

## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT, dated as of May 3, 2013, is among Community Broadcasters, LLC, a New York limited liability company ("Buyer"), , Chemung County Radio, Inc., a New York corporation ("Chemung"), Backyard Broadcasting Elmira Licensee, LLC, a Delaware limited liability company ("Backyard Elmira"), Arrow Communications of NY, Inc., Georgia corporation ("Arrow"), and Backyard Broadcasting Olean Licensee, LLC, Delaware limited liability company ("Backyard Olean", and together with Chemung, Backyard Elmira, and Arrow, collectively "Seller").

Seller owns and operates the following radio stations (the "Stations"):

| <u>Call Sign</u> | <u>Community of License</u> | <u>FCC Facility ID No.</u> |
|------------------|-----------------------------|----------------------------|
| WNKI(FM)         | Corning, New York           | 53611                      |
| WPGI(FM)         | Horseheads, New York        | 10688                      |
| WWLZ(AM),        | Horseheads, New York        | 10687                      |
| WNGZ(FM)         | Montour Falls, New York     | 49449                      |
| WRCE(AM)         | Watkins Glen, New York      | 49446                      |
| WPIG(FM)         | Olean, New York             | 2864                       |
| WHDL(AM)         | Olean, New York             | 2863                       |
| W228AT(FM)       | Elmira, New York            | 49419                      |

Upon the terms and subject to the conditions set forth in this Agreement, Buyer has agreed to acquire from Seller, and Seller has agreed to sell to Buyer, substantially all of its assets used and useful by Seller in connection with the ownership and operation of the Stations.

Seller and Buyer agree as follows:

### Article I

#### Purchase and Sale of the Assets

Section 1.1. Purchase and Sale of the Assets. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (as defined in Section 1.6), except for the Excluded Assets, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller, substantially all of Seller's assets, properties and rights used and useful by Seller in connection with the ownership and operation of the Stations (the "Assets"), free and clear of all security interests, liens, pledges, charges, escrows, options, rights of first refusal, mortgages, indentures, security agreements or other claims, encumbrances, agreements, arrangements or commitments of any kind or character, whether written or oral (collectively, "Claims"). The Assets include, without limitations, all of Seller's right, title and interest in and to (a) all radio transmission equipment, towers, transmitters, translators, antennas, production, cable, studio and other related equipment and improvements used or held for use in the operation of the Stations, including equipment to be purchased and/or installed between the

date of this Agreement and Closing as described in Section 3.2 below (the “Tangible Personal Property”), (b) all real estate owned or leased (including, without limitation, tower, studio and other facility leases) by Seller and used in the operation of the Stations (the “Real Property”), (c) all rights of network and programming agreements, music license agreements, and other agreements relating to the Stations set forth on Schedule 1.1(c) (the “Assumed Agreements”), (d) all signage and supplies of advertising materials, marketing materials and samples, literature and manuals relating to the Stations, (e) music and other recording libraries owned by Seller and used with respect to the Stations, (f) all trademarks, trade names, service marks, franchises, copyrights (including registrations and applications for registration of any of them), jingles, logos, URLs, call signs and other intellectual property relating to the Stations, (g) all files and records of Seller containing any of the Stations’ technical information and engineering data, equipment manuals, applications and other filings with the Federal Communications Commission (the “FCC”), copies of the FCC Licenses (as defined below), the Stations’ operating logs, and the Stations’ public inspection files, (h) all certificates, licenses, permits, pending applications, broadcast rights and authorizations, including, without limitation, all rights in and to licenses and permits issued by the FCC for the Stations, broadcast auxiliary licenses, translators, boosters, private radio and other authorizations of the FCC associated with the operations of the Stations, all amendments and all applications therefor, together with any renewals, extensions or modifications thereof (the “FCC Licenses”), (i) fifty percent (50%) of the cash collections with respect to the aggregate accounts receivable of the Stations as of the Closing (the “Accounts Receivable”) and (j) goodwill.

Section 1.2. Excluded Assets. The following assets, properties, rights, contracts and claims, wherever located, whether tangible or intangible, real or personal, of Seller (whether or not related to, or used by Seller in its operation of, the Stations) are excluded from the definition of Acquired Assets (collectively, the “Excluded Assets”) and will not be sold, assigned, transferred or delivered to Buyer:

(a) all cash, cash equivalents, marketable securities and similar investments, bank accounts, lockboxes and deposits of, and any rights or interests in, the cash management system of Seller;

(b) all rights, causes of actions, claims and credits related to any Excluded Asset or any Excluded Liabilities (as herein defined in Section 1.5) or Excluded Agreements (as herein defined in subsection (g) of this Section 1.2), including all guarantees, warranties, indemnities and similar rights in favor of Seller in respect of any Excluded Asset, Excluded Liability or Excluded Agreement;

(c) all insurance policies of Seller and all claims and rights of Seller under such insurance policies, whether or not related to the Stations;

(d) all claims for and rights of Seller to receive tax refunds and tax deposits;

(e) all rights of Seller under this Agreement, the other agreements and instruments executed and delivered in connection with this Agreement, and the transactions contemplated hereby or thereby;

(f) (i) Seller's minute books, equity books and other organizational records having to do with the formation and capitalization of Seller, (ii) all privileged business records of the Stations, (iii) any personnel records and other records relating to the employees of Seller that Seller is required by Law to retain in its possession, and (iv) tax returns and related records of Seller;

(g) any contracts or agreements that are not included among the Assumed Agreements (the "Excluded Agreements");

(h) All deposits and all prepaid expenses;

(i) All pension, profit-sharing, retirement, stock purchase or savings plans or trusts and any assets thereof and all other employee benefit plans;

(j) Fifty percent (50%) of the Stations' cash collections with respect to the Accounts Receivable; and

(k) the assets set forth on Schedule 1.2(k).

Section 1.3 Assumed Agreements. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Buyer will assume and be liable for, and will pay, perform and discharge as and when due, all obligations arising after the Closing under the Assumed Agreements, but only to the extent (a) performance thereunder is due after the Closing and (b) the corresponding benefits therefrom are received by Buyer.

Section 1.4. Barter Agreements. Buyer acknowledges and agrees that Seller has received and will continue to receive up to the Closing Date certain barter contract benefits under (a) the barter and trade agreements listed in Schedule 1.1(c), (b) the Immaterial Barter Agreements (as defined herein), and (c) such other barter and trade agreements having an individual value of any advertising time to be run by the Stations pursuant thereto in excess of \$2,000.00 or with a term of greater than one (1) year, which have been approved and consented to in advance by Buyer, and entered into by Seller in the ordinary course of business following the execution date of this Agreement and prior to the Closing Date (collectively, the "Barter Agreements"). As of the Closing Date, Seller shall assign to Buyer all right, title, and interest in and to such Barter Agreements including, but not limited to, all the remaining benefits to be received thereunder, and Buyer shall assume and agree to perform and discharge all of Seller's remaining obligations and liabilities under such Barter Agreements including, without limitation, Seller's obligation to provide barter advertising thereunder, on, and after the Closing Date. Seller represents and warrants that Schedule 1.1(c) lists all written Barter Agreements in effect on the date hereof (other than the Immaterial Barter Agreements), copies of which have been provided by Seller to Buyer. The Purchase Price (as defined herein) shall be subject to a downward adjustment equal to the amount, if any, by which the aggregate value of any advertising time to be run by the Stations in respect of the Barter Agreements as of the Closing Date is Forty Thousand Dollars (\$40,000) or more than the value of the goods and services to be received by the Stations in respect thereof as of the Closing Date, all as determined in accordance with generally accepted accounting principles consistently applied. For purposes hereof "Immaterial Barter Agreements" shall mean barter and trade agreements having an

individual value of any advertising time to be run by the Stations pursuant thereto equal to or less than Two Thousand Dollars (\$2,000) per year, do not have a term in excess of one year, and in no event are, in the aggregate, in an amount of more than Ten Thousand Dollars (\$10,000).

