

OPTION AGREEMENT

THIS OPTION AGREEMENT (this “Agreement”) is made and entered into as of July __, 2001 by and among **APEX BROADCASTING, INC.**, a Mississippi corporation (“Optionee”) and **CUMULUS BROADCASTING, INC.**, (“CBI”), a Nevada corporation and **CUMULUS LICENSING CORP.** (“CLC”), a Nevada corporation (collectively, the “Optionors”):

WITNESSETH:

WHEREAS, CLC holds the licenses issued by the Federal Communications Commission (the “FCC”), to operate commercial radio broadcast station WYMB(AM), Conway, South Carolina (the “Station”) and CBI holds the other assets and properties used or held for use in the operation of the Station;

WHEREAS, Optionors and Optionee have entered into an Asset Purchase Agreement (the “APA”) dated July __, 2001 pursuant to which Optionors have agreed to assign to Optionee substantially all the assets used or held for use in the operation of Optionors’ commercial radio station WHLZ-FM, Manning, South Carolina;

WHEREAS, Optionors desire to grant to Optionee an irrevocable option (the “Option”) to acquire all the assets (including FCC licenses) used exclusively in the operation of the Station (the “Station Assets”) upon the terms and conditions contained herein;

WHEREAS, Optionee desires to acquire the Option;

NOW, THEREFORE, in consideration of these premises and the mutual promises, undertakings, covenants, and agreements of the parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Optionee and Optionors, the parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I **OPTION**

1.1 Grant of Option.

- (a) Grant of Option. Optionors hereby grant to Optionee, the Option.
- (b) Term. The Option granted in this Agreement shall become effective upon the Closing Date under the APA (the “Effective Date”). The Option may be

exercised by Optionee, or by Optionee's successors and permitted assigns, at any time from the Effective Date to and including the eighteenth month anniversary of the Effective Date (the "Option Period").

(c) Exercise of Option. Optionee may exercise the Option by delivering to Optionors a written notice of such exercise at any time during the Option Period. Within thirty (30) days following the delivery of such notice, Optionors and Optionee shall enter into a formal written asset purchase agreement, in substantially the form of the APA, providing for the purchase and sale of all Station Assets, and Optionors and Optionee shall jointly file such application or applications as may then be required under the rules and regulations of the FCC in order to request the consent of the FCC to the assignment of the FCC licenses included in the Station Assets from CLC to Optionee.

(d) Consideration for Exercise of Option. The consideration to be paid by Optionee to Optionors for the purchase of the Station Assets shall be an amount, to be paid in cash, equal to Four Hundred Thousand Dollars (\$400,000).

ARTICLE II **REPRESENTATIONS, WARRANTIES, AND COVENANTS**

2.1 Optionors' Representations and Warranties. Optionors represent and warrant to Optionee, jointly and severally, as follows:

(a) Capacity. Each of the Optionors is a corporation in good standing under the laws of its respective state of organization and each has full power and authority to own its property, licenses, and permits, and to carry out all of the transactions contemplated by this Agreement.

(b) Compliance with Law. Each of the Optionors has complied with and will continue to comply with all laws, rules, and regulations governing the business, ownership, and operations of the Stations that are material to this Agreement. The performance by Optionors of their obligations under this Agreement will not result in any material violation of or be in material conflict with any judgment, decree, order, statute, law, rule, or regulation of any governmental authority applicable to Optionors. Neither the execution or delivery by Optionors of, nor the performance by Optionors of their respective obligations under, this Agreement, upon the giving of notice or the lapse of time or both, violates or would violate, conflicts with or would conflict with, or constitutes or would constitute grounds for declaring a breach of or default under, or for accelerating any performance required under, any contract, agreement, lease, license, permit, franchise, indenture, or other instrument to which either of the Optionors is subject or by which Optionors or any substantial part of their property is bound.

(c) Authority. Optionors have all requisite corporate authority and have taken all requisite corporate action necessary for the execution, delivery, performance, and satisfaction of this Agreement by Optionors.

(d) Misrepresentation of Material Fact. No representation or warranty made by Optionors to Optionee in this Agreement and no certificate or statement furnished by or on behalf of Optionors to Optionee in connection with the transactions contemplated herein

contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

(e) Authorizations in Good Standing. Optionors' permits, licenses, and all related authorizations for the Station (including without limitation the FCC licenses therefor) are in full force and effect and unimpaired in any material respect by any acts or omissions of Optionors, its employees, or its agents; and there is no complaint, condition, event, defect, or occurrence existing or, to the knowledge of Optionors, threatened against said permits, licenses, or authorizations that would materially threaten their retention or renewability by Optionors.

