

AGREEMENT

AGREEMENT made _____, 2003, between TIMOTHY NARDIELLO and KATHRYN O'K NARDIELLO of Lake Placid, County of Essex, State of New York, herein referred to as Sellers, and EDWARD S. MORGAN, agent for an entity to be organized under the laws of the State of New York, whose address is P.O. Box 211, Saranac Lake, County of Essex, State of New York, herein collectively referred to as buyer.

WHEREAS, the Sellers are owners of 200 shares of stock of Radio Lake Placid, Inc., which shares represent all the issued and outstanding shares of common stock hereinafter called the shares, of Radio Lake Placid, Inc., a corporation organized under the laws of the State of New York and having its principal office at Lake Placid, County of Essex, State of New York, herein called Company; and

WHEREAS, Buyer desires to acquire the shares from Sellers upon the terms and conditions hereinafter set forth, and Sellers desire to sell the same to Buyer upon such terms and conditions.

NOW THEREFORE the parties agree to enter into the following agreement as set forth below.

SECTION ONE

Sale and Purchase

Subject to the terms and conditions herein set forth, the Sellers shall individually and severally sell their respective shares to Buyer, and Buyer shall purchase such shares from Sellers. Each Seller represents that he or she owns a beneficial interest in the shares corresponding exactly with the number of shares appearing with his or her name as it appears in this agreement. Buyer shall not be obligated to purchase any of the shares of common stock of Company unless all the shares shall be delivered to Buyer at the closing in accordance with the provisions of this agreement and in proper form for transfer and other conditions as set forth below. The number of shares outstanding and the record owners are set forth on **Exhibit "A"**.

SECTION TWO

Consideration

The consideration for the total issued and outstanding shares of company stock shall be SEVEN HUNDRED THOUSAND (\$700,000.00) DOLLARS, payable as set forth on **Exhibit “B”**.

Upon execution of this Agreement, Buyer will deliver earnest money in the amount of Five Thousand Dollars (\$5,000.00) to the law firm of Irwin, Campbell & Tannenwald, P.C. (Escrow Agent), which will hold the earnest money in an escrow account pursuant to a separate escrow agreement. At the closing , the parties will direct the Escrow Agent to disburse the earnest money to Sellers to be credited against the amount of the purchase price at closing. If there is no closing because of the sole default of Buyer, the earnest money will be paid to Sellers. Otherwise, the parties will direct the Escrow Agent to return the earnest money to Buyer upon termination of this Agreement. All interest earned on the earnest money, less any wiring or other fees charged by the bank , will belong to Buyer in all events.

As additional consideration, Buyer agrees to hire Kathryn (Kitty) O’K Nardiello as a news consultant for a period of five (5) years from closing at no additional cost to the Buyer, other than to provide individual health care insurance to said Kitty Nardiello at no cost to her, with coverage comparable to that provided to employees of Saranac Lake Radio, LLC. . In addition, said Kitty Nardiello shall also retain her media license plates for the same five (5) year period subject to State regulations. It is agreed that at no time shall Kitty Nardiello be construed or be considered to be an employee of Saranac Lake Radio, LLC, or Radio Lake Placid, Inc. after the closing.

SECTION THREE

Closing

The closing of the transaction provided for in this agreement shall be at the lending institution, or such other place as the parties may mutually agree on or about July 1, 2003, but not prior to a grant of consent by the Federal Communications Commission (“FCC”) to a transfer of control of the Company.

SECTION FOUR

Representations and Warranties of Sellers

Each of Sellers represents and warrants to buyer that:

(a) Each Seller, at the closing date, shall have full and valid title to the shares to be delivered by him or her, and there will be no existing impediment to the sale and transfer of such shares to Buyer. Upon delivery to Buyer of the shares to be delivered hereunder, such shares shall be free and clear of all liens, charges, and encumbrances whatsoever, and such shares shall be legally issued, fully paid, and nonassessable shares of Company. The shares of Company delivered hereunder will constitute all of the issued and outstanding shares of Company existing on the closing date.

(b) Each Seller has the full right, power, legal capacity, and authority to enter into this Agreement and to sell and to deliver to Buyer the shares to be sold and delivered hereunder.