Section 1.5. No Other Liabilities Assumed. Notwithstanding anything in this Agreement, except with respect to the Assumed Agreements and Barter Agreement as provided in Sections 1.3 and 1.4 above, Buyer shall have no obligation to assume any debts, obligations or liabilities of Seller (the "Excluded Liabilities"). The Excluded Liabilities include, without limitation:

(a) Taxes incurred by Seller, including, without limitation, in connection with this Agreement or the consummation of the transactions contemplated hereby;

(b) Any obligation or liability of Seller for any violation or alleged violation of any law, statute, rule, regulation or ordinance by Seller;

(c) Any liability or obligation to employees, government agencies or other third parties in connection with any employee or employment plan, benefit, program, agreement or perquisite of Seller, including without limitation any liability or obligation of Seller to employees in the nature of accrued payroll, vacation, holiday or sick pay, or worker's compensation;

(d) Any liability under any Excluded Agreements;

(e) Any liability under any Assumed Agreements which relates to (i) any breach or default by Seller in respect of such Assumed Agreement, or (ii) any period on or prior to the Closing Date; and

(f) Any trade debt, accounts payable, notes payable and bank debts.

Section 1.6. Purchase Price. As consideration for the purchase of the Assets, Buyer shall pay to Seller the aggregate sum of Three Million Six Hundred Thousand Dollars (\$3,600,000) (the "Purchase Price"). Upon execution and delivery of this Agreement, Buyer shall deposit with Kalil & Company, Inc. (the "Escrow Agent"), One Hundred Eighty Thousand Dollars (\$180,000) (the "Deposit"), to be held by the Escrow Agent pursuant to the terms of a mutually acceptable Escrow Agreement (the "Escrow Agreement"). The Deposit shall be released to Buyer or Seller in accordance with the provisions of Section 4.2(c) of this Agreement and the Escrow Agreement.

Section 1.7. Closing. The closing (the "Closing") for the consummation of the transactions contemplated by this Agreement shall take place by electronic exchange of executed documents and funds, or such other method as Seller and Buyer shall mutually agree, at 10:00 a.m. (Eastern time) on the fifth (5<sup>th</sup>) business day after the date on which all conditions set forth in Article IV shall have been satisfied or waived, or such other date and time agreed to by Seller and Buyer (such date of the Closing being hereinafter called the "Closing Date").

Section 1.8. Purchase Price Allocation. No later than the Closing Date, Seller and Buyer shall mutually and reasonably determine an allocation of the Purchase Price among the Assets that complies with Section 1060 of the Internal Revenue Code of 1986, as amended (the

“Purchase Price Allocation”). Each party agrees to complete and timely file Internal Revenue Service Form 8594 (or any successor form) and to file all income tax returns in accordance the Purchase Price Allocation.

Section 1.9. Prorations. The parties agree to prorate all expenses arising out of the operation of the Stations which are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing Date. Without limiting the generality of the foregoing, the parties agree to prorate the annual fee with respect to the Guld System 21 Services Agreement, set forth in Elmira-Corning item 25 of Schedule 1.1(c), fifty percent (50%) to Seller and fifty percent (50%) to Buyer at Closing. Not later than five (5) business days prior to the Closing Date, an accounting cutoff shall be made and Seller shall cause to be prepared and delivered to Buyer a statement (the “Proration Statement”) setting forth Seller’s good faith estimate of prorated income and expenses between the parties. If the prorations and adjustments set forth in the Proration Statement have been agreed upon in writing by Buyer and Seller prior to the Closing Date, resulting adjustments to the Purchase Price shall be made at Closing to prorate to the Closing Date estimates of all ordinary and necessary material operating expenses of the Stations and all expenses associated with the Assets, including, without limitation, maintenance expenses, property and equipment rentals, utility charges, sales and service charges, business and license fees, real and personal property taxes and assessments, and security deposits made by Seller and held by landlords under leases for which Seller is the tenant, in each case, as set forth in the Proration Statement and to reflect a credit to Buyer for all prepaid advertising contracts and other agreements under which the Seller have been prepaid by the respective counterparties thereto. The parties acknowledge that in the State of New York real property taxes for each calendar year are due and payable in annual installments due either in March or September (depending upon the location of the property). If, on the Closing Date, the real property taxes for the calendar year of the Closing are not then available, the parties shall assume that the real property taxes for the calendar year of the Closing will be the same as those for the prior calendar year. If Buyer objects in good faith to the Proration Statement, Buyer and Seller shall use commercially reasonable efforts to resolve such objection prior to the Closing Date, and all adjustments and prorations which Buyer and Seller agree are undisputed shall be used in calculating the amount of proration adjustment to the Purchase Price. As promptly as practicable, but in any event no later than one hundred twenty (120) days after the Closing Date, Buyer may deliver to Seller, or Seller may deliver to Buyer, its, or their, calculation of any additional prorations or adjustments determined in accordance with this Section 1.9 (an “Additional Prorations Notice”). Any good faith disagreement between Buyer and Seller with respect to the calculation of the prorations and adjustments set forth in an Additional Prorations Notice shall be set forth in a notice (the “Notice of Disagreement”) which shall be delivered by Buyer or Seller, as the case may be, to the other no later than thirty (30) days after its receipt of an Additional Prorations Notice. If the Final Purchase Price (as hereinafter defined) exceeds the Purchase Price, Buyer shall pay, by wire transfer of immediately available funds, to Seller, no later than five (5) business days after the determination of the Final Purchase Price, an amount equal to the excess of the Final Purchase Price over the Purchase Price. If the Purchase Price exceeds the Final Purchase Price, Seller shall pay, by wire transfer of immediately available funds, to Buyer, no later than five (5) business days after the determination of the Final Purchase Price, an amount equal to the excess of the Purchase Price over the Final Purchase Price. For purposes hereof, the “Final Purchase Price” means the Purchase Price, adjusted for prorations and adjustments determined by agreement of the parties in accordance with this Section 1.9, after accounting for any additional

prorations or adjustments identified in an Additional Prorations Notice timely delivered and any objections thereto identified in a Notice of Disagreement timely delivered (but any additional prorations or adjustments not identified in an Additional Prorations Notice delivered within the time period set forth in this Section 1.9 and any objections not identified in a Notice of Disagreement delivered within the time period set forth in this Section 1.9 shall be disregarded).

## Article II

### Representations and Warranties

Section 2.1. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer, on the date hereof and on the Closing Date, as follows (as used herein the term “Seller’s Knowledge” shall mean the actual knowledge, without a duty of specific inquiry, of Barry Drake, Robin Smith, Tom Atkins, John Morton or Joseph O’Loughlin):

(a) Organization, Standing and Power. Chemung and Arrow are corporations duly organized, validly existing and in good standing under the laws of the States of New York and Georgia, respectively, and Backyard Elmira and Backyard Olean are limited liability companies duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Seller is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary because of the property owned, leased or operated by Seller or because of the nature of its business as now being conducted, except where the failure to be so qualified would not have a material adverse effect on the operation of the business of the Stations.

(b) Authority; Binding Agreements. Seller has the legal power and capacity to enter into this Agreement, and all other agreements and documents to which it is a party as contemplated by this Agreement. This Agreement and such other agreements and documents are, or upon execution and delivery thereof will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms.

