

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("APA") is made and entered into as of this 24th day of October 2007, by and between PACIFIC MEDIA CORPORATION, a California corporation ("Seller"), and Gulf-California Broadcast Company, a Nevada corporation ("Buyer").

WITNESSETH:

WHEREAS, Seller is the licensee of analog television station KEYC-TV, Channel 9, El Centro, CA, the permittee of KEYC-DT, Channel 48, El Centro, CA, and the licensee of analog "Class A" television station KDFX-CA, Indio-Palm Springs, CA, Channel 33 ("Stations"); and

WHEREAS, Seller and Buyer are parties to an Option Agreement ("Option Agreement"), dated March 19, 1997, pursuant to which Buyer has an option ("Option") to purchase certain assets used in the operation of the Stations; and

WHEREAS, Buyer timely has exercised the Option pursuant to the Option Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereby agree as follows:

ARTICLE I

TRANSFER OF ASSETS

1.1 **Transfer of Assets.** Upon the terms and subject to the conditions contained herein, on the Closing Date (as defined in Article 8), Seller shall convey, assign, sell, deliver and transfer to Buyer, by instruments of transfer and conveyance reasonably acceptable to counsel for Buyer and counsel for Seller; and Buyer shall purchase from Seller, to the extent permitted by law, all of Seller's right, title and interest in the Assets (as defined in the next sentence), free and clear of any and all liens, encumbrances, claims, charges or other liabilities, subject, however, to the Communications Act of 1934, as amended (the "Act") as well as all applicable Federal Communications Commission ("FCC") rules, policies and regulations. The term "Assets" shall mean all of the following property of Seller used in the business or operation of the Stations, including without limitation the following (the "Business"):

- (a) **Transmission Systems.** The transmitters, antennas, towers, and other broadcast transmission facilities used in the operation of any of the Stations, including without limitation those described in Schedule 1(a) (the "Transmission Systems").
- (b) **Equipment.** All of the equipment (including, without limitation, satellite receive earth stations), supplies, spare parts, inventory, and tangible personal property in or about the Transmission System and/or the Studio and all furniture and furnishings located at the Studio or used or useful in the operation of any of the Stations, including, without limitation, those described

in Schedule 1(b), together with any replacements thereof or additions thereto ("Equipment").

- (c) Call Letters. The Stations' call letters, which at the present time are KECY-TV, KECY-DT, and KDFX-CA and any derivations or modifications thereof ("Call Letters").
- (d) Intangible Personal Property. All broadcast and any other rights to films and programs, film libraries, goodwill, going concern value, privileges, licenses, permits, copyrights, service or trademarks and trade names, logs, computer data, reports, programs, programming material and production materials associated with or used in the operation of any of the Stations, including, without limitation, those described in Schedule 1(d) hereto ("Intangible Personal Property").
- (e) Contracts. Those contracts, contract rights, agreements, leases of real and personal property, commitments and understandings described in Schedule 1(e) ("Contracts").
- (f) Licenses. The right to hold and utilize all of the licenses, permits and authorizations issued to Seller by the FCC for the operation of any of the Stations listed in Schedule 1(f) (the "FCC Authorizations"), all pending applications and subsequently issued licenses, permits and authorizations (if any) with respect to the Business, and all other regulatory licenses, permits, authorizations or approvals with respect to the Business issued to Seller by any other governmental body, in each case to the extent assignable (collectively, the "Licenses").
- (g) Files and Logs. All files, records and logs of Seller relating to the business and operation of any of the Stations, including the public inspection files of the Stations and copies of all Contracts, copies or originals of the Licenses and all documents of title relating to the Assets but not including Seller's internal corporate books and/or tax returns.

The Assets do not include any of the following:

- (i) Any cash and cash equivalents and cash items of Seller on hand and in banks;
- (ii) Any and all claims made by Seller with respect to transactions before the Closing Date;
- (iii) Any internal corporate books or tax records with respect to the operation of the Stations;

(iv) Any stock owned by Seller in Valley Independent Bank, any notes or other receivables from broadcast properties outside of California, any deposits with the Bureau of Land Management and/or deposits with any other third party;

(v) Any other property of Seller not specifically listed in Sections 1.1(a) through 1.1(f) hereof.

1.2 **Assumption of Liabilities.** At the Closing (as defined in Article 8), Buyer shall assume and undertake, pursuant to an instrument of assumption reasonably acceptable to counsel for Buyer and counsel for Seller, to pay, satisfy or discharge all obligations arising from the operation of any of the Stations under the Contracts ("Buyer Obligations").

1.3 **No other Liabilities Assumed.** Except as expressly provided in Section 1.2 hereof, Buyer shall not and does not assume any liability for any claims, debts, defaults, duties, obligations or liabilities of Seller of any kind or nature, whether known or unknown, contingent or fixed, all of which, to the extent that they exist from and after the Closing, shall be retained by Seller.

