

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR QUARTERLY PERIOD ENDED MARCH 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER 333-76649

SALEM COMMUNICATIONS CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

77-0121400  
(I.R.S. EMPLOYER  
IDENTIFICATION NUMBER)

4880 SANTA ROSA ROAD, SUITE 300  
CAMARILLO, CALIFORNIA  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

93012  
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (805) 987-0400

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

As of May 1, 2000 there were 17,902,392 shares of Class A common stock and 5,553,696 shares of Class B common stock of Salem Communications Corporation outstanding.

SALEM COMMUNICATIONS CORPORATION

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SPECIAL CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 which involve risks and uncertainties. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Salem Communications Corporation, a Delaware corporation (the "Company"), expects or anticipates will or may occur in the future, including such things as business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Company's business and operations, plans, references to future success and other such matters are forward-looking statements. When used in this report, the words "anticipates," "believes," "expects," or words of similar import are intended to identify forward-looking statements. The forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform to the Company's expectations and predictions is subject to a number of risks: general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business operations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are urged to carefully review and consider the various disclosures made by the Company to advise interested parties of certain risks and other factors that may affect the Company's business and operating results, including the disclosures made under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report.

PART I - FINANCIAL INFORMATION

SALEM COMMUNICATIONS CORPORATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

SALEM COMMUNICATIONS CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>  
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	DECEMBER 31 1999	MARCH 31 2000
	-----	-----
---		
(UNAUDITED)		
ASSETS		
<S>	<C>	<C>
Current assets:		
4,109 Cash and cash equivalents.....	\$ 34,124	\$
16,534 Accounts receivable (less allowance for doubtful accounts of \$1,753 in 1999 and \$2,089 in 2000).....	17,481	
578 Other receivables.....	645	
2,348 Prepaid expenses.....	1,628	
-- Due from stockholders.....	905	
1,257 Deferred income taxes.....	732	
-----	-----	---
Total current assets.....	55,515	
24,826 Property, plant and equipment, net.....	50,665	

55,434		
Intangible assets, net.....	150,520	
171,967		
Bond issue costs.....	2,750	
2,662		
Other assets.....	4,914	
3,842		
-----		---
Total assets.....	\$ 264,364	\$
258,731		
=====		

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses.....	\$ 3,856	\$
3,502		
Accrued compensation and related.....	2,047	
2,178		
Accrued interest.....	2,546	
2		
Deferred subscription revenue.....	1,670	
1,798		
Income taxes.....	148	
305		
Current portion of long-term debt and capital lease obligations.....	3,248	
373		
-----		---
Total current liabilities.....	13,515	
8,158		
Long-term debt, less current portion.....	100,087	
101,090		
Deferred income taxes.....	7,232	
7,599		
Other liabilities.....	691	
702		
Stockholders' equity:		
Class A common stock, \$.01 par value; authorized 80,000,000 shares; issued and outstanding 17,902,392 shares.....	179	
179		
Class B common stock, \$.01 par value; authorized 20,000,000 shares; issued and outstanding 5,553,696 shares.....	56	
56		
Additional paid-in capital.....	147,380	
147,380		
Accumulated deficit.....	(4,776)	
(6,433)		
-----		---
Total stockholders' equity.....	142,839	
141,182		
-----		---
Total liabilities and stockholders' equity.....	\$ 264,364	\$
258,731		
=====		

</TABLE>

See accompanying notes

SALEM COMMUNICATIONS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED	
	MARCH 31	
	1999	2000
	-----	-----
<S>	<C>	<C>
Gross broadcasting revenue.....	\$ 22,326	\$ 24,662
Less agency commissions.....	1,901	2,053

Net broadcasting revenue.....	20,425	22,609
Other media revenue.....	1,095	1,791
	-----	-----
Total revenue.....	21,520	24,400
Operating expenses:		
Broadcasting operating expenses.....	11,379	12,705
Other media operating expenses.....	1,298	4,144
Corporate expenses.....	1,796	2,454
Depreciation and amortization (including \$195 in 1999 and \$494 in 2000 for other media businesses).....	4,111	4,939
	-----	-----
Total operating expenses.....	18,584	24,242
	-----	-----
Net operating income.....	2,936	158
Other income (expense):		
Interest income.....	25	288
Interest expense.....	(4,375)	(2,520)
Other expense.....	(120)	(287)
	-----	-----
Loss before income taxes.....	(1,534)	(2,361)
Benefit for income taxes.....	(226)	(704)
	-----	-----
Net loss.....	\$ (1,308)	\$ (1,657)
	=====	=====
Basic and diluted loss per share.....	\$ (.08)	\$ (.07)
	=====	=====
Basic and diluted weighted average shares outstanding.....	16,661,088	23,456,088
	=====	=====

</TABLE>

See accompanying notes

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SALEM COMMUNICATIONS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(UNAUDITED)

<TABLE>  
<CAPTION>

	THREE MONTHS ENDED MARCH 31	
	1999	2000
	-----	-----
OPERATING ACTIVITIES		
<S> Net loss.....	<C> \$ (1,308)	<C> \$ (1,657)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization.....	4,111	4,939
Amortization of bond issue costs and bank loan fees.....	144	121
Deferred income taxes.....	(382)	(158)
Changes in operating assets and liabilities:		
Accounts receivable.....	1,285	1,198
Prepaid expenses and other current assets.....	(330)	45
Accounts payable and accrued expenses.....	(4,736)	(2,748)
Deferred subscription revenue.....	56	128
Other liabilities.....	(231)	5
Income taxes.....	136	157
	-----	-----
Net cash provided by (used in) operating activities.....	(1,255)	2,030
INVESTING ACTIVITIES		
Capital expenditures.....	(1,579)	(3,527)
Deposits on radio station acquisitions.....	--	(445)
Purchases of radio stations.....	--	(26,465)
Purchases of other media businesses.....	(8,372)	--
Other assets.....	(72)	264
	-----	-----
Net cash used in investing activities.....	(10,023)	(30,173)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt and notes payable to stockholders.....	13,750	1,000

Payments of long-term debt and notes payable to stockholders.....	(2,310)	(2,811)
Payments on capital lease obligations.....	(42)	(61)
	-----	-----
Net cash provided by (used in) financing activities.....	11,398	(1,872)
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	120	(30,015)
Cash and cash equivalents at beginning of period.....	1,917	34,124
	-----	-----
Cash and cash equivalents at end of period.....	\$ 2,037	\$ 4,109
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest.....	\$ 7,715	\$ 4,970
Income taxes.....	20	37

</TABLE>

See accompanying notes

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SALEM COMMUNICATIONS CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

Information with respect to the three months ended March 31, 2000 and 1999 is unaudited. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited interim financial statements contain all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position, results of operations and cash flows of Salem Communications Corporation and Subsidiaries, for the periods presented. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in our annual report on Form 10-K for the year ended December 31, 1999.

NOTE 2. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

We purchased the assets (principally intangibles) of the following radio stations:

<TABLE>

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ACQUISITION DATE	STATION	MARKET SERVED	PURCHASE PRICE
-----	-----	-----	-----
<S>	<C>	<C>	(IN THOUSANDS) <C>
January 4, 2000.....	WNIV-AM and WLTA-AM	Atlanta, GA	\$ 8,000
January 10, 2000.....	WABS-AM	Washington, D.C.	4,100
January 25, 2000.....	KJQI-FM	San Francisco, CA	8,000
February 15, 2000.....	KAIM-AM/FM	Honolulu, HI	1,800
February 16, 2000.....	KHNR-AM and KGU-AM	Honolulu, HI	1,700
			-----
			\$ 23,600
			=====

</TABLE>

On January 18, 2000, we purchased real property in Dallas, Texas, for \$885,000.

On January 19, 2000, we agreed to exchange radio station KPRZ-FM, Colorado Springs, Colorado, plus \$7.5 million, for radio station KSKY-AM, Dallas, Texas. We anticipate this exchange will occur in May 2000.

On February 25, 2000, we purchased the KIEV-AM transmitter site in Los Angeles, California, for \$2.8 million.

On March 31, 2000, we purchased all of the outstanding shares of stock of Reach Satellite Network, Inc. (RSN), for \$3.1 million. RSN owns and operates

Solid Gospel, a radio broadcasting network that produces and distributes music programming to its own radio stations WBOZ-FM and WVMY-FM, Nashville, Tennessee, and to independent radio station affiliates. RSN also owns and operates SolidGospel.com, a web site on the Internet.

On March 6, 2000, we agreed to purchase the following radio stations for \$185.6 million: KDGE-FM, Dallas, Texas, KALC-FM, Denver, Colorado, KXXM-FM and KEZY-AM, Los Angeles, California, WYGY-FM and WBOB-AM, Cincinnati, Ohio, and WRMR-AM and WKNR-AM, Cleveland, Ohio. We anticipate this purchase will close in the third quarter of 2000. In connection with this agreement we deposited a \$25 million irrevocable letter of credit with an escrow agent. Under the agreement we are subject to a liquidated damages provision. If we fail to consummate the purchase or otherwise terminate the agreement we are required to pay \$21.4 million in addition to the \$25 million letter of credit, which would be disbursed to the seller.

#### NOTE 3. SUBSEQUENT EVENTS

On April 4, 2000, we purchased WGKA-AM, Atlanta, Georgia, for \$8.0 million. We financed this acquisition primarily by borrowing under our credit facility.

On April 14, 2000, we agreed to sell the rights to certain software currently owned by OnePlace in exchange for a promissory note in the amount of \$1.1 million.

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#### NOTE 4. BASIC AND DILUTED NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss by the weighted average number of common stock shares outstanding. Diluted net loss per share is computed by dividing net loss by the weighted average number of common stock shares and when dilutive, common stock share equivalents outstanding. Options to purchase 342,500 shares of common stock with exercise prices greater than average market prices of common stock were outstanding as of March 31, 2000. These options were excluded from the respective computations of diluted net loss per share because their effect would be anti-dilutive and, as such, basic and diluted net loss per share are the same.

#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

##### GENERAL

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report. Our condensed consolidated financial statements are not directly comparable from period to period because of our acquisition and disposition of radio stations and our acquisition of other media businesses. See Note 2 to our condensed consolidated financial statements.

We are the largest U.S. radio broadcasting company, measured by number of stations and audience coverage, providing programming targeted at audiences interested in religious and family issues. Our core business, developed over the last 25 years, is the ownership and operation of radio stations in large metropolitan markets. After completing our pending transactions, we will own or operate 70 radio stations, including 52 stations which broadcast to 21 of the top 25 U.S. markets. We also operate Salem Radio Network, a national radio network offering syndicated talk, news and music programming to over 1,300 affiliated radio stations.

Historically, the principal sources of our revenue are:

- the sale of block program time, both to national and local program producers,
- the sale of advertising time on our radio stations, both to national and local advertisers, and
- the sale of advertising time on our national radio network.

In 1999, we expanded our sources of revenue and product offerings with the acquisition of other media businesses.

Our broadcasting revenue is affected primarily by the program rates our radio stations charge and by the advertising rates our radio stations and network charge. The rates for block program time are based upon our stations' ability to attract audiences that will support the program producers through contributions and purchases of their products. Advertising rates are based upon the demand for advertising time, which in turn is based on our stations' and network's ability to produce results for its advertisers. Historically we have not subscribed to traditional audience measuring services. Instead, we market

ourselves to advertisers based upon the responsiveness of our audience. Each of our radio stations and our network have a general pre-determined level of time that they make available for block programs and/or advertising, which may vary at different times of the day.

In recent years, we have begun to place greater emphasis on the development of local advertising in all of our markets. We encourage general managers and sales managers to increase advertising revenue. We can create additional advertising revenue in a variety of ways, such as removing block programming that generates marginal audience response, adjusting the start time of programs to add advertising in more desirable time slots and increasing advertising rates.

As is typical in the radio broadcasting industry, our second and fourth quarter advertising revenue generally exceeds our first and third quarter advertising revenue. Quarterly revenue from the sale of block program time does not tend to vary, however, since program rates are generally set annually.

Our cash flow is affected by a transition period experienced by radio stations we have acquired when, due to the nature of the radio station, our plans for the market and other circumstances, we find it beneficial or advisable to change its format. This transition period

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is when we develop the radio station's program customer and listener base. During this period, these stations typically generate negative or insignificant cash flow.

In the broadcasting industry, radio stations often utilize trade or barter agreements to exchange advertising time for goods or services (such as other media advertising, travel or lodging), in lieu of cash. In order to preserve the sale of our advertising time for cash, we generally enter into trade agreements only if the goods or services bartered to us will be used in our business. We have minimized our use of trade agreements and have generally sold most of our advertising time for cash. In 1999, we sold 92% of our advertising time for cash. In addition, it is our general policy not to preempt advertising paid for in cash with advertising paid for in trade.

The primary operating expenses incurred in the ownership and operation of our radio stations include employee salaries and commissions, and facility expenses (for example, rent and utilities). In addition to these expenses, our network incurs programming costs and lease expenses for satellite communication facilities. We also incur and will continue to incur significant depreciation, amortization and interest expense as a result of completed and future acquisitions of radio stations and existing and future borrowings.

OnePlace has earned its revenue from the (1) sales of and advertising in print and online catalogs, (2) sales of software and software support contracts, (3) sales of products, services and banner advertising on the Internet, and (4) sales of web site development services. CCM Communications, Inc. earns its revenue by selling advertising in and subscriptions to its publications. The revenue and related operating expenses of these businesses are reported as "other media" on our condensed consolidated statements of operations.

The performance of a radio broadcasting company, such as Salem, is customarily measured by the ability of its stations to generate broadcast cash flow, EBITDA and after-tax cash flow. We define broadcast cash flow as net operating income, excluding other media revenue and other media operating expenses, and before depreciation and amortization and corporate expenses. We define EBITDA as net operating income before depreciation and amortization. We define after-tax cash flow as income (loss) before extraordinary items minus gain (loss) on disposal of assets (net of income tax) plus depreciation and amortization.

Although broadcast cash flow, EBITDA and after-tax cash flow are not measures of performance calculated in accordance with generally accepted accounting principles, and should be viewed as a supplement to and not a substitute for our results of operations presented on the basis of generally accepted accounting principles, we believe that broadcast cash flow, EBITDA and after-tax cash flow are useful because they are generally recognized by the radio broadcasting industry as measures of performance and are used by analysts who report on the performance of broadcast companies. These measures are not necessarily comparable to similarly titled measures employed by other companies.

In the following discussion of our results of operations, we compare our results between periods on an as reported basis (that is, the results of operations of all radio stations and network formats owned or operated at any time during either period) and on a "same station" basis. We include in our same station comparisons the results of operations of radio stations and network formats that:

- we own or operate for all of both periods;

- we acquire or begin to operate at any time after the beginning of the first relevant comparison period if the station or network format (i) is in a market in which we already own or operate a radio station or network format and (ii) is integrated with the existing station or network format for our internal financial reporting purposes; or
- we sell or cease to operate at any time after the beginning of the first relevant comparison period if the station or network format (i) was integrated with another station or network format in a market for our internal financial reporting purposes prior to the sale or cessation of operations and (ii) we continue to own or operate the other station or network format following the sale or cessation of operations.

We include in our same station comparisons the results of operations of our integrated stations and network formats from the date that we acquire or begin to operate them or through the date that we sell or cease to operate them, as the case may be.

#### RESULTS OF OPERATIONS

**Net Broadcasting Revenue.** Net broadcasting revenue increased \$2.2 million or 10.8% to \$22.6 million for the quarter ended March 31, 2000 from \$20.4 million for the same quarter of the prior year. The inclusion of revenue from the acquisitions of radio

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stations and revenue generated from local marketing agreements entered into during 1999 provided \$500,000 of the increase. On a same station basis, net broadcasting revenue improved \$1.7 million or 8.3% to \$22.1 million in 2000 from \$20.4 million in 1999. Included in the same station comparison are the results of three stations that we began to own or operate in 1999 for a total purchase price of \$13.0 million and one station that we began to own in 2000 for a total purchase price of \$4.1 million. The improvement was primarily due to an increase in revenue at the radio stations we acquired in 1998 and 1999 that previously operated with formats other than their current format, an increase in program rates and an increase in advertising time and improved selling efforts at both the national and local level. Revenue from advertising as a percentage of our gross broadcasting revenue decreased to 35.2% for the quarter ended March 31, 2000 from 35.7% for the same quarter of the prior year. Revenue from block program time as a percentage of our gross broadcasting revenue increased to 51.8% for the quarter ended March 31, 2000 from 51.3% for the same quarter of the prior year.

