this Agreement, Pledgors shall exercise all voting rights in respect of any Pledged Securities, and all other rights afforded to them by contract or by law, prevent: (1) the issuance by Kansas Radio of additional membership interests, (2) any modification or amendment to the organic documents of Kansas Radio; (3) any liquidation, winding-up, dissolution or termination of existence of Kansas Radio; and (4) any merger, consolidation, reorganization, or recapitalization of Kansas Radio.

(xiii) Pledgors' legal names are exactly as they appear on the signature pages hereto and Pledgors maintains their state of residence as set forth on **Exhibit A** attached hereto, and will provide Pledgees within ten (10) days prior written notice of any change of Pledgees' state of organization to any other location.

(b) Kansas Radio and Pledgors, jointly and severally, hereby represent, warrant, and covenant as follows:

(i) Kansas Radio is a duly-organized and validly existing corporation in good standing under the laws of the jurisdiction of its organization, is duly qualified to do business in those jurisdictions where the nature of its business requires it to be so qualified, and has the necessary legal power and authority to own its property and assets and to transact the business in which it is engaged.

(ii) The extension, delivery and performance of the terms of this Pledge Agreement are not in contravention of the law or of any order, indenture, agreement or undertaking to which it is a party or by which it or the Pledged Securities is bound.

(iv) All Pledged Securities are duly authorized and validly issued, fully paid and nonassessable, authentic, genuine, unaltered and not stolen or forged or counterfeit, and in all respects what they purport to be. Except as provided in the Articles of Incorporation, the Pledged Securities are freely tradeable and assignable and are not subject to any restrictions on transfer or resale or other disposition in any manner (other than any restrictions imposed by any applicable securities laws). During the term of this Pledge Agreement, the Pledged Securities are and shall represent all of the outstanding membership interests with respect to the ownership of Kansas Radio. Kansas Radio has confirmed that the Pledgors have delivered to the Pledgees upon or prior to execution of this Agreement all membership certificates, bonds, debentures, warrants, or other instruments or writings evidencing any Pledged Securities together with duly executed stock powers in blank and all other assignments or endorsements requested by the Pledgees, and with respect to any uncertificated Pledged Securities, Kansas Radio has caused the Pledgees to be registered as the secured party thereof on the books of Kansas Radio.

(v) Kansas Radio has delivered to the Pledgees upon or prior to execution of this Pledge Agreement, a true and correct copy of the Certificate of Incorporation, By-Laws and all other documents concerning the organization, capitalization and governance of Kansas Radio, and shall deliver to Pledgees copies of any amended documents at such time as they are adopted.

(vi) Kansas Radio shall promptly notify the Pledgees in writing if any event shall become actually known to Kansas Radio which has a material adverse effect with respect to any Indebtedness, or which changes the truth or correctness of any representation or warranty in this Pledge Agreement.

Section 3. Right to Receive Distributions on Pledged Securities.

(a) Unless and until an Event of Default (as defined in Section 5 hereof) has occurred, and if the Pledgees shall have notified the Pledgors in writing of their election to exercise the rights under this Section 3, the Pledgors shall be entitled to receive and retain for their own use any and all dividends, interest and other payments and distributions made upon or with respect to the Pledged Securities, except:

- (i) stock interest dividends;
- (ii) dividends payable in securities or other property (except cash dividends or distributions);
- (iii) dividends or distributions on dissolution or on partial or total liquidation or in connection with a reduction of capital, capital surplus or paid-in surplus; and
- (iv) any other securities issued with respect to or in lieu of the Pledged Securities in any manner whatsoever (whether upon conversion of any convertible securities included therein or through stock split, spin-off, split-off, reclassification, merger, consolidation, sale of assets, combination of shares or otherwise).