ARTICLE 2

PURCHASE PRICE

2.1 **Purchase Price.** The total purchase price for the Assets shall be Two Million Dollars (\$2,000,000.00), less credits due to Buyer for both the sale of the El Centro main studio building and for interest in connection therewith, and also subject to any prorations.

2.2 **Payment of Purchase Price.** Buyer shall pay Purchase Price at Closing by wire transfer, payable as timely directed by Seller.

2.3 **Allocation of Purchase Price.** Prior to the Closing, Seller and Buyer shall use their best efforts to agree upon an allocation of the Purchase Price. Failure to agree upon such an allocation shall not be grounds for either party to delay the Closing. If Seller and Buyer are unable to agree on the allocation within sixty (60) days after Closing, the question of allocation shall be submitted to an independent certified public accountant mutually agreed to by both parties (the "Accountant") for determination, and the decision of the Accountant shall be mandatory and binding on Seller and Buyer. The fees and expenses of the Accountant shall be paid one-half by Buyer and one-half by Seller, unless the Accountant decides that such division of fees and expenses is inequitable under the circumstances. Buyer and Seller shall use the final allocation for all reporting purposes in connection with federal, state and local income and franchise taxes. Buyer and Seller each agree to prepare and file their respective tax returns reflecting such allocations.

ARTICLE 3

SELLER'S REPRESENTATIONS AND WARRANTIES

Seller hereby represents and warrants to Buyer as follows:

3.1 **Organization and Standing.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California, is duly qualified to do business as a corporation in the State of California, and has full and complete authority to enter into and perform this Agreement. Seller has the authority to own or lease its properties and to carry on its business as it is now being conducted and as it will be conducted until the Closing.

3.2 **Authorization and Binding Effect of Agreement.** At Closing, Seller's performance of its obligations under this Agreement and the consummation by Seller of the transactions contemplated hereby will have been duly authorized and approved by all necessary corporate action on the part of Seller and copies of resolutions (certified by the secretary of Seller) to such effect will have been delivered to Buyer. Seller has the corporate power and corporate authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions hereby contemplated. This Agreement constitutes the legal and valid obligation of Seller enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors, rights or remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

3.3 **Absence of Conflicts.** Except as set forth in this Agreement, the execution and delivery of and the performance of its obligations under this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby:

- (a) do not in any material respect (with or without the giving of notice or the passage of time or both) violate or result in the creation of any lien on any of the Assets under any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Seller;
- (b) do not conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under (i) the corporate charters or bylaws of Seller, (ii) pursuant to any Contract except as set forth in Schedule 1(e), (iii) any judgment, decree, order or award of any court, governmental body or arbitrator applicable to Seller, or (iv) result in the creation of any lien, mortgage, pledge, encumbrance or claims of any kind or nature (collectively, "Liens") upon any of the Assets.

3.4 **Title to Assets.** Except as set forth on Schedule 3.4 and except for liens covering current property taxes not yet delinquent, Seller has good, marketable and valid title to all of the Assets free and clear of all Liens. Seller is aware of no events or circumstances that would cause any lien for unpaid taxes to be asserted against the Assets.

3.5 **FCC Licenses.**

- (a) Seller is the holder of the Licenses. Except as disclosed in Schedule 3.5(a), the FCC Authorizations (i) are valid, in good standing and in full force and effect and constitute all of the licenses, permits and authorizations required by the Act and the rules, policies and regulations of the FCC for the operation of the Stations as now operated, (ii) constitute all the licenses and authorizations issued by the FCC to Seller for or in connection with the current operation of the Stations, and (iii) permit the operation of the Business as presently operated and are in full force and effect. Except as noted in Schedule 3.5(a), the Business is being operated in all material respects in accordance with (A) the terms and conditions of the FCC Authorizations and (B) rules, regulations and policies of the FCC and the Business will be so operated as of the Closing Date. Except for proceedings affecting the broadcast industry as a whole and except as may be the result of Buyer's acts or omissions, Seller has not been served with or received notice of any pending or threatened actions, proceedings or investigations which have a reasonable probability of resulting in the revocation, cancellation, non-renewal or limitation of any of the FCC Authorizations for the Business, the denial of any pending application for renewal of an FCC Authorization or the imposition of any administrative sanctions with respect to any of the Stations or the Business.
- (b) All applications, reports and statements relating to the Stations currently required to be filed by the Seller with the FCC ("FCC Reports") have been filed and complied with and are true, correct and complete in all material respects. All such FCC Reports shall continue to be filed on a timely basis until the Closing Date and will be true, correct and complete in all material respects. All documents required by the FCC's rules to be placed in each of the Stations' public files have been placed and are being held in such files. All logs and business records of every type and nature relating to the Business and required to be maintained by the rules and regulations of the FCC have been maintained in all material respects in accordance with such rules and regulations and are at the respective Stations.