(c) Company is a corporation duly organized and validly existing and in good standing under the laws of the State of New York, and has all of the corporate powers necessary to engage in the business in which it is presently engaged.

(d) Company has authorized capital stock consisting solely of 200 shares of which 200 shares are issued and outstanding, and no outstanding shares are subject to any voting trust agreement or any other agreement relating to the voting thereof or restricting in any manner the sale or transfer thereof.

(e) Purchaser acknowledges that he has received the most recent balance sheet, and Seller represents that the balance sheet is true and accurate as to the financial condition of the Company on 2003, and as to the results of its prior operation, prepared in conformity with generally accepted accounting principles consistently applied.

(f) (f) As of May 1, 2003, Company had no obligations or liabilities, contingent or otherwise, of a material nature, except as set forth in the above described balance sheet; and any such obligations or liabilities that remain at the closing shall be discharged on that date.

(g) Company has good and marketable title to all of its property and assets, including the property and assets reflected in the above described balance sheet, except property and assets disposed of since that date in the ordinary course of business.

In all instances, the remaining property and assets are subject to no mortgage, pledge, lien, conditional sales agreement, lease, encumbrance, or charge whatsoever that is not disclosed in such balance sheet, except minor liens of a character that in the aggregate are not substantial in amount, do not materially detract from the value of the property or assets subject thereto, or materially impair the operations of Company, and which will be discharged in full at the closing. Attached hereto as **Exhibit "C"** is an inventory list of property presently owned by the Company.

(h) Since the date of such balance sheet, there have been no changes in the nature of the business of Company, or in its financial condition, property or assets, other than changes in the ordinary course of business. Further, Company has not incurred any obligations or liabilities, or made any disbursements, other than those in the ordinary course of business, all of which will be discharged in full at the closing.

(i) Company is not a party to any employment contract with any officer or director, or to any lease, contract, or agreement not negotiated in the ordinary course of business.

(j) Company is not a defendant, or a plaintiff against whom a counterclaim or cross complaint has been asserted, in any litigation, pending or threatened, neither has any material claim been made or asserted against Company, nor are there any proceedings involving Company threatened by or pending before any federal, state, or municipal government, or any department, board, body, or agency thereof, except as set forth in **Exhibit "D"**.

(k) Company is not in violation of any provisions of its articles of incorporation or its bylaws or any provision of law, and neither has Company defaulted under any agreement or other instrument to which Company is a party or by which company is bound, other than those of an immaterial or insubstantial nature.

(l) Company is not in default in payment of any of its obligations that are not revealed in the most recent balance sheet furnished to buyer.

(m) Between the date hereof and the closing date, Company will not pay or declare any dividends, or may any distributions in respect of, or issue, purchase, or redeem, any of its outstanding capital stock or any securities that evidence the right to purchase, or that are convertible into, common stock.

(n) Except as set forth herein and to the best knowledge of Sellers and shareholders (i) the Company has never generated, transported, used, stored, treated, disposed of, or managed any Hazardous Waste (as defined below) other than in compliance with all applicable Environmental Laws (as defined below); (ii) no Hazardous Material (as defined below) has ever been or is threatened to be spilled, released, or disposed of at any site presently owned, operated, leased or used by Seller, or has ever come to be located in the soil or groundwater at any such site during the time period of such ownership or lease; (iii) no Hazardous Material has ever been transported from any site presently owned, operated, leased, or used by Seller for treatment, storage or disposal at any other place; (iv) Seller does not presently own, operate, lease or use any site on which underground storage tanks are or were located; and (v) no lien has ever been imposed by any governmental agency on any property, facility, machinery, or equipment currently owned, operated, leased or used by Seller in connection with the presence of any Hazardous Material.

(o) Except as set forth herein, and to the best knowledge of Seller, (i) any property currently owned, operated, leased or used by Seller, and any facilities and operations thereon are presently in compliance with all applicable Environmental Laws in all material respects; (ii) Seller has never entered into or been subject to any judgment, consent, decree, compliance order, or administrative order with respect to any environmental or health and safety matter or received any request for information, notice, demand letter, administrative inquiry, or formal or informal complaint or claim with respect to any environmental or health and safety matter or the enforcement of any Environmental Law; and (iii) Seller has no knowledge or reason to know that any of the items enumerated in clause (ii) of this paragraph will be forthcoming.

