

## **ASSET PURCHASE AGREEMENT**

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), is made as of February 4, 2005, by and among Bedrock & Associates, LLC, a Washington limited liability company ("Bedrock"), Thunderegg Wireless, LLC, a Washington limited liability company ("Thunderegg")(Bedrock and Thunderegg collectively referred to as "Seller"), and Horizon Broadcasting Group LLC, a Washington limited liability company ("Buyer").

### **Recitals**

A. Thunderegg is 100% owned by Bedrock & Associates, LLC, its Sole Member, whose Members are Messrs. Lance Anderson and George V. Kriste.

B. Seller owns and operates radio broadcast station KWPK-FM (formerly KPXA (FM)), Sisters, Oregon ("the Station"), pursuant to certain authorizations issued by the Federal Communications Commission (the "FCC").

C. Seller and Buyer entered into a Joint Sales Agreement ("JSA") and Option Agreement on March 27, 2001 (the "Option Agreement").

D. On March 27, 2001, Buyer lent Seller the sum of Eighty Five Thousand One Hundred Dollars (\$ 85,100.00) to cover Seller's costs of constructing the Station (the "Construction Loan"), and Seller executed a Promissory Note and Security Agreement in favor of Buyer. The current balance on said Promissory Note is Sixty Eight Thousand Eight Hundred Thirty One Dollars and Forty-six cents (\$68,831.46).

E. Buyer, having duly-exercised its option desires to acquire subject to the terms and conditions set forth herein, the Station's Assets (defined below).

### **Agreement**

NOW, THEREFORE, taking the foregoing into account, and in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, hereby agree as follows:

#### **ARTICLE 1: PURCHASE OF ASSETS**

1. 1. Station Assets. On the terms and subject to the conditions hereof, on the Closing Date (defined below), Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all of the right, title and interest of Seller in and to all of the assets, properties, interests and rights of Seller of whatsoever kind and nature, real and personal, tangible and intangible, which are used or useful in the operation of the Station (the "Station Assets"), including but not limited to the following:

(a) all licenses, permits and other authorizations which are issued to Seller by the FCC with respect to the Station (the "FCC Licenses");

(b) such tangible personal property as is set forth on Schedule 7.6 to this Agreement (the "Tangible Personal Property");

(c) all contracts, agreements, and leases which are used or useful in the operation of the Station ("Station Contracts");

(d) all of Seller's rights in and to the Station's call letters and Seller's rights in and to the trademarks, trade names, service marks, franchises, copyrights, computer software, programs and programming material, jingles, slogans, logos, and other intangible property which are used or useful in the operation of the Station (the "Intangible Property");

(e) Seller's rights in and to all the files, documents, records, and books of account (or copies thereof) relating to the operation of the Station, including the Station's local public files, programming information and studies, blueprints, technical information and engineering data, advertising studies, marketing and demographic data, sales correspondence, lists of advertisers, credit and sales reports, and logs, but excluding records relating to Excluded Assets (defined below); and

The Station Assets shall be transferred to Buyer free and clear of liens, claims, liabilities, mortgages, pledges, encumbrances, conditions, charges or rights of others of any kind ("Liens") except for (i) Assumed Obligations (defined in Section 2.1), (ii) liens for taxes not yet due and payable, and (iii) such liens, easements, rights of way, building and use restrictions, exceptions, reservations and limitations that do not in any material respect detract from the value of the property subject thereto or impair the use thereof in the ordinary course of the business of the Station.

1.2. Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the following assets along with all right, title and interest therein (the "Excluded Assets"):

(a) all cash and cash equivalents of Seller, including without limitation certificates of deposit, commercial paper, treasury bills, marketable securities, asset or money market accounts and all such similar accounts or investments;

(b) contracts of insurance and all insurance proceeds or claims made thereunder;

(c) any pension, profit-sharing or cash or deferred (Section 401(k)) plans and trusts and the assets thereof and any other employee benefit plan or arrangement and the assets thereof, if any, maintained by Seller; and

(d) the Seller's personal assets used at Seller's Main Studio Location, 854 N.E. Fourth Street, Bend, Oregon, except for certain assets included in Schedule 7.6 to this Agreement.

## ARTICLE 2: ASSUMPTION OF OBLIGATIONS

2.1. Assumed Obligations. On the Closing Date, Buyer shall assume the obligations of Seller (the "Assumed Obligations") arising after Closing under the Station Contracts.