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement or any other agreement or document to which Seller is a party as contemplated by this Agreement, the consummation of the transactions contemplated hereby or thereby nor compliance by Seller with any of the provisions hereof or thereof will (i) conflict with or result in a breach of the articles of incorporation, certificate of formation, bylaws, limited liability company operating agreement or other entity formation and governance documents of Seller, (ii) conflict with or result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the provisions of any note, bond, lease, mortgage, indenture, or any license, franchise, permit, agreement or other instrument or obligation to which Seller is a party, or by which Seller’s properties or assets may be bound or affected, except for such conflicts, breaches or defaults as to which requisite waivers or consents have been obtained before the Closing (which waivers or consents are set forth in Schedule 2.1(c) attached hereto, collectively, the “Consents”), (iii) violate any law, statute, rule or regulation or order, writ, injunction or decree applicable to Seller or Seller’s properties or assets, or (iv) result in the creation or imposition of any Claim upon any Assets or any property or assets used or held by Seller. Except for the FCC Order (defined below) and

notification to the FCC of the Closing, no consent or approval by, or any notification of or filing with, any person is required in connection with the execution, delivery and performance by Seller of this Agreement or any other agreement or document to which Seller is a party as contemplated by this Agreement or the consummation of the transactions contemplated hereby or thereby, except as set forth in Schedule 2.1(c) attached hereto.

(d) Financial Information. Schedule 2.1(d) attached hereto contains (i) the balance sheets and income statements of Seller ("Financial Statements") as of December 31, 2012, and for the year then ended, and (ii) the quarterly profit and loss statement ("Quarterly P&L") as of March 31, 2013, and for the three (3) months then ended. Such Financial Statements and Quarterly P&L are true and correct in all material respects and fairly present in all material respects the financial condition, results of operations and cash flows of Seller as of and for the time periods set forth in the respective statements.

(e) Assets, Property and Related Matters; Real Property.

(i) Seller has good title to, or a valid leasehold interest in, as applicable, all of the Assets, including the assets reflected on the Financial Statements contained in Schedule 2.1(d), free and clear of all Claims (except any lessor's ownership interest in respect to Assets that are leased). Except for the Excluded Agreements and the assets listed in Schedule 1.2(k), the Assets constitute all of the material properties, interests, assets and rights held for use or used in connection with the business and operations of Seller and constitute all those reasonably necessary to continue to operate the business of Seller consistent with current and historical practice.

(ii) Schedule 2.1(e)(ii) accurately lists the material items of Tangible Personal Property. The Tangible Personal Property is in good operating condition and repair, subject to ordinary wear and tear.

(iii) Seller owns or leases all of the Real Property. All parcels of Real Property owned by Seller are accurately described in Schedule 2.1(e)(iii) attached hereto. With respect to the Real Property owned by Seller, the improvements located on such owned Real Property are in good operating condition and repair, reasonable wear and tear excepted, have been maintained in accordance with industry standards and are adequate for their intended use. There are no condemnation or eminent domain proceedings pending or, to Seller's Knowledge, threatened against the owned Real Property. Seller has fee simple title to its owned Real Property, free and clear of all liens, claims, charges, options, rights of tenants or other encumbrances of any nature whatsoever except for current real estate taxes not yet due and payable and any standard exceptions noted in a title report in respect thereto, to the extent that any such exception has no material impact on Seller's ownership of the Real Property or its use consistent with current and historical practice. Seller has not received any notice alleging that any of its owned Real Property fails to comply with applicable zoning laws or the building, health, fire and environmental protection codes of applicable governmental jurisdictions. Seller has not, and to Seller's Knowledge no other person has, granted any oral or written right to anyone other than Seller to lease or otherwise occupy any of the owned Real Property



described in Schedule 2.1(e)(iii) attached hereto, except as disclosed on Schedule 2.1(e)(iii). With respect to Real Property leased by Seller, Seller is the owner and holder of all the leasehold interests and estates purported to be granted by such leases, and those leased are accurately listed on Schedule 1.1(c). Seller has received no notice alleging that the leased Real Property or the improvements thereupon owned by Seller fail to comply with applicable zoning laws or the building, health, fire and environmental protection codes of applicable governmental jurisdictions. Except as set forth on Schedule 1.1(c), with respect to each lease: (A) the lease is in full force and effect, (B) all accrued and currently payable rents and other payments required by such lease to be paid by Seller have been paid, (C) Seller has not entered into any subleases with any third parties, (D) Seller has been in peaceable possession since the beginning of the original term of any such lease, and (E) subject to obtaining any required consents required thereunder, the validity or enforceability of the lease will in no way be affected by the sale of the Assets to Buyer or the other transactions contemplated herein.

(iv) Seller is in compliance in all material respects with all applicable federal, state and local laws and regulations relating to pollution and the discharge of materials into the environment (collectively, the "Environmental Laws"). Seller holds all necessary material permits, licenses and approvals of governmental authorities, for occupancy of the Real Property or operation of the Stations under the Environmental Laws (the "Environmental Permits"). Seller is in compliance in all material respects with the Environmental Permits and they are transferable to Buyer without the consent of any governmental entity. There are no underground storage tanks located on any of the Real Property and no aboveground storage tanks other than propane tanks. No hazardous or toxic substances as generally defined in the Environmental Laws have been released, discharged or disposed of by Seller on any of the Real Property. There are no quantities or concentrations of hazardous or toxic substances as generally defined in the Environmental Laws present at, on or under the Real Property in violation of the Environmental Laws. No litigation or proceeding relating to Environmental Laws, Environmental Permits or any release, discharge or disposal of hazardous or toxic substances as generally defined in the Environmental Laws is pending or, to Seller's Knowledge threatened against Seller. Seller has delivered to Buyer true and complete copies of all environmental reports, studies or analyses in the possession of Seller relating to the Real Property or the operation of the Stations concerning hazardous or toxic substances as generally defined in the Environmental Laws or compliance with applicable Environmental Laws or Environmental Permits.

(f) Patents, Trademarks and Similar Rights. Seller owns or licenses all patents, trademarks, service marks, URLs, logos, call signs, trade names and copyrights, in each case registered or unregistered, inventions, software (including documentation and object and source code listings), know-how, trade secrets and other intellectual property rights used in its business as presently conducted (collectively, the "Intellectual Property"). Schedule 2.1(f) attached hereto contains a list of all the Intellectual Property. Except as set forth in Schedule 2.1(f), none of Seller's use of the Intellectual Property infringes upon any rights owned or held by any other person. Except as set forth in Schedule 2.1(f), there is no pending or, to Seller's Knowledge, threatened claim or litigation against Seller contesting its right to use any of the Intellectual



Property. To Seller's Knowledge, no person is infringing the rights of Seller in any of the Intellectual Property. Neither Seller nor any of its employees has made or is using any unauthorized copies of any software programs that are part of the Intellectual Property.

(g) Agreements, Etc. With respect to each Assumed Agreement (i) such Assumed Agreement is in full force and effect and constitutes valid and binding obligation of Seller and to Seller's Knowledge the other parties thereto, and (ii) Seller has made available to Buyer true and complete copies of such Assumed Agreement. There exists no default, or any event which upon notice or the passage of time, or both, would give rise to any default, in the performance by Seller or to Seller's Knowledge by any other party under such Assumed Agreement.

(h) Litigation, Etc. Except as set forth on Schedule 2.1(h), there have not been for the past three years, nor are there currently, any suits, actions, claims, investigations or legal or administrative or arbitration proceedings in respect of Seller relating to the Stations, pending or, to Seller's Knowledge, threatened, whether at law or in equity, or before or by any Federal, foreign, state or municipal or other governmental department, commission, board, bureau, agency or instrumentality. Except as set forth on Schedule 2.1(h), there have not been for the past three years, nor are there currently, any judgments, decrees, injunctions or orders of any court, governmental department, commission, agency, instrumentality or arbitrator against Seller or any of the Assets. Except as set forth on Schedule 2.1(h), Seller is not currently, and has not been during the past three years, a plaintiff or counterclaimant in any suits, actions, claims or other legal or court proceedings relating to the Stations or the Assets.