(p) Except as set forth herein, and to best of the knowledge of Seller, no site currently owned, operated, leased or used by Seller contains any asbestos or asbestos-containing material, any polychlorinated biphenyls (PCBs) or equipment containing PCBs, or any urea formaldehyde foam insulation except as permitted by law.

(q) All of the Company's stations are operating in compliance with all applicable federal, state, and local governmental laws, ordinances, and regulations, and the terms and conditions of their FCC licenses, in all material respects. Sellers know of

no reason why the FCC is not likely to renew any of the Company's licenses other than in the ordinary course.

(r) No representation or warranty of Sellers in this Agreement and no statement, certificate or Schedule furnished pursuant to it, or in connection with the transactions contemplated in this Agreement, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained in such document not misleading.

(s) No voluntary or involuntary petition in bankruptcy, insolvency, or reorganization with respect to Sellers, or to appoint a receiver or trustee of Sellers' property, has been filed by or against Sellers, nor will Sellers file such petition prior to the Closing Date; and if such petition is filed by others, the same will be discharged prior to the Closing Date and within forty-five (45) days from the date of such filing.

SECTION FIVE

Representations and Warranties of Buyers

Buyer represents and warrants to each of Sellers that:

(a) At closing, there will be a corporation, as determined in Buyer's sole discretion, duly organized and validly existing and in good standing under the laws of the State of New York.

(b) The execution and delivery of this Agreement by Buyer will have been duly authorized by proper corporate or membership action, and on the closing day, Buyer will have all necessary corporate power and authority to consummate the transactions provided herein.

(c) There are no actions, suits or proceedings pending or, to the best knowledge of Buyer, threatened against or affecting Buyer, at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which could adversely affect Buyer's ability to consummate the transactions contemplated by this Agreement and/or to make all payments due hereunder. Buyer is not now, and on the Closing Date will not be, in default concerning any undisclosed judgment, order, writ, injunction or decree of any federal, state, commission, board, bureau, agency or instrumentality, domestic or foreign. Any judgments disclosed by Buyer shall be satisfied by Buyer prior to or at Closing.

(d) No representation or warranty of Buyer in this Agreement and no statement, certificate, or Schedule furnished pursuant to it, or in connection with the transactions contemplated in this Agreement, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained in such document not misleading.

(e) Buyer is legally, financially, and technically qualified to acquire and to operate the Stations, without any waiver of any rule or regulations of the FCC.

(f) No voluntary or involuntary petition in bankruptcy, insolvency, or reorganization with respect to Buyer, or to appoint a receiver or trustee of Buyer's property, has been filed by or against Buyer, nor will Buyer file such petition prior to the Closing Date; and if such petition is filed by others, the same will be discharged prior to the Closing Date and within forty-five (45) days from the date of such filing.

SECTION SIX

Conditions Precedent to Sellers' Obligations

Sellers' obligations to perform and complete the transactions provided for herein shall be subject to the Buyer performing, on or before the closing date, all acts required of Buyer, and shall be further subject to the material accuracy of the representations and warranties of Buyer contained herein, and to the further conditions that:

- (a) Buyer shall not be in breach of the Local Marketing Agreement (LMA) dated May 27, 2003 between the parties and the LMA shall not have been terminated because of the default of the Buyer.
- (b) No suit shall, as of the Closing Date, be pending or threatened before any court. Governmental agency, bureau, board or other authority in which the transactions contemplated by this Agreement are sought to be restrained or in connection with which damages or other relief is sought, or in which any material claim shall be asserted against Buyer.
- (c) The FCC shall have given its unconditional consent to the Transfer Application without prescribing any condition materially adverse to Seller; and if any petition to deny or objections was filed against the

Transfer Application, or any unusual circumstance arose during processing of that application, or if required by Buyer's lenders, then if specified by either party, such consent shall have become a Final Order. For purposes of this section, "Final Order" means action by the FCC granting its consent and approval to the Transfer Application, which consent and approval have not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which no administrative or judicial action is pending (including but not limited to a request for stay, a petition for rehearing or reconsideration and application for review and FCC reconsideration on its own motion), as to which the time for FCC reconsideration or for filing any such request, petition or appeal has expired.