3.6 **Contracts.** With respect to the Contracts, Schedule 1(e) sets forth accurate and complete list of all contracts and all amendments, modifications and supplements thereto.

3.7 **Broker's or Finder's Fees.** No agent, broker, investment banker or other person or firm acting on behalf of or under the authority of Seller or any affiliate of Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee, directly or indirectly, in connection with the transactions contemplated by this Agreement.

3.8 **Government Consents and Consents of Third Parties.** Except for the required consent of the FCC and except as disclosed on Schedule 1(f), Seller's execution and delivery of, and the performance of its obligations under this Agreement and the consummation by Seller of the transactions contemplated hereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration of filing with, any court or public

agency or other authority, or the consent of any person under any agreement, arrangement or commitment of any nature to which Seller is a party to or bound by.

3.9 **Solvency.** After giving effect to the transactions contemplated hereby, as of the Closing Date (a) the fair market value of the assets of Seller will exceed the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Seller, as they mature, (b) Seller will not have unreasonably small capital to carry out its business as conducted or proposed to be conducted and (c) Seller does not intend to, or believe that it will, incur debts beyond its ability to pay such debts as they mature.

3.10 Notwithstanding anything to the contrary in this Article 3, Seller shall not be deemed to be in breach of any of the foregoing representations and warranties to the extent that the failure of such representation or warranty to be true and correct is caused by the acts or omissions of Buyer.

ARTICLE 4

BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer hereby represents and warrants to Seller as follows:

4.1 **Organization and Standing.** Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the State of Nevada, is duly qualified to do business as a corporation in the State of California, and has full and complete authority to enter into and perform this Agreement. Buyer has the authority to own or lease its properties and to carry on its business as it is now being conducted and as it will be conducted at the Closing.

4.2 **Authorization and Binding Effect of Agreement.** At Closing, Buyer's performance of its obligations under this Agreement and the consummation by Buyer of the transactions contemplated hereby will have been duly authorized and approved by all necessary corporate action on the part of Buyer and copies of resolutions (certified by the corporate secretary of Buyer) to such effect will have been delivered to Seller. Buyer has the corporate power and corporate authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions hereby contemplated. This Agreement constitutes the legal and valid obligation of Buyer enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors, rights or remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4.3 **Absence of Conflicts.** Buyer's execution and delivery of, and the performance of its obligations under this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby:

- (a) do not conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under any judgment, decree, order or award of any court, governmental body or arbitrator applicable to Buyer.
- (b) do not (with or without the giving of notice or the passage of time or both) violate (or result in the creation of any Lien on any of the assets or properties of Buyer under) any provision of law, rule or regulation or any order, judgment, injunction, decree or ruling applicable to Buyer in any manner which would have a material adverse effect on the assets, business, operation or financial condition or results of operations of Buyer, or on the ability of Buyer to fulfill its obligations under this Agreement and consummate the transactions contemplated by this Agreement;
- (c) do not (with or without the giving of notice or the passage of time or both) conflict with or result in a breach or termination of, or constitute a default or give rise to a right of termination or acceleration under the corporate charter or by-laws of Buyer or any agreement, commitment or other instrument which Buyer is a party to or bound by or by which any of its assets or properties may be bound.

4.4 **Government Consents and Consents of Third Parties.** Except for the required consent of the FCC, Buyer's execution and delivery of, and the performance of its obligations under this Agreement and the consummation by Buyer of the transactions contemplated hereby, do not require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration of filing with, any court or public agency or other authority, or the consent of any person under any agreement, arrangement or commitment of any nature to which Buyer is a party to or bound by.

4.5 **Financial Ability.** Buyer has the financial ability to consummate the purchase and sale contemplated hereunder.

4.6 **FCC Qualifications.** Buyer meets the criteria of the FCC to qualify as an assignee of the FCC Authorizations. To the best of Buyer's knowledge, there is no reason why the FCC will not unconditionally grant the Application for consent to assignment of the FCC Authorizations.

ARTICLE 5

COVENANTS

5.1 **Seller's Negative Covenants.** Between the date hereof and the Closing Date, except as otherwise expressly required or contemplated by this Agreement or with Buyer's written consent, which consent shall not be unreasonably withheld, Seller covenants that it will not:

- (a) take, cause or permit any act, or failure to act, which causes the FCC Authorizations to expire, be surrendered, adversely modified or otherwise terminated, or which causes the FCC to institute any proceedings for the suspension, revocation or adverse modification of any of the FCC Authorizations; fail to prosecute with due diligence any pending applications to the FCC with respect to the FCC Authorizations; or take any other action that would result in the Stations being in material noncompliance with the requirements of the Act, or the rules, regulations or policies of the FCC;
- (b) abandon, sell or transfer any of the Assets other than in the ordinary course of business;
- (c) encumber or mortgage any property or assets included in the Assets, or permit any new Lien to attach to any of such property or assets; or
- (d) enter into any agreements, contracts, leases, commitments, or understandings (collectively, "Additional Agreements") relating to the Business or modify, amend or terminate (except for Contracts which expire by their terms) any Contract.