(i) No Breach of Contract or Statute; Governmental Authorizations.

(i) Subject to receipt of the FCC Order (defined below), neither the execution and delivery by Seller of this Agreement nor performance by Seller of its obligations hereunder will conflict with, or result in a breach of, any of the terms, conditions or provisions of: (A) any judgment, order, injunction, decree or ruling of any court or governmental authority, domestic or foreign, or any law, statute or regulation, to which Seller is subject; or (B) any agreement, contract or commitment to which Seller is a party or is subject.

(ii) There are no governmental approvals required to permit the consummation of the transactions contemplated by this Agreement, except for the FCC Order (defined below).

(iii) Seller is in material compliance with all applicable laws, statutes, ordinances, orders, rules and regulations promulgated, and judgments entered, by any federal, foreign or local court or governmental authority relating to the operation, conduct or ownership of the property or business of Seller.

(iv) Seller has not received any notice of any violation of any applicable law, statute, ordinance, order, rule or regulation promulgated, or judgment entered, by any federal, foreign, state or local court or governmental authority relating to the operation, conduct or ownership of the business the Assets.

(v) No proceeding is pending nor, to Seller's Knowledge, is any proceeding threatened in which any person is seeking to revoke or deny the renewal of any permit, license or authorization relating to the Assets.

(j) Non-Competition. No director, officer, employee or shareholder of Seller or any associate or affiliate thereof, or any immediate relative of any of the foregoing, presently, individually or as an officer, director, stockholder, partner, agent or principal of another business firm, directly or indirectly owns, operates, or is involved or associated in any financial or management capacity with, any radio station that has a service contour (1.0 mV/m) overlapping the service contour of the Stations.

(k) Taxes. All of Seller's federal, state, and local tax returns and tax reports for periods ending on or prior to the Closing Date have been, or will be filed on a timely basis (including any applicable extension periods that have been or will be validly requested and obtained) with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed. All such returns and reports are and will be true, correct and complete in all material respects. All Federal, state, and local income, profits, franchise, sales, use, occupation, property, excise, employment and other taxes of any kind whatsoever (including all interest and penalties and additions to tax) ("Taxes") due from and payable by, or due in connection with and payable with respect to, Seller on or prior to the Closing Date, that are not otherwise being properly contested, have been fully paid on a timely basis.

(l) FCC Matters.

(i) Schedule 2.1(l)(i) attached hereto sets forth a true and complete list of the FCC Licenses. The FCC Licenses constitute all of the licenses, permits and authorizations from the FCC that are necessary for and used by Seller in the operations of the Stations as currently conducted. The FCC Licenses are in full force and effect, have not been revoked, suspended, canceled, rescinded or terminated, and have the respective expiration dates set forth in Schedule 2.1(l)(i). The most recent prior license renewal applications have been granted for full license terms without conditions adverse to the operations of the Stations.

(ii) Seller and the Stations are in compliance in all material respects with the terms of the FCC Licenses, the Communications Act of 1934, as amended (the "Act"), and the rules, regulations and published policies of the FCC (the "FCC Rules"). Without limiting the foregoing, Seller has filed on a timely basis all reports, forms and statements required to be filed by it with respect to each Station with the FCC, and with respect to the Stations, Seller is in material compliance with all applicable FCC tower registration(s), EAS compliance and tower lighting and painting requirements and the Stations are operating at their full licensed power. Seller's operation and maintenance of the antenna systems and other equipment and facilities relating to the Stations or used in connection with the transmission of their signals do not violate any law, statute, rule, regulation or ordinance. The public inspection files of the Stations have been maintained by Seller materially in accordance with the Act and the FCC Rules. To Seller's Knowledge, the Stations' signals do not receive interference from any other station and

no claim has been made that the Stations' signals cause interference to any other station. Where required, the current, correct vertical elevation and geographical coordinates of the antenna supporting structures of the Stations are properly registered with the FCC and such registrations are correct in all material respects.

(iii) Except as set forth on Schedule 2.1(l)(iii), no application, action or proceeding is pending for the renewal or material modification of any of the FCC Licenses and no complaint, action or proceeding is pending or, to Seller's Knowledge, threatened against Seller or the Stations, that could result in (a) the revocation, cancellation, material adverse modification, non-renewal or suspension of any of the FCC Licenses (other than proceedings relating to FCC Rules of general applicability), (b) the issuance of a cease-and-desist order, (c) with respect to actions and proceedings, the imposition of any administrative or judicial sanction with respect to the Stations, and with respect to complaints, the imposition of any administrative or judicial sanction which could reasonably be expected to have a material adverse effect on the Stations or the Assets, or (d) the denial of an application for renewal for any of the FCC Licenses. The Stations have not received any notices of violation, apparent liability, or forfeiture from the FCC and no issued notices of violation, apparent liability, or forfeiture are presently outstanding awaiting FCC action. All fees, fines and forfeitures, if applicable, in connection with the operation of the Stations have been paid when due, including, without limitation, annual regulatory fees.

(iv) Except as set forth on Schedule 2.1(l)(iv), there are no facts, conditions or events relating to Seller or Seller's ownership or operation of the Stations that would reasonably be expected to cause the FCC to deny the issuance of its written consent to the assignment of the FCC Licenses from Seller to Buyer (the "FCC Order") or, to Seller's Knowledge, to cause the FCC Order not to become Final (as defined below). "Final" means an action by the FCC (including action duly taken by the FCC's staff pursuant to delegated authority) (1) which is effective, (2) with respect to which no appeal, request for stay, request for reconsideration or other request for review is pending, (3) with respect to which the time for appeal, requesting a stay, requesting reconsideration or requesting other review has expired, and (4) which cannot be set aside by the FCC *sua sponte*.

(m) Employees. Although Buyer is not under any obligation to hire any of Seller's employees, who are employed in the operation of the Stations (the "Stations' Employees"), in connection with the transactions contemplated by this Agreement, Buyer may, in its sole discretion, whether prior to, on the Closing Date, or thereafter, offer employment to certain of the Stations' Employees. Schedule 2(m) contains a complete and correct list of the names and positions of all the Station Employees, including each of their job titles, dates of hire and rates of pay. Seller represents and warrants that with respect to the Stations' Employees, there are no collective bargaining agreements or except as set forth in Schedule 2(m) written or oral agreements relating to the terms and conditions of employment or termination of employment covering such employees. All of the Stations' Employees are employees-at-will, or are terminable at-will under any agreement with Seller. Seller is not engaged in any unfair labor practice or other unlawful employment practice and there are no unfair labor practice charges or other employee-related complaints, grievances or arbitrations against Seller with respect to the

Stations' Employees pending or, to Seller's Knowledge, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Department of Labor, any arbitration tribunal or any other federal, state, local or other governmental authority. There is no strike, picketing, slowdown or work stoppage by or concerning such employees pending against or involving Seller. No union representation question is pending or, to Seller's Knowledge, threatened with respect to any of the Stations' Employees. With respect to the Stations' Employees, Seller has complied with in the past, and is now in compliance with, all applicable labor and employment laws in all material respects including, without limitation, federal, state, local and other applicable laws, rules, regulations, ordinances, orders and decrees concerning collective bargaining, unfair labor practices, payments of employment taxes, occupational safety and health, worker's compensation, the payment of wages and overtime and equal employment opportunity. Seller is not liable for any arrearages for wages, benefits, taxes, damages or penalties for failing to comply with any law, rule, regulation, ordinance, order or decree relating in any way to labor or employment of the Stations' Employees. Except as set forth in Schedule 2(m), Seller does not have any pension plan, profit sharing plan, deferred compensation plan, stock option or stock bonus plan, savings plan, welfare plan or other benefit plan or arrangement, policy, practice, procedure or contract concerning employee benefits or fringe benefits of any kind, whether governed by ERISA, relating to or covering the Stations' Employees.

