

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of June 18, 2014 (this "Agreement"), by and between HATFIELD MCCOY BROADCASTING, INC., a West Virginia corporation ("Seller"), HATFIELD MCCOY COMMUNICATIONS, INC., a West Virginia corporation ("Communications") and THREE STATES BROADCASTING COMPANY, INC., a West Virginia corporation ("Buyer" or "Three States").

WITNESSETH:

WHEREAS, Seller is the licensee of FM station WVKM, Matewan, West Virginia, Facility ID No. 67039 (the "Station"), pursuant to authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, on the terms and conditions described herein, Seller desires to assign and Buyer desires to acquire certain of the assets owned by Seller and used in connection with the operation of the Stations.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Sale of Assets.**

(a) On August 23, 2013, Seller acquired from Communications assets used in connection with the operation of the Station, including the FCC Authorizations. Seller agreed in a February 22, 2013 Memorandum Asset Purchase Agreement to pay Communications the purchase price of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) over time. Seller made a down payment of TWENTY THREE THOUSAND DOLLARS (\$23,000.00) in February, 2013 and made monthly payments, the last one of which was received by Communications in January, 2014. Seller has failed to make any payments since then, and, at present, it is in default and it currently owes Communications an amount of approximately ONE HUNDRED AND SEVENTY NINE THOUSAND DOLLARS (\$179,000.00) (the "Obligation"). Communications has agreed to forgive Seller's debt to it based on Seller's stated commitment to assign the Station Assets to a sister company to Communications, which is Three States. Upon closing and the assignment of the Station Assets to Buyer, neither Seller nor its officers, directors or shareholders shall have any obligation to make any additional payments under the February 22, 2013 Memorandum Asset Purchase Agreement and will be fully released from any future liability or responsibility.

(b) On the Closing Date (as hereinafter defined), Seller shall assign and transfer to Buyer, and Buyer shall acquire and assume from Seller, the following assets used in connection with the operation of the Station and which are specifically described below (the "Station Assets") (but excluding the Excluded Assets described in subparagraph (d) below):

(i) Certain of Seller's equipment, furniture, electronics and other tangible personal property used in the transmission operations of the Stations (the "Tangible

Personal Property”), including, but not limited to, that property listed on Schedule 1 hereto, together with all such modifications, improvements and other additions thereto and replacements thereof between the date hereof and Closing;

(ii) All of the licenses, permits and other authorizations, including the FCC Authorizations (collectively, the “*Licenses*”), issued by the FCC to Seller in connection with the operations of the Station, as set forth on Schedule 2 hereto;

(iii) All intangible property, including the Station call sign, used or useful in connection with the Station;

(c) The Station Assets shall be transferred by Seller to Buyer free and clear of all debts, security interests, mortgages, trusts, claims, pledges, conditional sales agreements and other liens, liabilities and encumbrances of every kind and nature except (i) liens for taxes not due or payable and (ii) liens or mortgages, in each case that will be released on or before the Closing or otherwise satisfied by Seller with Buyer’s consent. Except as expressly set forth herein, Buyer is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, all of which shall remain Seller’s sole responsibility, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement unless otherwise specifically agreed to herein.

(d) Seller shall not assign or transfer to Buyer any assets, of whatever kind or nature, wherever located, which are held by Seller and used or useful in connection with the operations or ownership of any station or stations other than the Station, including any privileges, rights, interests and claims associated therewith (the “*Excluded Assets*”) and specifically including, without limitation, the following:

(i) Cash on hand and in banks (or their equivalents);

(ii) All rights of Seller under any and all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by Seller relating to property or equipment repaired, replaced, restored by Seller prior to the Closing Date;

(iii) All deposits and all prepaid expenses and taxes; and

(iv) Seller’s corporate records.

2. **Consideration.** Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the Station Assets to Three States, on the Closing Date Communications shall forgive the Obligation of Seller to it. Communications and Three States shall sign a Release at Closing stating that the Obligation of Seller has been satisfied.