SECTION SEVEN

Conditions Precedent to Buyer's Obligations

Buyer's obligation to perform and complete the transactions provided for herein shall be subject to the Sellers performing, on or before the closing date, all acts required of them, and shall be further subject to the material accuracy and correctness of the representations and warranties of Sellers contained herein, and to the further conditions that:

(a) On or before the closing date, Sellers shall have caused the resignation of the officers and directors of Company.

(b) Sellers shall deliver to Buyers, on the closing date, a certificate of Sellers to the effect that the representations and warranties of Sellers contained herein are substantially true as of the closing date, and that said representations shall survive the closing.

(c) Sellers shall furnish, on the closing date, a certificate from the treasurer of Company stating that, as of the closing date, there has been no change in the capitalization of Company or any change in its financial condition or assets other than changes resulting from the ordinary course of business, and stating that no change has been materially adverse to Company.

(d) All actions, proceedings, instruments, and documents deemed necessary or appropriate by Buyer or its respective counsel to effectuate this Agreement and the consummation of the transactions contemplated in it, or incidental to such transactions, and all other related legal matters, shall have been approved by such counsel.

(e) No suit shall, as of the Closing Date, be pending or threatened before any court, governmental agency, bureau, board or other authority in which the transactions contemplated by this Agreement are sought to be restrained or in connection with which damages or other relief is sought, or in which any material claim shall be asserted against Seller.

(f) The FCC shall have given its unconditional consent to the Transfer Application without prescribing any condition materially adverse to Buyer (Buyer's inability to acquire any other mass media property shall not be deemed a materially adverse condition); and if any petition to deny or objection was filed against the Transfer Application or any unusual circumstance arose during processing of that Application, then if specified by either party, such consent shall have become a Final Order. For purposes of this section, "Final Order" means action by the FCC granting its consent and approval to the Transfer Application, which consent and approval have not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which no administrative or judicial action or appeal is pending (including but not limited to a request for stay, a petition for rehearing or reconsideration and application for review and FCC reconsideration on its own motion), as to which the time for FCC reconsideration or for filing any such request, petition or appeal has expired.

(g) The Buyer shall assume no indebtedness of the Seller, and the Company shall have no indebtedness on the Closing Date, except as set forth on **Exhibit "E"**.

(h) Buyer obtaining financing from a commercial lending institution in the amount of \$400,000.00, under commercially reasonable terms, no later than June 15, 2003.

SECTION EIGHT

FCC Application

(a) Filing of FCC Application – Within fifteen (15) days after the date of execution of this Agreement, Buyer and Seller shall file an application with the FCC requesting its consent to a transfer of control of the Company and the Licenses of the Stations from Seller to Buyer (“Transfer Application “). Buyer and Seller shall proceed with due diligence and promptly take all steps necessary to the expeditious prosecution of the Transfer Application to a favorable conclusion, using their best efforts throughout, including providing any information which the FCC may request, provided, however, that neither party shall be required to petition for reconsideration of or to appeal any denial of the Transfer Application or to participate in or appear at a trial-type hearing..

(b) Condition to Closing – In addition to any conditions in Sections Six and Seven, the transactions contemplated by this Agreement shall not be consummated until the FCC has given its written consent to the transfer of control of the Company to Buyer. Until the Closing, but subject to the Local Marketing Agreement dated May 27, 2003 between the parties, Buyer shall not, directly or indirectly, control, supervise, direct, or attempt to control, supervise, or direct the operation of the Stations; such operation shall be the sole responsibility of Seller. After the Closing, Sellers shall not directly or indirectly control or attempt to control or operate the Stations; and such control and operation shall be the sole responsibility of Buyer.

(c) No Right of Reversion – Sellers shall retain no right of reversion in the license and no right to reassignment of the license in the future. Sellers reserve no right to use the facilities of the Station for any period whatsoever after the Closing.