2.2. Retained Obligations. Buyer does not assume or agree to discharge or perform and will not be deemed by reason of the execution and delivery of this Agreement or any agreement, instrument or document delivered pursuant to or in connection with this Agreement or otherwise by reason of the consummation of the transactions contemplated hereby, to have assumed or to have agreed to discharge or perform, any liabilities, obligations or commitments of Seller of any nature whatsoever whether accrued, absolute, contingent or otherwise and whether or not disclosed to Buyer, other than the Assumed Obligations (the "Retained Obligations"). Without limiting the generality of the foregoing, Retained Obligations shall include (i) any liability of the Seller for income taxes, (ii) any liability of the Seller for the unpaid taxes of any person other than the Seller as a transferee or successor by contract or otherwise, (iii) all liabilities and obligations of Seller or the Station arising out of events, conduct, or conditions existing or occurring prior to the Closing, and (iv) all liabilities and obligations of Seller regarding, and claims with respect to, (A) all compensation and benefits persons earned or accrued while employed by the Seller or the Station on or before the Closing, including without limitation, accrued salary and wages (including overtime), accrued vacation time and personal time, sick leave, premiums or benefits under any Benefit Plan or Benefit Arrangement (both as defined below), incentive or bonus compensation, retention, severance, termination, and redundancy pay, and pay in lieu of notice; (B) any other benefits owed to any current or former employee of the Seller whose employment ends (or is treated as ending) in connection with completing the transactions this Agreement contemplates; (C) all other liabilities resulting from the employment or cessation of employment of employees of the Seller or the Station on or before the Closing; and (D) any expenses associated with workers' compensation claims or for medical, dental and disability (both long-term and short-term) benefits, whether insured or self-insured, owed to employees or former employees of the Seller based upon (I) exposure to conditions existing before the Closing or (II) disabilities existing before the Closing.

## ARTICLE 3: PURCHASE PRICE

3.1. Purchase Price. The Purchase Price for the Station Assets to be sold in the following amounts and times under the stated conditions shall be as follows: **FOUR HUNDRED SEVENTY-FIVE THOUSAND DOLLARS** (\$475,000.00).

3.2. Option Fee. Seller acknowledges that it has received from Buyer the sum of **ONE HUNDRED THOUSAND DOLLARS** (\$100,000.00) (the "Option Fee"). At Closing, the Option Fee shall be deducted from the Purchase Price.

3.3. Payment at Closing. On the Closing Date, Buyer shall pay to Seller in immediately available funds, subject to adjustment pursuant to Section 3.4, **THREE HUNDRED SEVENTY FIVE THOUSAND DOLLARS** (\$375,000.00), subject to adjustment pursuant to Section 3.4 (the "Purchase Price Balance").

3.4. Prorations and Adjustments. Except as otherwise provided herein, all deposits, reserves and prepaid and deferred income and expenses relating to the Station Assets or the Assumed Obligations and arising from the conduct of the business and operations of the Station shall be prorated between Buyer and Seller in accordance with generally accepted accounting principals as of 11:59 p.m. on the date immediately preceding the Closing Date. Such prorations shall include, without limitation, all ad valorem, property taxes, business and license fees, FCC regulatory fees, music and other license fees (including any retroactive adjustments thereof), utility expenses, amounts due or to become due under Station Contracts, rents, lease payments and similar prepaid and deferred items. Except as otherwise provided herein, the prorations and adjustments contemplated by this Section 3.4, to the extent practicable, shall be made on the Closing Date. As to those prorations and adjustments not capable of being ascertained on the Closing Date, an adjustment and proration shall be made within ninety (90) calendar days of the Closing Date. In the event of any disputes between the parties as to such adjustments, the amounts not in dispute shall nonetheless be paid at the time provided herein and such disputes shall be determined by an independent certified public accountant mutually acceptable to the parties, and the fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer.

3.5. Forgiveness of Construction Loan. In addition to the items set forth in Section 3.4, at the Closing Buyer shall release Seller from any obligation to repay the Construction Loan.

#### ARTICLE 4: CLOSING

4.1. Closing. The consummation of the sale and purchase of the Station Assets (the "Closing") shall occur at a time and place agreed to by the parties on a date which shall be no later than fifteen (15) days after satisfaction of all conditions to Closing, or such other date as may be agreed upon by Buyer and Seller (the "Closing Date"), subject to satisfaction or waiver of the conditions to Closing contained herein (other than those to be satisfied at Closing).

#### ARTICLE 5: GOVERNMENTAL CONSENTS

5.1. FCC. Within five (5) business days after the execution of this Agreement, Buyer and Seller shall file an application with the FCC (the "FCC Application") requesting consent of the FCC to the assignment of the FCC Licenses to Buyer (the "FCC Consent"). Buyer and Seller shall diligently prosecute the FCC Application and otherwise use their best efforts to obtain the FCC Consent as soon as possible.

5.2. General. Buyer and Seller 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. Buyer and Seller shall furnish each other with such information and assistance as such the other may reasonably request in connection with their preparation of any

governmental filing hereunder. If Buyer or Seller becomes aware of any fact relating to it which would prevent or delay the FCC Consent, it shall promptly notify the other party thereof and take such reasonable steps as necessary to remove such impediment, provided, however, that neither party shall be required to pay any consideration or make any divestiture.

#### ARTICLE 6: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby makes the following representations and warranties to Seller:

6.1. Organization and Standing. Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is qualified to do business as a foreign limited liability company in the State of Oregon. Buyer has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer pursuant hereto (collectively, the "Buyer Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

6.2. Authorization. The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.3. No Conflicts. Neither the execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements nor the consummation by Buyer of any of the transactions contemplated hereby or thereby nor compliance by Buyer with or fulfillment by Buyer of the terms, conditions and provisions hereof or thereof will: (i) conflict with any organizational documents of Buyer or any law, judgment, order or decree to which Buyer is subject; or (ii) require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except the FCC Consent.

6.4. Qualification. Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Station under the Communications Act of 1934, as amended (the "Communications Act"), and the existing rules, regulations and policies of the FCC.