All of the foregoing, together with all new, substituted or additional membership interests, warrants, options, notes or other rights, or other securities issued in addition to or in respect of all or any of the Pledged Securities shall be delivered to the Pledgees hereunder as required by Section 1 hereof, to be held as collateral pursuant to the terms hereof in the same manner as the Pledged Securities delivered to the Pledgees on the date hereof. The Pledgors shall have the right to receive and retain all dividends, distributions, principal, interest and other payments made upon or with respect to the Pledged Securities, except those which the Pledgees are specifically authorized to receive as provided above, and the Pledgees shall take all such action as may be necessary or appropriate to give effect to such right. From time to time upon receiving a written request from the Pledgors accompanied by a certificate signed by the Pledgors stating that no Event of Default has occurred, the Pledgees shall deliver to the Pledgors suitable assignments and orders for the payment to the Pledgors or upon their order of all dividends, distributions, principal, interest and

other payments to which the Pledgors is entitled as aforesaid, upon or with respect to any Pledged Securities which are registered or standing in the name of the Pledgees.

(b) Notwithstanding any provision herein to the contrary, if any Event of Default shall have occurred, upon the giving of the written notice referred to in subsection (a) above, then and whether or not any holder of the Obligations exercises any available option to declare such Obligations due and payable or seeks or pursues any other relief or remedy available to such holder under this Pledge Agreement or any instrument or agreement evidencing or securing any Obligations, all dividends, distributions, or interest or principal payments, as the case may be, on the Pledged Securities shall be paid directly to the Pledgees, and retained by them as part of the Pledged Securities, subject to the terms of this Pledge Agreement, and, if the Pledgees shall so request in writing, the Pledgors agree to execute and deliver to the Pledgees appropriate additional distribution and other orders and documents to that end.

Section 4. Right to Vote Pledged Securities.

(a) Unless and until an Event of Default has occurred, and until the Pledgees shall have notified the Pledgors in writing of their election to exercise the rights under this Section 4, the Pledgors shall have the right, from time to time, to vote and to give consents, ratifications and waivers with respect to the Pledged Securities and to exercise conversion rights with respect to any convertible securities included therein (provided, however, that no vote shall be cast, and no consent shall be given or shareholder action taken, which would have the effect of impairing the position or interest of the Pledgees with respect to the Pledged Securities or which would authorize or effect any action then prohibited by the Purchase Agreement).

(b) Notwithstanding any provision herein to the contrary but subject to the terms of Section 19 hereof, if any Event of Default shall have occurred, upon the giving of the written notice referred to in subsection (a) above, then and whether or not any holder of the Obligations exercises any available option to declare such Obligations due and payable or seeks or pursues any other relief or remedy available to such holder under this Pledge Agreement or any instrument or agreement evidencing or securing any Obligations, but subject to the restrictions of Section 19 herein, the Pledgees, or their nominee, shall forthwith, without further action on the part of any person, have the sole and exclusive right to exercise all voting and other powers of ownership pertaining to the Pledged Securities and shall exercise such powers in such manner as the Pledgees shall determine to be necessary, appropriate or advisable. The Pledgors hereby agree to execute and deliver to the Pledgees such additional powers, authorizations, proxies, dividends and such other documents as the Pledgees may reasonably request to secure to the Pledgees the rights, powers and authority intended to be conferred upon the Pledgees by this subsection (b).

Section 5. Events of Default.

The Pledgors shall be in default under this Pledge Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) default by Pledgors or Kansas Radio in the due observance or performance of any covenant or agreement contained herein, which default, if curable, is not cured within ten (10) business days of receipt by the Pledgors of notice thereof;
- (b) breach in any material respect by the Pledgors or Kansas Radio of any representation or warranty herein contained that is not timely cured;
- (c) the occurrence of any breach or default by Kansas Radio or Pledgees that is not timely cured under the terms of either Note; or
- (d) the occurrence of any breach or default by Kansas Radio under the terms of that certain Security Agreement between Kansas Radio and Pledgees attached hereto as Exhibit B.

Section 6. Remedies Upon Event of Default.