**Other Media Revenue.** Other media revenue increased \$700,000 to \$1.8 million for the quarter ended March 31, 2000 from \$1.1 million for the same quarter in the prior year. The increase is due primarily to the inclusion of three months of revenue during the quarter ended March 31, 2000 as compared to two months in the same quarter of the prior year. We acquired most of our other media businesses in January 1999.

**Broadcasting Operating Expenses.** Broadcasting operating expenses increased \$1.3 million or 11.4% to \$12.7 million for the quarter ended March 31, 2000 from \$11.4 million for the same quarter of the prior year. The inclusion of expenses from the acquisitions of radio stations and revenue generated from local marketing agreements entered into during 1999 provided \$600,000 of the increase. On a same station basis, broadcasting operating expenses increased \$700,000 or 6.1% to \$12.1 million in 2000 from \$11.4 million in 1999, primarily due to incremental selling and production expenses incurred to produce the increased revenue in the same period.

**Other Media Operating Expenses.** Other media operating expenses increased \$2.8 million to \$4.1 million for the quarter ended March 31, 2000 from \$1.3 million for the same quarter in the prior year. The increase is due primarily to the inclusion of three months of operating expenses during the quarter ended March 31, 2000 as compared to two months in the same quarter of the prior year and operating expenses due to the acquisitions of AudioCentral.com, Gospel Media Network, Inc. and the Involved Christian Radio Network, which we acquired after March 31, 1999.

**Broadcast Cash Flow.** Broadcast cash flow increased \$900,000 or 10.0% to \$9.9 million for the quarter ended March 31, 2000 from \$9.0 million for the same quarter of the prior year. As a percentage of net broadcasting revenue, broadcast cash flow decreased to 43.8% in 2000 from 44.3% in 1999. The decrease is primarily attributable to the effect of stations acquired during 1999 that previously operated with formats other than their current format. Acquired and reformatted radio stations typically produce low margins during the first few years following conversion. Broadcast cash flow margins improve as we implement scheduled program rate increases and increase advertising revenue on our stations. On a same station basis, broadcast cash flow improved \$1.0 million or 11.1% to \$10.0 million in 2000 from \$9.0 million in 1999.



Corporate Expenses. Corporate expenses increased \$700,000 or 38.9% to \$2.5 million in the quarter ended March 31, 2000 from \$1.8 million for the same quarter of the prior year, primarily due to additional overhead costs associated with radio station and other media acquisitions in 1999 and public reporting and related costs.

EBITDA. EBITDA decreased \$1.9 million or 27.1% to \$5.1 million for the quarter ended March 31, 2000 from \$7.0 million for the same quarter of the prior year. As a percentage of total revenue, EBITDA decreased to 20.9% in 2000 from 32.6% for the same quarter of the prior year. EBITDA was negatively impacted by the results of operations of our other media businesses acquired in 1999, which generated a net loss before depreciation and amortization of \$2.4 million for the quarter ended March 31, 2000 as compared to \$200,000 for the same quarter of the prior year. EBITDA excluding the other media businesses increased \$300,000 or 4.2% to \$7.5 million for the quarter ended March 31, 2000 from \$7.2 million for the same quarter of the prior year. As a percentage of net broadcasting revenue, EBITDA excluding the other media business decreased to 33.2% in 2000 from 35.3% in 1999. The decrease is primarily attributable to the effect of stations acquired during 1999 that previously operated with formats other than their current format and an increase in corporate expenses.

Depreciation and Amortization. Depreciation and amortization expense increased \$800,000 or 19.5% to \$4.9 million for the quarter ended March 31, 2000 from \$4.1 million for the same quarter of the prior year. The increase is primarily due to radio station and other media acquisitions consummated during 1999.

Other Income (Expense). Interest income increased \$263,000 to \$288,000 for the quarter ended March 31, 2000, from \$25,000 for the same quarter of the prior year, primarily due to the interest earned on the investment of the net proceeds of our initial public offering.

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Interest expense decreased \$1.9 million or 43.2% to \$2.5 million for the quarter ended March 31, 2000 from \$4.4 million in the same quarter of the prior year. The decrease is primarily due to interest expense associated with \$50 million in principal amount of the senior subordinated notes repurchased in July 1999. Other expense increased \$167,000 to \$287,000 for the quarter ended March 31, 2000 from \$120,000 for the same quarter of the prior year primarily due to increased bank commitment fees.

Benefit for Income Taxes. Benefit for income taxes as a percentage of loss before income taxes (that is, the effective tax rate) was (29.8%) for the quarter ended March 31, 2000 and (14.7%) for the same quarter of the prior year. For the quarter ended March 31, 2000 and 1999 the effective tax rate differs from the federal statutory income rate of 34.0% primarily due to the effect of state income taxes and certain expenses that are not deductible for tax purposes.

Net Loss. We recognized a net loss of \$1.7 million for the quarter ended March 31, 2000 as compared to a net loss of \$1.3 million for the same quarter of the prior year.

After-Tax Cash Flow. After-tax cash flow increased \$500,000 or 17.9% to \$3.3 million for the quarter ended March 31, 2000 from \$2.8 million for the same quarter of the prior year. This increase was partially offset by negative after-tax cash flow of our other media businesses. After-tax cash flow excluding our other media losses (net of income tax) increased \$1.8 million or 62.1% to \$4.7 million for the quarter ended March 31, 2000 from \$2.9 million for the same quarter of the prior year. The increase is primarily due to an increase in broadcast cash flow and a decrease in interest expense.

#### LIQUIDITY AND CAPITAL RESOURCES

We have historically financed acquisitions of radio stations through borrowings, including borrowings under bank credit facilities and, to a lesser extent, from operating cash flow and selected asset dispositions. We received net proceeds of \$140.1 million from our initial public offering in July 1999, which was used to pay a portion of our senior subordinated notes and amounts outstanding under our credit facility. We have historically funded, and will continue to fund, expenditures for operations, administrative expenses, capital expenditures and debt service required by our credit facility and senior subordinated notes from operating cash flow. At March 31, 2000 we had cash and cash equivalents of \$4.1 million and positive working capital of \$16.7 million.

We will fund future acquisitions from cash on hand, borrowings under our credit facility and operating cash flow; the aggregate purchase price for all pending acquisitions exceeds the maximum amount that we may currently borrow under our credit facility. We are evaluating alternatives to fund these acquisitions including amending our credit facility to allow a greater debt to cash flow ratio, selling some of our existing radio stations, and obtaining bridge financing. We believe that cash on hand, cash flow from operations,

borrowings under our credit facility, proceeds from the sale of some of our existing radio stations and anticipated bridge financing will be sufficient to permit us to meet our financial obligations, fund our pending acquisitions and fund operations for at least the next twelve months.

At March 31, 2000, we had \$1.0 million outstanding under our credit facility. In July 1999, we paid amounts outstanding of \$39.8 million with a portion of the net proceeds of our initial public offering. We amended our credit facility principally to increase our borrowing capacity from \$75 million to \$150 million, to lower the borrowing rates and to modify current financial ratio tests to provide us with additional borrowing flexibility. The amended credit facility matures on June 30, 2006. Aggregate commitments under the amended credit facility begin to decrease commencing March 31, 2001.

Amounts outstanding under our credit facility bear interest at a base rate, at our option, of the bank's prime rate or LIBOR, plus a spread. For purposes of determining the interest rate under our credit facility, the prime rate spread ranges from 0% to 1%, and the LIBOR spread ranges from 0.875% to 2.25%.

The maximum amount that we may borrow under our credit facility is limited by our debt to cash flow ratio, adjusted for recent radio station acquisitions (the "Adjusted Debt to Cash Flow Ratio"). The maximum Adjusted Debt to Cash Flow Ratio allowed under our credit facility is 6.00 to 1 through December 31, 2000. Thereafter, the maximum ratio will decline periodically until January 1, 2004, at which point it will remain at 4.00 to 1 through June 2006. The Adjusted Debt to Cash Flow Ratio at March 31, 2000 was 4.30 to 1, resulting in a borrowing availability of approximately \$77.2 million.

Our credit facility contains additional restrictive covenants customary for credit facilities of the size, type and purpose contemplated which, with specified exceptions, limits our ability to enter into affiliate transactions, pay dividends, consolidate, merge or effect certain asset sales, make specified investments, acquisitions and loans and change the nature of our business. The credit facility also requires us to satisfy specified financial covenants, which covenants require the maintenance of specified financial ratios

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and compliance with certain financial tests, including ratios for maximum leverage as described, minimum interest coverage (not less than 1.75 to 1), minimum debt service coverage (a static ratio of not less than 1.1 to 1) and minimum fixed charge coverage (a static ratio of not less than 1.1 to 1). The credit facility is guaranteed by all of our subsidiaries and is secured by pledges of all of our and our subsidiaries' assets and all of the capital stock of our subsidiaries.

For the quarter ended March 31, 2000 net cash provided by operating activities was \$2.0 million as compared to net cash used in operating activities of \$1.3 million for the same quarter of the prior year. This was due primarily to a smaller decrease in accrued interest during the quarter ended March 31, 2000 as compared to the same quarter of the prior year.

Net cash used in investing activities increased to \$30.2 million for the quarter ended March 31, 2000, compared to \$10.0 million for the same quarter of the prior year, primarily due to acquisitions (cash used of \$26.5 million to purchase ten radio stations and a network during the quarter ended March 31, 2000 as compared to cash used of \$8.4 million to purchase other media businesses for the same quarter of the prior year).

For the quarter ended March 31, 2000 net cash used in financing activities was \$1.9 million as compared to net cash provided by financing activities of \$11.4 million for the same quarter of the prior year. This was due primarily to smaller borrowings during the quarter ended March 31, 2000 as compared to the same quarter of the prior year.

On March 6, 2000, we agreed to purchase the following radio stations for \$186.6 million: KDGE-FM, Dallas, Texas, KALC-FM, Denver, Colorado, KXXM-FM and KEZY-AM, Los Angeles, California, WYGY-FM and WBOB-AM, Cincinnati, Ohio, and WRMR-AM and WKNR-AM, Cleveland, Ohio. We anticipate this purchase will close in the third quarter of 2000. In connection with this agreement we deposited a \$25 million irrevocable letter of credit with an escrow agent. Under the agreement we are subject to a liquidated damages provision. If we fail to consummate the purchase or otherwise terminate the agreement we are required to pay \$21.4 million in addition to the \$25 million letter of credit, which would be disbursed to the seller.

On April 4, 2000, we purchased WGKA-AM, Atlanta, Georgia, for \$8.0 million. We financed this acquisition primarily by a borrowing under our credit facility.

#### IMPACT OF YEAR 2000

In prior years, we discussed the nature and progress of our plans to become Year 2000 ready. In late 1999, we completed our remediation and testing of

systems. As a result of those planning and implementation efforts, we experienced no significant disruptions in mission critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. We are not aware of any material problems resulting from Year 2000 issues, either with our products, our internal systems, or the products and services of third parties. We will continue to monitor our mission critical computer applications and those of our suppliers and vendors throughout the Year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Derivative Instruments. We do not invest, and during the quarter ended March 31, 2000 did not invest, in market risk sensitive instruments.

Market Risk. Our market risk exposure with respect to financial instruments is to changes in LIBOR and in the "prime rate" in the United States. As of March 31, 2000, we may borrow \$77.2 million under our credit facility. At March 31, 2000, we had borrowed \$1.0 million under our credit facility. Amounts outstanding under the credit facility bear interest at a base rate, at our option, of the bank's prime rate or LIBOR, plus a spread. For purposes of determining the interest rate under our credit facility, the prime rate spread ranges from 0% to 1%, and the LIBOR spread ranges from 0.875% to 2.25%. At March 31, 2000, the blended interest rate on amounts outstanding under the credit facility was 9.0%. At March 31, 2000, a hypothetical 100 basis point increase in the prime rate would result in additional interest expense of \$10,000 on an annualized basis.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various routine legal proceedings, incident to the ordinary course of our business. Our management believes that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on our consolidated financial condition or our results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The use of proceeds from the offering is described in Note 2 in the Notes to Financial Statements in Part I above and is hereby incorporated by this reference.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters have been submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the period covered by this report.

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Set forth below is a list of exhibits included as part of this Quarterly Report:

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
3.01*	Amended and Restated Certificate of Incorporation of Salem Communications Corporation, a Delaware corporation.
3.02*	Bylaws of Salem Communications Corporation, a Delaware corporation.
4.01+	Indenture between Salem Communications Corporation, a California corporation, certain named guarantors and The Bank of New York, as Trustee, dated as of September 25, 1997, relating to the 9 1/2% Series A and Series B Senior Subordinated Notes due 2007.
4.02+	Form of 9 1/2% Senior Subordinated Note (filed as part of Exhibit 4.01).

- 4.03+ Form of Note Guarantee (filed as part of Exhibit 4.01).
- 4.04\*\*\* Credit Agreement, dated as of September 25, 1997, among Salem, the several Lenders from time to time parties thereto, and The Bank of New York, as administrative agent for the Lenders (incorporated by reference to Exhibit 4.07 of the previously filed Registration Statement on Form S-4).
- 4.05+ Borrower Security Agreement, dated as of September 25, 1997, by and between Salem and The Bank of New York, as Administrative Agent of the Lenders (incorporated by reference to Exhibit 4.07 of the previously filed Registration Statement on Form S-4).
- 4.06+ Subsidiary Guaranty and Security Agreement dated as of September 25, 1997, by and between Salem, certain named guarantors, and The Bank of New York, as Administrative Agent (incorporated by reference to Exhibit 4.09 of the previously filed Registration Statement on Form S-4).
- 4.07\*\*\* Amendment No. 1 and Consent No. 1, dated as of August 5, 1998, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as documentation agent, and the several Lenders (incorporated by reference to Exhibit 10.02 of previously filed Current Report on Form 8-K).
- 4.08\* Amendment No. 2 and Consent No. 2, dated as of January 22, 1999, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as documentation agent, and the Lenders.
- 4.09\* Specimen of Class A common stock certificate.
- 4.10\* Supplemental Indenture No. 1, dated as of March 31, 1999, to the Indenture, dated as of September 25, 1997, by and among Salem Communications Corporation, a California corporation, Salem Communications Corporation, a Delaware corporation, The Bank of New York, as Trustee, and the Guarantors named therein.
- 4.11\* Consent No. 3, dated as of March 31, 1999, to the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders named therein.

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EXHIBIT

NUMBER	DESCRIPTION OF EXHIBITS
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- | <S>     | <C>   |
|---------|---|
| 4.12*   | Assumption Agreement, dated as of March 31, 1999, by and between Salem Communications Corporation, a Delaware corporation, and The Bank of New York, as Administrative Agent.   |
| 4.13*   | Amendment No. 1 to the Grant of Security Interest (Servicemarks) by Salem to The Bank of New York, as Administrative Agent, under the Borrower Security Agreement, dated as of September 25, 1997, with the Administrative Agent.   |
| 4.14*   | Amendment No. 3 and Consent No. 4, dated as of April 23, 1999, under the Credit Agreement, dated as of September 25, 1997, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders party thereto. |
| 4.15*   | First Amended and Restated Credit Agreement by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America NT&SA, as Documentation Agent, and the Lenders named therein.  |
| 4.16+++ | Amendment No. 1 to First Amended and Restated Credit Agreement, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America, N.A., as Documentation Agent and the Lenders party thereto.   |
| 4.17+++ | Amendment No. 2 to First Amended and Restated Credit Agreement, by and among Salem, The Bank of New York, as Administrative Agent for the Lenders, Bank of America, N.A., as Documentation Agent and the Lenders party thereto.   |

10.01\* Amended and Restated Employment Agreement, dated as of May 19, 1999, between Salem and Edward G. Atsinger III.

10.02\* Amended and Restated Employment Agreement, dated as of May 19, 1999, between Salem and Stuart W. Epperson.

10.03.01+ Employment Contract, dated November 7, 1991, between Salem and Eric H. Halvorson.

10.03.02+ First Amendment to Employment Contract, dated April 22, 1996, between Salem and Eric H. Halvorson.

10.03.03+ Second Amendment to Employment Contract, dated July 8, 1997, between Salem and Eric H. Halvorson.