6.5. No "Finders." No broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions

contemplated hereby as a result of any agreement or action of Buyer or any party acting on Buyer's behalf.

#### ARTICLE 7: REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Buyer:

7.1. Organization. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized; Thunderegg is qualified to do business as a foreign limited liability company in the State of Oregon. Seller has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Seller pursuant hereto (collectively, the "Seller Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

7.2. Authorization. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all necessary action of Seller and do not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.3. No Conflicts. Neither the execution and delivery by Seller of this Agreement and the Seller Ancillary Agreements nor the consummation by Seller of any of the transactions contemplated hereby or thereby nor compliance by Seller with or fulfillment by Seller of the terms, conditions and provisions hereof or thereof will: (i) conflict with any organizational documents of Seller or any law, judgment, order, or decree to which Seller is subject or any Station Contract or other agreement; or (ii) require the approval, consent, authorization or act of, or the making by Seller of any declaration, filing or registration with, any third party or any foreign, federal, state or local court, governmental or regulatory authority or body, except the FCC Consent.

7.4. Licenses and Permits. Schedule 7.4 hereto contains a true and complete list of all federal, state and local governmental licenses and permits (including the FCC Licenses) necessary, used or useful in the operation of the Station (as it is currently operated) or the ownership of the Station Assets (collectively, "the Authorizations"). The FCC Licenses expire no sooner than February 01, 2006. Seller has all material permits, licenses, approvals, and authorizations of all Federal, state and local authorities necessary for it to carry on its business as presently conducted and all such permits, licenses, approvals and authorizations have been validly obtained, are in full force and effect and to the best of Seller's knowledge, no suspension or cancellation of any of them is threatened. The FCC Licenses have not been revoked, canceled,

rescinded or terminated and have not expired. The FCC Licenses are free and clear of any conditions or restrictions which would limit the full operation of the Station or which would have a material adverse effect on the assets, liabilities, condition (financial or otherwise), results of operations, business or business prospects of the Station. There is not pending any action by or before the FCC to revoke, suspend, cancel, rescind or materially adversely modify any of the FCC Licenses (other than proceedings to amend FCC rules of general applicability), and there is not now issued or outstanding, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture against Seller with respect to the Station. The Station is operating in compliance in all material respects with the FCC Licenses, the Communications Act, and the rules, regulations and policies of the FCC.

7.5. Taxes. Seller has timely filed all foreign, federal, state, county and local income, excise, personal property, sales, use, franchise and other tax returns and reports relating to the Station and has paid all taxes due that relate to the Station, whether or not shown on any tax return. No deficiencies for any taxes, assessments, or other governmental charges relating to the Station have been asserted or assessed against the Seller and remain unpaid.

7.6. Personal Property. Schedule 7.6 contains a list of all material items of Tangible Personal Property used or useful in the operation of the Station, other than the Excluded Assets. Seller has good and marketable title to the Tangible Personal Property free and clear of Liens other than Permitted Liens. All Tangible Personal Property is in a good state of maintenance, repair, and operating condition in order to conduct the operations and business of the Station as now conducted, ordinary wear and tear excepted. For purposes of this Agreement, the phrase "Permitted Liens" shall mean:

(1) Liens (but only to the extent related to amounts owing that are not yet delinquent or which are being contested in good faith by appropriate proceedings) securing taxes, assessments or governmental charges or levies, or arising in connection with workers' compensation, unemployment insurance or social security obligations, materialmen, mechanics, carriers, warehousemen, landlords and other like persons or entities;

(2) Attachment, judgment or similar liens arising in connection with court proceedings (other than liens (a) which are discharged or stayed pending appeal within sixty (60) days of attachment or levy, and, if so stayed, the stay remains in effect or (b) payment of which is covered in full (subject only to customary and reasonable deductibles) by insurance or surety bonds);

(3) Liens in favor of Buyer; and

(4) Liens affecting real property interests consisting of (a) zoning regulations, (b) easements, (c) set-back lines, or (d) covenants, conditions or restrictions, now existing or hereafter arising.

7.7. Contracts. Schedule 7.7 sets forth all the Station Contracts. Each of the Station Contracts (including without limitation an Antenna Site Lease for a site on Awbrey Butte, Bend, Oregon) is in effect and is binding upon Seller and, to Seller's knowledge, the other parties

thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally). Seller has performed its obligations under each of the Station Contracts in all material respects, and is not in material default thereunder, and to Seller's knowledge, no other party to any of the Station Contracts is in default thereunder in any material respect. Seller is not aware of any intention of any party to any material Station Contract (i) to terminate such Station Contract, or to amend the terms thereof, (ii) to refuse to renew the same upon the expiration of its term, or (iii) to renew the same upon its expiration only upon terms and conditions which are more onerous than those pertaining to such existing Station Contract, except as set forth in Schedule 7.7. Assuming that the requests consents shall have been obtained, Seller has full legal power and authority to assign its rights under the Station Contracts to Purchaser in accordance with this Agreement, and such assignment will not affect the validity, enforceability, and continuation of any of the Station Contracts.