3. **FCC Consent: Assignment Application.** Buyer and Seller shall execute, file and vigorously prosecute an application with the FCC (the “*Assignment Application*”) requesting its consent to the assignment, from Seller to Buyer, of all FCC Authorizations pertaining to the Stations (the “*FCC Consent*”) at a date not later than five (5) business days after the date hereof.

Buyer and Seller shall take all reasonable steps to cooperate with each other and with the FCC to secure such FCC Consent, without delay, and to promptly consummate this Agreement in full.

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur at a time and on a date (the "Closing Date") as shall be mutually agreed upon by Seller and Buyer, which shall occur no later than ten (10) days following the date on which the FCC Consent shall have been issued and any other condition to closing set forth herein have either been waived or satisfied. The Closing shall be held at the offices of Shainis & Peltzman, Chartered, 1850 M Street NW, Suite 240, Washington, DC, 20036, or at such other convenient location as shall be mutually agreed upon by Buyer and Seller, or by email or facsimile.

5. **Representations and Warranties of Seller.** Seller hereby makes the following representations and warranties to Buyer:

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of West Virginia. Seller has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) Schedule 1 hereto contains a list of the Tangible Personal Property owned by Seller that shall be transferred to Buyer. Seller owns and has, and will have on the Closing Date, good and marketable title to the Tangible Personal Property. Other than as specifically set forth on Schedule I, each material item of Tangible Personal Property shall be conveyed to Buyer without representation or warranty, "as-is, where-is."

(c) Schedule 2 hereto contains a true and complete list of the FCC Authorizations that are required by the FCC to operate the Stations. The FCC Authorizations are in full force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the FCC Authorizations listed on Schedule 2, none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Stations, except such conditions as are stated on the face thereof.

(d) The instruments to be executed by Seller and delivered to Buyer at the Closing, conveying the Station Assets to Buyer, will transfer good and marketable title to the Station Assets free and clear of all liens.

(e) There is no material litigation pending by or against, or to the best of Seller's knowledge, threatened against Seller. To the best of Seller's knowledge, with respect to the Station, Seller has complied in all material respects with all applicable laws, regulations, orders or decrees. To the best of Seller's knowledge, the present uses by Seller of the Station Assets do not violate any such laws, regulations, orders or decrees in any material respect.

(f) No representation or warranty made by Seller in this Agreement, and no statement made in any document, exhibit or schedule furnished or to be furnished in connection

with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading.

(g) There is no broker or finder or other person who would have any valid claim against Buyer for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by Seller.

6. **Representations and Warranties of Buyer.** Buyer hereby makes the following representations and warranties to Seller:

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of West Virginia, and has the requisite power and authority to own and operate the Station. Buyer has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(c) Buyer is legally, financially and technically qualified to acquire and become the licensee of and own and operate the Station under the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC. There are no facts that would, under existing law and the existing rules, regulations, policies and procedures of the FCC, disqualify Buyer as an assignee of the FCC Authorizations or as the owner and operator of the Stations. No waiver of any FCC rule or policy with respect to Buyer, its business or operations is necessary for the FCC Consent to be obtained.

(d) There is no broker or finder or other person who would have any valid claim against Seller for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by Buyer.

(e) No representation or warranty made by Buyer in this Agreement, and no statement made in any document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading.

7. **Covenants.** Seller covenants with Buyer that, between the date hereof and the Closing Date, Seller shall take all reasonable actions necessary to keep the FCC Authorizations, including all material permits and applications pending before the FCC, valid and in full force and effect. In addition, prior to the Closing Date, Seller shall not, without the prior written consent of Buyer, sell, lease, transfer or agree to sell, lease or transfer any of the Station Assets without replacement thereof with an asset of equivalent kind, condition and value that satisfies industry standards for such assets, or create any Lien on the Station Assets.

