

## PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Purchase") is made this 7<sup>th</sup> day of January 2003, between Diamond Broadcasting Corporation, a Utah corporation ("DIAMOND") and Legacy Communications Corporation, a Nevada corporation ("LEGACY") and the shareholders of these corporations, all of who are listed on *Exhibit A* hereto and who have affirmed their approval by signature thereto.

### RECITALS

WHEREAS, the respective Boards of Directors of LEGACY and DIAMOND have adopted resolutions pursuant to which LEGACY shall acquire and the DIAMOND Shareholders shall exchange 100% of the outstanding common stock of DIAMOND; and

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, it is agreed:

#### Section 1 - Purchase Price

1.1 Cash Amount. LEGACY shall pay Three Hundred Thousand (\$300,000) cash in United States currency by wire or cashier check payable to DIAMOND less the amount of the expenses incurred by LEGACY on behalf of DIAMOND for legal and engineering costs associated the acquisition and development of AM Radio Station Construction Permits (CP's) as set forth in *Exhibit B*. It is agreed that DIAMOND shall also receive as compensation in this transaction Five Hundred Thousand (500,000) shares of LEGACY common stock as set forth herein.

1.2 Number of Shares. The DIAMOND Shareholders agree to transfer to LEGACY at the Closing (the "Closing") 100% of the outstanding securities of DIAMOND, listed in *Exhibit C*, which is attached hereto and incorporated herein by reference (the "DIAMOND Shares"), in exchange for 500,000 post-Purchase shares of common stock of LEGACY. The pre-Purchase outstanding shares of LEGACY's common stock amounts to 4,249,577 shares, after taking into account the one for 10.0 shares of LEGACY for each share of DIAMOND stock; accordingly, there will be 4,749,577 post-Purchase outstanding securities of LEGACY, as shown in *Exhibit E*.

1.3 Delivery of Certificates by DIAMOND Shareholders. The transfer of the DIAMOND shares by the DIAMOND Shareholders shall be effected by the delivery to LEGACY at the Closing of stock certificate or certificates representing the transferred shares duly endorsed in blank or accompanied by stock powers executed in blank with all signatures witnessed or guaranteed to the satisfaction of LEGACY and with all necessary transfer taxes and other revenue stamps affixed and acquired at the DIAMOND Shareholders' expense.

1.4 Further Assurances. At the Closing and from time to time thereafter, the DIAMOND Shareholders shall execute such additional instruments and take such other action as LEGACY

4.2 Corporate Status. DIAMOND is a corporation duly organized, validly existing and in good standing under the laws of the State of Utah.

4.3 Capitalization. The authorized capital stock of DIAMOND consists of 50,000 shares of common stock, no par value per share, of which 50,000 shares are issued and outstanding, all fully paid and non-assessable. Except as otherwise provided herein DIAMOND Shares will be equal to 500,000 post-Purchase shares of LEGACY under the Purchase.

4.4 Undisclosed Liabilities. DIAMOND has no material liabilities of any nature except to the extent reflected or reserved against in the trial balance sheet, whether accrued, absolute, contingent or otherwise, including, without limitation, tax liabilities and interest due or to become due, except as set forth in *Exhibit D* attached hereto and incorporated herein by reference.

4.5 Title to Property. DIAMOND has good and marketable title to all properties and assets, real and personal, proprietary or otherwise, and the properties and assets of DIAMOND are subject to no mortgage, pledge, lien or encumbrance, except as reflected in the in *Exhibit D*, with respect to which no default exists.

4.6 Litigation. There is no litigation or proceeding pending, or to the knowledge of DIAMOND, threatened, against or relating to DIAMOND or its properties or business. Further, no officer, director or person who may be deemed to be an affiliate of DIAMOND is party to any material legal proceeding which could have an adverse effect on DIAMOND (financial or otherwise), and none is party to any action or proceeding wherein any has an interest adverse to DIAMOND.

4.7 Books and Records. From the date of this Purchase to the Closing, the shareholders of DIAMOND shall (1) give to LEGACY and its representatives full access to all of its books, records, contracts and other corporate documents and properties so that LEGACY may inspect and review; and (2) furnish such information concerning the properties and affairs of DIAMOND as LEGACY may reasonably request.

4.8 Tax Returns. DIAMOND has filed all federal and state income or franchise tax returns required to be filed or has received currently effective extensions of the required filing dates.

4.9 Confidentiality. Until the Closing (and continuously if there is no Closing), DIAMOND, The DIAMOND Shareholders and their representatives will keep confidential any information, which they obtain from LEGACY concerning its properties, assets and business.