(n) Brokers. Except for Kalil & Company, Inc., the commission for which Seller shall be solely responsible, no other company or individual has acted directly or indirectly as a broker, finder or financial advisor for Seller in connection with the negotiations relating to the transactions contemplated by this Agreement, and no company or individual is entitled to any fee or commission or like payment in respect thereof based in any way on any agreement, arrangement or understanding made by or on behalf of Seller.

Section 2.2. Representations and Warranties of Buyer. Buyer represents and warrants to Seller, on the date hereof and on the Closing Date, as follows:

(a) Organization, Standing and Power. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York.

(b) Authority; Binding Agreements. The execution and delivery of this Agreement and all other agreements and documents to which Buyer is a party as contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary action on the part of Buyer. Buyer has all requisite power and authority to enter into this Agreement and the other agreements and documents to which it is a party as contemplated by this Agreement and to consummate the transactions contemplated hereby and thereby and this Agreement and such other agreements and documents have been, or upon execution and delivery thereof will be, duly executed and delivered by Buyer. This Agreement and such other agreements and documents are, or upon execution and delivery thereof will be, the valid and binding obligations of Buyer, enforceable against it in accordance with their respective terms.

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement or any other agreement or document to which Buyer is a party as contemplated by this Agreement, the

consummation of the transactions contemplated hereby or thereby nor compliance by Buyer with any of the provisions hereof or thereof will (i) conflict with or result in a breach of the constitutive documents of Buyer, (ii) conflict with or result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the provisions of any note, bond, lease, mortgage, indenture, license, franchise, permit, agreement or other instrument or obligation to which Buyer is a party, or by which Buyer or any of its properties or assets, may be bound or affected, except for such conflict, breach or default as to which requisite waivers or consents shall be obtained before the Closing, or (iii) violate any law, statute, rule or regulation or order, writ, injunction or decree applicable to Buyer or its properties or assets. Except for the FCC Order, no consent or approval by, or any notification of or filing with, any person is required in connection with the execution, delivery and performance by Buyer of this Agreement or any other agreement or document to which Buyer is a party as contemplated by this Agreement or the consummation of the transactions contemplated hereby or thereby, except as set forth in Schedule 2.2(c) attached hereto.

(d) Qualification. Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Stations under the Act and the FCC Rules. 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 Licenses or as the owner and operator of the Stations. No waiver of or exemption from an FCC rule or policy is necessary for the FCC Order to be obtained. There are no matters involving Buyer which might reasonably be expected to result in the FCC's denial or delay of approval of the FCC Applications (defined below).

(e) Brokers. No company or individual has acted directly or indirectly as a broker, finder or financial advisor for Buyer in connection with the negotiations relating to the transactions contemplated by this Agreement, and no company or individual is entitled to any fee or commission or like payment in respect thereof based in any way on any agreement, arrangement or understanding made by or on behalf of Buyer.

### Article III

#### Additional Agreements

Section 3.1. Expenses. Each party hereto shall bear its own costs and expenses incurred in connection with the transactions contemplated hereby.

Section 3.2. Conduct of Business/Equipment Upgrades and Repairs. From the date hereof until the Closing Date, except as otherwise consented to by Buyer in writing in advance, Seller shall operate its business only in the ordinary course of business consistent with past practice. Notwithstanding the foregoing, Seller shall acquire and install the new equipment to be used in connection with the operation of the Stations as specified in Schedule 3.2 attached hereto, and shall complete the certain repairs to the Assets as also specified in Schedule 3.2. For the sake of clarity, Seller's failure to complete the acquisition, installation and repairs specified in Schedule 3.2 (a "Schedule 3.2 Completion Failure") is not a condition to the Closing, and, if at the Closing there has been a Schedule 3.2 Completion Failure, then a credit, for Buyer, will be applied against

the Purchase Price in the amount of the unexpended budgeted amounts of the items comprising the Schedule 3.2 Completion Failure.

Section 3.3. Further Assurances/FCC Applications. Each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations, to consummate and make effective the transactions contemplated by this Agreement as expeditiously as practicable and to ensure that the conditions set forth in Article IV hereof are satisfied, insofar as such matters are within the control of any of them. Without limiting the generality of the foregoing, as promptly as practicable, but in no event later than ten (10) business days after the full execution of this Agreement, Seller and Buyer shall jointly prepare and file applications with the FCC requesting the FCC Order (the "FCC Applications"). Seller and Buyer shall diligently prosecute the FCC Applications and shall equally share the costs associated with the filing thereof. Each party shall promptly provide the other with a copy of any pleading, order or other document served upon it relating to the FCC Applications and shall furnish all information required of it by the FCC. Seller and Buyer shall notify each other of all documents filed with or received from any governmental agency with respect to this Agreement or the transactions contemplated hereby. Seller and Buyer shall furnish each other with such information and assistance the other may reasonably request in connection with the preparation of any governmental filing hereunder. To the extent necessary to facilitate the prompt grant of the FCC Applications, Seller will use commercially reasonable efforts to promptly negotiate and enter into with the FCC a tolling or assignment agreement with respect to any complaints pending at the FCC in connection with the Stations, if the FCC permits Seller to enter into such an agreement, and put into escrow with the FCC any amounts requested by the FCC in connection with such tolling agreement. In case at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement, each of the parties to this Agreement shall take or cause to be taken all such necessary action, including the execution and delivery of such further instruments and documents, as may be reasonably requested by any party for such purposes or otherwise to complete or perfect the transactions contemplated hereby.

Section 3.4. No Shopping. From the date hereof until the earlier of (a) the Closing Date and (b) the date this Agreement is terminated in accordance with Section 6.2, Seller shall not, directly or indirectly, solicit or initiate, enter into or conduct, discussions concerning, or exchange information (including by way of furnishing information concerning Seller or its business) or enter into any negotiations concerning, or respond to any inquiries or solicit, ,entertain or agree to any proposals for, the acquisition of any of the Assets of, or a merger involving, Seller or the transfer of any of any equity interest in Seller to any person. In addition, during such time period, Seller shall not authorize, direct or knowingly permit any employee or agent to do any of the foregoing and shall notify Buyer of the identity of any person who approaches Seller with respect to any of the foregoing.

Section 3.5. Access and Information. From the date hereof until the earlier of (a) the Closing Date and (b) the date this Agreement is terminated in accordance with Section 6.2, Seller shall permit Buyer and its representatives to make such investigation of the business, operations and properties of Seller as Buyer deems necessary or desirable in connection with the transactions contemplated hereby. Such investigation shall include reasonable access during normal business



hours to the respective directors, officers, employees, agents and representatives (including independent accountants) of Seller and the properties, books, records and commitments of Seller with respect to the Stations. Seller shall furnish Buyer and its representatives with such financial, operating and other data and information, and copies of documents with respect to the Assets and the Stations or any of the transactions contemplated hereby, as Buyer shall from time to time reasonably request. Between the date of this Agreement and the Closing Date, Seller will deliver to Buyer, monthly profit and loss statements for the Stations (the “Post Execution P&L Statements”) within thirty (30) days after the end of each month and weekly pacing reports for the Stations on each Monday for the prior week (or as soon as reasonably possible after each Monday). The Post Execution P&L Statements shall be true and correct and fairly present in all material respects the financial condition, results of operations and cash flows of Seller. All access and investigation by Buyer shall be made upon reasonable notice and at reasonable places and times. Such access and information shall not in any way affect or diminish any of the representations or warranties hereunder. Without limiting the foregoing, during such period, Seller shall keep Buyer informed as to the business and operations of the Stations and shall consult with Buyer with respect thereto as appropriate. Notwithstanding any provision to the contrary herein, however, Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Stations prior to the Closing. Such operations, including complete control and supervision of all programs, employees, finances, and policies, shall be the sole responsibility of Seller until the Closing.