10.03.04+ Deferred Compensation Agreement, dated November 7, 1991, between Salem and Eric H. Halvorson.

10.03.05\* Third Amendment to Employment Agreement, entered into May 26, 1999, between Salem and Eric Halvorson.

10.05.01+ Antenna/tower lease between Caron Broadcasting, Inc. (WHLO-AM/Akron, Ohio) and Messrs. Atsinger and Epperson expiring 2007.

10.05.02+ Antenna/tower/studio lease between Caron Broadcasting, Inc. (WTSJ-AM/ Cincinnati, Ohio) and Messrs. Atsinger and Epperson expiring 2007.

10.05.03+ Antenna/tower lease between Caron Broadcasting, Inc. (WHK-FM/Canton, Ohio) and Messrs. Atsinger and Epperson expiring 2007.

10.05.04+ Antenna/tower/studio lease between Common Ground Broadcasting, Inc. (KKMS-AM/Eagan, Minnesota) and Messrs. Atsinger and Epperson expiring in 2006.

10.05.05+ Antenna/tower lease between Common Ground Broadcasting, Inc. (WHK-AM/ Cleveland, Ohio) and Messrs. Atsinger and Epperson expiring 2008.

10.05.06+ Antenna/tower lease (KFAX-FM/Hayward, California) and Salem Broadcasting Company, a partnership consisting of Messrs. Atsinger and Epperson, expiring in 2003.

10.05.07+ Antenna/tower/studio lease between Inland Radio, Inc. (KKLA-AM/San Bernardino, California) and Messrs. Atsinger and Epperson expiring 2002.

10.05.08+ Antenna/tower lease between Inspiration Media, Inc. (KGNW-AM/Seattle, Washington) and Messrs. Atsinger and Epperson expiring in 2002.

10.05.09+ Antenna/tower lease between Inspiration Media, Inc. (KLFE-AM/Seattle, Washington) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring in 2004.

10.05.11.01+ Antenna/tower/studio lease between Pennsylvania Media Associates, Inc. (WZZD-AM/WFIL-AM/Philadelphia, Pennsylvania) and Messrs. Atsinger and Epperson, as assigned from WEAZ-FM Radio, Inc., expiring 2004.

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EXHIBIT  
NUMBER

DESCRIPTION OF EXHIBITS

<S>	<C>
10.05.11.02+	Antenna/tower/studio lease between Pennsylvania Media Associates, Inc. (WZZD-AM/WFIL-AM/Philadelphia, Pennsylvania) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2004.
10.05.12+	Antenna/tower lease between Radio 1210, Inc. (KPRZ-AM/Olivenhain, California) and The Atsinger Family Trust expiring in 2002.
10.05.13+++	Antenna/tower lease between Salem Media of Texas, Inc. and Atsinger Family Trust/Epperson Family Limited Partnership (KSLR-AM/San Antonio, Texas).
10.05.14+	Antenna/turner/studio leases between Salem Media Corporation

(KLTX-AM/Long Beach and Paramount, California) and Messrs. Atsinger and Epperson expiring in 2002.

- 10.05.15+ Antenna/tower lease between Salem Media of Colorado, Inc. (KNUS-AM/Denver-Boulder, Colorado) and Messrs. Atsinger and Epperson expiring 2006.
- 10.05.16+++ Antenna/tower lease between Salem Media of Colorado, Inc. and Atsinger Family Trust/Epperson Family Limited Partnership (KRKS-AM/KBJD-AM/Denver, Colorado).
- 10.05.17.01+ Studio Lease between Salem Media of Oregon, Inc. (KPDQ-AM/FM/Portland, Oregon) and Edward G. Atsinger III, Mona J. Atsinger, Stuart W. Epperson, and Nancy K. Epperson expiring 2002.
- 10.05.17.02+ Antenna/tower lease between Salem Media of Oregon, Inc. (KPDQ-AM/FM/Raleigh Hills, Oregon) and Messrs. Atsinger and Epperson expiring 2002.
- 10.05.18+ Antenna/tower lease between Salem Media of Pennsylvania, Inc. (WORD-FM/WPIT-AM/Pittsburgh, Pennsylvania) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2003.
- 10.05.19+ Antenna/tower lease between Salem Media of Texas, Inc. (KSLR-AM/San Antonio, Texas) and Epperson-Atsinger 1983 Family Trust expiring 2007.
- 10.05.20+ Antenna/tower lease between South Texas Broadcasting, Inc. (KENR-AM/Houston-Galveston, Texas) and Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2005.
- 10.05.21+ Antenna/tower lease between Vista Broadcasting, Inc. (KFIA-AM/Sacramento, California) and The Atsinger Family Trust and Stuart W. Epperson Revocable Living Trust expiring 2006.
- 10.05.22++ Antenna/tower lease between South Texas Broadcasting, Inc. (KKHT-FM/Houston-Galveston, Texas) and Sonsinger Broadcasting Company of Houston, LP expiring 2008.
- 10.05.23++ Antenna/tower lease between Inspiration Media of Texas, Inc. (KTEK-AM/Alvin, Texas) and the Atsinger Family Trust and The Stuart W. Epperson Revocable Living Trust expiring 2009.
- 10.06.05+ Asset Purchase Agreement dated as of September 30, 1996 by and between Infinity Broadcasting Corporation of Dallas and Inspiration Media of Texas, Inc. (KEWS, Arlington, Texas; KDFX, Dallas, Texas).
- 10.06.07+ Asset Purchase Agreement dated June 2, 1997 by and between New England Continental Media, Inc. and Hibernia Communications, Inc. (WPZE-AM, Boston, Massachusetts).
- 10.06.08+ Option to Purchase dated as of August 18, 1997 by and between Sonsinger, Inc. and Inspiration Media, Inc. (KKOL-AM, Seattle, Washington).
- 10.06.09++ Asset Purchase Agreement dated as of April 13, 1998 by and between New Inspiration Broadcasting Company and First Scientific Equity Devices Trust (KIEV-AM, Glendale, California) (incorporated by reference to Exhibit 2.01 of the previously filed Current Report on Form 8-K).
- 10.06.10\* Asset Purchase Agreement dated as of April 1, 1999 by and between Inspiration Media, Inc. and Sonsinger, Inc. (KKOL-AM, Seattle, Washington).
- 10.07.01+ Tower Purchase Agreement dated August 22, 1997 by and between Salem and Sonsinger Broadcasting Company of Houston, L.P.
- 10.07.02+ Amendment to the Tower Purchase Agreement dated November 10, 1997 by and between Salem and Sonsinger Broadcasting Company of Houston, L.P.

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EXHIBIT  
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DESCRIPTION OF EXHIBITS  
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- 10.07.03+ Promissory Note dated November 11, 1997 made by Sonsinger

Broadcasting Company of Houston, L.P. payable to Salem.

- 10.07.04+ Promissory Note dated December 24, 1997 made by Salem payable to Edward G. Atsinger III.
- 10.07.05+ Promissory Note dated December 24, 1997 made by Salem payable to Stuart W. Epperson.
- 10.08.01+++ Local Marketing Agreement dated August 13, 1999 between Concord Media Group, Inc. and Radio 1210, Inc.
- 10.08.02+++ Asset Purchase Agreement dated as of August 18, 1999, by and between Salem Media of Georgia, Inc. and Genesis Communications, Inc. (WNIV-FM, Atlanta, Georgia and WLTA-FM, Alpharetta, Georgia).
- 10.08.03+++ Asset Purchase Agreement dated as of November 29, 1999, by and among JW Broadcasting, Inc., Salem Media of Georgia, Inc. and Salem Communications Corporation (WGKA-AM, Atlanta, Georgia).
- 10.08.04 Asset Exchange Agreement dated as of January 19, 2000 by and among Bison Media, Inc.; AMFM Texas Broadcasting, LP and AMFM Texas Licenses, LP (KSKY-AM, Balch Springs, TX; KPRZ-FM, Colorado Springs, CO).
- 10.08.05 Asset Purchase Agreement dated as of March 6, 2000 by and among Salem, Citicasters Co., AMFM Texas Broadcasting, LP; AMFM Texas Licenses LP; AMFM Ohio, Inc.; AMFM Radio Licenses LLC; Capstar Radio Operating Company and Capstar TX Limited Partnership (WBOB-AM, KEZY-AM, KXXM-FM, KDGE-FM, WKNR-AM, WRMR-AM, KALC-FM, WYGY-FM)
- 10.09.01+ Evidence of Key man life insurance policy no. 2256440M insuring Edward G. Atsinger III in the face amount of \$5,000,000.
- 10.09.02+ Evidence of Key man life insurance policy no. 2257474H insuring Edward G. Atsinger III in the face amount of \$5,000,000.
- 10.09.03+ Evidence of Key man life insurance policy no. 2257476B insuring Stuart W. Epperson in the face amount of \$5,000,000.
- 10.10\* 1999 Stock Incentive Plan.
- 21.01+++ Subsidiaries of Salem.
- 27.01 Financial Data Schedule.

</TABLE>

- + Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Registration Statement on Form S-4 (No. 333-41733), as amended, as declared effective by the Securities and Exchange Commission on February 9, 1998.
- \*\*\* Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 4, 1998.
- ++ Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 31, 1999.
- \*\* Incorporated by reference to the exhibit of the same number, unless otherwise noted, of Salem's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 14, 1999.
- \* Incorporated by reference to the exhibit of the same number to Salem's Registration Statement on Form S-1 (No. 333-76649) as amended, as declared, effective by the Securities and Exchange Commission on June 30, 1999.
- +++ Incorporated by reference to the exhibit of the same number to Salem's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 30, 2000.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 2000.

Pursuant to the requirements of the Securities Exchange Act of 1934, Salem Communications Corporation has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 15, 2000

SALEM COMMUNICATIONS CORPORATION

By: /s/ EDWARD G. ATSINGER III

-----  
Edward G. Atsinger III  
President and Chief Executive Officer

Date: May 15, 2000

By: /s/ DIRK GASTALDO

-----  
Dirk Gastaldo  
Vice President and Chief Financial Officer  
(Principal Financial Officer)

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EXHIBIT INDEX

<TABLE> <CAPTION> EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----
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10.08.04	Asset Exchange Agreement dated as of January 19, 2000 by and among Bison Media, Inc.; AMFM Texas Broadcasting, LP and AMFM Texas Licenses, LP (KSKY-AM, Balch Springs, TX; KPRZ-FM, Colorado Springs, CO).
10.08.05	Asset Purchase Agreement dated as of March 6, 2000 by and among Salem, Citicasters Co., AMFM Texas Broadcasting, LP; AMFM Texas Licenses LP; AMFM Ohio, Inc.; AMFM Radio Licenses LLC; Capstar Radio Operating Company and Capstar TX Limited Partnership (WBOB-AM, KEZY-AM, KXXM-FM, KDGE-FM, WKNR-AM, WRMR-AM, KALC-FM, WYGY-FM)
27.01	Financial Data Schedule.

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ASSET EXCHANGE AGREEMENT

by and among

BISON MEDIA, INC.,

AMFM TEXAS BROADCASTING, LP

and

AMFM TEXAS LICENSES, LP

dated as of

JANUARY 19, 2000

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EXHIBITS:

Exhibit A	--	Form of Easement Agreement
Exhibit B	--	Forms of Assumption Agreement
Exhibit C	--	Forms of Bill of Sale and Assignment
Exhibit D	--	Forms of Opinion of Corporate Counsel
Exhibit E	--	Forms of Opinion of FCC Counsel

SCHEDULES:

Schedule 2.2	--	Excluded Assets
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Schedule 4.22	--	Financial Statements; Budgets

ASSET EXCHANGE AGREEMENT

This Asset Exchange Agreement ("Agreement") is made and entered into as of this 19th day of January, 2000, by and among BISON MEDIA, INC., a Colorado corporation ("Bison"), AMFM TEXAS BROADCASTING, LP, a Delaware limited partnership ("AMFM Texas"), and AMFM TEXAS LICENSES, LP, a Delaware limited partnership (together with AMFM Texas, "AMFM"). Definitions of capitalized terms used in this Agreement are set forth either with the first use of the term or in Article 1 hereof.

RECITALS

Bison is the owner, operator and licensee of KPRZ-FM, licensed to Fountain, Colorado (the "Bison Station"). AMFM is the owner, operator and licensee of radio station KSKY-AM, licensed to Balch Springs, Texas (the "AMFM Station" and, together with the Bison Station, the "Stations"). The Bison Station and the AMFM Station are sometimes referred to individually as a "Station" and collectively as the "Stations."

Bison and AMFM desire to exchange substantially all the assets used or held by them for use in the operations of the Bison Station and the AMFM Station, both tangible and intangible, excluding the Bison Excluded Assets (as hereinafter defined) and the AMFM Excluded Assets (as hereinafter defined), and by so doing to acquire the radio broadcast business presently conducted by the other upon the terms and conditions hereinafter set forth.

The prior consent of the Federal Communications Commission ("FCC") to the assignment of the licenses and authorizations issued by the FCC for the Stations is required. If such consent or approval is obtained, it is the intent of the parties to consummate the transaction contemplated by this Agreement, subject to all of the other terms and conditions hereof.

NOW, THEREFORE, in consideration of the mutual promises herein set forth and subject to the terms and conditions hereof, the parties agree as follows:

## ARTICLE 1

### DEFINED TERMS

1.1 DEFINED TERMS. Unless otherwise stated in this Agreement, the following terms when used herein shall have the meanings assigned to them below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"Acquiring Party" means AMFM or Bison in its capacity as the party acquiring a Station hereunder.

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"Affiliate" means any person or entity that is controlling, controlled by or under common control with the named person or entity.

"AMFM Disclosure Schedules" means the Schedules to this Agreement relating to the AMFM Station.

"AMFM Excluded Assets" means those Assets that are used or held for use by AMFM or any of its Affiliates in the operation of the AMFM Station, but that are excluded pursuant to Section 2.2.

"Applicable Disclosure Schedules" means the AMFM Disclosure Schedules or the Bison Disclosure Schedules, as the case may be.

"Assets" means all of a Conveying Party's or its Affiliate's right, title and interest in assets, real and personal, tangible and intangible, including Licenses, Real Property, Tangible Personal Property, Records, Contracts and Intangible Assets which are used or held for use in the business or operation of the Conveying Party's Station.

"Bill of Sale and Assignment" means the Bill of Sale and Assignment between Bison and AMFM substantially in the form of Exhibit C.

"Bison Disclosure Schedules" means the Schedules to this Agreement relating to the Bison Station.

"Bison Excluded Assets" means those Assets that are used or held for use by Bison or any of its Affiliates in the operation of the Bison Station and that are excluded pursuant to Section 2.2.

"Choses in Action" means a right to receive or recover property, debt or damages on a cause of action, whether pending or not and whether arising in contract, tort or otherwise. The term shall include rights to indemnification, damages for breach of warranty or any other event or circumstance, judgments, settlements, and proceeds from judgments or settlements.

"Contracts" means contracts, leases and other agreements or instruments, written or oral, including Time Sales Agreements and Trade and Barter Agreements which relate to the operation of each Conveying Party's Station.

"Conveying Party" means AMFM or Bison in its capacity as the party conveying a Station hereunder.

"FCC Licenses" means Licenses issued by the FCC which relate to the operation of each Conveying Party's Station.

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"Final Order" means action by the FCC (i) which has not been vacated, reversed, stayed, set aside, annulled or suspended; (ii) with respect to which no appeal, request for stay or petition for rehearing, reconsideration or review by any party or by the FCC on its own motion, is pending; and (iii) as to which the time for filing any such appeal, request, petition, or similar document or for the reconsideration or review by the FCC on its own motion under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, has expired.

"Intangible Assets" means trademarks, trade names, service marks, franchises, copyrights, jingles, logos, slogans, patents, patent applications, trademark, including registrations and applications for registration of any of them, and any other intangible property such as rights under manufacturers' and vendors' warranties and similar claims against third parties relating to assets conveyed hereunder which relate to the business or operation of each Conveying

Party's Station.

"Licenses" means licenses, permits, authorizations and call letters, qualifications, orders, franchises, certificates, consents and approvals issued by any governmental or regulatory agency or authority, whether federal, state or local, and all applications for such Licenses which relate to the operation of each Conveying Party's Station.

"Material Adverse Effect" means a material adverse effect on the business, operations, properties, financial condition, results of operations, or assets of the Stations, in each case taken as a whole.