7.8. Environmental. No hazardous or toxic substance, waste or substance (including without limitation petroleum products, asbestos, and PCBs) regulated under any environmental, health or safety law has been generated, stored, transported or released on, in, from or to Station. To Seller's knowledge, Seller has complied in all material respects with all environmental, health and safety laws and regulations applicable to the Station. No governmental agency or third party has provided any written notice or claim alleging or asserting any non-compliance or potential liability under environmental, health, or safety laws in connection with any violation at or by the Station of any Environmental Law.

7.9. Intangible Property. Schedule 7.9 contains a description of the material Intangible Property included in the Station Assets. Seller has received no notice of any claim that its use of the Intangible Property infringes upon any third party rights. Seller owns or has the right to use the Intangible Property free and clear of Liens other than Permitted Liens.

7.10. Compliance with Law. Seller has complied in all material respects with all laws, regulations, rules, writs, injunctions, ordinances, franchises, decrees or orders of any court or of any foreign, federal, state, municipal or other governmental authority which are applicable to the operation of the Station. There is no action, suit or proceeding pending or threatened against Seller in respect of the Station that will subject Buyer to liability or which questions the legality or propriety of the transactions contemplated by this Agreement. To Seller's knowledge, there are no governmental claims or investigations pending or threatened against Seller in respect of the Station (except those affecting the industry generally).

7.11. Broker's Fee. Gary Stevens, Inc. ("Broker"), acted on Seller's behalf in this transaction and Seller shall be solely responsible for and shall pay to Broker the fee established in a separate agreement between Seller and Broker. Seller agrees to indemnify and hold Buyer harmless from any broker's (of finder's) fee or commission as a result of Seller's dealings in connection with this Agreement.

7.12. Absence of Litigation. There are no demands, claims, actions, suits, litigation, governmental or arbitration proceedings, investigations or labor disputes pending or, to Seller's knowledge, threatened against Seller (to the extent relating to the Station) or any of the Station



Assets or to which Seller or any of Seller's employees (to the extent relating to the Station) is a party.

7.13. Sufficiency of Station Assets. The Station Assets constitute all of the assets and properties used in and necessary to conduct and operate the Station consistent with past practice, other than the Excluded Assets.

7.14. Sale of Broadcast Programming Time. Seller is not a party to any contracts or other commitments with respect to the sale or barter of any broadcast time on the Station, except for the purchase and sale of advertising time to Buyer pursuant to the JSA.

7.15. Employee Benefit Plans and Labor and Employment Matters.

(a) There is no circumstance existing now or event that has occurred in the past that could cause Buyer to have any liability of any kind arising out of, relating to, or in any way connected with any Benefit Plan or Benefit Arrangement now or ever maintained by the Seller or any of its ERISA Affiliates. Neither Seller nor any of its ERISA Affiliates now contributes or has ever contributed to any Benefit Plan subject to Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA"). For purposes of this Agreement, "Benefit Arrangement" means any benefit arrangement, obligation, or practice to provide benefits (other than merely as salary or under a Benefit Plan), as compensation for services rendered, to present or former directors, employees, agents, or independent contractors, including, but not limited to, employment or consulting agreements, severance agreements or pay policies, executive or incentive compensation programs or arrangements, sick leave, vacation pay, plant closing benefits, salary continuation for disability, workers' compensation, retirement, deferred compensation, bonus, stock option or purchase, tuition reimbursement or scholarship programs, employee discount programs, meals, travel, or vehicle allowances, any plans subject to Section 125 of the Code, and any plans providing benefits or payments in the event of a change of control, change in ownership or effective control, or sale of a substantial portion (including all or substantially all) of the assets of any business or portion thereof, in each case with respect to any present or former employees, directors, or agents. "Benefit Plan" means an employee benefit plan as defined in Section 3(3) of ERISA, together with plans or arrangements that would be so defined if they were not otherwise exempt from ERISA by that or another section or individually negotiated or applicable only to one person. "ERISA Affiliate" means any Person that, together with the Seller, would be or was at any time treated as a single employer under Code Section 414 or ERISA Section 4001.

(b) With respect to employees of and service providers to the Station, (i) the Seller is complying and has complied in all material respects with all applicable domestic and foreign laws respecting employment and employment practices, terms and conditions of employment and wages and hours, including without limitation any such laws respecting employment discrimination, workers' compensation, family and medical leave, the Immigration Reform and Control Act, and occupational safety and health requirements, and no claims, investigations, grievances, or arbitrations are pending or, to Seller's knowledge, threatened with respect to such laws, either by private individuals or by governmental agencies, (ii) no labor union now represents or has ever represented employees of the Station and no labor union is

attempting to or has ever attempted to represent such employees, and (iii) all persons performing services for the Station who are classified as independent contractors do satisfy and have satisfied the requirement of law to be so classified.

#### ARTICLE 8: SURVIVAL

8.1. Survival of Warranties. All warranties, representations and covenants contained herein shall survive Closing hereunder for two (2) years from Closing Date. The acceptance of delivery of property or the delivery thereof hereunder shall not constitute a waiver of any warranty, representation, covenant or condition herein contained; and Seller and Buyer shall remain liable each to the other for damages resulting from the breach, nonperformance, failure or nonfulfillment of any warranties, representations or covenants.