5.2 **Seller's Affirmative Covenants.** Between the date hereof and the Closing Date, Seller covenants that it will:

- (a) take all reasonable actions at all times to maintain, preserve, protect and keep in material conformance with the requirements of the FCC Authorizations and the applicable rules and regulations of the FCC all the Assets and other property materially necessary to the conduct of the Stations' Business; and
- (b) timely file all FCC Reports.

5.3 **Buyer's Covenants.** Between the date hereof and the Closing Date, Buyer covenants that, to the extent that any of Contracts are not assignable by their terms without another party's consent, it will furnish such information as such other party may reasonably require and to otherwise cooperate fully with Seller in obtaining the same.

5.4 **Joint Covenants of Buyer and Seller.** Following the execution of this Agreement, Buyer and Seller each covenant to the other:

- (a) to proceed diligently to prepare and file with the FCC within ten (10) business days after execution of this Agreement, their respective portions of the FCC application and other necessary instruments ("Application") required to obtain the FCC Consent and Final Order (as such terms are herein defined), and thereafter, to cooperate with each other and use their best, diligent and good faith efforts to obtain the FCC Consent and Final Order. Buyer and Seller shall promptly answer FCC inquiries and vigorously oppose any protests, petitions to deny, petitions for reconsideration or appeal of the FCC Consent

that may be filed and shall make good faith efforts to avoid designation for hearing. Seller, with the cooperation of Buyer and at no cost to Seller, shall cause the Stations to broadcast such announcements as are required by the FCC concerning the filing of the FCC Application and any amendments thereto. The cost of publication of any required newspaper advertising concerning the filing of the FCC application and any amendments thereto shall be paid by Seller. Buyer and Seller shall each bear their own legal and other fees and expenses involved in the preparation and prosecution of the Application, except for the Application filing fee, which they shall pay in equal shares;

- (b) If any event should occur, either within or without the knowledge or control of Buyer or Seller, that would prevent fulfillment of the conditions upon the obligations of any party hereto to consummate the transactions contemplated by this Agreement, Buyer and Seller shall use its or their good faith efforts to cure the same as expeditiously as possible; and
- (c) If the FCC Consent contains any materially adverse condition, the party upon which that condition is imposed shall use its reasonable, diligent and good faith efforts to remove the same before the Closing Date; provided that, as to any such condition that is or would be a condition to Seller's continued operation of any of the Stations, Seller shall comply therewith and shall bear all related costs without limitation. The term "FCC Consent" shall mean an order or other action taken or issued by the FCC consenting to the acquisition by Buyer of the Stations and the assignment of the FCC Authorizations to Buyer. The term "Final Order" shall mean FCC Consent which is not reversed, stayed, enjoined, set aside, annulled or suspended and with respect to which no timely filed request for administrative or judicial review, reconsideration, appeal or stay is pending, and as to which the time for filing any such request, or for the FCC to set aside the FCC Consent on its own motion, has expired.

5.5 **Further Assistance.** After the Closing of this Agreement, Buyer and Seller shall take such actions and properly execute and deliver such further instruments as, in the reasonable opinion of counsel for Buyer or Seller, as the case may be, may be necessary or desirable to assure, complete and evidence the transactions provided for in this Agreement.

5.6 **Access to Records and Files.** After the Closing Date, each party will retain and preserve for five years and, upon either party's request and cost, make available to the other during normal business hours for any proper purpose, any records relating to the Business prior to Closing. Additionally, each party will permit the party-requesting access to make copies and extracts therefrom and will provide originals to the party requesting access where reasonably required for any lawful purpose. Neither party will dispose of or destroy such records without first giving the other prior notice and a reasonable opportunity, at that party's expense, to segregate and remove any of such records as it may select.

ARTICLE 6

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to satisfaction, on or before the Closing Date, of each of the following conditions, any or all of which Buyer shall have the right to waive at its sole option and risk:

6.1 **Representations and Warranties True.** All representations and warranties of Seller shall be true and correct in all material respects on and as of the Closing Date.

6.2 **Covenants and Conditions Satisfied.** All of the terms, covenants and conditions of this Agreement to be complied with, performed or satisfied by Seller on or before the Closing Date shall have been complied with, performed or satisfied in all material respects, and Seller shall not be in default hereunder.

6.3 **Certificate.** Buyer shall have received a certificate dated as of the Closing Date, executed by a duly authorized officer of Seller, stating that (a) the representations and warranties of Seller contained in this Agreement are true and complete in all material respects on and as of the Closing Date as though made on and as of the Closing Date, except for changes that are permitted by this Agreement and set forth in the Certificate; and (b) between the date hereof and the Closing Date, Seller has complied with or performed all covenants in all material respects contained in this Agreement required to be complied with or performed by Seller.