2.2 Optionee's Representations and Warranties. Optionee represents and warrants to Optionors as follows:

(a) Organization. Optionee is a corporation in good standing under the laws of its state of organization and has full power and authority to own its property and to carry out all of the transactions contemplated by this Agreement.

(b) Authority. Optionee has all requisite corporate authority and has taken all requisite corporate action necessary for the execution, delivery, performance, and satisfaction of this Agreement by Optionee.

(c) Misrepresentation of Material Fact. No representation or warranty made by Optionee to Optionors in this Agreement and no certificate or statement furnished by or on behalf of Optionee to Optionors in connection with the transactions contemplated herein contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

2.3 Optionors' Affirmative Covenant. Optionors, jointly and severally, covenant and agree that each of them will comply in all material respects with all applicable federal, state, and local laws, rules, and regulations (including, without limitation, all FCC rules, policies, and regulations) relating to the Station and pertinent material provisions of all contracts, permits, and agreements relating to the Station to which any Optionor is a party or by which it is otherwise bound.

2.4 Optionee's Affirmative Covenant. Optionee covenants and agrees that it will comply in all material respects with all applicable federal, state, and local laws, rules, and regulations (including, without limitation, all FCC rules, policies, and regulations) in the performance by Optionee of any of its obligations under this Agreement.

ARTICLE III **MISCELLANEOUS**

3.1 Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, neither party shall be liable to the other party for a failure to perform any obligation under this Agreement (nor shall any charges or payments be made in respect thereof), if such

party shall be prevented from doing so by reason of fires, strikes, labor unrest, embargoes, civil commotion, rationing, or other orders or requirements, acts of civil or military authorities, acts of God, or other contingencies beyond the reasonable control of the parties, and all provisions herein requiring performance within a specified period shall be deemed to have been modified in order to toll or to extend the period in which such performance shall be required, in order to accommodate the period of the pendency of such contingency which shall prevent such performance.

3.2 Notices. All notices, requests, demands, and other communications that are required or that may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or when deposited (with delivery charges pre-paid) with a nationally recognized overnight courier service, or when sent by facsimile transmission, or on the third (3rd) business day after having been mailed by first-class United States mail, registered or certified, postage pre-paid, with return receipt requested, to the following addresses:

(a) if to Optionors:

Cumulus Broadcasting, Inc.
3535 Piedmont Road
Building 14 – 14th Floor
Atlanta, Georgia 30305
Attention: Lewis W. Dickey, Jr.
Facsimile: (404) 949-0740

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

Paul, Hastings, Janofsky & Walker, LLP
1299 Pennsylvania Ave., N.W.
10th Floor
Washington, D.C. 20004
Attention: David D. Burns, Esq.
Telephone: (202) 508-9521
Telecopier: (202) 508-9700

(b) if to Optionee:

Apex Broadcasting, Inc.
4307 Highway 39N
Meridian, MS 39301
Attention: G. Dean Pearce
Facsimile: 601-485-2972

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

Verner, Liipfert, Bernhard, McPherson & Hand Chartered
901 15th Street, N.W.
Suite 700
Washington, D.C. 20005
Attention: Erwin G. Krasnow, Esq.
Facsimile: (202) 371-6279

or to such other address as any party shall have designated by notice to the other party conforming to the requirements of this Paragraph.

3.3 Duty to Consult. Each party will use its best efforts not to take any action that would unreasonably interfere with, threaten, or frustrate the other party's purposes or business activities, and each party will keep such other party informed of, and will coordinate it with such other party regarding, any activities that may have a material effect upon such other party.

3.4 Press Releases. Except as may be required by law or by any governmental agency, no announcement to the press or to any third party of the transactions contemplated herein shall be made by either party to this Agreement, unless such announcement shall have been approved in advance in writing by both Optionors and Optionee, except for any announcement which may be required by law, including applicable securities laws and regulations and the regulations of any stock exchange on which securities of Optionors or Optionee may be listed.

3.5 Severability. If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remainder of this Agreement shall not be affected thereby, and the parties shall use their best efforts to negotiate a replacement for any such provision that shall be neither invalid, illegal, or unenforceable.

3.6 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior representations, negotiations, agreements, and understandings of the parties, oral and written, with respect to the subject matter hereof, all of which are deemed to have been merged herein. This Agreement may be modified only by an agreement in writing executed by both of the parties hereto.