#### ARTICLE 9: ACCOUNTS RECEIVABLE

9.1. Accounts Receivable. There are no accounts receivable arising prior to the Effective Date of the JSA. All accounts receivable arising under the JSA, including, but not limited to accounts receivable for advertising revenues for programs and announcements performed prior to the Closing Date, and other broadcast revenues for services performed prior to the Closing Date, shall remain the property of Buyer (the "Accounts Receivable") and Seller shall not acquire any right or interest therein.

#### ARTICLE 10: COVENANTS OF SELLER

10.1. Seller's Covenants. Seller covenants and agrees with respect to the Station that, between the date hereof and Closing, except as permitted by this Agreement or with the prior written consent of Buyer, which shall not be unreasonably withheld. Seller shall:

(a) operate the Station in the ordinary course of business consistent with past practice and in all material respects in accordance with FCC rules and regulations and with all other applicable laws, regulations, rules and orders, and in accordance with the JSA;

(b) not, other than in the ordinary course of business in accordance with past practice, sell, lease, mortgage, pledge, retire or dispose of or agree to sell, lease, mortgage, pledge, retire or dispose of any of the Station Assets, or create, assume or permit to exist any Liens upon the Station Assets, except for Permitted Liens;

(c) furnish Buyer with such information and site access relating to the Station Assets as Buyer may reasonably request, at Buyer's expense and provided such request does not interfere unreasonably with the business of the Station;

(d) keep and maintain the Assets being purchased hereunder in good operating condition and repair (normal wear and tear excepted);

(e) not enter into, nor become obligated under, (i) any program contract, whether for cash or barter, not terminable at the Closing, or (ii) any other agreement or

commitment on behalf of the Station, except for normal commitments for personal property, and services on the Station entered into in the ordinary and regular course of the operation of the Station, consistent with the Station's past and present practices and with the JSA, and which do not provide for payments, in the aggregate, in excess of Five Thousand Dollars (\$5,000.00) during the full terms of all such agreements and commitments, nor materially change, amend, terminate, or otherwise modify any agreement or commitment other than in the ordinary course of business;

(f) not make, nor commit to make, any payments, contribution, or award under or into any profit-sharing or similar plan, program, or trust on behalf of employees of the Station, except in accordance with any such plan, program, or trust currently maintained by Seller, and contributions which are made consistent with past practices;

(g) maintain and preserve the operations of the Station and use Seller's commercially reasonable efforts to maintain and preserve audience levels of the Station, and, consistent with the ordinary course of business, the Station's goodwill and the Station's present relationships with suppliers and others having business relations with them;

(h) not do any act which would reasonably be expected to result in the expiration, revocation, suspension, or modification of any of the Authorizations, or the imposition of any fines, levies or penalties by the FCC or by any other body, nor fail to do any act necessary in order to prevent the expiration, revocation, suspension, or modification of any of the Authorizations; and

(i) except as required by law, not enter into any collective bargaining agreement, or through negotiations or otherwise make any commitment or incur any liability to any labor organization with respect to the employees of the Station.

#### ARTICLE 11: JOINT COVENANTS

Buyer and Seller hereby covenant and agree that between the date hereof and Closing:

11.1. Cooperation. Each party (i) shall cooperate fully with one another in taking any reasonable actions (including without limitation, reasonable actions to obtain the required consent of any governmental instrumentality or any third party) necessary or helpful to accomplish the transactions contemplated by this Agreement, including but not limited to the prompt satisfaction of any condition to Closing set forth herein, and (ii) shall not take any action that conflicts with its obligations hereunder or that causes its representations and warranties to become untrue in any material respect.

11.2. Control of Station. Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Station prior to Closing. Such operations, including complete control and supervision of all Station programs, employees and policies, shall be the sole responsibility of Seller, as set forth in the JSA.

11.3. Consents to Assignment. The parties shall use commercially reasonable efforts to obtain any third party consents necessary for the assignment of any Station Contract (which shall not require any payment to any such third party).

11.4. Employee Matters. Prior to Closing, Seller shall deliver to Buyer a list of employees of the Station that Seller does not intend to retain after Closing. Buyer may interview and elect to hire such listed employees, but not any other employees of Seller at the Station. With respect to employees hired by Buyer, Seller shall provide Buyer access to its personnel records and such other information as Buyer may reasonably request prior to and after the Closing. With respect to such hired employees, Seller shall be responsible for its Benefit Plans and Benefit arrangements, including the payment of all compensation and employee benefits accrued or earned on or before Closing and thereafter Buyer shall be responsible for any obligations accrued or earned under Buyer's arrangements after hiring the employees. Nothing in this Agreement shall restrict or otherwise inhibit Buyer's right to terminate the employment of any person it hires on or after the Closing Date or to modify or terminate any Benefit Arrangement or Benefit Plan. Nothing expressed or implied in the Agreement shall give any employee any third party beneficiary rights or other rights to sue under or with respect to the Agreement.

11.5. Action and Delivery. After the Closing, each of the Parties, upon the reasonable request of the other, will take such other action and execute and deliver such further instruments of assignments, conveyance and transfer as may be reasonably necessary to assure, complete and evidence the full and effective transfer and conveyance of assets to be sold pursuant to this Agreement.