#### Section 3.6. Confidentiality.

(a) Subject to the Closing, Seller and Buyer mutually agree that all financial or other information about Buyer or Seller, or other information of a confidential or proprietary nature, disclosed in connection with the proposed transaction shall be kept confidential by Seller or Buyer, as the case may be, and shall not be disclosed to any person or used by the receiving party (other than to its agents, accountants, attorneys, consultants, financing sources or employees in connection with the transactions contemplated by this Agreement) except: (i) with the prior written consent of the other party; (ii) as may be required by applicable law or court process; (iii) such information which may have been acquired or obtained by such party (other than through disclosure by the other party in connection with the transaction contemplated by this Agreement); or (iv) such information which is or becomes generally available to the public other than as a result of a violation of this provision. This Section 3.6(a) shall remain in full force and effect and survive forever or until the expiration of the applicable statute of limitations.

(b) In the event of a breach or threatened breach by any party of the provisions of this Section 3.6, the non-breaching party shall be entitled to seek an injunction restraining such party from such breach. Nothing contained in this paragraph (b) or elsewhere in this Agreement shall be construed as prohibiting the non-breaching party from pursuing any other remedies available at law or equity for such breach or threatened breach of this Agreement nor limiting the amount of damages recoverable in the event of a breach or threatened breach by any party of the provisions of this Section.

Section 3.7. Public Announcements. Buyer and Seller will consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this



Agreement, and shall not issue any such press release or make any such public statement without prior written consent of the other, except as may be required by applicable law or court process. Notwithstanding the foregoing, Seller shall broadcast all public notice announcements on the Stations and make all newspaper public notice publications (if applicable) regarding the FCC Applications as required under the FCC Rules, and no prior written consent of the Buyer shall be required for such public notice announcements or publications.

Section 3.8. Real Property Reports/Surveys. With respect to any Real Property owned by Seller, within thirty (30) days after the date of this Agreement, to the extent that Seller has not already provided the same, Seller shall deliver to Buyer copies, that are in its possession or readily accessible by it, of (a) all existing soil, engineering and environmental reports and studies, (b) any existing surveys and plats for any parcel of the Real Property (c) the relevant Seller's source deed for each parcel of Real Property, (d) any and all existing title insurance commitments and title insurance policies for any parcel of the Real Property, (e) the real property tax bill for the current fiscal year, if issued, for each parcel of Real Property, and (f) any permits issued to Seller by any Governmental Agency and related to the ownership, use or lease of any of the Real Property. With respect to Real Property owned by Seller, Buyer shall obtain at its cost and as soon as practicable, and in any event, at least thirty (30) days prior to Closing, an ALTA Owner's title insurance commitment and any improvements thereon, proposing to insure title to each parcel of Real Property owned by Seller in the name of Buyer as of the Closing, subject only to defects in title that are permitted hereunder or otherwise do not materially affect title ownership thereto. Seller shall provide Buyer or Buyer's title company with an owner's affidavit and similar affidavits executed by Seller. Seller will allow Buyer, at Buyer's own expense, to conduct any and all investigations, examinations, surveys and studies of the Real Property as Buyer deems necessary before Closing. Notwithstanding the foregoing, Buyer, to the extent it desires to undertake environmental study of the owned Real Property, shall have completed such studies prior to executing this Agreement. All transfer taxes and stamps arising from the transfer of Real Property owned by Seller shall be borne equally by Seller and Buyer.

Section 3.9. Control. Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Stations prior to Closing. Consistent with the Act and the FCC Rules, control, supervision and direction of the operation of the Stations prior to Closing shall remain the responsibility of Seller as the holder of the FCC Licenses.

Section 3.10. Post-Closing Collection of Accounts Receivables. For a period of 180 days following the Closing Date (the "Collection Period"), Buyer shall use commercially reasonable efforts to collect the Accounts Receivable (but in no event shall it employ efforts less than it employs collecting its own accounts receivable). With respect to the Accounts Receivable that Buyer uses commercially reasonable efforts to collect, but nonetheless remain uncollected at the expiration of the Collection Period, Buyer shall not be liable to Seller for such uncollected amounts. Buyer may, but shall not be required to, institute any legal proceedings to enforce the collection of any Accounts Receivable and/or to refer any of the Accounts Receivable to a collection agency. Buyer shall not adjust any Accounts Receivable or grant credit with respect thereto without Seller's written consent. Seller represents and warrants that it owes no sales commissions to any party with respect to the Accounts Receivable. Buyer shall pay Seller fifty percent (50%) of the amounts collected by Buyer relating to the Accounts

Receivables during the Collection Period. Such payments to Seller, together with then-current itemized aging reports for the Accounts Receivable, shall be made on the 45<sup>th</sup>, 75<sup>th</sup>, 105<sup>th</sup>, 135<sup>th</sup>, 165<sup>th</sup> and 195<sup>th</sup> days after the Closing Date; provided, however, that any payment received by Buyer during the Collection Period from any customer who continues to be serviced by Buyer shall be applied to the invoice (if any) specified by the customer (to the extent that Buyer has not instructed customers to specify that payments are to be applied to the latest invoices) and, failing specification by such customer, to the oldest Account Receivable. Upon expiration of the Collection Period, full title in the uncollected Accounts Receivable shall vest in Buyer, and Buyer's responsibility to pay any sums not collected as of the expiration of the Collection Period to Seller under this subsection shall cease.

Section 3.11. Notice regarding Station Employees. Although Buyer is not under any obligation to hire any of the Stations' Employees in connection with the transactions contemplated by this Agreement, Buyer shall provide Seller with written notice, no less than ten (10) days prior to the Closing, containing the names of all of the full-time Stations' Employees, if any, that it does not intend to hire to work at the Stations following the Closing.

## Article IV

### Conditions Precedent

Section 4.1. Conditions to Obligations of Buyer. The obligations of Buyer to perform and undertake the Closing are subject to the satisfaction or waiver of the following conditions unless waived by Buyer:

(a) Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct in all material respects, as of the date hereof and as of the Closing Date as if made on and as of the Closing Date, and Seller shall have performed and complied with all covenants and agreements required to be performed or complied with by Seller on or prior to the Closing Date.

(b) Consents. Buyer shall have received duly executed and delivered copies of any of the consents necessary to transfer all of the Real Property leases listed on Schedule 1.1(c) under which Seller is a lessee (the "Material Consents"). In addition, Seller shall have delivered executed and delivered copies of, or shall be exercising due diligence in obtaining, the Consents other than the Material Consents.

(c) FCC Approvals. The FCC Order shall have been obtained and shall be Final.

(d) No Material Adverse Change. There has been no material adverse change or effect on the business, operations, liabilities, properties, assets or financial condition of the Stations, or on the ability of Seller to perform its obligations under this Agreement.

(e) Estoppel Certificates. Buyer shall have received duly executed and delivered estoppel certificates, consents and waivers signed from the landlords of all leased towers and

tower sites used in the operation of the Stations, in a form substantially identical to that attached hereto as Exhibit 4.1(e).

(f) Title Insurance Commitments. Buyer shall have received commitments for title insurance for the Real Property owned by Seller, in accordance with the parameters set forth in Section 3.8.