4.10 Corporate Authority. DIAMOND has full corporate power and authority to enter into this Purchase and to carry out its obligations hereunder and will deliver to LEGACY or its representative at the Closing a certified copy of resolutions of its Board of Directors authorizing execution of this Purchase by its officers and performance there under.

4.11 Due Authorization. Execution of this Purchase and performance by DIAMOND hereunder

have been duly authorized by all requisite corporate action on the part of DIAMOND, and this Purchase constitutes a valid and binding obligation of DIAMOND and performance hereunder will not violate any provision of the Articles of Incorporation, Bylaws, agreements, mortgages or other commitments of DIAMOND.

#### **Section 5 - Conditions Precedent to Obligations of DIAMOND and the DIAMOND Shareholders**

All obligations of DIAMOND and the DIAMOND Shareholders under this Purchase are subject, at their option, to the fulfillment, before or at the Closing, of each of the following conditions:

5.1 Representations and Warranties True at Closing. The representations and warranties of LEGACY contained in this Purchase shall be deemed to have been made again at and as of the Closing and shall then be true in all material respects and shall survive the Closing.

5.2 Due Performance. LEGACY shall have performed and complied with all of the terms and conditions required by this Purchase to be performed or complied with by it before the Closing.

5.3 Resignations of Present Directors and Executive Officers and Designation of New Directors and Executive Officers. On Closing, a resolution shall be provided which will confirm the director and executive officer of Diamond, Jeffrey B. Bate, shall designate the directors and executive officers nominated by LEGACY to serve in their place and stead, until the next respective annual meetings of the Shareholders and the Board of Directors of Diamond, and until their respective successors shall be elected and qualified or until their respective prior resignations or terminations, shall be: Lavon Randall, Chairman and Director and E. Morgan Skinner, Jr., President, Chief Executive Officer and Director.

5.4 Shareholders' Consent. Persons owing not less than 100% of the outstanding DIAMOND Shares shall have executed and delivered the Purchase.

#### **Section 6 - Conditions Precedent to Obligations of Legacy**

All obligations of LEGACY under this Purchase are subject, at LEGACY's option, to the fulfillment, before or at the Closing, of each of the following conditions:

6.1 Representations and Warranties True at Closing. The representations and warranties of LEGACY and the LEGACY Shareholders contained in this Purchase shall be deemed to have been made again at and as of the Closing and shall then be true in all material respects and shall survive the Closing.

6.2 Due Performance. LEGACY and the LEGACY Shareholders shall have performed and complied with all of the terms and conditions required by this Purchase to be performed or

complied with by them before the Closing.

6.5 Shareholders' Consent. Persons owing not less than 90% of the outstanding LEGACY Shares shall have executed and delivered the Purchase.

### **Section 7 - Termination**

Prior to Closing, this Purchase may be terminated (1) by mutual consent in writing; (2) by either the directors of LEGACY or DIAMOND and the DIAMOND Shareholders if there has been a material misrepresentation or material breach of any warranty or covenant by the other party; or (3) by either the directors of LEGACY or DIAMOND, if the Closing shall not have taken place, unless adjourned to a later date by mutual consent in writing.

### **Section 8 - General Provisions**

8.1 Further Assurances. At any time, and from time to time, after the Closing, each party will execute such additional instruments and take such action as may be reasonably requested by the other party to confirm or perfect title to any property transferred hereunder or otherwise to carry out the intent and purposes of this Purchase.

8.2 Waive. Any failure on the part of any party hereto to comply with any its or their obligations, agreements or conditions hereunder may be waived in writing by the party to whom such compliance is owed.

8.3 Brokers. Each party represents to the other parties hereunder that no broker or finder has acted for it in connection with this Purchase, and agrees to indemnify and hold harmless the other parties against any fee, loss or expense arising out of claims by brokers or finders employed or alleged to have been employed by he/she/it.

8.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given if delivered in person or sent by prepaid first-class registered or certified mail, return receipt requested, as follows:

If to LEGACY:        E. Morgan Skinner, Jr., President  
                              210 North 1000 East  
                              St. George, Utah 84770

With copy to (Which shall not constitute notice)

Eric Olmstead, Esquire  
Jones, Waldo, Holbrook & McDonough  
301 North 200 East, Suite 3A  
St. George, Utah 84770

If to DIAMOND: Jeffrey B. Bate, President  
11972 Lampton View Drive  
Riverton, Utah 84065

With copy to (Which shall not constitute notice)  
Bruce C. Jenkins, Esquire  
Jenkins & Jensen, L.L.P.  
352 East Riverside Drive, C-4  
St. George, Utah 84790

8.5 Entire Agreement. This Purchase constitutes the entire agreement between the parties and supersedes and cancels any other agreement, representation or communication, whether oral or written, between the parties hereto relating to the transactions contemplated herein or the subject matter hereof.