(a) If any Event of Default shall occur, but subject to the restrictions of Section 19 hereof, the Pledgees may exercise all the rights and remedies of a seller under the Uniform Commercial Code, at law or in equity. Without limitation of the foregoing, unless the Obligations shall have been paid in full in cash, the Pledgees may, in the Pledgee's sole discretion, without further demand, advertisement or notice, except as expressly provided for in subsection (i) below, apply the cash, if any, then held by them as collateral hereunder, for the purposes and in the manner provided in Section 7 hereof, and, if there shall be no such cash or the cash so applied shall be insufficient to make payment in full of all payments provided in Section 7 hereof:

(i) Sell the Pledged Securities, or any part thereof, in one or more sales, at public or private sale, conducted by any officer or agent of the Pledgees, at a place of business of the Pledgees or elsewhere, for cash, upon credit or future delivery, and at such price or prices as the Pledgees shall, in a commercially reasonable manner, determine, and, to the extent permitted by law, the Pledgees may be the purchaser of any or all of the Pledged Securities so sold. Upon any such sale, the Pledgees shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Securities so sold. Each purchaser (including the Pledgees) at any such sale shall hold the Pledged Securities so sold, absolutely free from any claim or right of whatsoever kind, including, without limitation, any equity or right of redemption of the Pledgors which the Pledgors, to the extent they may lawfully do so, hereby specifically waive. The Pledgees (unless the Pledged Securities threatens to decline speedily in value or is or becomes of a type sold on a recognized market) shall give the Pledgors at least ten (10) business days' advance written notice of any such public or private sale. The Pledgees shall not be obligated to make any sale pursuant to any such notice. The Pledgees may, without notice or publication, adjourn any public or private sale from time to time by announcement at the time and place fixed for such sale, or any adjournment thereof, and any such sale may be made at any time or place to which the same may be so adjourned without

further notice or publication. In case of any sale of all or any part of the Pledged Securities for credit or for future delivery, the Pledged Securities so sold may be retained by the Pledgees until the selling price is paid by the purchaser thereof, but the Pledgees shall not incur any liability in case of the failure of such purchaser to pay for the Pledged Securities so sold, and in case of any such failure, such Pledged Securities may again be sold under and pursuant to the provisions hereof; or

(ii) Proceed by a suit or suits at law or in equity to foreclose upon this Pledge Agreement and sell the Pledged Securities, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(b) If at any time when the Pledgees shall determine to exercise their right to sell all or any part of the Pledged Securities pursuant to subsection (a)(i) of this Section, such Pledged Securities or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act of 1933, as from time to time in effect (the "Securities Act") or the securities laws of any state, the Pledgees, in their sole and absolute discretion, are hereby expressly authorized to sell such Pledged Securities or such part thereof by private sale in such manner and under such circumstances as the Pledgees may deem commercially reasonable in order that such sale may legally be effected without such registration. The Pledgees shall sell all or any part of the Pledged Securities at a price which they deem commercially reasonable under the circumstances.

(c) The Pledgees as attorney-in-fact pursuant to Section 8 hereof may, in the name and stead of the Pledgors, make and execute all conveyances, assignments and transfers of the Pledged Securities sold in accordance with this Pledge Agreement. The Pledgors shall, if so reasonably requested by the Pledgees, ratify and confirm any sale or sales by executing and delivering to the Pledgees, or to such purchaser or purchasers, all such instruments as may, in the reasonable judgment of the Pledgees, be advisable for such purpose.

(d) The receipt of the Pledgees of the purchase money paid at any such sale made by them shall be a sufficient discharge therefor to any purchaser (other than the Pledgees) of the Pledged Securities, or any portion thereof, sold as aforesaid; and no such purchaser (or his or its representatives or assigns) (other than the Pledgees), after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money or any part thereof or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

Section 7. Application of Proceeds.

The proceeds of any sale, or of collection, of all or any part of the Pledged Securities shall be applied by the Pledgees, without any marshaling of assets, in the following order:

(a) first, to the payment of all of the costs and expenses of such sale, including, without limitation, reasonable legal fees, and all other reasonable expenses, liabilities and advances made

or incurred by the Pledges in connection therewith (including reasonable costs and expenses incurred in connection with any bankruptcy, reorganization or insolvency proceeding);

(b) second, to the repayment of the amounts provided under the Notes; and

(c) finally, to the Pledgors, their successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 8. Attorney-in-Fact.