## ARTICLE 12: CONDITIONS OF CLOSING BY BUYER

The obligations of Buyer hereunder are, at its option, subject to satisfaction, at or prior to Closing, of each of the following conditions:

12.1. Representations, Warranties, and Covenants. The representations and warranties of Seller made as of the date of this Agreement shall be true and correct in all material respects as of the Closing Date, and the covenants and agreements to be complied with and performed by Seller at or prior to Closing shall have been complied with or performed in all material respects. Buyer shall have received a certificate dated as of the Closing Date from Seller, executed by an authorized officer or member of Seller to the effect that the conditions set forth in this Section have been satisfied.

12.2. Governmental Consents. (i) The FCC Consent shall have been obtained, and no court or governmental order prohibiting Closing shall be in effect, (ii) unless waived by Buyer, the FCC Consent shall have become a Final Order, and (iii) no court or governmental order prohibiting the Closing shall be in effect. For the purpose of this Agreement, an action or order of the FCC granting the FCC's Consent shall be deemed to have become a "Final Order" when such action or order shall have been issued by the FCC in writing, setting forth the FCC Consent, and (i) so long as such action or order shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, and (ii) so long as no protest, request for stay, reconsideration or review

by the FCC on its own motion or by any third party, petition for FCC reconsideration or for rehearing, application for FCC review, or judicial appeal of such action or order shall be pending, within the period provided by law for initiating such protest, request for stay, reconsideration or review by the FCC on its own motion, petition for FCC reconsideration or for rehearing, application for FCC review, or judicial appeal of such action or order.

12.3. Material Consents. The requisite consent to the assignment of the transmitter site lease (unless the lease is with Buyer or an affiliate of Buyer) described in Schedule 7.7 shall have been duly obtained and delivered to Buyer, with no material adverse change to the terms thereof, unless Buyer shall have consented in writing to such change.

#### ARTICLE 13: CONDITIONS OF CLOSING BY SELLER

The obligations of Seller hereunder are, at its option, subject to satisfaction, at or prior to Closing, of each of the following conditions:

13.1. Representations, Warranties and Covenants. The representations and warranties of Buyer made as of the date of this Agreement shall be true and correct in all material respects as of the Closing Date, and the covenants and agreements to be complied with and performed by Buyer at or prior to Closing shall have been complied with or performed in all material respects. Seller shall have received a certificate dated as of the Closing Date from Buyer, executed by an authorized officer of Buyer, to the effect that the conditions set forth in this Section have been satisfied.

13.2. Governmental Consents. The FCC Consent shall have been obtained, and no court or governmental order prohibiting Closing shall be in effect.

13.3. Payments Under JSA. Buyer shall have paid Seller all sums due Seller under the JSA.

#### ARTICLE 14: EXPENSES

14.1. Expenses. Each party shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement, except that (i) all transfer taxes, fees and charges, and any excise, sales or use taxes, applicable to the transfer of the Station Assets shall be paid equally by Buyer and Seller; and (ii) all FCC filing fees and recordation and documentary taxes, fees and charges shall be paid equally by Buyer and Seller.

#### ARTICLE 15: DOCUMENTS TO BE DELIVERED AT CLOSING

15.1. Seller's Documents. At Closing, Seller shall deliver or cause to be delivered to Buyer:

(i) certified copies of resolutions authorizing its execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby;

(ii) the certificate described in Section 12.1; and

(iii) such bills of sale, assignments, special warranty deeds, documents of title and other instruments of conveyance, assignment and transfer as may be necessary to convey, transfer and assign the Station Assets to Buyer, free and clear of Liens, except for Permitted Liens.

15.2. Buyer's Documents. At Closing, Buyer shall deliver or cause to be delivered to Seller:

(i) the certified copies of resolutions authorizing its execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby;

(ii) the certificate described in Section 13.1;

(iii) the Purchase Price in accordance with Section 3.1 hereof.;

(iv) an instrument releasing Seller from Seller's obligation to repay the Construction Loan; and

(v) such other documents or other instruments as Buyer may reasonably require in order to consummate the transactions herein.

#### ARTICLE 16: INDEMNIFICATION

16.1. Seller's Indemnification. Seller hereby agrees to indemnify and hold Buyer harmless from and against any and all losses, damages, costs, liabilities and expenses (including, without limitation, reasonable attorney's fees and disbursements) resulting from or arising out of:

16.1.1. Liabilities. Any and all liabilities, obligations, commitments or actions of Seller, or any nature at the time of Closing, whether absolute or contingent, matured or unmatured, known or unknown (including, but not limited to, all liabilities, obligations or commitments of Seller) which first accrued, occurred, or were to be performed, prior to the time of Closing, (i) under the contracts included in the Assets to be sold, or (ii) as a result of the business of the Seller or operation of the Station, or (iii) under all contracts, agreements and leases to which Seller is a party and which are not included in the Assets to be sold, except liabilities, obligations or commitments of Seller which first accrue or are to be performed following the time of Closing under the contracts included in the Assets;

16.1.2. Breaches. The breach of any of the representations, warranties, covenants or agreements of the Seller set forth in the Agreement.

Notwithstanding the foregoing, Seller shall have no liability to Buyer for duties and obligations of Buyer accruing under the JSA through the Closing Date, which duties and obligations shall survive termination of the JSA (the “JSA Obligations”).