"Miscellaneous Agreements" means Contracts which were entered into in the ordinary course of business which involve payments of less than \$1,000 individually and less than \$10,000 in the aggregate in any calendar year, and which can be terminated on thirty (30) days notice (or less) without penalty, and which are not included on Schedule 4.14 of the Applicable Disclosure Schedules which relate to the operation of each Conveying Party's Station.

"Real Property" means all real property and interests in real property, including fee estates, leaseholds and subleaseholds, exchange option, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon which are used or held for use by the Conveying Party in connection with the ownership or operation of each Conveying Party's Station.

"Records" means files, payable records, receivable records, invoices, statements, traffic material, music libraries, programs, program lists, programming material, programming information and studies, technical information and engineering data, proprietary information and data, maps, plans, diagrams, blueprints, schematics and technical drawings, engineering records, news and advertising studies and consultants' reports, ratings reports, marketing and demographic data, sales correspondence, lists of advertisers, promotional materials, credit and sales reports, budgets, financial reports and projections, sales, operating and business plans, computer programs and software, public inspection files, applications and filings with the FCC and original (if available)

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executed copies of all written Contracts to be assigned hereunder, all of which relate to the operation of each Conveying Party's Station.

"Tangible Personal Property" means equipment, office furniture and fixtures, office materials and supplies, inventory, spare parts, motor vehicles and other tangible personal property of every kind and description, owned or leased and used or held for use in the business or operation of each Conveying Party's Station, together with any replacements thereof and additions thereto made between the date hereof and the Effective Date, and less any retirements or dispositions thereof made between the date hereof and the Effective Date in the ordinary course of business and consistent with past practices of each Conveying Party; provided, however, that the value of all such assets retired or disposed of and not replaced by a Conveying Party with an asset of like kind and quality shall not exceed \$10,000 in the aggregate.

"Time Sales Agreements" means Contracts for the sale of time on a Station for cash.

"Trade and Barter Agreements" means Contracts for the sale of time on a Station in exchange for goods and services, including program barter agreements.

## ARTICLE 2

### EXCHANGE AND ASSUMPTION OF LIABILITIES

#### 2.1 EXCHANGE OF ASSETS. At the Closing (as defined in Section 3.1):

(a) Bison shall transfer, assign, convey and deliver to AMFM, and AMFM shall accept and acquire from Bison, (i) the Assets used or held for use by Bison or any of its Affiliates in the business or operation of the Bison Station, including but not limited to the assets described on the Bison Disclosure Schedules, but excluding the Bison Excluded Assets (the "KPRZ Assets"), and (ii) \$7,500,000 in cash (the "KPRZ Cash Consideration").

(b) AMFM shall transfer, assign, convey and deliver to Bison, and Bison shall accept and acquire from AMFM, the Assets used or held for use by AMFM or any of its Affiliates in the business or operation of the AMFM Station, including but not limited to the assets described on the AMFM Disclosure Schedules, but excluding the AMFM Excluded Assets (the "KSKY Assets").

2.2 EXCLUDED ASSETS. With respect to any Station, the Assets to be conveyed hereunder shall not include:

(a) any item identified on Schedule 2.2 of the Applicable Disclosure Schedule;

(b) Records pertaining to corporate organization, existence and capitalization; Records related solely to internal corporate matters; personnel Records (provided that the Acquiring

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Party shall be provided with such Records as are necessary to comply with the provisions of Section 5.12); and any Records that the Conveying Party is required by law to retain, including duplicate copies of such Records as are necessary to enable the Conveying Party to file tax returns and reports;

(c) except for the KPRZ Cash Consideration, all cash, cash equivalents or similar type investments, such as certificates of deposit, Treasury bills, and other marketable securities on hand and/or in banks, notes receivable, bonds, letters of credit and deposits, in each case determined as of 11:59 p.m. on the day prior to the Closing Date;

(d) all accounts receivable arising out of the operation of a Station for services performed or provided prior to 11:59 p.m. on the day prior to the Closing Date, but specifically excluding any amounts owing in connection with advertisements or programs to be broadcast at and after the Closing Date (the "Accounts Receivable");

(e) all Contracts of insurance, including all insurance claims, rights to indemnification and defenses under all insurance policies and all insurance proceeds;

(f) all pensions, profit sharing or employee benefit plans, related trusts and the assets thereof;

(g) any interest in and related to any (i) refunds of federal, state or local franchise, income or other taxes or (ii) deposits or utility deposits, which, in each case, relate solely to the period prior to the Closing Date;

(h) all items of personal property owned by Station personnel;

(i) all Choses in Action, if any, of the Conveying Party (i) relating to any federal, state or local franchise, income or other taxes or (ii) described in Schedule 2.2 of the Applicable Disclosure Schedules.

(j) all tangible and intangible personal property disposed of or consumed in the ordinary course of business between the date of this Agreement and the Closing Date, or as otherwise permitted under the terms hereof;

(k) any collective bargaining agreement, any other Contract not listed in Schedule 4.14 of the Applicable Disclosure Schedules, and all Contracts that have terminated or expired prior to the Closing Date in the ordinary course of business and as permitted hereunder;

(l) the consideration received by the Conveying Party hereunder;

(m) the rights of the Conveying Party under this Agreement or any other related document; and

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(n) the capital stock of any subsidiary of the Conveying Party.

2.3 ABSENCE OF LIENS. The KSKY Assets and the KPRZ Assets shall be delivered free and clear of charges, conditions, community property interests, options, hypothecations, attachments, conditional sales, title retentions, rights of first refusal, debts, security interests, mortgages, trusts, claims, pledges or other liens, liabilities, encumbrances or rights of third parties whatsoever ("Liens"), except for (a) Liens for current taxes not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings, not to exceed \$10,000 in the aggregate for any party, (b) Liens which arise from valid leases or subleases to third parties with respect to property not used in the operations of the Stations, (c) Liens and defects in title that are not material to the owner or lessee, as the case may be, (d) Liens under Contracts listed on Schedule 4.14 of the Applicable Disclosure Schedules and (e) Liens securing indebtedness that will be removed prior to or at the Closing (collectively, "Permitted Liens").

2.4 ASSUMPTION OF LIABILITIES. At the Closing:

(a) AMFM STATION. AMFM shall assign to Bison all of its rights

and privileges under all Time Sales Agreements, Trade Agreements and Miscellaneous Agreements relating to the AMFM Station and under the Contracts listed on Schedule 4.14 of the AMFM Disclosure Schedules (but excluding any Contract identified as a AMFM Excluded Asset) (collectively, the "AMFM Contracts"), and Bison shall assume and undertake to pay, discharge and perform all of AMFM's obligations and liabilities under the AMFM Contracts insofar as they relate to the time on and after the Closing Date and arise out of events which occur after the Closing Date. Except as expressly provided in this Agreement, Bison shall not assume or become obligated to perform any debt, liability or obligation of AMFM whatsoever, including but not limited to (i) any obligations or liabilities under any Contract other than the AMFM Contracts, (ii) any obligations or liabilities under the AMFM Contracts relating to the period prior to the Closing Date, (iii) any claims or pending litigation or proceedings relating to the operation of the AMFM Station prior to the Closing Date, (iv) any insurance policies of AMFM, (v) any obligations or liabilities of AMFM arising under capitalized leases or other financing agreements except as set forth on Schedule 4.14 of the AMFM Disclosure Schedules, (vi) any obligations or liabilities of AMFM under any employee pension, retirement, health and welfare or other benefit plans or collective bargaining agreements, (vii) any obligation to any employee of the AMFM Station for severance benefits, vacation time, or sick leave, (viii) any liability for any taxes attributable to the KSKY Assets or the operations of the AMFM Station on or prior to the Closing Date, (ix) any obligations or liabilities relating to the AMFM Excluded Assets, or (x) any obligations or liabilities (A) arising out of or related to activities, events or transactions occurring, or conditions existing, on or prior to the Closing Date, or (B) caused by, arising out of, or resulting from any action or omission of AMFM on or prior to the Closing Date. All such obligations and liabilities shall remain and be the obligations and liabilities solely of AMFM.

(b) BISON STATION. Bison shall assign to AMFM all of its rights and privileges under all Time Sales Agreements, Trade Agreements and Miscellaneous Agreements related to the

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Bison Station and under the Contracts listed on Schedule 4.14 of the Bison Disclosure Schedules (but excluding any Contract identified as a Bison Excluded Asset) (collectively, the "Bison Contracts"), and AMFM shall assume and undertake to pay, discharge and perform all of Bison's obligations and liabilities under the Bison Contracts insofar as they relate to the time on and after the Closing Date and arise out of events which occur after the Closing Date. Except as expressly provided in this Agreement, AMFM shall not assume or become obligated to perform any debt, liability or obligation of Bison whatsoever, including but not limited to (i) any obligations or liabilities under any Contract other than the Bison Contracts, (ii) any obligations or liabilities under the Bison Contracts relating to the period prior to the Closing Date, (iii) any claims or pending litigation or proceedings relating to the operation of the Bison Station prior to the Closing Date, (iv) any insurance policies of Bison, (v) any obligations or liabilities of Bison arising under capitalized leases or other financing agreements except as set forth on Schedule 4.14 of the Bison Disclosure Schedules, (vi) any obligations or liabilities of Bison under any employee pension, retirement, health and welfare or other benefit plans or collective bargaining agreements, (vii) any obligation to any employee of the Bison Station for severance benefits, vacation time or sick leave, (viii) any liability for any taxes attributed to the KPRZ Assets or the operations of the Bison Station on or prior to the Closing Date, (ix) any obligations or liabilities relating to the Bison Excluded Assets, or (x) any obligations or liabilities (A) arising out of or related to activities, events or transactions occurring, or conditions existing, on or prior to the Closing Date, or (B) caused by, arising out of, or resulting from any action or omission of Bison on or prior to the Closing Date. All such obligations and liabilities shall remain and be the obligations and liabilities solely of Bison.

#### 2.5 SECTION 1031; APPRAISALS; TAX REPORTING

(a) AMFM and Bison agree that the fair market value of each of the Assets (other than Assets which, individually or in the aggregate, are not material in value) which comprise the KSKY Assets and the KPRZ Assets will be determined on the basis of appraisals (the "Appraisal") prepared by the firm of Broadcast Investment Analysts or such other appraisal firm as the parties may mutually agree (the "Appraiser"), whose fees and expenses shall be shared equally between AMFM and Bison. The parties shall direct the Appraiser to deliver the Appraisals within sixty (60) days of the date of this Agreement. To the extent feasible, AMFM and Bison agree to use for this purpose reasonably current appraisals obtained by the Conveying Party in connection with its recent acquisition of a Station.

(b) Each of AMFM and Bison, as an Acquiring Party, shall cause to be prepared within forty-five (45) days of receipt of the Appraisals drafts of IRS Forms 8594 and 8824 on the basis of the Appraisals. Each of AMFM and Bison shall deliver drafts of their respective IRS Forms 8594 and 8824 for the Station to the Conveying Party for approval, which approval shall not be unreasonably

withheld or delayed.

(c) To the extent supported by "substantial authority," as defined in the Treasury regulations promulgated under Section 6662 of the Code ("Substantial Authority"), each of AMFM and Bison shall report the transaction contemplated hereby as a "like-kind exchange" under Section

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1031 of the Code, consistent with the Appraisals and the IRS Forms 8594 and 8824 prepared in accordance with clause (b) above, and shall not take, and shall not cause their respective Affiliates, representatives, successors and assigns to take, any position on any federal, state or local tax return or report, or in any tax examination, tax audit or tax litigation, inconsistent with such reporting position, the Appraisals, or such IRS Form 8594 or 8824.

(d) Each of AMFM and Bison shall cooperate with the other, including, without limitation, in preparing IRS Forms 8594 and 8824 and executing all necessary agreements and documents to the extent necessary for AMFM and Bison to treat the exchange of the Assets hereunder as a "like-kind exchange" to the extent permissible under Section 1031 of the Code.

(e) Neither AMFM nor Bison shall have any liability or obligation to the other for the failure of the exchange of the Assets hereunder to qualify as a like-kind exchange under Section 1031 of the Code unless such failure is the result of a material breach by AMFM or Bison of its representations, warranties, covenants and obligations set forth in this Section 2.5. Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 2.5 shall survive without limitation.

2.6 DEEMED ASSIGNMENT OF CONTRACTS. To the extent that the assignment hereunder of any of the Contracts listed in Schedule 4.14 of the Applicable Disclosure Schedules shall require the consent of any other party (or in the event that any of the same shall be non-assignable), neither this Agreement nor any actions taken hereunder shall constitute an assignment or an agreement to assign if such assignment or attempted assignment would constitute a breach thereof or result in a loss or diminution thereof; provided, however, that Conveying Party shall cooperate, at Acquiring Party's expense, with Acquiring Party to establish a reasonable arrangement designed to provide Acquiring Party with the benefits and burdens of any Contract listed in Schedule 4.14 of the Applicable Disclosure Schedules, including appointing Acquiring Party to act as its agent to perform all of Conveying Party's obligations under such Contracts and to collect and promptly remit to Acquiring Party all compensation received by Conveying Party pursuant to such Contracts and to enforce, for the account and benefit of Acquiring Party, any and all rights of Conveying Party against any other person arising out of the breach or cancellation of such Contracts by such other person or otherwise (any and all of which arrangements shall constitute, as between the parties hereto, a deemed assignment or transfer); provided, that from and after Closing, the Conveying Party shall have no liability to the Acquiring Party in the event that any Contract listed in Schedule 4.14 of the Applicable Disclosure Schedules requiring consent to assignment hereunder (or which by its terms in non-assignable) is terminated.

### ARTICLE 3

#### CLOSING

3.1 PLACE AND TIME OF CLOSING. The closing of the transactions contemplated hereby (the "Closing") will take place at 10:00 a.m., local time, at the offices of Vinson & Elkins L.L.P., Dallas,

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Texas, on the later to occur of (i) the tenth business day after the FCC's grant of the FCC Applications (as defined in Section 5.2), (ii) the satisfaction or waiver of the conditions set forth in Sections 6 and 7 hereof, or (iii) at such other time or place as shall be agreed upon in writing by AMFM and Bison (in any event, the "Closing Date"). Notwithstanding the foregoing, but subject to the satisfaction or waiver of the conditions set forth in Articles 6 and 7:

(a) If a Cure Period (as defined in Section 8.2) has not ended on or before the Closing Date, the Closing Date shall be extended to the end of the Cure Period; and

(b) If the Closing Date does not occur within 20 days prior to the latest date to which the FCC Consents (as defined in Section 5.2) remain effective, the parties shall request approval from the FCC to extend the effective period of the FCC Consents so that the Closing contemplated hereunder will not violate any FCC policies.

#### 3.2 CLOSING DELIVERIES.



(a) At the Closing, Bison shall execute and deliver to AMFM the following:

(i) Consideration. The KPRZ Cash Consideration by wire transfer of immediately available funds;

(ii) Assumption Agreement. A duly executed Assumption Agreement in the form attached hereto as Exhibit B;

(iii) Transfer Documents. A duly executed Bill of Sale and Assignment, in the form attached hereto as Exhibit C together with any other assignments and other transfer documents as reasonably requested by AMFM;

(iv) Certificates. The certificates referred to in Section 7.1(a) or a certificate with any exceptions thereto; and

(v) Consents; Acknowledgments. The original of each Consent listed on Schedule 4.14 of the Bison Disclosure Schedules;

(vi) Estoppel Certificates. Estoppel certificates with respect to any Real Property leases listed on Schedule 4.13 of the Bison Disclosure Schedules in a form and substance reasonably satisfactory to AMFM;

(vii) Licenses, Permits, Contracts, Business Records, Etc. To the extent they are in the possession of Bison, copies of all Licenses, Permits, Assumed Contracts, blueprints, schematics, working drawings, plans, projections, statistics, engineering records and all files and records used by Bison in connection with the Bison Station's business and operations, which copies shall be available at the Closing or at the Bison Station's principal business offices;

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(viii) Assignment Documents. Any documents deemed necessary or desirable by AMFM to effect an assignment of its rights and obligations hereunder.