Pledgors hereby appoint Pledges as their attorney-in-fact, with full authority, in the name of such Pledgors or otherwise, after the occurrence and during the continuance of an Event of Default, from time to time in Pledges' sole discretion, to take any action and to execute any instrument which Pledgee may deem necessary to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to such Pledgors representing any dividend, interest payment or other distribution in respect of the Pledged Securities or any part thereof and to give full discharge for the same and to arrange for the transfer of all or any part of the Pledged Securities on the books of Borrower to the name of Pledgee or Pledges' nominee. The power of attorney granted pursuant to this Section 8 is a power coupled with an interest and shall be irrevocable until the earlier to occur of (i) payment in full, in cash, of all Secured Liabilities and (ii) release of the security interests in the Pledged Securities in accordance with provisions of Section 12.

Section 9. Record Ownership of Pledged Securities.

The Pledgors shall, upon request, promptly give to the Pledges copies of any notices or other communications received by the Pledgors with respect to the Pledged Securities registered in the name of Pledgors.

Section 10. No Waiver.

No failure on the part of the Pledges to exercise, and no delay on the part of the Pledges in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Pledges of any right, power or remedy hereunder preclude any other or further right, power or remedy.

Section 11. Survival of Obligations; Termination of Pledge.

Any provision herein to the contrary notwithstanding, this Pledge Agreement and the warranties, representations, agreements and covenants contained herein and in any certificates or instruments delivered pursuant hereto shall continue until Pledgors' full satisfaction of the Obligations. Upon the occurrence of Pledgors' full satisfaction of the Obligations, the Pledges shall immediately assign, transfer and deliver to the Pledgors or their assignees, without representation, warranty or recourse, against appropriate receipts, all the Pledged Securities, then held by it in pledge hereunder and all duly executed instruments of transfer or assignments in blank

relating thereto and any other property held by the Pledges pursuant to this Pledge Agreement free and clear of the lien of this Pledge Agreement.

Section 12. Jurisdiction.

THE PLEDGORS, TO THE EXTENT THAT THEY MAY LAWFULLY DO SO, HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF KANSAS AND THE UNITED STATES DISTRICT COURT FOR LYON COUNTY, KANSAS, AS WELL AS TO THE JURISDICTION OF ALL COURTS TO WHICH AN APPEAL MAY BE TAKEN FROM SUCH COURTS, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ANY OF THEIR OBLIGATIONS ARISING HEREUNDER OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY, AND EXPRESSLY WAIVE ANY AND ALL OBJECTIONS THEY MAY HAVE AS TO VENUE, INCLUDING, WITHOUT LIMITATION, THE INCONVENIENCE OF SUCH FORUM, IN ANY OF SUCH COURTS. IN ADDITION, TO THE EXTENT THAT THEY MAY LAWFULLY DO SO, THE PLEDGORS CONSENT TO THE SERVICE OF PROCESS BY PERSONAL SERVICE OR U.S. CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE PLEDGORS AT THE ADDRESS PROVIDED HEREIN. TO THE EXTENT THE PLEDGORS HAVE OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO THEM OR THEIR PROPERTY, THE PLEDGORS HEREBY IRREVOCABLY WAIVE SUCH IMMUNITY IN RESPECT OF THEIR OBLIGATIONS UNDER THIS PLEDGE AGREEMENT.

Section 13. Waiver of Jury Trial.

THE PLEDGORS HEREBY VOLUNTARILY AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS PLEDGE AGREEMENT OR ANY OTHER AGREEMENTS EXECUTED IN CONNECTION HEREWITH.

Section 14. Successors and Assigns.

Neither Pledges nor Pledgors shall assign this Pledge Agreement without the prior written consent of the other party.

Section 15. Additional Instruments and Assurance.

The Pledgors hereby agree, at the Pledgors' own expense, to execute and deliver, from time to time, any and all further, or other, instruments, and to perform such acts, as shall be reasonably required to effect the purposes of this Pledge Agreement and to secure to the Pledges, the benefits of all right, authorities and remedies conferred upon the Pledges by the terms of this Pledge Agreement.

Section 16. Notices.

All notices, requests, demands and other communications provided for hereunder shall be in writing (including telecopied communication) and mailed or telecopied or delivered to the applicable party as provided in the Notes (with the address of "Seller" thereunder deemed the address for notice for Pledgors hereunder and the address for Payee as the address for Pledgees), or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other communication shall be deemed given upon receipt by the party to whom such notice is directed.