8. **Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of Seller hereunder is subject to the satisfaction of each of the following express conditions precedent, unless waived in writing by Seller:

(i) Buyer shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement to be performed or complied with by Buyer prior to or as of the Closing Date;

(ii) The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

(iii) The FCC Consent contemplated by this Agreement shall have been issued and be effective;

(iv) Buyer shall have delivered to Seller, on the Closing Date, the documents required to be delivered pursuant to Section 9(b);

(b) The performance of the obligations of Buyer hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) Seller shall have performed and complied in all material respects with all the agreements, obligations and covenants required by this Agreement to be performed or complied with by Seller prior to or as of the Closing Date;

(ii) The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

(iii) The FCC Consent contemplated by this Agreement shall have been issued and be effective;

(iv) The FCC Authorizations shall be in full force and effect and there shall be no proceedings pending before the FCC to revoke, cancel, rescind, or refuse to renew any of such FCC Authorizations;

(v) Seller shall have delivered to Buyer, on the Closing Date, the documents required to be delivered pursuant to Section 9(a).

9. **Closing Deliveries.**

(a) At the Closing, Seller will deliver to Buyer the following, each of which shall be in form and substance satisfactory to Buyer and its counsel:

(i) A Bill of Sale, which shall effectively and legally transfer and assign to Buyer the Tangible Personal Property and effectively rest in Buyer good and marketable title to the Tangible Personal Property.

(ii) An Assignment and Assumption of the Station's FCC Licenses;
(iii) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Buyer shall reasonably request.

(b) At the Closing, Buyer will deliver to Seller the following, each of which shall be in form and substance satisfactory to Seller and its counsel:

(i) An Assignment and Assumption of the Station's FCC Licenses;
(ii) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Seller shall reasonably request.

(c) At the Closing, Communications shall deliver to Seller and Buyer a Release of Seller from further obligations to Communications and its principals, under the February 22, 2013 Memorandum Asset Purchase Agreement.

10. **Indemnification.**

(a) No claim may be brought under this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such a notice is so given, the right to indemnification with respect thereto under this Article shall survive the Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied. For purposes of this agreement the "Survival Period" shall be twelve (12) months after the Closing Date. Buyer and Seller agree that the rights to indemnification and to be held harmless set forth in this Section 10 shall, as between the parties hereto and their respective successors and assigns, be exclusive of all rights to indemnification and to be held harmless that such party (or its successors or assigns) would otherwise have by statute, common law or otherwise. Except as provided in Section 11 and Section 12, hereof, each party's rights under this Section 10 shall be the sole and exclusive remedies with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement or otherwise relating to the transactions that are the subject of this Agreement.

(b) Subject to Section 10(c), following the Closing, Seller shall indemnify, defend and hold harmless Buyer with respect to any and all demands, claims, actions, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including, without limitation, interest, penalties, court costs and reasonable attorneys' fees) ("Damages") asserted against, resulting from, imposed upon or incurred by Buyer arising out of: (i) the breach by Seller of any of its representations or warranties or failure by Seller to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station prior to the Closing.

(c) Notwithstanding anything in this Agreement to the contrary, neither Seller nor Buyer shall have any liability to the other pursuant to Sections 10(b) or 10(d) hereunder until

the party's aggregate Damages exceed THREE THOUSAND DOLLARS (\$3,000.00), but if such threshold is exceeded, then Seller or Buyer shall be liable for all Damages regardless of the threshold. Notwithstanding the forgoing, the maximum that a party may receive by indemnification or otherwise from the indemnifying party on post closing claims shall be limited to an aggregate of FIFTY THOUSAND DOLLARS (\$50,000.00).

(d) Subject to Section 10(c), following the Closing, Buyer shall indemnify, defend and hold Seller harmless with respect to any and all Damages asserted against, resulting from, imposed upon or incurred by Seller arising out of: (i) the breach by Buyer of any of its representations, warranties or failure by Buyer to perform any of its covenants, conditions or agreements set forth in this Agreement; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Station as conducted by Buyer subsequent to the Closing.