6.4 **Final Order.** The FCC Consent shall have been obtained and shall have become a Final Order, unless Buyer and Seller mutually consent to a Closing without waiting for the FCC Consent to become a Final Order.

6.5 **Actions or Proceedings.** No action, suit, proceeding or investigation by or before any court, administrative agency or other government authority shall have been instituted or threatened to restrain, prohibit or invalidate the transactions contemplated by this Agreement.

6.6 **Closing Deliveries.** All of the requirements of Article 9 shall have been met.

ARTICLE 7

CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to satisfaction, on or before the Closing Date, of each of the following conditions, any or all of which Seller shall have the right to waive at its sole option and risk:

7.1 **Representations and Warranties True.** All representations and warranties of Buyer shall be true and correct in all material respects on and as of the Closing Date.

7.2 **Covenants and Conditions Satisfied.** All of the terms, covenants and conditions of this Agreement to be complied with, performed or satisfied by Buyer on or before the Closing Date shall have been complied with, performed or satisfied in all material respects and Buyer shall not be in default hereunder.

7.3 **Certificate.** Seller shall have received a certificate dated as of the Closing Date, executed by a duly authorized officer of Buyer, stating that (a) the representations and warranties of Buyer contained in this Agreement are true and complete in all material respects on and as of the Closing Date as though made on and as Closing Date, except for changes that are permitted by this Agreement and set forth in the Certificate; and (b) between the date hereof and the Closing Date, Buyer has complied with or performed all covenants in all material respects contained in this Agreement required to be complied with or performed by Buyer.

7.4 **Final Order.** The FCC Consent shall have been obtained and shall have become a Final order, unless Buyer and Seller mutually agree to close without waiting for the FCC Consent to become a Final Order.

7.5 **Actions or Proceedings.** No action, suit, proceeding or investigation by or before any court, administrative agency or other governmental authority shall have been instituted or threatened to restrain, prohibit or invalidate any of the transactions contemplated by this Agreement.

7.6 **Closing Deliveries.** All of the requirements of Article 10 shall have been met.

ARTICLE 8

THE CLOSING

Subject to the terms and conditions of this Agreement, including, without limitation, Section 6.4 and Section 7.4, the consummation of the transactions contemplated by this Agreement ("Closing") shall take place on a date (the "Closing Date") that is the later of (a) ten (10) business days after the FCC Consent becoming a Final Order or (b) April 30, 2008.

ARTICLE 9

SELLER'S CLOSING DELIVERIES

On the Closing Date, Seller shall deliver or cause to be delivered to Buyer possession of the Assets and the following:

9.1 **Bills of Sale, Documents of Title.** Such bills of sale, endorsements, assignments and other instruments of transfer and conveyance as shall be reasonably satisfactory in form and substance to counsel for Buyer transferring and assigning to Buyer good and marketable title to all of the Assets, free and clear of any and all Liens of any kind whatsoever, except for any liens covering current property taxes not yet delinquent.

9.2 **Assignments.** Assignments to Buyer, in form for recording, when applicable, of the Licenses, Contracts and Intangible Personal Property.

9.3 **Certified Resolutions.** A copy of the resolution adopted by the Shareholder of Seller that authorizes and approves the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, certified by a duly authorized representative of Seller.

9.4 **Certificate.** A certificate of Seller, as previously set forth in Section 6.3.

9.5 **Further Instruments.** Such further instruments of sale, transfer, conveyance, assignment or delivery covering the Assets of any part thereof as the Buyer may reasonably require to assure the full and effective sale, transfer, conveyance, assignment or delivery, to it of the Assets to be transferred to the Buyer under this Agreement.

9.6 **Consents.** Copies of the consents to all third-party Contracts requiring consents that the Seller, using its best commercial efforts, has been able to obtain; and

9.7 **Other Documents.** Such other documents as the Buyer may reasonably request.

ARTICLE 10

BUYER'S CLOSING DELIVERIES

On the Closing Date, Buyer shall deliver or cause to be delivered to Seller the following:

10.1 **Purchase Price.** The Purchase Price as set forth in Article 2 hereof;

10.2 **Limited Assumption of Liability.** An assumption by Buyer of the obligations set forth in Section 1.2;

10.3 **Certified Resolutions.** A copy of the resolutions adopted by the Board of Directors of Buyer authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby, certified by a duly authorized representative of Buyer;

10.4 **Certificate.** A certificate of Buyer as set forth in Section 7.3; and

10.5 **Other Documents.** Such other documents as Seller may reasonably request.

ARTICLE 11

RISK OF LOSS

11.1 **Risk of Loss.** The risk of any loss, damage or destruction to any of the Assets from fire or other casualty or cause shall be borne prior to Closing by the Buyer. Seller shall at

the Closing assign to Buyer all rights under any insurance claim covering the interim loss of any Assets and shall pay over to Buyer any proceeds under any such insurance policy theretofore received by Seller with respect thereto.