(b) At the Closing, AMFM shall execute and deliver to Bison the following:

(i) Easement. A duly executed Easement Agreement in the form attached hereto as Exhibit A;

(ii) Assumption Agreement. A duly executed Assumption Agreement in the form attached hereto as Exhibit B;

(iii) Transfer Documents. A duly executed Bills of Sale and Assignment, in the form attached hereto as Exhibit C together with any other assignments and other transfer documents as reasonably requested by Bison;

(iv) Certificates. The certificates referred to in Section 6.1(a) or a certificate with any exceptions thereto; and

(v) Consents; Acknowledgments. The original of each Consent listed on Schedule 4.14 of the AMFM Disclosure Schedules;

(vi) Estoppel Certificates. Estoppel certificates with respect to any Real Property leases listed on Schedule 4.13 of the AMFM Disclosure Schedules in a form and substance reasonably satisfactory to Bison;

(vii) Licenses, Permits, Contracts, Business Records, Etc. To the extent they are in the possession of AMFM, copies of all Licenses, Permits, Assumed Contracts, blueprints, schematics, working drawings, plans, projections, statistics, engineering records and all files and records used by AMFM in connection with the AMFM Station's business and operations, which copies shall be available at the Closing or at the AMFM Station's principal business offices;

(viii) Assignment Documents. Any documents deemed necessary or desirable by Bison to effect an assignment of its rights and obligations hereunder.

(ix) Title Policy Requirements. Any affidavits or other documents as shall be reasonably required by a title company pursuant to or required under the terms of any title policy obtained by or issued to Salem.

(c) At the Closing, Bison and AMFM shall receive from each other's chief executive officer or chief financial officer a non-foreign affidavit within the meaning of section 1445(b)(2) of the Code.

3.3 ACCOUNTS RECEIVABLE. After the Closing, AMFM will continue to collect the Accounts Receivable relating to the AMFM Station (the "AMFM Accounts Receivable"), and Bison will continue to collect the Accounts Receivable relating to the Bison Station (the "Bison Accounts Receivable"), for the period ending at 11:59 p.m. on the day prior to the Closing Date. To the extent, however, that AMFM collects any Bison Accounts Receivable or Bison collects any AMFM Accounts Receivable, within fifteen (15) business days of the end of each calendar month following the Closing Date, such party shall deliver to the other an accounting of all such collections during the preceding calendar month and shall at that time deposit or remit all collections into a bank account designated by or in accordance with written instructions from such party. Any amounts received by Bison or AMFM from account debtors included among the other party's Accounts Receivable shall be applied first to such other party's Accounts Receivable, unless the account debtor specifically instructs that the payment be otherwise applied. If an account debtor disputes an account included among the Accounts Receivable, AMFM or Bison, as the case may be, may request the reassignment of that account to such party for collection. Neither party shall have any further obligation to the other with respect to the Accounts Receivable for such period.

#### 3.4 PRORATIONS AND ADJUSTMENTS.

(a) Except as otherwise provided herein, all income and expenses arising from the conduct of the business and operations of the AMFM Station and Bison Station shall be prorated between AMFM and Bison and an appropriate adjustment shall be made in accordance with the principle that each party (i) shall receive all revenues and shall be responsible for all expenses relating to the business and operations of its respective station for the period ending at 11:59 p.m. on the day prior to the Closing Date, and (ii) shall receive all revenues and shall be responsible for all expenses relating to the business and operations of the acquired Station thereafter. Such prorations and adjustments shall include, without limitation, music and other license fees, deposits, liabilities and obligations under the AMFM Contracts and the Bison Contracts, all ad valorem and applicable property taxes (but excluding sales taxes covered by Section 10.2 of this Agreement), business and license fees, annual FCC regulatory fees, power and utility expenses, rents (excluding amounts paid as capital expenditures in connection with real property, whether leased or owned), and similar prepaid and deferred items attributable to the ownership and operation of the Stations. Trade and Barter Agreements shall be prorated to the extent provided in Section 3.4(f). The parties shall provide each other a list of all known prorable items and payables for the Stations at least five (5) business days before the Closing Date.

(b) The prorations and adjustments contemplated by this Section 3.4 shall be determined in accordance with GAAP, consistently applied, and, to the extent practicable, shall be made on the Closing Date. Those prorations and adjustments not reasonably capable of being ascertained on the Closing Date, shall be made in accordance with the procedures set forth in Sections 3.4(c) and 3.4(d).

(c) No later than ninety (90) days after the Closing Date, AMFM shall deliver to Bison a schedule of its proposed prorations with respect to the Bison Station (the "Bison Proration Schedule"), and Bison shall deliver to AMFM a schedule of its proposed prorations with respect to

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the AMFM Station (the "AMFM Proration Schedule," and together with the Bison Proration Schedule, the "Proration Schedules"). Each of the Proration Schedules shall set forth in reasonable detail the basis for the determinations proposed therein.

(d) For purposes of this Section 3.4(d) and Section 3.4(e), the party delivering a Proration Schedule is referred to as the "Proponent" and the party receiving a Proration Schedule is referred to as the "Recipient." A Proration Schedule shall be conclusive and binding upon the Recipient unless the Recipient provides the Proponent with written notice of objection (the "Notice of Disagreement") within thirty (30) days after the Recipient's receipt of the Proration Schedule, which notice shall state the prorations of expenses proposed by the Recipient ("Recipient's Proration Amount"). The Proponent shall have fifteen (15) days from receipt of a Notice of Disagreement to accept or reject Recipient's Proration Amount. If the Proponent rejects Recipient's Proration Amount, and the amount in dispute exceeds \$5,000 with respect to any Station, the dispute shall be submitted within ten (10) days to PricewaterhouseCoopers L.L.P., an independent certified public accounting firm, for resolution, such resolution to be made within thirty (30) days after submission to the accounting firm and to be final, conclusive and binding on the Proponent and the Recipient. The Proponent and the Recipient agree to share equally the fees and expenses incurred by PricewaterhouseCoopers L.L.P., but each party shall bear its own legal fees and other expenses, if any. If the amount in dispute is equal to or less than \$5,000 with respect to any single Station, such amount shall be divided equally between the Proponent and the Recipient.

(e) Payment by AMFM or Bison, as the case may be, of the proration amounts determined pursuant to this Section 3.4 shall be made as follows: The proration amounts due from AMFM shall be netted against the proration amounts due from Bison with respect to each of the Stations, and AMFM or Bison, as the case may be, shall pay such net amount fifteen (15) days after the last of the following events has occurred with respect to the AMFM Station and the Bison Station: (i) the Recipient's acceptance of the Proration Schedule or failure to give the Proponent a timely Notice of Disagreement; (ii) the Proponent's acceptance of Recipient's Proration Amount or failure to reject Recipient's Proration Amount within fifteen (15) days of receipt of a Notice of Disagreement; (iii) the Proponent's rejection of the Recipient's Proration Amount in the event the amount in dispute equals or is less than \$5,000; and (iv) notice to the Proponent and the Recipient of the resolution of the disputed amount by PricewaterhouseCoopers L.L.P. in the event that the amount in dispute exceeds \$5,000. Any payment required by AMFM or Bison, as the case may be, under this Section 3.4(e) shall be paid by wire transfer of immediately available funds to the account of the payee with a financial institution in the United States as designated by such payee in the Proration Schedule or the Notice of Disagreement (or by separate notice in the event a Notice of Disagreement is not sent). If either AMFM or Bison fails to pay when due any amount under this Section 3.4(e), interest on such amount will accrue from the date payment was due to the date such payment is made at a per annum rate equal to the "prime rate" as published daily in the Money Rates column of the Wall Street Journal (or average of such rates if more than one rate is indicated) plus two percent (2%), and such interest shall be payable upon demand.

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(f) Liabilities and obligations under Trade and Barter Agreements shall be prorated in favor of the Acquiring Party only to the extent that the aggregate net liability (determined in accordance with generally accepted accounting principles) for air time under all such agreements as of the Closing Date exceeds by \$10,000 the fair market value of the property to be received by the Acquiring Party after the Closing Date under all such agreements. There shall be no proration in favor of the Conveying Party with respect to the Trade and Barter Agreements, notwithstanding that the fair market value of the property to be received under such agreements after the Closing Date exceeds the liability for unperformed time.

3.5 FURTHER ASSURANCES. At the Closing, and from time to time after the Closing, each party will execute and deliver such other instruments of conveyance, assignment, transfer and delivery and will take such other actions as the other party may reasonably request in order to more effectively transfer, convey, assign, and deliver to such other party, and to place such other party in possession and control of, any of the Assets to be conveyed under this Agreement.

#### ARTICLE 4

##### REPRESENTATIONS AND WARRANTIES

4.1 GENERAL. AMFM hereby represents and warrants to Bison, and Bison (and, where applicable, Salem Properties, Inc. ("Salem")) hereby represents and warrants to AMFM as follows, each of which is true and correct on the date hereof and shall survive the Closing subject to the provisions of this Agreement (As used herein, "Applicable Station" shall mean the AMFM Station or the Bison Station, as the case may be.):

4.2 ORGANIZATION; GOOD STANDING. Bison and Salem (a) are corporations duly incorporated, validly existing and in good standing under the laws of the States of Colorado and Delaware, respectively; (b) are or, as of the Closing Date, will be qualified to do business as foreign corporations and are or will be in good standing in the State of Texas; and (c) have all requisite corporate power and authority to lease, own and operate the Assets that they are conveying hereunder, to carry on their business as now being conducted, to enter into this Agreement and to perform their obligations hereunder. AMFM (a) is a limited partnership (with respect to AMFM Texas Broadcasting, LP and AMFM Texas Licenses, LP) duly formed, validly existing and in good standing under the laws of the State of Delaware; (b) is, or as of the Closing Date will be, qualified to do business as a foreign limited partnership or a foreign limited liability company, as the case may be, and is or will be in good standing in the State of Colorado; and (c) has all requisite organization power and authority to lease, own and operate the Assets that it is conveying hereunder, to carry on its business as now being conducted, to enter into this Agreement and to perform its obligations hereunder.

4.3 AUTHORITY. The Conveying Party has the full right and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions provided for herein. All required action with respect to the Conveying Party has been taken to

approve this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Conveying Party and constitutes its valid and binding obligation, enforceable against the Conveying Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting the rights of creditors generally and general principles of equity.

4.4 NO BREACH OR VIOLATION. The execution and delivery of this Agreement by the Conveying Party, the consummation by the Conveying Party (including Salem, in the case of Bison, for purposes of this Section 4.4) of the transactions contemplated hereby, and compliance by the Conveying Party with the terms hereof, does not and will not:

(a) violate or result in the breach of or contravene any of the terms, conditions or provisions of, or constitute a default under, the Conveying Party's articles, certificate of incorporation, bylaws, limited partnership agreement and/or limited liability company agreement, or any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality, domestic or foreign ("Governmental Entity") or any arbitrator, applicable to the Conveying Party or its assets and properties; or

(b) except for the need to secure those consents listed in Schedule 4.14 of the Applicable Disclosure Schedules, result in prohibited action under any term or provision of, the material breach of any term or provision of, the termination of, or the acceleration or permitting the acceleration of the performance required by the terms of, or constitute a default under or require the consent of any party to, any Contract to which the Conveying Party is a party or by which it is bound; or

(c) cause the suspension or revocation of any of the Conveying Party's Licenses relating to the Conveying Party's Stations.

4.5 APPROVALS. Except for the FCC Consent, and filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if legally required, no authorizations, approvals or consents from any Governmental Entity are necessary to permit the Conveying Party to execute and deliver this Agreement, to perform its obligations hereunder and to ensure that the Conveying Party's Station can be operated or used by the applicable Acquiring Party after the Closing as presently operated or used.

#### 4.6 LITIGATION.

(a) Except as disclosed on Schedule 4.6(a) of the Applicable Disclosure Schedules, there are (i) no unsatisfied judgments, awards, orders, writs, injunctions, arbitration decisions or decrees outstanding, and (ii) no claims, actions, suits, investigations or proceedings pending or, to the best of the Conveying Party's knowledge, threatened against or affecting the Conveying Party's Assets to be conveyed hereunder in any court or before any Governmental Entity or arbitrator that (if adversely determined, in the case of pending or threatened matters) would impair in any material respect the ability of the Conveying Party to perform its obligations hereunder or would impair or

hinder in any material respect the ability or right of the Acquiring Party to operate the Station to be conveyed to it by the Conveying Party after the Closing in the manner heretofore operated by the Conveying Party.

(b) Schedule 4.6(b) of the Applicable Disclosure Schedules contains a description of all other claims, actions, suits, arbitrations, proceedings or investigations pending or, to the Conveying Party's knowledge, threatened as of the date of this Agreement before any Governmental Entity or arbitrator that relates to the Station being conveyed by the Conveying Party.

4.7 FCC QUALIFICATIONS. Except as set forth in Schedule 4.7 of the Applicable Disclosure Schedules, to the best of its knowledge, the Acquiring Party is qualified legally, financially and otherwise to become the assignee of the FCC Licenses for the Station to be conveyed to it hereunder under the Communications Act of 1934, as amended (the "Act"), and under the rules and regulations of the FCC as in effect on the date of this Agreement. No waiver of any FCC rule or policy is necessary to be obtained for the FCC to grant consent to the transactions herein.

4.8 BROKERAGE. Neither the Conveying Party, nor any Affiliate or agent of the Conveying Party, has agreed to pay a commission or finder's fee in connection with any of the transactions contemplated by this Agreement which would cause any liability to the Acquiring Party, and if any commission or fee is to be paid, the Conveying Party shall pay such commissions or fees and shall

hold harmless and indemnify the Acquiring Party therefor.

4.9 TAXES. There are no tax audits or other governmental proceedings pending or, to the best of the Conveying Party's knowledge, threatened that could result in a Lien on the Assets being conveyed by the Conveying Party hereunder on or after the Closing Date or the imposition of any tax liability on the applicable Acquiring Party and, to the best of the Conveying Party's knowledge, no event has occurred that could impose on the applicable Acquiring Party any liability for any taxes, penalties or interest due or to become due from the Conveying Party.

4.10 INSOLVENCY PROCEEDINGS. Neither the Conveying Party nor any of the Conveying Party's Assets to be conveyed hereunder are the subject of any pending insolvency proceedings of any character. The Conveying Party has neither made an assignment for the benefit of creditors nor taken any action with a view to the institution of any such insolvency proceedings.

4.11 TITLE TO ASSETS. The Conveying Party or one of its Affiliates owns, leases or is licensed to use, directly or indirectly, all assets, properties, rights, franchises, claims and agreements of every kind and description used to conduct the business and operations of the Applicable Station as they are presently conducted.

4.12 TITLE TO AND CONDITION OF TANGIBLE PERSONAL PROPERTY. Except as specified on Schedule 4.12 of the Applicable Disclosure Schedules:

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(a) the Conveying Party has good title to or a valid leasehold interest in the Tangible Personal Property to be conveyed hereunder free and clear of all Liens, except for Permitted Liens;

(b) all of such Tangible Personal Property to be conveyed hereunder is in a good state of repair and operating condition subject to normal repair, maintenance and replacement and ordinary wear and tear; and

(c) all of the technical equipment included in such Tangible Personal Property to be conveyed hereunder complies in all material respects with all applicable FCC rules and regulations, the Act, and all other applicable laws, rules, regulations, and ordinances.

4.13 DESCRIPTION, TITLE TO AND CONDITION OF REAL PROPERTY. Except for Real Property expressly excluded pursuant to Section 2.2, Schedule 4.13 of the Applicable Disclosure Schedules contains a description of all Real Property used or held for use by the Conveying Party or any of its Affiliates in the business or operation of the Applicable Station and indicates whether the Conveying Party owns or leases such Real Property. Except as set forth on Schedule 4.13 of the Applicable Disclosure Schedule,

(a) the Conveying Party has good and insurable title to and valid and substituting leasehold interest in such owned and leased Real Property (which, for this purpose shall include only ground leases), free and clear of all Liens, except for Permitted Liens;

(b) to the Conveying Party's knowledge, all of the Conveying Party's improvements on such Real Property are in compliance with applicable zoning and land use laws, ordinances and regulations in all respects necessary to conduct the operation of the Applicable Station operating thereon as presently conducted, except for any instances of noncompliance which do not and will not in the aggregate have a Material Adverse Effect on the business, assets, financial condition or results of operations of the Applicable Station;

(c) all such improvements are in good working condition and repair (ordinary wear and tear excepted), have no latent structural, mechanical or other defects of material significance, are insurable at standard rates, and comply in all material respects with FCC rules and regulations and all other applicable federal, state and local statutes, ordinances and regulations;

(d) all of the Applicable Station's transmitting towers, ground radials, guy anchors, transmitter buildings and related improvements located on such Real Property are located entirely on such Real Property; and

(e) the Conveying Party has no knowledge of any pending, threatened or contemplated action to take by eminent domain or otherwise to condemn any part of such Real Property.