Section 17. Severability.

In case any one or more of the provisions of this Pledge Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Pledge Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been included.

Section 18. Cumulative Remedies.

The rights, powers and remedies provided herein in favor of the Pledgees shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other rights and remedies in favor of the Pledgees existing at law or in equity, including (without limitation) all of the rights, powers and remedies available to a secured party under any law or regulation.

Section 19. FCC and Municipal Approvals.

Notwithstanding anything to the contrary contained herein, the Pledgees will not take any action pursuant to this Pledge Agreement which would constitute or result in any assignment of any FCC license or any other governmental license, permit or franchise or any change of control of any FCC license or any other governmental license, permit or franchise, whether de facto or de jure, if such assignment of license, permit or franchise or change of control would require under then existing law (including the written rules and regulations promulgated by the FCC or any other agency or government), the prior approval of the FCC or any other agency or government, without first obtaining such approval. The Pledgors agree to take any action which the Pledgees may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Pledgees by this Pledge Agreement or in any document evidencing or securing the Pledged Securities, including specifically, at such Pledgors' own cost and expense, the use of their best efforts to assist in obtaining approval of the FCC or any other agency or government for any action or transaction contemplated by, and consistent with the terms of, this Pledge Agreement which is then required by law, and specifically, without limitation, upon request, to prepare, sign and file with the FCC or any other agency or government the assignor's or transferor's portion of any application or applications for consent to the assignment of any license, permit or franchise or change of control necessary or appropriate under the FCC's or any agency or government's rules and regulations for approval of (i) any sale or sales of property constituting the Pledged Securities by the Pledgees on

behalf of the Pledgees, or (ii) any assumption by the Pledgees of voting rights or management rights in property constituting the Pledged Securities effected in accordance with the terms of this Pledge Agreement.

Section 20. GOVERNING LAW.

THIS PLEDGE AGREEMENT SHALL BE DEEMED EXECUTED AS A SEALED INSTRUMENT AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF KANSAS (WITHOUT REGARD TO ITS CHOICE OF LAW PRINCIPLES) AS A CONTRACT TO BE EXECUTED AND PERFORMED WITHIN THE STATE OF KANSAS.

Section 21. Headings and Recitals.

The headings of the Sections of this Pledge Agreement have been inserted for convenience of reference only and shall in no way affect the construction or interpretation of this Pledge Agreement. The recitals of this Pledge Agreement are hereby incorporated and made an integral part hereof.

Section 22. Payment of Expenses.

In the event it is determined that there has occurred an Event of Default under this Agreement, the Pledgors agree to pay all reasonable and actual fees, costs and expenses of the Pledgees, or of any custodian or agent designated by the Pledgees, including the reasonable fees and out-of-pocket expenses of legal counsel, independent public accountants and other outside experts retained by the Pledgees in connection with the enforcement of this Pledge Agreement or any other instrument or document delivered pursuant hereto. In the event of litigation arising under this Pledge Agreement, the prevailing party shall be entitled to, in addition to all other damages and remedies, reasonable attorneys' fees.

Section 23. Indemnification.

Pledgors shall pay, and shall indemnify and hold Pledgees harmless from and against, any and all liabilities, causes of action, claims, suits, penalties, damages, losses, costs or expenses (including attorneys' fees), obligations, liabilities, demands and judgments, and liens, of any nature whatsoever arising out of or in any way related to an Event of Default occurring under this Pledge Agreement or any other written agreement entered into in connection with the transactions contemplated hereby or the enforcement of any of the terms hereof.

Section 24. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, this Pledge Agreement has been executed as a sealed instrument by the parties hereto by their duly authorized representatives all as of the day and year first above written.

PLEDGORS:

MARTIN R. HILL

LISA J. HILL

JOSHUA R. HILL

KANSAS RADIO:

KANSAS RADIO, INC.

By: _____
Martin R. Hill, President

PLEDGEES:

C&C CONSULTING, INC.

By: _____
Edward Lipson, President

EDWARD LIPSON

EXHIBIT A

Stock certificate No. 1, in the name of

EXHIBIT B