ARTICLE 12

INDEMNIFICATION

12.1 **Survival of Representations and Warranties.** All covenants and agreements pertaining to matters to be performed after Closing and all representations and warranties contained in this Agreement shall survive for a period not to exceed one (1) year after the Closing Date ("Survival Period"). No claim may be brought under this Agreement or with respect to the transactions described herein unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the Survival Period. In the event such notice is so given, the right to indemnification with respect thereto under this Article 12 shall survive the Survival Period until such claim is finally resolved and any obligations with respect thereto are fully satisfied.

12.2 **Indemnification by Seller.**

- (a) Seller agrees to pay and discharge and to save and protect Buyer and its officers, directors, shareholders and affiliates free and harmless from all losses, obligations, claims, judgments, suits, liabilities, costs, expenses and demands (including reasonable attorneys' fees incurred by Buyer with respect thereto) (collectively "Seller's Obligations") against, arising out of or in connection with only (1) any lease, contract or other agreement of Seller not assumed by Buyer pursuant to this Agreement; (2) any material breach or violation by Seller of any covenant, agreement or warranty herein contained, or the material inaccuracy of any representation of Seller made in this Agreement; (3) Seller's operation of the Stations prior to the Effective Date of the Option Agreement; and (4) relating to environmental matters arising from, during or relating to Seller's operation of the Stations prior to the Effective Date of the Option Agreement.
- (b) Notwithstanding anything contained herein to the contrary, Seller shall not be obligated to indemnify Buyer pursuant to Subsection (a) above (i) for any amounts in excess of the Purchase Price in the aggregate, or (ii) unless and until the aggregate amount of Seller's obligations exceeds Seventy-Five Thousand Dollars (\$75,000).

12.3 **Indemnification by Buyer.**

- (a) Buyer agrees to pay and discharge and to save and protect Seller and its officers, directors, shareholders and affiliates free and harmless from all losses, obligations, claims, judgments, suits, liabilities, costs, expenses and demands (including but not limited to attorney fees incurred by Seller with

respect thereto) against, arising out of or in connection with (i) any lease, contract, or other agreement of Seller to be assumed by Buyer pursuant to this Agreement; (ii) operation of the Stations and the Assets from and after the Effective Date of the Option Agreement or its ownership of the Stations and the Assets from and after the Closing; and (iii) any material breach or violation by Buyer, of any covenant, agreement or warranty herein contained or the material inaccuracy of any representation of Buyer made in this Agreement.

- (b) Notwithstanding anything contained herein to the contrary, Buyer shall not be obligated to indemnify Seller unless and until the aggregate amount of Buyer's obligations exceeds Seventy-Five Thousand Dollars (\$75,000).

12.4 **Indemnification Procedures**. In the event that any party hereto asserts a claim for indemnification hereunder, such party seeking indemnification shall give written notice to the indemnifying party specifying the nature and the amount, if known, of the claim asserted. The indemnifying party shall then have the right, using counsel reasonably satisfactory to the party seeking indemnification, to investigate, secure, contest or settle the claim alleged by such third party (hereinafter called a "contest"), provided that the party seeking indemnification may participate voluntarily, at its own expense, in any such contest through representatives and counsel of its own choice, and, provided further, that any such action by the indemnifying party relating to the contest shall be without prejudice to the party seeking indemnification. The indemnifying party shall not, without the indemnified party's written consent, settle or compromise any claim or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the indemnified party of a release from all liability in respect of such claim. No Claim for indemnification shall be asserted more than one year after the matter giving rise to the indemnification first arose. Except as provided otherwise in the immediately preceding paragraph, the indemnifying party shall bear all costs of such contests and shall indemnify and hold the party seeking indemnification harmless against and from all costs, fees, and expenses of such contest. Unless and until the indemnifying party elects to prosecute the contest, the party seeking indemnification shall have the full right, at its option, to do so and to look to the indemnifying party under the provisions of this Agreement for the amount of the costs, if any, of prosecuting the contest. The failure of the indemnifying party to respond in writing to the aforesaid notice of the party seeking indemnification with respect to such contest within thirty (30) days after the receipt thereof shall be deemed an election not to prosecute the same. If the indemnifying party fails to prosecute the contest and the party seeking indemnification does not prosecute the contest or does so and the decision is rendered against it, the amount paid by the party seeking indemnification to the third party in settlement or satisfaction of the contest shall be deemed a valid claim hereunder. The parties hereto shall make mutually available to each other all relevant information in their possession relating to any such contest and shall cooperate in the defense thereof.