4.14 CONTRACTS.

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(a) Schedule 4.14(a) of the Applicable Disclosure Schedules contains a

list of all Contracts relating to the Applicable Station as of the date of this Agreement, except for (i) Miscellaneous Agreements, and (ii) Contracts expressly excluded pursuant to Schedule 2.2 of the Applicable Disclosure Schedules.

(b) Schedule 4.14(b) of the Applicable Disclosure Schedule contains a true and complete trade balance report for all Trade and Barter Agreements for the Applicable Station as of December 31, 1999.

(c) The Conveying Party has furnished true and complete copies of all written Contracts listed on Schedule 4.14 of the Applicable Disclosure Schedules, including all amendments or modifications thereto, and written summaries of all oral Contracts, to the Acquiring Party.

(d) Except as set forth on Schedule 4.14(d) of the Applicable Disclosure Schedules and except as expressly excluded pursuant to Section 2.2, each Contract to be assigned hereunder is valid and binding (except to the extent that the invalidity or nonbinding nature of any Contract would not have a Material Adverse Effect on the business, assets, financial condition or results of operations of the Applicable Station); each such Contract is in full force and effect in accordance with its terms; the Conveying Party has not granted any material waivers of or forebearances under any such Contract; to the best of the Conveying Party's knowledge, no third party is in material default in the performance of any of its obligations under any such Contract, and no event or circumstance has occurred, which, with the giving of notice or the lapse of time or both, would constitute a material default by the Conveying Party under any such Contract; and no consents of any third party are necessary to permit the assignment by the Conveying Party of such Contracts to the Acquiring Party, except as disclosed on Schedule 4.14(d) of the Applicable Disclosure Schedules, and such assignment will not affect the validity or enforceability of any such Contract or cause any material change in the substantive terms thereof. Those Contracts listed on Schedule 4.14(d) of the Applicable Disclosure Schedules and noted with an asterisk are Contracts which, by their terms, require consent in order to assign such Contracts. Such consent shall be required to be obtained only as set forth in Sections 6(f) and 7(f).

(e) The AMFM Contracts and the Bison Contracts, as the case may be, include all Contracts necessary to conduct the business and operation of the Applicable Station as now conducted, other than Contracts expressly excluded pursuant to Section 2.2.

4.15 EMPLOYEE BENEFIT MATTERS. Neither the Conveying Party nor any corporation, trade, business or entity under common control with the Conveying Party, within six years prior to the Closing, within the meaning of Section 414(b), (c) or (m) of the Code or Section 4001 of ERISA has, within six years prior to the Closing, sponsored, maintained or contributed to any "employee benefit plan" as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") which is subject to Title IV of ERISA.

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4.16 LABOR RELATIONS. The Conveying Party is not a party to or subject to any collective bargaining agreements with respect to an Applicable Station. The Conveying Party has complied in all material respects with all laws, rules, and regulations relating to the employment of labor, including those related to wages, hours, collective bargaining, occupational safety, discrimination, and the payment of social security and other payroll related taxes and workers' compensation, and except as described in Schedule 4.16 of the Applicable Disclosure Schedules, it has not received any written notice alleging that it has failed to comply in any material respect with any such laws, rules, or regulations. Except as described in Schedules 4.6 or 4.16 of the Applicable Disclosure Schedules, no controversies, disputes, or proceedings (including discrimination claims) are pending or, to the best of the Conveying Party's knowledge, threatened, between it and any employee (singularly or collectively) of the Applicable Station. Except as described in Schedule 4.16 of the Applicable Disclosure Schedules, no labor union or other collective bargaining unit represents or claims to represent any of the employees of the Applicable Station. Except as described in Schedule 4.16 of the Applicable Disclosure Schedules, the Conveying Party has no knowledge of any union campaign being conducted to represent employees of the Applicable Station or to solicit cards from employees to authorize a union to request a National Labor Relations Board certification election with respect to any employees at the Applicable Station.

4.17 LICENSES. Schedule 4.17 of the Applicable Disclosure Schedules accurately and completely lists material Licenses granted to the Conveying Party or its Affiliates and used in the operation of the Applicable Station. Except as set forth on Schedule 4.17 of the Applicable Disclosure Schedules, all of such Licenses are validly issued and in full force and effect. The Conveying Party or its Affiliates holds all Licenses necessary to enable it to conduct the business and operation of the Applicable Station in all material respects as presently conducted. No judgment, decree, order or notice of violation has been issued by any Governmental Entity which permits, or would permit, revocation, modification or termination of any License or which results or could result in any material

impairment of any rights thereunder.

4.18 INTANGIBLE ASSETS. Schedule 4.18 of the Applicable Disclosure Schedules contains a list of all material Intangible Assets owned by the Conveying Party or its Affiliates and used or held for use in the operation of the Applicable Station that have been registered with a Governmental Entity. Except as set forth in Schedule 4.6 of the Applicable Disclosure Schedules, there is no pending or, to the best of the Conveying Party's knowledge, threatened proceeding or litigation affecting or with respect to the Intangible Assets of the Applicable Station, and the Conveying Party has received no notice and has no knowledge of any infringement or unlawful use of such property.

4.19 COMPLIANCE WITH LAWS. With respect to each Applicable Station, the Conveying Party is in material compliance with all applicable federal, state, local or foreign laws, regulations, statutes, rules, ordinances, directives and orders and any other requirements of any Governmental Entity applicable to it.

4.20 FCC COMPLIANCE. Except as shown on Schedule 4.20 of the Applicable Disclosure Schedules, to the best of the Conveying Party's knowledge, the Applicable Station has been operated

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at all times in accordance with the terms of the Applicable Station's FCC Licenses, the Act, and all applicable rules, regulations and policies of the FCC; the FCC License are not subject to any condition other than conditions appearing on the face of the authorization itself and conditions applicable to such licenses generally; all material applications, reports, and other disclosures required by the FCC to be filed or made with respect to the Applicable Station have been timely filed or made; the Applicable Station's FCC Licenses are valid and in full force and effect; all FCC actions with respect to such FCC Licenses are Final Orders; no application, action or proceeding is pending for the renewal or modification of any of the Applicable Station's FCC Licenses; as of the date of this Agreement, there is no investigation or material complaint pending against the Applicable Station at the FCC; there is no proceeding pending at the FCC, and there is no outstanding notice of violation from the FCC as of the date of this Agreement relating to the Applicable Station; all fees payable to governmental authorities, including FCC annual regulatory fees, with respect to the Applicable Station's FCC Licenses have been paid; and no event has occurred which, individually or in the aggregate, and with or without the giving of notice or the lapse of time or both, would constitute grounds for revocation thereof.

4.21 ENVIRONMENTAL MATTERS. Without limiting the generality of Section 4.19, except as disclosed on Schedule 4.21 of the Applicable Disclosure Schedules, there has been no release, nor is there a threat of a release, of any Hazardous Substance at or from Real Property (which such term as used in this Section 4.21 and Section 5.15 includes leased as well as owned real property) used or held for use in the operation of an Applicable Station. Except as disclosed on Schedule 4.21 of the Applicable Disclosure Schedules, there are no Hazardous Substances present on or affecting such Real Property except for ordinary quantities of properly stored Hazardous Substances found in consumer or commercial products that are used in the normal course of broadcast station operations, including grounds and building operation and maintenance. For the purposes of this Section 4.21, Section 5.15 and Sections 9.2 and 9.3, the term "Hazardous Substance" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time ("CERCLA"), but shall also include any pollutant, contaminant, or petroleum product, fraction or distillate as defined by CERCLA or any other applicable federal, state or local law, and any regulations promulgated thereunder (which, together with any other law, regulation or ordinance pertaining to the protection of the environment or public shall be referred to as the "Environmental Laws"). Without limiting the generality of the foregoing, except as disclosed on Schedule 4.21 of the Applicable Disclosure Schedules, neither such Real Property nor equipment or installations on such Real Property contain polychlorinated biphenyl ("PCBs") or friable asbestos. Except as disclosed on Schedule 4.21 of the Applicable Disclosure Schedules, there are no underground storage tanks, whether in use or closed, on or under such Real Property. The Conveying Party is in compliance in all material respects with all Environmental Laws and all FCC requirements pertaining to RF radiation and has obtained all environmental, health and safety permits necessary for the operation of the Applicable Station, all such permits are in full force and effect, and the Conveying Party is in compliance with the terms and conditions of all such permits. Except as disclosed on Schedule 4.21, the Conveying Party has not received any notice, nor does the Conveying Party have any knowledge of any administrative or judicial investigations, proceedings

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or actions with respect to violations alleged, or proved, of any Environmental Law involving such Real Property.

#### 4.22 FINANCIAL STATEMENTS; BUDGETS.

(a) The Conveying Party has provided the Acquiring Party with true and complete copies of unaudited statements of income and expenses of the Applicable Station for its most recent concluded fiscal year and for all full quarters since elapsed (the "Financial Statements"). Except as disclosed in Schedule 4.22 of the Applicable Disclosure Schedules, the Financial Statements (i) were prepared in accordance with the books and records of the Applicable Station, and in conformity with the Conveying Party's internal accounting principles and policies, consistently applied, (ii) fairly present in all material respects the information purported to be presented therein as of the dates and for the respective periods covered thereby; and (iii) reflect the results of operation of the Station on a stand-alone basis.

(b) The Conveying Party has provided the Acquiring Party with a true and complete copy of the Conveying Party's month-by-month budget for fiscal year 2000 for the Applicable Station.

4.23 CONDUCT OF BUSINESS IN ORDINARY COURSE. Between December 31, 1999, and the date of this Agreement, the business and operations of the Applicable Station have been conducted only in the ordinary course and substantially consistent with past practice and has not:

(a) suffered any material adverse changes in the business, assets, properties, financial condition or results of operation of the Conveying Party pertaining to the Applicable Station, including any damage, destruction or loss affecting the Assets relating to the Applicable Station; or

(b) made or agreed to make any sale, assignment, lease or other transfer of any material properties used in connection with the Applicable Station other than in the ordinary course of business and consistent with past practices.

4.24 INSURANCE. The insurable properties relating to the business of the Applicable Station and the conduct of the business of the Applicable Station are, and will be until the Closing Date, in the reasonable judgment of the Conveying Party, adequately insured.

### ARTICLE 5

#### COVENANTS RELATING TO CONDUCT OF BUSINESS

5.1 COVENANTS OF THE PARTIES. AMFM and Bison hereby covenant to each other as follows:

5.2 FCC CONSENT. Following the date of this Agreement, the parties shall proceed as expeditiously as practicable to file or cause to be filed applications with the FCC (the "FCC

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Applications") requesting FCC Consent to the assignment of the FCC Licenses for the AMFM Station to Bison and applications with the FCC requesting consent to the assignment of the FCC Licenses for the Bison Station to AMFM. If not previously submitted, the parties shall file the FCC Applications contemporaneously as contingent applications not later than ten (10) business days after the date of this Agreement. AMFM and Bison shall cooperate with each other in the preparation, filing and prosecution of the FCC Applications, and each party shall prosecute the FCC Applications in good faith and with due diligence. Should AMFM or Bison become aware of facts which could reasonably be expected to affect or delay in a material and adverse manner the FCC Consent, such party shall promptly notify the other parties in writing and in accordance with the notice provisions set forth in Section 10.4. If for any reason the Closing does not occur within the original effective period of the FCC's grants of the FCC Applications, and if no party shall have terminated this Agreement under Section 8, the parties shall jointly request extensions of the effective period of such grants. Each party shall bear the FCC filing fees required to convey the Station to be conveyed by such party hereunder. It is specifically understood and agreed by Bison and AMFM that the Closing, the assignment of the FCC Licenses and the transfer of the Assets are expressly conditioned on and are subject to the prior consent and approval of the FCC without the imposition of any conditions materially adverse to either party or their respective Affiliates (the "FCC Consent").

5.3 COMPLIANCE WITH HSR ACT. AMFM and Bison will (a) each make such filings as are required under the HSR Act as soon as practicable but in no event later than ten (10) days following the date hereof, (b) otherwise promptly comply with the applicable requirements under the HSR Act, including furnishing all information and filing all documents required thereunder, (c) furnish to each other copies of those portions of the documents filed which are not confidential, and (d) cooperate fully and use their reasonable efforts to expedite compliance with the HSR Act. Each party shall bear the filing fees with respect to any HSR filing required to acquire the Stations being acquired by



such party under this Agreement.

#### 5.4 CONDUCT OF BUSINESS.

(a) General. During the period from the date hereof to the Closing, each of the parties shall conduct the business and operations of the Applicable Station in the ordinary course of business, consistent with current practice.

(b) Prior to Closing. Without limiting the generality of the preamble to this Section 5.4, each of the parties agree that, except as required or contemplated by this Agreement or otherwise consented to or approved by the other party in writing, during the period commencing on the date of this Agreement and ending on the Closing Date, each party will, with respect to the Applicable Station owned by it:

(i) maintain the Records relating to the business of the Applicable Station in the usual, regular and ordinary manner, comply in all material respects with all laws and contractual obligations applicable to such Station or to the conduct of the business of such Station and perform all material obligations relating to the business of such Station;

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(ii) operate the Applicable Station in conformity with its respective FCC Licenses, any special temporary authority or program test authority, the Act and the rules and regulations of any other Governmental Entity with jurisdiction over such Station, and take all reasonable actions necessary to maintain the FCC Licenses for such Station in all material respects;

(iii) refrain from making any material changes in studios or other structures of the Applicable Station, except for normal repair or replacement;

(iv) not dispose of any of the KSKY Assets or the KPRZ Assets, as the case may be (other than for the disposition in the ordinary course of business, consistent with past practice, of immaterial assets or of assets that are of no further use to such Station);

(v) not create, assume or permit to exist any Lien upon the KSKY Assets or the KPRZ Assets, as the case may be, except for Permitted Liens;

(vi) not waive any material right relating to the Applicable Station or any of the KSKY Assets or the KPRZ Assets, except in the ordinary course of business consistent with past practice;

(vii) maintain the existing or comparable insurance policies on the Applicable Station and the KSKY Assets or the KPRZ Assets, as the case may be;

(viii) refrain from modifying or changing in any material respect or renewing or entering into any Contract that (i) has a cost or value to the Applicable Station of \$10,000 or more and (ii) is required to be or, if such Contract had been in existence on the date of this Agreement, would have been required to be listed on Schedule 4.14 of the Applicable Disclosure Schedules; and

(ix) timely make all required payments under any Contract to be assumed pursuant to this Agreement and otherwise pay all liabilities and satisfy all obligations in accordance with past practice.

5.5 DEEMED CONSENT. If a Conveying Party requests consent to modify, change, renew or enter into a Contract, the Acquiring Party shall respond within five (5) business days after receipt of such request or be deemed to have granted the requested consent or approval. The notice provision of Section 10.4 of this Agreement shall not apply to requests for consent under this Section 5.5. Requests for consent under this Section 5.5 shall be sent in writing to, in the case of Bison, to Jonathan L. Block, Esq., Bison Media, Inc., 4880 Santa Rosa Road, Suite 300, Camarillo, California 93012 and, in the case of AMFM, to Mr. William S. Banowsky, Jr., AMFM Inc., 600 Congress Avenue, Suite 1400, Austin, Texas 78701 (facsimile no. (513) 340-7890).

5.6 NO SOLICITATION. Between the date hereof and the Closing, no party nor any of its Affiliates, nor any of its or its Affiliates' directors, officers, partners, employees, representatives or agents shall, directly or indirectly, solicit or initiate inquiries or proposals from, or enter into any

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agreement with respect to, or provide any confidential information to or participate in any discussions or negotiations with, any corporation,

partnership, person or other entity or group concerning any sale to such party of all or substantially all of the assets the Applicable Station (whereby directly or through a merger or sale of stock). The parties will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any third parties conducted heretofore with respect to any of the foregoing. Notwithstanding the above, a merger or a sale of substantially all of the stock or assets of AMFM Inc., with respect to AMFM, including AMFM Inc.'s pending business combination with Clear Channel Communications, Inc., or Bison Media, Inc., with respect to Bison (a "Parent Merger"), shall not be deemed to be a violation of this Section 5.6.