8.6 Headings. The section and subsection headings in this Purchase are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Purchase.

8.7 Governing Law. This Purchase shall be governed by and construed and enforced in accordance with the laws of the State of Utah, except to the extent pre-empted by federal law, in which event (and to that extent only), federal law shall govern.

8.8 Assignment. This Purchase shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

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

8.10 Default. In the event of any default hereunder, the prevailing party in any action to enforce the terms and provisions hereof shall be entitled to recover reasonable attorney's fees and related costs.

IN WITNESS WHEREOF, the parties have executed this Agreement and Purchase of Reorganization effective the latest date hereof.

**Legacy Communications Corporation**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
F. Morgan Skinner, Jr., President

**Diamond Broadcasting Corporation**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Jeffrey B. Bate, President

**Exhibit A**

**Legacy Communications Corporation Stockholders**

Pre-purchase outstanding shares of Legacy Communications as of January 7, 2003.

<u>Stockholder</u>	<u>Number of Shares</u>
Randall Family Trust	1,736,688
Lavon Randall, Trustee	
Bear River Trust	1,736,688
Morgan Skinner, Trustee	
R. Michael Bull	200,000
Stephen W. Skinner	200,000
Larry Jewell	169,734
Brad Hardesty	51,562
Greg Palmer	51,562
Melvin & Belva Gardner	50,000
Judith R. Karfiol	25,000
Dan J. Alpert	25,000
Jack G. London	12,500
Samuel Rucker	11,158
Donald Larkin	10,180
Steve Heaton	9,577
McKenzie Family Trust	7,105
Mel Maziar	6,560
Dale Larkin	5,550
James G. Larkin	5,550
Kelton Lloyd	4,633
Ruth Ragozinne	4,100
Warren Hannig	3,700
Doug Hannig	3,700
Dexter Hannig	3,700
Robert Cochran	3,600
Greg Croshaw	2,500
Gayle Aldred	1,980
Tom McArthur	1,850
John W. Allen	1,500
Dan Schmutz	1,500
Keith Grubler	1,250
Kenneth Metcalf	1,150
<b>TOTAL</b>	<b>4,249,577</b>

**EXHIBIT B**

**KPTO (AM), Pocatello, Idaho**

AM Radio 1440, Inc., a dba of Diamond Broadcasting Corporation  
FCC Facility Number: 129638 File Number: BNP-20001923ADR  
Construction Permit Expires: 01/16/05

**KACE (AM), Tremonton, Utah**

AM Radio 1470, Inc., a dba of Diamond Broadcasting Corporation  
FCC Facility Number: 129784 File Number: BNP-20001023AEU  
Construction Permit Expires: 10/11/2004

**KNFL (AM), Fillmore, Utah**

AM Radio 1350, Inc., a dba of Diamond Broadcasting Corporation  
FCC Facility Number: 122534 File Number: BNP-20001023AEU  
Construction Permit Expires: 12/21/2004

**KBET (AM), Las Vegas (Winchester), Nevada**

AM Radio 790, Inc., a dba of Diamond Broadcasting Corporation.  
FCC Facility Number: 136292 File Number: BNP-20011010ABN  
Construction Permit acquired by settlement agreement Pending FCC approval.

**KITT (AM), Parowan, Utah**

AM Radio 1400, Inc., a dba of Diamond Broadcasting Corporation  
FCC Facility Number: 129732 File Number: BNP-20001024ACD  
Construction Permit Expires: 6/20/2004

**KJPN (AM), Pearl City, Hawaii**

AM Radio 1370, Inc., a dba of Diamond Broadcasting Corporation  
FCC Facility Number: 26441 File Number: BR-19971001YY  
License Expires: 02/01/2006 CP Number: BP-20010813AAG

**Exhibit C**

**Diamond Broadcasting Corporation Stockholders**

Pre-purchase outstanding shares of Diamond stock as of January 7, 2003.

<u>Stockholder</u>	<u>Number of Shares</u>
Bate Family Trust Jeffrey B. Bate, Trustee	50,000

**EXHIBIT D**

**Diamond Broadcasting Corporation**

**Associated Development Costs**

**Fees**

Engineering	\$27,625
FCC	\$15,900
Legal	<u>\$22,750</u>
	\$66,275