ARTICLE 13

TERMINATION BEFORE CLOSING; DEFAULT AND REMEDIES

13. **Termination before Closing.** If Closing shall not have previously occurred, this Agreement may be terminated:

- (a) upon ten (10) days' prior written notice by either party to the other party if the Closing Date shall not have occurred on or before one (1) year from the date of this Agreement; provided, however, that if on said first anniversary date the FCC has not issued a decision on the parties' Application or the FCC Consent has been obtained but has not become a Final Order, and if all other conditions of the obligations of the parties to this Agreement have been or could be satisfied or waived, then such termination date shall be extended until ten (10) business days after the FCC Consent becomes a Final Order; provided, however, that if no Closing has occurred by April 30, 2008, then Buyer unilaterally may extend the Closing Date so long as a prorated Management Services Fee is paid to Seller each month until the Closing (as the Parties' Management Services Agreement will be automatically extended until the Closing) .
- (b) upon ten (10) days prior written notice by either party to the other party at any time following a determination by the FCC that the application for consent to assignment of the FCC Licenses has been designated for an administrative hearing; provided that the party whose actions or omissions resulted in such designation shall not have the right to terminate this Agreement;
- (c) by either party, if the other party is in default hereunder (as provided in Section 13.2 hereof), or upon failure of any condition precedent to such party's obligation to close set forth in Article 6 or Article 7.
- (d) By either party, if the FCC Consent contains conditions which are materially adverse to such party or, in the case of Buyer, to the ownership or operation of the Assets or the Stations if this Agreement is consummated, except for such conditions that affect the broadcasting industry as a whole and except for any such conditions which are expressly accepted by the adversely affected party.

13.2 **Default and Remedies.**

- (a) A party hereunder shall be in default hereunder upon the occurrence of any one or more of the following events:
 - (i) The breach of any representation or warranty by either party hereunder unless such breach is cured prior to the Closing Date;
 - (ii) The failure by either party to consummate the transactions contemplated by this Agreement in violation of the provisions of this Agreement;

(iii) The failure by either party to perform any other of its obligations under this Agreement, where such failure shall continue for a period of thirty (30) days after delivery of written notice of demand therefor from the other party; provided, however, that if more than thirty (30) days are reasonably required to cure such failure, then the failing party shall not be deemed to be in default thereof if such party, in good faith, has commenced such cure within said thirty (30) day period and hereafter diligently prosecutes such cure to completion and completes such cure prior to Closing.

(b) If one party is in default hereunder, and such default is not cured pursuant to the foregoing section 13.2(a) of this Agreement, the non-defaulting party may terminate this Agreement forthwith in addition to its other remedies at law or in equity.

ARTICLE 14

CONTROL OF STATION

Between the date of this Agreement and the Closing Date, Buyer shall not unlawfully control the operation of the Stations or the conduct of their business, all of which shall remain under the ultimate control of Seller, provided that this Article shall not be deemed (i) to constitute consent by Buyer to Seller's noncompliance (if any) with this Agreement nor (ii) to interfere with the parties' rights under their Management Services Agreement, including Buyer's right to extend the term of that agreement for such period as to effectuate the parties' ability to consummate this Agreement.

ARTICLE 15

MISCELLANEOUS

15.1 **Further Actions.** From time to time before, at and after the Closing, each party, at its own expense and without further consideration, will execute and deliver such documents to the other party as the other party may reasonably request in order more effectively to consummate the transactions contemplated hereby.

15.2 **Notices.** All notices, demands or other communications given hereunder shall be in writing and shall be sufficiently given if delivered by overnight delivery service or by telecopy, addressed as follows:

(a) If to Seller:

Pacific Media Corporation
Attn.: Peter Sieler, Vice President
2494 Easy Street
Effingham, SC 29541
Telecopy: 843-664-2843

With a copy to:

Hon. Robinson O. Everett
2812 Erwin Road #305
Durham, NC 27706
Telecopy: 919-382-2883

(b) If to Buyer:

Gulf-California Broadcast Company
Attn.: David R. Bradley, Jr.
News-Press & Gazette Co.
825 Edmond Street
St. Joseph, MO 64501
Telecopy: (816) 271-8695

With a copy to:

Robert Lewis Thompson, Esq.
Smithwick & Belendiuk, PC
Suite 301
5028 Wisconsin Ave., NW
Washington, DC 20016
Telecopy: (202) 363-4266

- (c) or such other addresses with respect to any party hereto as such party may from time to time specify (as provided above) to the other parties hereto. Any such notice, demand or communication shall be deemed to have been given (i) if personally delivered or otherwise sent overnight, then on the date delivered or (ii) if sent by telecopy, then on the next business day after the date sent.

15.3 **Entire Agreement.** This Agreement and the Schedules and Exhibits hereto constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any prior negotiations, agreements, understandings or arrangements between the parties hereto, or their predecessors, with respect to the subject matter hereof.