(e) If either party hereto (the "Indemnitee") receives notice or otherwise obtains knowledge of any matter with respect to which another party hereto (the "Indemnifying Party") may be obligated to indemnify the Indemnitee under this Section 10, then the Indemnitee shall promptly deliver to the Indemnifying Party written notice describing such matter in reasonable detail and specifying the estimated amount of the Damages or liability that may be incurred by the Indemnitee in connection therewith. The Indemnifying Party shall have the right, at its option, to assume the complete defense of such matter at its own expense and with its own counsel, provided such counsel is reasonably satisfactory to the Indemnitee. The Indemnitee shall have the right to participate, at its own expense, in the defense of such matter. In no event shall the Indemnifying Party be liable for any settlement or admission of liability with respect to such matter without prior written consent.

11. **Termination.** This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement upon written notice to the other upon the occurrence of any of the following: (i) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (ii) if the Assignment Application is denied by the FCC and such denial shall have become final (no longer subject to appeal or reconsideration) and the party seeking to terminate is not materially responsible for the denial; or (iii) if there shall be in effect any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement; or (iv) if the Closing has not occurred within twelve (12) months after the date hereof and the party seeking to terminate is not materially responsible for the delay in Closing. Upon a termination of this Agreement due to a breach by Seller of any of its material obligations under this Agreement, Buyer may seek all rights and remedies that it may have in equity or at law. Upon a termination of this Agreement due to a breach by Buyer of any of its material obligations under this Agreement, Seller may seek all rights and remedies that it may have in equity or law.

12. **Specific Performance.** Seller acknowledges that the Station is a unique asset not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that

in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, Buyer shall be entitled to specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law, and Buyer shall be entitled to receive from Seller all court costs, attorney's fees and other out-of-pocket expenses incurred by Buyer in enforcing its rights under this provision.

13. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Seller, to:

Hatfield McCoy Broadcasting, Inc.
1717 West Fourth Avenue
Williamson, WV 25661
Attn: Dreama Thornsbury

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

Lee J. Peltzman, Esq.
Shainis & Peltzman, Chartered
1850 M Street NW
Suite 240
Washington, DC 20036

If to Buyer, to:

Three States Broadcasting Company, Inc.
P.O. Box 136
Lenore, WV 25676
Attn: Evelyn Warren

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

Charles Stanford West, Esq.
Attorney at Law
214 East First Avenue
Williamson, WV 25661

If to Communications, to:

Hatfield McCoy Communications, Inc.
P.O. Box 136
Lenore, WV 25676
Attn: George Warren

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

Charles Stanford West, Esq.
Attorney at Law
214 East First Avenue
Williamson, WV 25661

14. **Governing Law; Venue.** This Agreement shall be interpreted, construed and enforced under and in accordance with the laws of the State of West Virginia, without giving effect to the choice of law principles thereof.

15. **Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision contained herein shall, for any reason, be held to be invalid or unenforceable, such provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of such provision or any other provisions hereof, unless such a construction would be unreasonable.

16. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement may be executed and exchanged by facsimile transmission or by electronic mail, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or by electronic mail as a defense to the formation of a contract and each such party forever waives any such defense.

17. **Expenses.** Except as otherwise set forth herein, each party hereto shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement.

18. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

19. **Entire Agreement.** This Agreement, and the exhibits attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.

20. **Schedules.** Unless otherwise specified herein, each Schedule referred to in this Agreement is attached hereto and such Schedule is hereby incorporated by reference and made a part hereof as fully set forth herein.

21. **Waiver.** No waiver by a party hereto of a breach of any condition, term or provision of this Agreement shall be deemed a waiver of any preceding or subsequent breach of the same or any other condition, term or provision hereof.

22. **No Party Deemed Drafter.** The parties acknowledge that they have consulted with counsel in connection with this Agreement and the transaction contemplated hereby. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived. Provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties.

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

Seller:

HATFIELD MCCOY BROADCASTING, INC.

By: *Dreama Thornsbury*
Dreama Thornsbury, President

Buyer:

THREE STATES BROADCASTING COMPANY, INC.

By: *Evelyn Warren*
Evelyn Warren, President

HATFIELD MCCOY COMMUNICATIONS, INC.

By: *George Warren*
George Warren, President

SCHEDULE 2

FCC Authorizations

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
Broadcast License	WVKM	BRH-20110525ADQ	9/27/2011	10/1/2019