SECTION NINE

Indemnity with Respect to Taxes

(a) Sellers shall indemnify Buyer and Company against any and all loss, liability, and expense, including attorney’s fees, resulting from or arising out of taxes levied, imposed, or assessed by any governmental authority, with respect to the income, property, and operations of Company for all periods prior to the closing date. Sellers shall be granted full power and authority to take any and all action with respect to proceedings relating to the taxes, including the right to settle, compromise, and dispose of such proceedings in the name of Company, and Sellers shall be entitled to the benefit of any refunds and credits for taxes for such periods. Further, this indemnification provision

shall be null and void and inoperative three (3) years after the closing date, and Sellers' obligations under this provision shall then terminate.

(b) Buyer shall indemnify Sellers and each of them against any and all loss, liability, and expense, including attorneys' fees, resulting from or arising out of taxes levied, imposed, or assessed by any governmental authority, with respect to the income property, and operations of the Company for all periods commencing after the closing date.

SECTION TEN

Continuation of Business

During the period from the date hereof to the closing date, Sellers shall continue to conduct the business and operations of Company in the same manner as they have been conducted heretofore, and shall maintain its books of account in accordance with generally accepted accounting principles consistently applied and in a manner that fairly and accurately reflects its income, expenses, and liabilities. During such period, unless Buyer shall have given its written consent thereto, Company will not, and Sellers will not cause Company to, do any of the following:

(a) Incur any obligation or liability, absolute or contingent, other than current liabilities incurred in the ordinary and usual course of business.

(b) Incur any indebtedness for borrowed money, make any loans or advances to any individual, firm, or corporation, or assume, guarantee, indorse, or otherwise become responsible for the obligations of any other individual, firm, or corporation.

(c) Declare or pay any dividends on its capital stock, or acquire for value any of its outstanding capital stock.

(d) Subject any of its properties or assets to a mortgage, pledge, or lien, except encumbrances heretofore incurred in the ordinary and usual course of its business.

(e) Sell or transfer any of its properties.

(f) Make any investment of a capital nature, except for emergency repairs required to keep the stations operating, to be made after consultation with Buyer.

(g) Enter into any long term contracts or commitments.

(h) Use any of its assets or properties, except for proper corporate purposes.

(i) Modify, amend, cancel, or terminate any existing agreement, except in the ordinary and usual course of its business.

(j) Issue, sell, or contract to sell any equity or debt securities.

SECTION ELEVEN

Access to Books and Records

During the period from the date of this Agreement to the closing date, Sellers shall afford representatives of Buyer free access to Company's offices, records, files, books of account, and tax returns, provided that Buyer's investigation and use of the same shall not unreasonably interfere with Company's normal operation.

SECTION TWELVE

Expenses of Sale

Buyer and each Seller shall bear its or his or her own counsel fees and other costs and expenses relating to the sale hereunder. The filing fee for the Transfer Application will be divided equally between Buyer and Seller.

SECTION THIRTEEN

Indemnification and Liabilities

Indemnification Obligation of Seller. Sellers jointly and severally shall indemnify and hold Buyer harmless against any and all liabilities, obligations, losses, damages, claims, actions, and deficiencies which Buyer shall incur, resulting from or arising out of:

(a) Any inaccuracy in or breach of any representation, warranty, or covenant made by Seller in this Agreement, any Schedule, or any certificate or document delivered at the Closing;

(b) The assertion against Buyer of any liability or obligation of Seller (including, without limitation) any debt of or tax owed by Seller and any liability arising out of the conduct of Seller's business prior to the date of closing, as well as against any cost or expense (including reasonable legal fees) incurred by Buyer in connection with such liability or obligation; or

(c) Any taxes, penalties, liabilities, or obligations arising out of the Employment Retirement Income Security Act, the Internal Revenue Code or any other applicable law with respect to:

(i) employee withholding or employment taxes prior to the closing, or
(ii) employee benefits payable under any employee benefit plan maintained by Seller for its employees, all of the foregoing being referred to individually as a “Claim” and collectively as “Claims”. The rights of Buyer under this Section Thirteen are in addition to such other rights and remedies as they may have under this Agreement or otherwise.

Indemnification Obligation of Buyer. Buyer shall indemnify and hold Seller harmless against any and all liabilities, obligations, losses, damages, claims, actions, and deficiencies which Seller and/or Seller’s officers, directors, and/or shareholders shall incur, resulting from or arising out of:

(a) Any inaccuracy in or breach of any representation, warranty, or covenant made by Buyer in this Agreement, any Schedule, or any certificate or document delivered at the Closing; or

(b) The assertion against Seller of any liability or obligation of Buyer (including without limitation, any debt of or tax owed by Buyer and any liability arising out of the operation of the Stations on or after the date of closing, including any contract assumed or entered into by Buyer), as well as against any cost or expense (including reasonable legal fees) incurred by Buyer in connection with such liability or obligation.