#### 5.7 ACCESS; INFORMATION; CONFIDENTIALITY; PUBLICITY.

(a) Prior to the Closing, each party shall give to the other party and its representatives full and reasonable access during normal business hours to all of the party's properties, books, contracts, reports and records including financial information, in each case relating to such party's Stations, in order that the parties may have full opportunity to make such investigation as they desire of such Station, and each party shall furnish the other party with such information as such other party may reasonably request in connection therewith. The rights of the parties under this Section 5.7 shall not be exercised in such a manner as to interfere unreasonably with the business of any party's Station.

(b) Between the date of this Agreement and the Closing, the Conveying Party shall (i) keep the Acquiring Party reasonably informed of all material operational matters and business developments with respect to the Conveying Party's Station, and (ii) furnish the Acquiring Party with any information customarily prepared by the Conveying Party concerning the financial condition of the Conveying Party's Station that the Acquiring Party may request.

(c) Subject to the requirements of applicable law, each party shall keep confidential all information obtained by it with respect to the other party hereto in connection with this Agreement and the negotiations preceding this Agreement ("Confidential Information"); provided that, each party hereto may furnish such Confidential Information to its employees, agents and representatives who need to know such Confidential Information (including its financial and legal advisers, its banks and other lenders) (collectively, "Representatives"). Each party hereto shall, and shall cause each of such party's Representatives to, use the Confidential Information solely in connection with the transactions contemplated by this Agreement. If the transactions contemplated hereby are not consummated for any reason, each party shall return to such other party hereto, without retaining a copy thereof, any schedules, documents or other written information obtained from such other party in connection with this Agreement and the transactions contemplated hereby. Notwithstanding anything contained in this Section 5.7, no party shall be required to keep confidential or return any Confidential Information which: (a) is known or available through other lawful sources, not bound by any confidentiality agreement with the disclosing party; (b) is or becomes publicly known through no fault of the receiving party or its agents; (c) is required to be disclosed pursuant to an order or request of a judicial or governmental authority (provided the disclosing party is given reasonable

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prior notice of the order or request and the purpose of the disclosure); or (d) is developed by the receiving party independently of the disclosure by the disclosing party. The obligations of the parties under this Section 5.7(c) shall survive either the Closing or the termination of this Agreement.

(d) No news release or other public announcement pertaining to the transactions contemplated by this Agreement will be made by or on behalf of any party hereto without the prior written approval of the other party (such consent not to be unreasonably withheld or delayed). Notwithstanding the provisions of the preceding sentence, either party hereto or its Affiliates (a "Releasing Party") may, in accordance with its legal obligations, including but not limited to filings permitted or required by the Securities Act of 1933, the Securities and Exchange Act of 1934, the New York Stock Exchange and other similar regulatory bodies, make (i) such press releases and other public statements and announcements ("Releases") as the Releasing Party deems necessary or appropriate in connection with this Agreement and the transactions contemplated hereby, and (ii) any and all statements the Releasing Party deems in its sole judgment to be appropriate in any and all filings, prospectuses and other similar documents. The Releasing Party shall use reasonable efforts to provide the other parties hereto with a copy of any Releases before any publication of same, provided that, if the content of the Release is, in the sole judgment of the Releasing Party reasonably exercised, substantially similar to the content of a Release previously provided to the other parties, the Releasing Party shall have no obligation to provide the other party with a copy of such Release. The other party may make comments to the Releasing Party with respect to any such Releases provided to them; provided, however, that the Releasing Party is not required to incorporate any such comments into the Releases.

#### 5.8 INCONSISTENT ACTIONS. Prior to the Closing, no party shall take any

action which is materially inconsistent with its obligations under this Agreement, or that could hinder or delay in any material respect the consummation of the transactions contemplated by this Agreement.

5.9 COOPERATION. Each party shall cooperate fully with each other and its respective counsel and accountants in connection with any actions required to be taken as part of its obligations under this Agreement, and each party will use its reasonable efforts to consummate the transactions contemplated hereby and to fulfill its obligations hereunder; provided, however, that no party shall be required to make any payments to any third party in order to obtain the consent of any such third party.

5.10 CONTROL OF STATIONS. Prior to Closing, no party shall, directly or indirectly, control, supervise, or direct or attempt to control, supervise or direct the operations of the other party's Station; those operations, including complete control and supervision of all Station programs, employees, and policies, shall be the sole responsibility of the Station's licensee.

5.11 RISK OF LOSS. The risk of any loss, damage, impairment, confiscation, or condemnation of any of the KSKY Assets from any cause whatsoever shall be borne by AMFM at all times prior to the Closing. The risk of any loss, damage, impairment, confiscation, or condemnation of any of the KPRZ Assets from any cause whatsoever shall be borne by Bison at all

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times prior to the Closing. If there is any loss, damage, impairment, confiscation, or condemnation of or to any of such assets, AMFM or Bison, as the case may be, shall repair, replace or restore such assets (the "Damaged Assets") to their prior condition as represented in this Agreement as soon thereafter as possible; provided, however, that no party shall have any obligation to repair or replace any immaterial or obsolete asset no longer necessary or useful for the continued operation of a Station consistent with past practice. If AMFM or Bison, as the case may be (the "Repairing Party"), is unable to repair or replace the Damaged Assets by the date on which the Closing would otherwise occur under this Agreement, then the Repairing Party shall reimburse all reasonable costs incurred by the Acquiring Party in repairing or replacing the Damaged Assets after the Closing.

5.12 THIRD PARTY CONSENTS. Subject to Section 5.7, between the date of this Agreement and the Closing, each Conveying Party shall use its reasonable efforts to obtain the consent of any third party necessary for the assignment of any contract or agreement to be assigned hereunder. In the event of a consent or waiver required with respect to the assignment of a contract that has not been obtained before the Closing, and the applicable party waives the right to receive such consent or waiver (to the extent required in order to close the transactions contemplated herein), then each Conveying Party shall use its commercially reasonable efforts to provide the other party with the benefits of any such contract, including without limitation, permitting such other party to enforce any rights of AMFM or Bison under such contract.

5.13 INTENTIONALLY OMITTED.

5.14 INTENTIONALLY OMITTED.

5.15 ESTOPPEL CERTIFICATES. Each Conveying Party shall use its commercially reasonable efforts to obtain estoppel certificates from landlords with respect to leased Real Property to be conveyed hereunder.

5.16 ENVIRONMENTAL ASSESSMENTS.

(a) Within forty five (45) days after the date of this Agreement, the Acquiring Party may cause at its expense a Phase I environmental assessment audit (the "Phase I Environmental Assessment") of the Real Property (which includes leasehold interests) and the improvements and other Assets located thereon to be acquired by such party to be completed. The Acquiring Party shall provide the Conveying Party with a copy of the report of any Phase I Environmental Assessment so completed within fifteen (15) business days of its receipt by the Acquiring Party, but in no event later than sixty (60) days after the date of this Agreement, and at the same time the Acquiring Party shall give the Conveying Party notice of any matter disclosed by such Phase I Environmental Assessment concerning (i) the presence of Hazardous Substances on or affecting the Real Property or other Assets to be conveyed hereunder; (ii) any apparent violation of Environmental Laws upon or associated with such Real Property or other Assets to be conveyed hereunder; or (iii) any other condition which may constitute a breach of Section 4.21 (collectively, "Environmental Exceptions").

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(b) After giving notice of such Environmental Exceptions to the Conveying Party, the Acquiring Party may, at its expense, undertake a Phase II

environmental assessment (the "Phase II Environmental Assessment") of the affected Real Property or other Asset to be conveyed hereunder, which shall be completed no later than thirty (30) days of the giving of such notice; provided, however, the Conveying Party is able to obtain written consent for the Phase II Environmental Assessment from the landlord with respect to any leased Real Property; and provided further, that the Conveying Party approves the scope of work for the Phase II Environmental Assessment of any of its Real Property, whether owned or leased, such approval not to be unreasonably withheld. The Phase II Environmental Assessment shall include an estimate of the total cost of remediating all such Environmental Exceptions (the "Estimated Remediation Costs"). The Acquiring Party shall provide the Conveying Party with a copy of the Phase II Environmental Assessment within fifteen (15) business days of receipt by Conveying Party, but in no event later than seventy-five (75) days after the date of this Agreement and at the same time shall give the Conveying Party notice of any matters revealed by the Phase II Environmental Assessment that adversely affect the use of the Real Property as currently used by the Conveying Party (the "Phase II Environmental Exceptions").

(c) The Conveying Party shall cure or remove any Phase II Environmental Exceptions and/or any and all environmental matters or conditions disclosed by the Conveying Party on such party's Disclosure Schedule ("Disclosed Environmental Matters"), within forty-five (45) days from the date of the Acquiring Party's notice (in the case of the Phase II Environmental Exceptions), and prior to Closing (in the case of the previously Disclosed Environmental Matters); provided, however, that if the Conveying Party reasonably determines that the cost of removing any such Phase II Environmental Exceptions would exceed \$240,000 with respect to the Applicable Station (unless the Conveying Party agrees in writing to correct such Phase II Environmental Exceptions at the Conveying Party's sole costs and expense) then the Conveying Party shall notify the Acquiring Party within five (5) days after such determination, whereupon the Acquiring Party shall have the right, exercisable by written notice given to the Conveying Party within five (5) business days after receipt of the Acquiring Party's notice, to elect to: (i) terminate this Agreement or (ii), in the case of owned Real Property, to require the Conveying Party to enter into a 99-year lease or other instrument providing the Acquiring Party with right of access for such property, effective as of the Closing Date, at a rental rate of \$1 per year plus reimbursement of all costs and ownership of such property (which would be traditionally charged to a lessee under a "Triple Net" lease) other than costs arising from an Environmental Exception with respect to such property, or, in the case of leased Real Property, not to assume such property, or, in the case of leased Real Property, not to assume such lease in which event the Conveying Party shall provide the Acquiring Party a functionally equivalent alternative. Notwithstanding anything contained herein, with respect to the Conveying Party's obligation to cure, unless the Acquiring Party elects (i) or (ii) above, in the event the Conveying Party cannot reasonably cure or remove the Phase II Environmental Exceptions or the Disclosed Environmental matters within the 45-day period, or prior to Closing (as applicable), then the parties shall proceed to close the transactions contemplated hereby. Whether cured or not, any costs and expenses incurred to cure or remove the Phase II Environmental Exceptions or the Disclosed Environmental Matters as of the Closing or thereafter (which in no event shall exceed an aggregate cap of \$240,000 for each Conveying Party, unless otherwise agreed by the parties) shall be applied

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to the Conveying Party's indemnification cap of \$600,000 ("Environmental Credit Amount") set forth in Section 9.4; provided that, any indemnification obligations of the Conveying Party hereunder, including, but not limited to, those set forth in Sections 9.2 and 9.3, shall not be deemed waived or otherwise affected by such decision to proceed to Closing in light of the known Phase II Environmental Exceptions or Disclosed Environmental Conditions, subject to the Environmental Credit Amount. The failure of the Acquiring Party to exercise such option within ninety (90) days of the date of this Agreement shall constitute an irrevocable waiver of the right of the Acquiring Party to terminate this Agreement under this Section 5.16.

#### 5.17 REAL PROPERTY SURVEYS AND TITLE COMMITMENTS.

(a) Within sixty (60) days after the date of this Agreement, the Acquiring Party may at its expense obtain for the Real Property (either owned or leased) to be conveyed to the Acquiring Party hereunder (i) a current survey, prepared by a licensed surveyor and conforming to current ALTA Minimum Detail Requirements for Land Title Surveys, disclosing the location of all improvements (including guy wire and anchors), easements, party walls, sidewalks, roadmaps, utility lines and other matters customarily shown on such surveys, and showing access affirmatively to public streets and roads (the "Surveys"), and (ii) standard ALTA Form B commitments for owner's or lessor's title insurance for the Real Property (the "Title Commitments").

(b) The Acquiring Party shall provide the Conveying Party with a copy of the Surveys and Title Commitments within fifteen (15) business days of receipt by Conveying Party, but in no event later than seventy-five (75) days after the date of this Agreement and at the same time shall give the Conveying Party

notice of any exceptions or defects to title in the Title Commitments or matters revealed by the Surveys that materially and adversely affect the use of the Real Property as currently used by the Conveying Party (the "Objectionable Exceptions"). If the Acquiring Party fails to give such notice in a timely manner, the Acquiring Party shall be deemed to have accepted all title exceptions report in the Title Commitments or matters revealed by the Surveys other than the Objectionable Exceptions expressly set forth in the notice.

(c) The Conveying Party shall cure or remove any Objectionable Exception within 45 days from the date of the Acquiring Party's notice; provided, however, that if the Conveying Party reasonably determines that the cost of removing any such Objectionable Exception would exceed \$240,000 with respect to a particular Station, or that the Conveying Party will be unable to cure or remove an Objectionable Exception within such 45-day period, then the Conveying Party shall notify the Acquiring Party within fifteen (15) days after such determination, whereupon the Acquiring Party shall have the right, exercisable by written notice given to the Conveying Party within fifteen (15) business days after receipt of the Acquiring Party's notice, to elect (i) to agree to accept the real property covered by such Title Commitment or Survey, subject to the Objectionable Exceptions, or (ii) to terminate this Agreement. If the Acquiring Party fails to elect option (i) or (ii) above, then the Acquiring Party shall be deemed to have elected option (i).

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(d) Notwithstanding the foregoing, none of the following shall constitute an Objectionable Exception: (i) the preprinted or standard exceptions on the current ALTA owner's or lessee's form; (ii) Permitted Liens; and (iii) any matters disclosed in Schedule 4.13 of the Applicable Disclosure Schedule; provided, however, that any Lien securing a monetary obligation (other than such Lien arising under a Contract assumed pursuant to Section 2.4) shall be deemed an Objectionable Exception whether or not the Acquiring Party gives written notice of such, and shall be removed by the Conveying Party at or before the Closing.

(e) Nothing in Section 5.15 or this Section 5.16 shall be deemed to extend the date on which the Closing would otherwise occur under this Agreement.

#### 5.18 INVESTIGATION; NO OTHER REPRESENTATIONS OR WARRANTIES.

(a) The Acquiring Party acknowledges and agrees that it has made its own inquiry and investigation into, and, based thereon, has formed an independent judgment concerning, the Station and its business and operations, and Acquiring Party has been furnished with or given full access to such information about the Station and its business and operations as it has requested. Acquiring Party has not received from the Conveying Party any projections related to the Station or its business or operations.

(b) The Acquiring Party agrees that, except for the representations and warranties made by the Conveying Party and expressly set forth in this Agreement, neither the Conveying Party nor any of its Affiliates or their respective representatives has made (and shall not be construed as having made) to Acquiring Party or to any of its Affiliates or any respective representatives thereof any representation or warranty of any kind.

(c) Conveying Party agrees that, except for the representations and warranties made by the Acquiring Party and expressly set forth in this Agreement, neither the Acquiring Party nor any of its Affiliates or their respective representatives has made (and shall not be construed as having made) to Conveying Party or to any of its Affiliates or any respective representatives thereof any representation or warranty of any kind.

5.19 BULK SALES. Each of the parties to this Agreement hereby waive compliance with any applicable bulk sale laws by the transferor to such party of assets hereunder.

### ARTICLE 6

#### CONDITIONS OF BISON

6.1 CONDITIONS OF BISON'S OBLIGATIONS. Unless waived by Bison in writing, all obligations of Bison under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

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(a) Representations and Warranties and Covenants. The representations and warranties of AMFM set forth in this Agreement shall be true and correct (provided that any representation or warranty contained herein that is qualified by a materiality or material adverse effect qualification shall not be so qualified for purposes of determining the existence of any breach thereof by

AMFM) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (unless otherwise limited to another date), and AMFM shall have performed in all material respects all obligations required to be performed by it under this Agreement (provided that any covenant or agreement contained herein that is qualified by a materiality or material adverse effect qualification shall not be so qualified for purposes of determining the existence of any breach thereof by AMFM) prior to the Closing Date, except, with respect to such representations, warranties, and covenants, (i) for changes that are a result of actions of AMFM that are not prohibited by this Agreement or (ii) to the extent that any inaccuracies in such representations and warranties and any breaches of such performance that have not been waived by Bison in the aggregate would not have a Material Adverse Effect. Bison shall have received a certificate to the foregoing effect signed on behalf of AMFM by the chief executive officer or by the chief financial officer of AMFM.