(g) Other Documents. Buyer shall have received such other documents, instruments, agreements and certificates necessary to consummate the transactions contemplated by this Agreement or as Buyer shall reasonably request, each in form and substance satisfactory to Buyer and its counsel.

(h) Accounts Receivables. Buyer shall have received from Seller a complete and detailed itemization of the Accounts Receivable in 30, 60, 90 and over 120-day aged receivables format.

Section 4.2. Conditions of Obligations of Seller. The obligations of Seller to perform and undertake the Closing are subject to the satisfaction of the following conditions unless waived by Seller:

(a) Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if made on and as of the Closing Date, and Buyer shall have performed and complied with all covenants and agreements required to be performed or complied with on or prior to the Closing Date.

(b) FCC Approvals. The FCC Order shall have been obtained and shall be Final.

(c) Purchase Price. Seller shall have received from Buyer in immediately available funds by wire transfer to an account specified by Seller, the amount of Three Million Four Hundred Twenty Thousand Dollars (\$3,420,000), as adjusted for prorations and other matters specified in this Agreement. The Deposit shall continue to be held by the Escrow Agent for eighteen (18) months after the Closing as security for payment of Seller's indemnity obligations under Article V below.

(d) Other Documents. Seller shall have received from Buyer such other documents, instruments, agreements and certificates necessary to consummate the transactions contemplated by this Agreement or as Seller shall reasonably request, each in form and substance satisfactory to Seller and its counsel.

## Article V

### Indemnity

#### Section 5.1. Indemnification.

(a) Subject to Section 6.6 hereof, Seller agrees to indemnify and hold harmless Buyer and its affiliates, directors, officers, employees and other agents and representatives from and against any and all liabilities, judgments, claims, settlements, losses, damages, fees, liens, Taxes, penalties, obligations, costs and reasonable attorneys' fees (collectively, "Losses") incurred or suffered by any such person arising from, by reason of or in connection with:

(i) any material misrepresentation or breach of any representation or warranty of Seller contained in this Agreement;

(ii) the nonfulfillment by Seller of any covenant made by Seller in this Agreement; and

(iii) the conduct of the business or other operations of Seller before or on the Closing Date.

(b) Subject to Section 6.6 hereof, Buyer agrees to indemnify and hold harmless Seller and its respective agents and representatives from and against any and all Losses incurred or suffered by any such person arising from, by reason of or in connection with:

(i) any misrepresentation or breach of any representation, warranty or agreement of Buyer contained in this Agreement;

(ii) the nonfulfillment by Buyer of any agreement made by it in this Agreement; and

(iii) the conduct of the business or other operations of Seller acquired by Buyer hereunder after the Closing Date.

(c) In case any claim or litigation which might give rise to any obligation of a party under the indemnity provisions of this Article V (such claim or litigation being, a "Claim," and the party which might have an indemnification obligation under this Article V with respect to a Claim being, an "Indemnifying Party") shall come to the attention of the party seeking indemnification hereunder (the "Indemnified Party"), the Indemnified Party shall give notice to the Indemnifying Party within thirty (30) business days after the Indemnified Party becomes aware of facts giving rise to a Claim, or, if the Claim relates to an action, suit, or proceeding filed by a third party against the Indemnified Party, within twenty (20) business days after written notice of such action, suit, or proceeding was given to the Indemnified Party. Failure to give such timely notice shall not automatically be deemed to prejudice the rights of the Indemnified Party, but based on the surrounding facts and circumstances such failure may materially prejudice the Indemnifying Party and in such case may vitiate the indemnification obligation herein set forth. The Indemnifying

Party shall be entitled to participate in and, if (i) in the judgment of the Indemnified Party such Claim can properly be resolved by money damages alone and the Indemnifying Party has the financial resources to pay such damages, and (ii) the Indemnifying Party admits that this indemnity fully covers the Claim, the Indemnifying Party shall be entitled to direct the defense of such Claim at its expense, but such defense shall be conducted by legal counsel reasonably satisfactory to the Indemnified Party.

(d) With respect to a Claim solely between the parties, following receipt of notice from the Indemnified Party of a claim, the Indemnifying Party shall have twenty (20) days to make such investigation of the Claim as the Indemnifying Party deems necessary or desirable. For purposes of such investigation, the Indemnified Party agrees to make available to the Indemnifying Party and its authorized representatives the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of the twenty (20) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim and to the obligation of the Indemnifying Party to indemnify the Indemnified Party with respect thereto in accordance with this Article V, the Indemnifying Party shall immediately pay to the Indemnified Party the full amount of the Claim, subject to the limitations of this Article V. If the Indemnified Party and the Indemnifying Party do not agree within the twenty (20) day period (or any mutually agreed upon extension thereof), the Indemnified Party may seek an appropriate remedy at law or in equity.

Section 5.2. Time Limitations. The indemnification obligations hereunder shall remain in full force and effect and survive until the expiration of the applicable statute of limitations, unless otherwise expressly provided herein; provided, however, that indemnification and reimbursement obligations hereunder arising from breaches of representations and warranties shall survive for eighteen (18) months after the Closing Date and shall thereupon terminate.

Section 5.3. Amount Limitations. The Indemnifying Party will not have any indemnity obligation arising out of this Article V unless and until the aggregate amount of Losses incurred, sustained or accrued by the Indemnified Party exceeds Ten Thousand Dollars (\$10,000), it being understood that after such amount exceeds this threshold, the Indemnifying Party will be liable for all such amounts incurred, sustained or accrued back to the first Dollar. In no event shall the Indemnifying have any indemnity obligation pursuant to this Article V for Losses incurred, sustained or accrued by the Indemnified Party that exceed the amount of the Purchase Price. In addition, with respect to Claims arising from breaches of representations and warranties, covenants and other agreements of a party contained herein, the Indemnified Party shall not be entitled to recover any indemnification for any Losses in excess of fifteen percent (15%) of the Purchase Price. Notwithstanding the foregoing, the 15% of Purchase Price limitation does not apply to Losses incurred or suffered as set forth in Sections 5.1(a)(iii) and 5.1(b)(iii), and none of the limits in this Section 5.3 shall apply to a breach of any of the Fundamental Representations (as herein defined) or any Losses arising from a party's fraud. The Deposit shall be disbursed by the Escrow Agent to Buyer in the amount of any indemnifiable Losses, if Seller is unable or unwilling to pay its obligations to indemnify Buyer under this Article V, provided, however, the Deposit shall not be construed as a limit on the indemnity obligations of Seller under this Agreement. Upon expiration of 18 months after the Closing Date, the remaining balance of the Deposit shall be delivered by the Escrow Agent to Seller.

Section 5.4. No Election. With respect to any Claim which can properly be resolved by money damages alone, the party making such Claim's sole remedy is indemnification under this Article V. Except as set forth in the preceding sentence or as otherwise expressly set forth herein, nothing contained in this Article V shall be deemed an election of remedies under this Agreement.

Section 5.5. No Extraordinary Losses. In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement.

## Article VI

### Miscellaneous

Section 6.1. Entire Agreement. This Agreement and the schedules and exhibits hereto contain the entire agreement among the parties with respect to the transactions contemplated by this Agreement and supersede all prior agreements or understandings among the parties.

#### Section 6.2. Termination.

(a) This Agreement shall terminate on the earlier to occur of any of the following events:

- (i) the mutual written agreement of Buyer and Seller;
- (ii) by written notice of Buyer or Seller to the other party hereto, if the Closing shall not have occurred prior to the first anniversary of the date of this Agreement;
- (iii) by written notice of Buyer to Seller if, prior to the Closing, Seller shall have materially breached any of its representations, warranties or agreements contained herein and failed to cure such breach within thirty (30) days after written notice thereof;
- (iv) by written notice of Seller to Buyer if, prior to the Closing, Buyer shall have materially breached any of its representations, warranties or agreements contained herein and failed to cure such breach within thirty (30) days after written notice thereof; or
- (v) by written notice of Buyer or Seller to the other party hereto, if the FCC denies the FCC Applications and such denial shall have become Final.