16.2. Buyer’s Indemnification. Buyer hereby agrees to indemnify and hold Seller harmless from and against any and all losses, damages, costs, liabilities and expenses (Including, without limitation, reasonable attorney’s fees and disbursements) resulting from or arising out of:

16.2.1. Liabilities. Any and all liabilities, obligations, commitments or actions of Buyer, of any nature at or after the time of Closing, whether absolute or contingent, matured or unmatured, known or unknown (including, but not limited to, all liabilities, obligations or commitments of Buyer) which first accrued, occurred, or are to be performed, after the time of Closing (i) under the Contracts included in the Assets to be sold, or (ii) as a result of the business of the Buyer or the operation of the Station, or (iii) after the Closing, under all contracts, agreements and leases to which Buyer becomes a party.

16.2.2. Breaches. The breach of any of the representations, warranties, covenants or agreements of the Buyer set forth in the Agreement.

16.2.3 JSA Obligation. The JSA Obligations.

16.3. Right to Defend. Should any claim or liability be asserted by a third party against either Seller or Buyer which would give rise to a claim for indemnification under the provisions of this Article by a Party to this Agreement, then the Claimant shall promptly notify, in writing, the other Party to this Agreement, the Indemnitor, and the Indemnitor shall be entitled, at its own expense, and upon written notice to the Claimant, to compromise or defend such claim. The Claimant may not settle any claim without the consent of the Indemnitor, except upon terms and conditions offered or consented to by the Indemnitor.

16.4 Limitations on Claims.

16.4.1 Aggregate Limit. Neither the aggregate amount of any claim or claims for indemnification against the Seller nor the aggregate amount of any claim or claims for indemnification against the Buyer (other than for the JSA Obligations) shall exceed the Option Fee (as defined in the Option Agreement).

16.4.2 De Minimis Claims. No claim for indemnification pursuant to this Article 16 (other than for the JSA Obligations) shall be payable by the Seller or Buyer with respect to any matter until such losses, in the aggregate, amount to \$10,000, and then for all such amounts above \$10,000.

16.4.3 Exclusive Remedy. The remedies set forth in this Article 16 shall be the exclusive remedy available to Seller and Buyer for any and all losses as a result of the breach of or failure to satisfy or perform any representations, warranties, covenants and agreements of the Seller hereunder.

16.4.4 Survivability of Indemnity. If the Closing occurs, neither Seller nor Buyer will have any liability for indemnification under this Article 16 unless on or before the second anniversary of the Closing Date the indemnified party notifies the indemnifying party of a claim specifying the factual basis of that claim in reasonable detail to the extent then known by the indemnified party.

## ARTICLE 17: TERMINATION

17. 1. Termination. This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written consent of Buyer and Seller;
- (b) by written notice of Buyer to Seller if Seller (i) does not satisfy the conditions or perform the obligations to be satisfied or performed by it on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements contained herein (or in the JSA) and such breach or default is not cured within the Cure Period (or the relevant cure period in the JSA, as applicable);
- (c) by written notice of Seller to Buyer if Buyer (i) does not satisfy the conditions or perform the obligations to be satisfied or performed by it on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements contained herein (or in the JSA) and such breach or default is not cured within the Cure Period (or the relevant cure period in the JSA, as applicable);
- (d) by written notice of Buyer to Seller, or Seller to Buyer, if the FCC denies the FCC Application;
- (e) by written notice of Buyer to Seller, or Seller to Buyer, if, for any reason, the Assignment Applications are designated for hearing by the FCC; *provided, however*, that notice of termination must be given within twenty (20) days after release of the hearing designation order and that the party giving such notice is not in default and has otherwise complied with its obligations under this Agreement. Upon termination pursuant to this Section 17.1(e), the parties shall be released and discharged from any further obligation hereunder.
- (f) by written notice of Buyer to Seller, or Seller to Buyer, if the Closing shall not have been consummated on or before the date one hundred eighty (180) days after the date this Agreement is executed;
- (g) by written notice of Buyer to Seller pursuant to Section 18.1.

The term "Cure Period" as used herein means a period commencing the date Buyer or Seller receives from the other written notice of breach, defaults or non-fulfillment of any covenant hereunder and continuing until the earlier of (i) twenty (20) days thereafter or (ii) the



Closing Date; provided, however, that if the breach or default cannot reasonably be cured within such period but can be cured before the Closing Date, and if diligent efforts to cure promptly commence, then the Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Closing Date. Except as set forth in Section 17.3, the termination of this Agreement shall not relieve any party of any liability for breach, default or non-fulfillment of any covenant under this Agreement prior to the date of termination. Notwithstanding anything contained herein to the contrary, Section 14.1 shall survive any termination of this Agreement.