Procedure for Indemnification Claims. The following procedure is based on an indemnification claim by Buyer against Seller. In the event of an indemnification claim by Seller against Buyer, the roles of Seller and Buyer will be reversed.

(a) If at any time Buyer learns of any Claims that could result in liability for Seller under its indemnification obligations pursuant to this Agreement, Buyer shall give Seller written notice within such time as is reasonable under the circumstances, describing such Claim in reasonable detail.

(b) Within 15 days after receipt of such notice, Seller shall

(i) acknowledge in writing its responsibility for such Claim, and shall pay or otherwise satisfy such Claim or take such other action as is reasonably satisfactory to Buyer to resolve any such Claim that involves anyone not a party to this Agreement, or

(ii) give written notice to Buyer of Sellers' intention to dispute or contest such responsibility. Upon delivery of such notice of intention to contest, the parties shall negotiate in good faith to resolve as promptly as possible any dispute as to responsibility for, or the amount of, such Claim. If the parties are unable to negotiate the resolution of a dispute, the parties shall submit the dispute to a court or tribunal having jurisdiction over the parties and subject matter for resolution of such dispute. Willful failure to respond to a notice claiming indemnification shall be deemed an admission of responsibility by Seller.

(c) If the Claim involves any third person not a party to this Agreement and Sellers have confirmed in writing its sole responsibility for such Claim, Seller shall have the right to conduct, and shall assume all expenses with respect to, the defense or settlement of such Claim; provided, however, that

(i) Buyer shall be entitled to participate in the defense of such Claim and to employ counsel at their own expense to assist in the handling of such Claim, and

(ii) Sellers shall not be entitled to conduct solely (but shall be entitled to participate at its own expense in the defense of), and Buyer shall be entitled to have joint control over, the defense or settlement of any Claim to the extent the Claim seeks an order, injunction or other relief against Buyer which, if successful, could materially interfere with or adversely effect the business, assets, liabilities, obligations, prospects, financial condition or results of operations of Buyer or to the extent it involves any claim which is not the subject of indemnification pursuant to this Agreement. If Sellers do not assume sole control over the defense or settlement of such Claim as provided in this paragraph, Buyer shall have the right to defend and settle the Claim in such reasonable manner that they may deem appropriate at the reasonable cost and expense of Sellers and Sellers will promptly reimburse Buyer for such cost and expense.

d) If the Claim involves any third person not a party to this Agreement and Sellers have disputed its responsibility for such Claim, Buyer and Sellers shall each be entitled to participate in the defense of such Claim and to employ counsel at their own

expense to assist in the handling of such Claim, and Buyer and Sellers shall each obtain the prior written approval of the other before entering into any settlement of such Claim or ceasing to defend against such Claim. If Sellers do not participate in the defense or settlement of such Claim as provided in this paragraph, Buyer shall have the right to defend and settle the Claim in such manner that it may deem appropriate. If it is ultimately determined by the parties or by a court or tribunal that Sellers are responsible for the Claim, Seller shall promptly pay the amount of such Claim.

(e) If Sellers wish to settle a third-party claim against Buyer and Buyer declines to settle, Sellers may pay to Buyer such amount as a third party claimant was willing to accept as full settlement and shall thereafter be relieved of any further indemnification obligation with respect to the subject claim.

(f) In the event that Buyer is required to expend any amount in enforcing its right of indemnification pursuant to this Agreement, Sellers shall pay, promptly upon request, such amounts to Buyer.

SECTION FOURTEEN

No Brokerage Fees

Buyer and Sellers each represent that none of them has employed any broker or entered into any agreement for the payment of any fees, compensation, or expenses to any person, firm, or corporation in connection within this transaction, and each shall indemnify the others against any such fees, compensation, or expenses that may be suffered by reason thereof, particularly any claim for a finder's fee.