(b) Nothing in this Section 6.2 shall relieve any party of any liability for a breach of this Agreement prior to the termination hereof. Except as aforesaid, upon the termination of this Agreement, all rights and obligations of the parties under this Agreement shall terminate, except their obligations under Sections 3.1, 3.6(a) and Article V. Upon termination of this Agreement under Section 6.2(a) (i), (ii), (iii), or (v) the Deposit shall be returned to Buyer by the Escrow Agent. Upon termination under Section 6.2(a)(iv), Seller shall be entitled to receive a distribution

from the Escrow Agent of the Deposit as liquidated damages, which shall be its exclusive remedy. If this Agreement is terminated pursuant to Section 6.2(a)(iii), in addition to return of the Deposit to Buyer, Buyer shall have all remedies available to it at law, provided, however, that as an alternative to return of the Deposit and pursuit of remedies at law, Buyer may elect to bring an action for specific performance, Seller hereby acknowledging that the Assets are of a special, unique and extraordinary character, and that monetary damages are not sufficient to compensate Buyer under such circumstances.

Section 6.3. Descriptive Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

Section 6.4. Notices. All notices, requests and other communications to any party hereunder shall be in writing and sufficient if delivered personally or sent by telecopy (with confirmation of receipt) or by registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below, or to such other address as the party to whom notice is to be given may have furnished to the other party in writing in accordance herewith:

(a) If to Seller, then to:

Backyard Broadcasting Elmira Licensee, LLC  
4237 Salisbury Road, Suite 225  
Jacksonville, FL 32216  
Attn.: Barry Drake, President/CEO

with a copy, given in the manner prescribed above, to:

Duane Morris LLP  
111 S. Calvert Street, Suite 2000  
Baltimore, MD 21202  
Attn.: Bruce H. Jurist, Esq.

(b) If to Buyer then to:

Community Broadcasters, LLC  
199 Wealtha Avenue  
Watertown, NY 13601  
Attn.: James L. Leven, President and CEO

with a copy, given in the manner prescribed above, to:

Fletcher, Heald & Hildreth, P.L.C.  
1300 North 17<sup>th</sup> Street, Suite 1100  
Arlington, VA 22209  
Attn: Francisco R. Montero, Esq.



Each such notice, request or communication shall be effective when received or, if given by registered or certified mail, when delivered at the address specified in this Section or on the fifth business day following the date on which such communication is posted, whichever occurs first.

Section 6.5. Counterparts. This Agreement may be executed in counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic means shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 6.6. Survival. The representations and warranties of the parties made in this Agreement shall be ongoing and survive the Closing for a period of eighteen (18) months and no action for breach of the representations and warranties contained herein may be brought more than eighteen (18) months following the Closing; provided, however, that (a) claims arising out of breaches of the representations and warranties contained in Sections 2.1(a), 2.1(b), 2.1(c)(i), 2.1(c)(iii) and 2.1(c)(iv), 2.1(e)(iv), 2.1(h), 2.1(k), 2.1(l)(ii) and 2.1(n) of this Agreement (collectively, the “Fundamental Representations”), shall survive the Closing until the expiration of the statute of limitations period applicable to the underlying subject matter being warranted and represented to therein. All covenants contained herein (unless otherwise expressly provided herein) shall survive the Closing and shall remain in full force until the expiration of the applicable statute of limitations.

Section 6.7. Benefits of Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement is for the sole benefit of the parties hereto and not for the benefit of any third party.

Section 6.8. Amendments and Waivers. No modification, amendment or waiver of any provision of, or consent required by, this Agreement, or any consent to any departure herefrom, shall be effective unless it is in writing and signed by the parties hereto. Such modification, amendment, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

Section 6.9. Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party hereto without the prior written consent of the other parties hereto. Any instrument purporting to make such assignment shall be void. Notwithstanding the foregoing, Buyer may assign this Agreement upon prior written notice to (but without having first received consent of) Seller if such assignment is to an entity controlled by Buyer and such assignment does not cause delay in processing the FCC Applications or delay the FCC Order.

Section 6.10. Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be

invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made.

Section 6.11. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THAT MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION).

Section 6.12. CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND EACH PARTY HERETO AGREES NOT TO COMMENCE ANY LEGAL PROCEEDING RELATED THERETO EXCEPT IN SUCH COURT. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH COURTS AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH COURTS HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH PARTY HERETO HEREBY CONSENTS TO SERVICE OF PROCESS BY NOTICE IN THE MANNER SPECIFIED IN SECTION 6.4 HEREOF AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION SUCH PARTY MAY NOW OR HEREAFTER HAVE TO SERVICE OF PROCESS IN SUCH MANNER. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY SUCH PROCEEDING.

Section 6.13. Risk of Loss/Broadcast Interruption. Seller shall bear the risk of all damage to, loss of or destruction of any of the Assets between the date of this Agreement and the Closing Date. If any material portion of the Assets (other than items that are obsolete and not necessary for the continued operations of the Stations) shall suffer damage or destruction prior to the Closing Date, Seller shall promptly notify Buyer in writing of such damage or destruction, shall promptly take all necessary steps to restore, repair or replace such Assets at Seller's expense, and shall advise Buyer in writing of the estimated cost to complete such restoration, repair or replacement and all amounts actually paid as of the date of the estimate. In the event of damage to any material portion of the Assets that cannot be restored, repaired or replaced prior to the Closing, Buyer at its sole option: (a) may elect to postpone Closing until such time as such Assets have been completely repaired, replaced or restored to the reasonable satisfaction of Buyer if the repair, replacement or restoration can be accomplished within two (2) months following the date of the loss or damage or the Closing Date, whichever is the earlier; (b) may elect to consummate the Closing and accept the Assets in their then existing condition, in which event Seller shall pay to Buyer all unused proceeds of insurance and assign to Buyer the right to any unpaid proceeds; or (c) terminate this Agreement without liability to either party. If, before the Closing, the regular broadcast transmission of any of the Stations in the normal and usual manner is interrupted for a continuous period of seventy-two (72) hours or more, solely as a

result of actions of, or the failure to act by, Seller, then Seller shall give prompt written notice thereof to Buyer. Buyer shall then have the right by giving written notice to Seller, to postpone (and if necessary re-postpone) the Closing to a date that is fifteen (15) business days after the end of any such interruption. If restoration of the Station's regular broadcast transmission cannot be accomplished within two (2) month following the otherwise scheduled Closing Date, Buyer may elect to terminate this Agreement without liability to any party.

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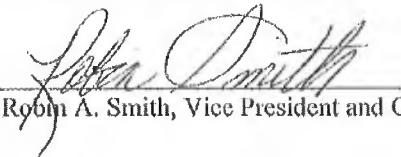
[Signature page to Asset Purchase Agreement.]

Each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

**COMMUNITY BROADCASTERS, LLC**

By:   
James L. Leven, President/CEO


**CHEMUNG COUNTY RADIO, INC.**

By:   
Robin A. Smith, Vice President and CFO


**BACKYARD BROADCASTING ELMIRA LICENSEE, LLC**

By:   
Robin A. Smith, Vice President and CFO

**ARROW COMMUNICATIONS OF NY, INC.**

By:   
Robin A. Smith, Vice President and CFO

**BACKYARD BROADCASTING OLEAN LICENSEE, LLC**

By:   
Robin A. Smith, Vice President and CFO