17.2. Remedies. The parties recognize that if either party refuses to consummate the Closing pursuant to the provisions of this Agreement or either party otherwise breaches or defaults such that the Closing has not occurred ("Breaching Party"), monetary damages alone will not be adequate to compensate the non-breaching party ("Non-Breaching Party") for its injury. Such Non-Breaching Party shall therefore be entitled to obtain specific performance of the terms of this Agreement in lieu of, and not in addition to, any other remedies, including but not limited to monetary damages, that may be available to it; provided however, that Seller may elect to recover liquidated damages in lieu of obtaining specific performance. If any action is brought by the Non-Breaching Party to enforce this Agreement, the Breaching Party shall waive the defense that there is an adequate remedy at law. In the event of a default by the Breaching Party which results in the filing of a lawsuit for damages, specific performance, or other remedy, the Non-Breaching Party shall be entitled to reimbursement by the Breaching Party of reasonable legal fees and expenses incurred by the Non-Breaching Party, provided that the Non-Breaching Party is successful in such lawsuit.

17.3. Liquidated Damages. If this Agreement is terminated by Seller pursuant to Section 17.1(c), then the Option Fee previously paid by Buyer to Seller, shall constitute Seller's liquidated damages. It is understood and agreed that such liquidated damages amount represents a reasonable estimate of actual damages and does not constitute a penalty. Such liquidated damages shall constitute Buyer's exclusive remedy upon such termination.

#### ARTICLE 18: MISCELLANEOUS PROVISIONS

18.1. Risk of Loss. The risk of loss by *force majeure* or for any other event or reason (including but not limited to loss, damage, condemnation, requisition or destruction) to the Station Assets (hereinafter, collectively, a "Loss") between the date of this Agreement and the Closing Date shall be on Seller. Seller shall have the option either to repair, replace and restore the Purchased Assets or the Station as soon as possible after any Loss, or to notify Buyer of its refusal to do so, in which case Buyer may elect to terminate this agreement. In the event the Station's signal transmission is interrupted or the Station's signal coverage area is materially impaired for a period of more than thirty (30) days, Buyer may terminate this Agreement.

18.2. Further Assurance. After the Closing, Seller shall from time to time, at the request of and without further cost or expense to Buyer, execute and deliver such other instruments of conveyance and transfer and take such other actions as may reasonably be requested in order to more effectively consummate the transactions contemplated hereby to vest in Buyer good title to the Assets, and Buyer shall from time to time, at the request of and without further cost or expense to Seller, execute and deliver such other instruments and take such other

actions as may reasonably be requested in order more effectively to relieve Seller of any obligations being assumed by Buyer hereunder.

18.3. Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld, except that either Buyer or Seller may assign its rights under this Agreement to an affiliate of Buyer or Seller. With respect to any permitted assignment, the parties shall take all such actions as are reasonably necessary to effectuate such assignment, including but not limited to cooperating in any appropriate filings with the FCC or other governmental authorities. All covenants, agreements, statements, representations, warranties and indemnities in this Agreement by and on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors and permitted assigns of the parties hereto.

18.4. Amendments. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought.

18.5. Headings. The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

18.6. Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of Oregon without giving effect to the choice of law provisions thereof.

18.7. Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, including by facsimile, and shall be deemed to have been received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery or when delivered by facsimile transmission, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller:

Thunderegg Wireless, LLC  
c/o Steven Seward, Esq.  
1500 4<sup>th</sup> Avenue-  
Suite 600  
Seattle, WA 98101

With a copies (which shall not constitute notice) to:

Mr. George V. Kriste

20643 Seaboard Road  
Malibu, California 90265

if to Buyer:

Horizon Broadcasting Group LLC  
854 N.E Fourth Street  
Bend, OR 97701  
Attention: Mr. Keith B. Shipman

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

Henry A. Solomon, Esq.  
Garvey Schubert Barer  
1000 Potomac Street, NW-Fifth Floor  
Washington, DC 20007-3501

18.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

18.9. No Third Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

18.10. Severability. The parties agree that if one or more provisions contained in this Agreement shall be deemed or held to be invalid, illegal or unenforceable in any respect under any applicable law, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

18.11. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein.

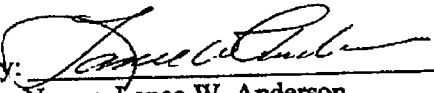
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[Signature Page to Asset Purchase Agreement between Thunderegg Wireless,  
LLC and Horizon Broadcasting Group LLC]

IN WITNESS WHEREOF, the parties have executed this Asset Purchase Agreement as  
of the date first set forth above.

SELLER:

**BEDROCK & ASSOCIATES, LLC/THUNDEREGG  
WIRELESS, LLC**

By:   
Name: Lance W. Anderson  
Title: Manager, Bedrock & Associates &  
Thunderegg Wireless, LLC

BUYER:

**HORIZON BROADCASTING GROUP LLC.**

By: \_\_\_\_\_  
Name: Keith B. Shipman  
Title: C.E.O. and President

[Signature Page to Asset Purchase Agreement between Thunderegg Wireless,  
LLC and Horizon Broadcasting Group LLC]

IN WITNESS WHEREOF, the parties have executed this Asset Purchase Agreement as  
of the date first set forth above.

SELLER:

**BEDROCK & ASSOCIATES, LLC/THUNDEREGG  
WIRELESS, LLC**

By: \_\_\_\_\_

Name: Lance W. Anderson

Title: Manager, Bedrock & Associates &  
Thunderegg Wireless, LLC

BUYER:

**HORIZON BROADCASTING GROUP LLC.**

By: \_\_\_\_\_

Name: Keith B. Shipman  
Title: C.E.O. and President