15.4 **Binding Effect; Benefits.** Except as otherwise provided herein, this Agreement and all other documents to be executed in connection herewith shall inure to the benefit of and be binding upon the parties hereto and their respective successors and/or assigns. Except to the extent specified herein, nothing in this Agreement, express or implied, shall confer on any person other than the parties hereto and their respective successors or assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

15.5 **Assignment.**

- (a) Neither party shall assign this Agreement or any of its rights, privileges or duties hereunder without the prior written consent of the other party, which shall not be unreasonably withheld. Seller shall not withhold its consent to

assignment by Buyer merely because of financial gain to be realized by Buyer as a result of Buyer's assignment. In the case of assignment by Buyer, the parties agree that it shall be unreasonable for Seller to withhold its consent to such assignment if:

- (i) The financial condition of the proposed assignee is at least as strong as the financial condition of Buyer as of the date of the proposed assignment; and
 - (ii) The proposed assignee is qualified under the FCC Requirements to become the assignee of the FCC Authorizations; and
 - (iii) The representations and warranties to be made by Buyer are true and correct as to the proposed assignee in all material respects.
- (b) Buyer may, without the prior written consent of Seller, assign this Agreement and Buyer's rights, privileges and duties hereunder if the proposed assignee is either a wholly owned subsidiary or affiliate or is its parent, so long as the proposed assignee meets the requirements of Subsections 15.5.b and 15.5.c, above. Seller may, subject to Section 15.13 hereof and without the consent of Buyer, assign this Agreement to an accommodator in order to effectuate an exchange pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, but subject to Section 13.1(a)'s provisions for extension of the Management Services Agreement. Any assignment of the rights and privileges hereunder, whether by Seller or Buyer, shall not relieve the assigning party of any responsibility or liability hereunder.

15.6 **Arbitration.** Any controversy or claim arising out of or relating to this Agreement (other than a dispute to be resolved by the Accountant as provided herein) or the breach thereof shall be settled by arbitration in Palm Springs, California, by one (1) arbitrator (unless the parties mutually agree to accept multiple arbitrators) in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof. The cost of any such arbitration shall be borne equally by the parties involved unless the arbitrator(s) deem such division of costs to be inequitable, in which event the arbitrator(s) may allocate the costs of arbitration among the parties thereto as they deem just and equitable under the circumstances. The parties hereto specifically agree that the provisions of Section 1283.05 of the Code of Civil Procedure of the State of California are incorporated into, made a part of, and made applicable to any arbitration pursuant to this Section where the aggregate amount in controversy exceeds \$10,000, exclusive of costs, expenses and fees.

15.7 **Attorneys' Fees; Prejudgment Interest.** In the event of commencement of either arbitration or suit by either party to enforce the provisions of this Agreement, the prevailing party shall be entitled to receive such attorneys, fees and costs as may be adjudged reasonable in addition to any other relief granted. Any award of damages as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law.

15.8 **Governing Law.** This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of California, without regard to the choice of law provisions in that State, including all matters of construction, validity and performance.

15.9 **Amendments and Waivers.** No term or provision of this Agreement may be amended, waived, discharged or terminated orally but only by an instrument in writing signed by the party against whom the enforcement of such amendment, waiver, discharge or termination is sought. Any waiver shall be effective only in accordance with its express terms and conditions.

15.10 **Severability.** Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof, and any such unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law now or hereafter in effect which renders any provision hereof unenforceable in any respect.

15.11 **Headings.** The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

15.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and by either party on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.13 **Cooperation with Exchange.** At Seller's request, Buyer will cooperate with Seller to effectuate an exchange pursuant to, Section 1031 of the Internal Revenue Code of 1986, as amended; provided, however, that such exchange shall not cause a delay in obtaining the consent of the FCC to the transfer of the Licenses.


15.14 **Schedules And Exhibits; Filing.** Unless otherwise specified herein, each Schedule and Exhibit referred to in this Agreement is attached hereto, and each such Schedule and Exhibit is hereby incorporated by reference and made a part hereof as if fully set forth herein. To the extent permitted by the FCC, the Schedules shall not be filed with the FCC or otherwise disclosed or made public.

15.15 **Remedies; Specific Performance.** The Seller's obligations under this Agreement are unique. If the Seller should default in its obligations under this Agreement, the Seller acknowledges that it would be extremely impractical to measure the resulting damages to the Buyer; accordingly, the Buyer, in addition to any other available rights and remedies may request the arbitrators for specific performance or injunctive relief, and the Seller expressly waives the defense that a remedy in damages will be adequate.

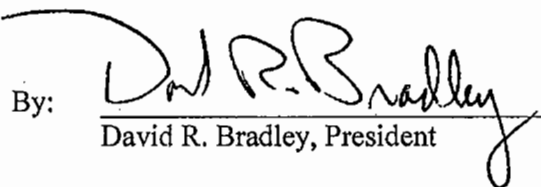
(signature page follows)

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed as of the date first written above.

"SELLER" PACIFIC MEDIA CORPORATION,
a California Corporation

By: 
Robinson O. Everett, President

"BUYER" GULF-CALIFORNIA BROADCAST COMPANY,
a Nevada Corporation

By: 
David R. Bradley, President