3.7 Survival. All representations, warranties, covenants, and agreements made herein by the parties hereto or in any certificate delivered or to be delivered hereunder or made or to be made in writing in connection with the transactions contemplated herein shall

survive the execution and delivery of this Agreement. All such representations and warranties shall survive for a period of one (1) year from and after the date upon which the Option shall have been exercised and the sale of the Station Assets that are subject to the Option to Optionee or to Optionee's successors or permitted assigns, as the case may be, shall have been completed, or for a period of one (1) year from and after the date upon which this Agreement shall otherwise have expired.

3.8 Payment of Expenses. Except as otherwise specifically provided herein, Optionors and Optionee shall each pay his or its own expenses incident to the preparation and carrying out of this Agreement, including all fees and expenses of his or its counsel.

3.9 Further Assurances. From time to time after the date of this Agreement, the parties shall take such further actions and shall execute such further documents, assurances, and certificates, as either party reasonably may request of the other party in order to effectuate the purposes of this Agreement.

3.10 Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one (1) and the same instrument.

3.11 Headings. The headings in this Agreement are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

3.12 Dealings with Third Parties. None of the parties to this Agreement is, nor shall hold himself or itself out to others to be, vested with any power, authority, or right to bind contractually or to act on behalf of the other party as his or its broker, agent, or otherwise for the purpose of committing, selling, conveying, or transferring any of the other party's assets or property, contracting for or in the name of the other party, or making any representations binding upon such other party.

3.13 Indemnification. Each party shall forever, to the fullest extent permitted by law, protect, save, defend, and keep the other party harmless, and indemnify such other party from and against, all claims, demands, causes of action, losses, investigations, proceedings, penalties, fines, expenses, and judgments, including reasonable attorney's fees and costs, arising directly or indirectly out of such party's negligence or willful misconduct or the negligence or willful misconduct of such party's agents or employees in connection with this Agreement, or arising out of such party's breach of or default or non-performance of his or its obligations under this Agreement.

3.14 Governing Law. This Agreement shall be governed by, and enforced and construed under and in accordance with, the internal laws of the State of South Carolina, without giving effect to the choice-of-law principles of said State.

3.15 No Solicitation or Negotiations. Optionors jointly and severally agree and covenant that they shall not, and shall cause their affiliates, agents and representatives to not, solicit, enter into negotiations with any third party with respect to, or otherwise take any action in

furtherance of, any transaction involving the sale, transfer or assignment of any material portion of the Station Assets, or any equity interest in Optionors.

3.16 Specific Performance. Optionors and Optionee acknowledge that the Station Assets are unique and that in addition to any other remedy at law or in equity which may be available, Optionee shall be entitled to compel specific performance. Each of Optionors and Optionee acknowledges and agrees that Optionee would be damaged irreparably in the event Optionors fails to fully conform with the terms of this Agreement, or fails to enter into the Asset Purchase Agreement and convey the Station Assets to Optionors upon exercise of the Option and satisfaction of the conditions to be set forth in the Asset Purchase Agreement. Accordingly, Optionors and Optionee agree that Optionee shall be entitled to seek an order to compel specific performance, without bond, to enforce the terms and conditions of this Agreement so as to assure satisfaction of the terms, conditions and obligations of Optionors set forth herein.

3.17 Cooperation. Optionors and Optionee shall cooperate fully and shall take such actions as are reasonably necessary to execute and deliver such documents as may be requested by the other party in order to carry out the provisions, intent and purposes of this Agreement.

3.18 Explication. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular and to the singular include the plural, references to any gender include any other gender, the part includes the whole, the term “including” is not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection, clause, exhibit and schedule references are to this Agreement, unless otherwise specified. Any reference in or to this Agreement or any of the Ancillary Agreements includes any and all permitted alterations, amendments, changes, extensions, modifications, renewals, or supplements thereto or thereof, as applicable.

3.19 Schedules and Exhibits. All schedules, exhibits and riders attached to this Agreement shall be deemed part of this Agreement and incorporated herein, where applicable, as if set forth in full herein.

3.20 Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns. No party may assign its rights or delegate its obligations hereunder without the prior written consent of the other parties, such consent not to be unreasonably withheld.

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

CUMULUS BROADCASTING, INC.

By: _____
Lewis W. Dickey, Jr.
President

CUMULUS LICENSING CORP.

By: _____
Lewis W. Dickey, Jr.
President

APEX BROADCASTING, INC.

By: _____
G. Dean Pearce
President

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