SECTION FIFTEEN

Termination

This Agreement may not be terminated other than in a manner specified below:

- (a) By Sellers. By Sellers, by written notice to Buyer, if (i) there has been a material misrepresentation or breach of warranty or agreement by Buyer which is not cured by Buyer within thirty (30) days after receipt of written notice thereof from Sellers; of (ii) Buyer fails to close on the Closing Date other than on account of Sellers' fault.

(b) By Buyer. By Buyer, by written notice to Sellers, if there has been a material misrepresentation or breach of warranty or agreement by Sellers which is not cured by Sellers within thirty (30) days after receipt of written notice thereof from Buyer.

(c) By Mutual Consent. At any time by written agreement between Buyer and Seller.

SECTION FIFTEEN

Notices

Any notice, report, or demand required or permitted by any provision of this agreement shall be deemed to have been sufficiently given or served for all purposes if it is sent by certified mail, postage and charges prepaid, as follows:

a) If to Sellers, to:

Kathryn O’K Nardiello
21 Marcy Road
Lake Placid, New York 12946

Timothy F. Nardiello
11 Maple Street
Lake Placid, New York 12946

or to any other address or addresses as may be designated from time to time by Sellers.

(b) If to Buyer, to:

Edward S. Morgan,
P.O. Box 211

Saranac Lake, County of Essex, State of New York 12983, or to any other address or addresses as may be designated from time to time by Buyer.

SECTION SIXTEEN

Binding Effect

This Agreement shall inure to the benefit of any be binding upon Buyer and Sellers and their respective heirs, executors, administrators, successors, and assigns. All representations and warranties shall survive the closing of the transaction hereunder; provided, that the liability of each Seller arising out of or in connection with breach of the

covenants, warranties, or representations made herein shall be limited to the amount of consideration that each Seller shall receive hereunder, and further, that such liabilities shall exist only for a period of two years from the closing date and the transfer of the securities .

SECTION SEVENTEEN

Construction and Venue

Except to the extent governed by federal law, this Agreement shall be construed and enforced in accordance with the law of the State of New York applicable to transactions conducted entirely within that state. The parties agree that disputes under this Agreement shall be resolved in the courts of the State of New York, and both parties agree to be subject to the jurisdiction of such courts. Both parties WAIVE TRIAL BY JURY in any litigation under this Agreement.

SECTION EIGHTEEN

Entire Agreement

This Agreement, and the certificates, Schedules, and other documents delivered pursuant to this Agreement or incorporated by reference to this Agreement, including the LMA, contain the entire Agreement between the parties concerning the subject matter of this Agreement and supersede all prior agreements or understandings between the parties relating to the subject matter of this Agreement. This Agreement may not be amended or altered unless in writing and signed by both parties.

SECTION NINETEEN

Captions and Paragraph Headings

Captions and paragraph headings used in this Agreement are for convenience only and are not a part of this Agreement and shall not be used in construing it.

SECTION TWENTY

This Agreement is expressly conditioned upon the execution of a LMA attached hereto as **Exhibit “F”** to which the parties agree to execute either before or after the execution of this Agreement.

SECTION TWENTY-ONE

Remedies Not Exclusive

Except as provided elsewhere, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy. Each and every remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or existing in the future at law, in equity, by statute or otherwise. The election of any one remedy by a party to this Agreement shall not constitute a waiver of the right to pursue other available remedies, including specific performance by the buyer.

SECTION TWENTY-TWO

Counterparts

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

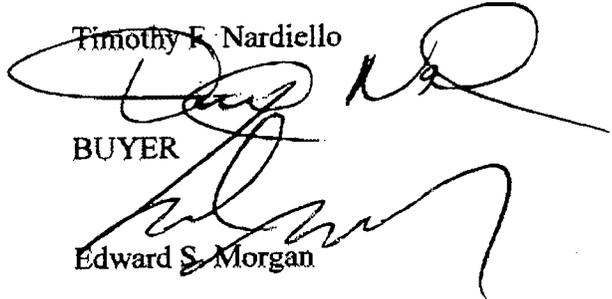
IN WITNESS WHEREOF, the parties have executed this agreement at Lake Placid, New York the day and year first above written.

SELLERS


Kathryn O'K Nardiello

Timothy F. Nardiello

BUYER


Edward S. Morgan