(b) Approvals of Governmental Authorities; FCC Consent. Any and all governmental approval necessary to consummate the transactions contemplated by this Agreement, including FCC Consent shall have been obtained.

(c) HSR Act. If legally required, all filings with the Federal Trade Commission (the "FTC") and the DOJ pursuant to the HSR Act shall have been made and all applicable waiting periods with respect to such filings (including any extensions thereof) shall have expired or been terminated and no actions (or if no HSR Act filing is required, no objection) shall have been instituted which are pending on the Closing Date by the FTC or DOJ challenging or seeking to enjoin the consummation of the transactions contemplated by this Agreement.

(d) No Injunctions. No order shall have been issued by any Governmental Entity of competent jurisdiction restraining, prohibiting or making unlawful any of the transactions contemplated by this Agreement.

(e) No Material Adverse Change. Since the date hereof, no loss or materially adverse modification of any material FCC License for the AMFM Station shall have occurred.

(f) Consents. The consents designated with an asterisk as "consents required as a condition of Closing" on Schedule 4.14 of the AMFM Disclosure Schedules shall have been obtained and shall be in form and substance reasonably satisfactory to Bison.

(g) Closing Documents. AMFM shall have executed and delivered to Bison the documents required to be executed and delivered by it pursuant to Section 3.2.

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(h) Opinion of Counsel to AMFM. AMFM shall have delivered to Bison an opinion or opinions of counsel reasonably acceptable to Bison dated as of the Closing Date and substantially in the form and substance of Exhibits D and E.

#### ARTICLE 7

##### CONDITIONS OF AMFM

7.1 CONDITIONS TO AMFM'S OBLIGATIONS. Unless waived by AMFM in writing, all obligations of AMFM under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) Representations and Warranties and Covenants. The representations and warranties of Bison set forth in this Agreement shall be true and correct (provided that any representation or warranty contained herein that is qualified by a materiality or material adverse effect qualification shall not be so qualified for purposes of determining the existence of any breach thereof by Bison) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (unless otherwise limited to another date), and Bison shall have performed in all material respects all obligations required to be performed by it under this Agreement (provided that any covenant or agreement contained herein that is qualified by a materiality or material adverse effect qualification shall not be so qualified for purposes of determining the existence of any breach thereof by Bison) prior to the Closing Date, except, with respect to such representations, warranties, and covenants, (i) for changes that are a result of actions of Bison that are not prohibited by this Agreement or (ii) to the extent that any inaccuracies in such representations and warranties and any breaches of such performance that have not been waived by AMFM in the aggregate would not have a Material Adverse Effect. AMFM shall have received a certificate to the foregoing effect signed on behalf of Bison by the chief executive officer or by the chief financial officer of Bison.

(b) Approvals of Governmental Authorities; FCC Consent. Any and all governmental approvals necessary to consummate the transactions contemplated by this Agreement, including FCC Consent, shall have been obtained.

(c) HSR Act. If legally required, all filings with the FTC and the DOJ pursuant to the HSR Act shall have been made and all applicable waiting periods with respect to such filings (including any extensions thereof) shall have expired or been terminated and no actions shall have been instituted which are pending on the Closing Date by the FTC or DOJ challenging or seeking to enjoin the consummation of the transactions contemplated by this Agreement.

(d) No Injunctions. No order shall have been issued by any Governmental Entity of competent jurisdiction restraining, prohibiting, or making unlawful any of the transactions contemplated by this Agreement.

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(e) No Material Adverse Change. Since the date hereof, no loss or materially adverse modification of any material FCC License for the Bison Station shall have occurred.

(f) Consents. The consents designated with an asterisk as "consents required as a condition of Closing" on Schedules 4.14 of the Bison Disclosure Schedules shall have been obtained and shall be in form and substance reasonably satisfactory to AMFM.

(g) Closing Documents. Bison shall have executed and delivered to AMFM the documents required to be executed and delivered by it pursuant to Section 3.2.

(h) Opinion of Counsel to Bison. Bison shall have delivered to AMFM an opinion or opinions of counsel reasonably acceptable to AMFM dated the Closing Date and substantially in the form and substance of Exhibits D and E.

#### ARTICLE 8

##### TERMINATION AND OPPORTUNITY TO CURE

8.1 TERMINATION. This Agreement may be terminated prior to the Closing by written agreement of AMFM and Bison or by either AMFM or Bison, if the terminating party is not then in material default of this Agreement, upon written notice to the other party, upon the occurrence of any of the following:

(a) Conditions. If on the Upset Date (as defined in Section 8.1(b)) any of the conditions precedent to the obligations of the terminating party set forth in this Agreement have not been satisfied or waived in writing by the terminating party.

(b) Upset Date. If the Closing shall not have occurred on or before the first anniversary of the date of this Agreement (the "Upset Date").

(c) Breach. If the party on the other side of an exchange with the terminating party is in material breach of this Agreement and the breach remains uncured notwithstanding the opportunity to cure provisions of Section 8.2 hereof.

(d) Environmental and Real Estate. If a party has the right to terminate pursuant to Sections 5.16 and/or 5.17, respectively.

(e) Denial of FCC Approval. If the FCC denies the FCC Application or designates it for a trial-type hearing.

(f) Injunction; Restraining Order. If any court of competent jurisdiction shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement.

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8.2 OPPORTUNITY TO CURE. No party shall have the right to terminate this Agreement as a result of the other party's default unless the terminating party shall have given the defaulting party written notice specifying in reasonable detail the nature of the default and shall have afforded the defaulting party thirty (30) business days to cure the default (the "Cure Period").

8.3 LIABILITY. In no event shall termination of this Agreement relieve any party of any liability for breaches of this Agreement prior to termination. Articles 1, 5, 8 shall survive the termination of this Agreement.

#### ARTICLE 9

##### SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION; AND REMEDIES

9.1 SURVIVAL; SOLE REMEDY. All representations and warranties contained

in this Agreement shall survive the Closing until the first anniversary of the Closing. In the event notice of any claim is given by a party, the right to indemnification with respect thereto shall survive until such claim is finally resolved and any obligations thereto are fully satisfied. Any investigations by or on behalf of any party hereto shall not constitute waiver as to the enforcement of any representation, warranty, or covenant contained in this Agreement. No notice or information delivered by a party shall affect another party's right to rely on any representation or warranty made by the party providing such notice or information or relieve such party of any obligations under this Agreement as a result of a breach of any of its representations and warranties. Following the Closing, a party's sole remedy for breach of this Agreement shall be the right to indemnification pursuant to Section 9.2 or 9.3, as the case may be.

9.2 INDEMNIFICATION BY AMFM OF BISON. Notwithstanding the Closing, but from and after the Closing, AMFM hereby agrees, subject to Section 9.4(c), to indemnify and hold Bison harmless against and with respect to, and shall reimburse Bison for:

(a) Breach. Any and all losses, liabilities, or damages resulting from any untrue representation or breach of warranty or nonfulfillment of any covenant by AMFM contained herein or in any certificate, documents, or instrument delivered to Bison hereunder.

(b) Obligations. Any and all obligations of AMFM not assumed by Bison pursuant to the terms of this Agreement, including obligations under any bulk sales law applicable to the transfer of the KSKY Assets hereunder.

(c) Ownership. Any and all losses, liabilities, or damages resulting from the operation or ownership of the AMFM Station prior to the Closing Date, including any and all liabilities arising under the Licenses for the AMFM Station or the AMFM Contracts which relate to events occurring prior to the Closing Date or the operation or ownership of the Bison Station on and after the Closing

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Date, including any and all liabilities arising under the Licenses for the Bison Station or the Bison Contracts which relate to events occurring on or after the Closing Date.

(d) Legal Matters. Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs, and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

9.3 INDEMNIFICATION BY BISON OF AMFM. Notwithstanding the Closing, but from and after the Closing, subject to Section 9.4(c), Bison hereby agrees to indemnify and hold AMFM harmless against and with respect to, and shall reimburse AMFM for:

(a) Breach. Any and all losses, liabilities, or damages result from any untrue representation or breach of warranty or nonfulfillment of any covenant by Bison contained herein or in any certificate, document, or instrument delivered to AMFM hereunder.

(b) Obligations. Any and all obligations of Bison not assumed by AMFM pursuant to the terms of this Agreement, including obligations under any bulk sales law applicable to the transfer of the KPRZ Assets hereunder.

(c) Ownership. Any and all losses, liabilities, or damages resulting from the operation or ownership of the Bison Station prior to the Closing Date, including any and all liabilities arising under the Licenses for the Bison Station or the Bison Contracts which relate to events occurring prior to the Closing Date, or the operation or ownership of the AMFM Station on and after the Closing Date, including any and all liabilities arising under the Licenses for the AMFM Station or the AMFM Contracts which relate to events occurring on or after the Closing Date.

(d) Legal Matters. Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

9.4 PROCEDURE FOR INDEMNIFICATION. The procedure for indemnification shall be as follows:

(a) Third-Party Claims. A party seeking indemnification (an "Indemnified Party") shall give prompt written notice to any the party who is obligated to provide indemnification under Section 9.2 or 9.3 (an "Indemnifying Party") of the commencement or assertion of any action, proceeding, demand, or claim by a



third party (collectively, a "third-party action") in respect of which such Indemnified Party shall seek indemnification hereunder. Any failure so to notify an Indemnifying Party shall not relieve such Indemnifying Party from any liability that it may have to such Indemnified Party under this Article 9 unless the failure to give such notice materially and adversely prejudices such Indemnifying Party. The Indemnifying Party shall have the right to

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assume control of the defense of, settle, or otherwise dispose of such third-party action on such terms as it deems appropriate; provided, however, that:

(i) The Indemnified Party shall be entitled, at its own expense, to participate in the defense of such third-party action (provided, however, that the Indemnifying Party shall pay the attorneys' fees of the Indemnified Party if (a) the employment of separate counsel shall have been authorized in writing by any such Indemnifying Party in connection with the defense of such third-party action, (b) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to have charge of such third-party action, (c) the Indemnified Party shall have reasonably concluded that there may be defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (d) the Indemnified Party's counsel shall have advised the Indemnified Party in writing, with a copy delivered to the Indemnifying Party, that there is a material conflict of interest that could violate applicable standards of professional conduct to have common counsel);

(ii) The Indemnifying Party shall obtain the prior written approval of the Indemnified Party before entering into or making any settlement, compromise, admission, or acknowledgment of the validity of such third-party action or any liability in respect thereof if, pursuant to or as a result of such settlement, compromise, admission, or acknowledgment, injunctive or other equitable relief would be imposed against the Indemnified Party or if, in the opinion of the Indemnified Party, such settlement, compromise, admission, or acknowledgment could have a Material Adverse Effect on its business;

(iii) No Indemnifying Party shall consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect of such third-party action; and

(iv) The Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgment of any third-party action (a) as to which the Indemnifying Party fails to assume the defense within a reasonable length of time or (b) to the extent the third-party action seeks an order, injunction, or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; provided, however, that the Indemnified Party shall make no settlement, compromise, admission, or acknowledgment that would give rise to liability on the part of any Indemnifying Party without the prior written consent of such Indemnifying Party.

The parties hereto shall extend reasonable cooperation in connection with the defense of any third-party action pursuant to this Article 9 and, in connection therewith, shall furnish such records, information, and testimony and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested.

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(b) Direct Claims. In any case in which an Indemnified Party seeks indemnification hereunder which is not subject to Section 9.4(a) because no third-party action is involved, the Indemnified Party shall notify the Indemnifying Party in writing of any Indemnified Costs which such Indemnified Party claims are subject to indemnification under the terms hereof. Subject to the limitations set forth in Section 9.4(c), the failure of the Indemnified Party to exercise promptness in such notification shall not amount to a waiver of such claim unless the resulting delay materially prejudices the position of the Indemnifying Party with respect to such claim.

(c) Limitations on Indemnification.

(i) Any indemnity payment hereunder shall be limited to the extent of the actual loss or damage suffered by the Indemnified Party (but shall be grossed up to offset any federal or state income taxes incurred by the Indemnified Party in connection with the receipt of such indemnity payment) and shall be reduced by the amount of any recovery by the Indemnified Party from any

third party, including any insurer. No such indemnity payment shall be reduced by the amount of any tax benefits received.

(ii) With respect to breaches of the representations and warranties herein, no party shall be entitled to indemnification hereunder unless and until the amount for which indemnification is owing exceeds \$50,000 in the aggregate for all such matters; provided, however, that if such amount exceeds \$50,000 the Indemnifying Party shall be liable to the Indemnified Party for the entirety of the amount and not just that portion in excess of \$50,000.

(iii) The aggregate liability of an Indemnifying Party pursuant to this Section 9 shall be limited to \$600,000 (as may be adjusted pursuant to Section 5.16, plus any gross up amounts necessary to offset taxes as provided in Section 9.4(c)(i)), provided that there shall be no limit on liability with respect to liabilities assumed by an Indemnifying Party pursuant to this Agreement or with respect to breaches of covenants contained in Sections 2.4, 3.3, 3.4, 5.3, 5.11, 10.1 and 10.2 or the representations and warranties contained in Section 4.20). Each party hereto acknowledges and agrees that, after the Closing, notwithstanding any other provision of this Agreement to the contrary, such party's sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement and the transactions contemplated herein shall be in accordance with, and be limited by, the provisions set forth in this Section 9. No party shall be entitled to indemnification hereunder for any claim arising from the breach by the other party of its representations and warranties unless asserted against the Indemnifying Party on or before 5:00 p.m., Dallas, Texas time on the first anniversary of the Closing Date.

9.5 Specific Performance. The parties recognize that if either party refuses to close as and when required under the provisions of this Agreement, monetary damages will not be adequate to compensate the other parties for their injury. Each party shall therefore be entitled, in addition to a right to collect money damages, to obtain specific performance of the terms of this Agreement. If any action is brought by AMFM or Bison to enforce this Agreement, the other party shall waive the defense that there is an adequate remedy at law. Any party shall have the right to obtain specific

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performance of the terms of this Agreement without being required to prove actual damages, post bond or furnish other security.

#### ARTICLE 10

##### GENERAL PROVISIONS

10.1 EXPENSES. Except as otherwise expressly provided in this Agreement, each party shall bear its own legal, accounting and other expenses in connection with the negotiation, preparation and consummation of this Agreement and the transactions contemplated hereby.

10.2 SALES TAXES. AMFM shall pay any and all taxes that may be imposed by any taxing authority in the nature of sales or use taxes as a result of the transfer of the KSKY Assets from AMFM to Bison. Bison shall pay any and all taxes that may be imposed by any taxing authority in the nature of sales or use taxes as a result of the transfer of the KPRZ Assets from Bison to AMFM.

10.3 BENEFIT OF AGREEMENT; ASSIGNMENT. The terms of this Agreement shall be enforceable and binding upon, and inure to the benefit of, the parties hereto, their heirs, successors and assigns. No party shall assign its interest under this Agreement, by operation of law or otherwise, without the prior written consent of the other party (except in the case of a Parent Merger, where no such consent is required), such consent not to be unreasonably delayed or withheld; provided, however, if Bison determines that in order to make certain the consummation of the transactions contemplated hereby on or before the Upset Date, it would be advisable for Bison to assign and/or delegate all or any portion of its right and obligations under this Agreement, then Bison shall have the right to assign and/or delegate all or any portion of its rights and obligations under this Agreement; however, no such assignment and/or delegation shall relieve Bison of its obligations hereunder in the event that its assignee fails to perform the obligations delegated, and upon the written request of Bison, AMFM shall take such actions as are reasonably delegated, and upon the written request of Bison, AMFM shall take such actions as are reasonably requested by Bison to effectuate the same; and provided, further, if AMFM determines that in order to make certain the consummation of the transactions contemplated hereby on or before the Upset Date, it would be advisable for AMFM to assign and/or delegate all or any portion of its rights and obligations under this Agreement, then AMFM shall have the right to assign and/or delegate all or any portion of its rights and obligations under this Agreement, then AMFM shall have the right to assign and/or delegate all or any portion of its rights and obligations under this Agreement, however, no such assignment and/or delegation shall relieve AMFM of its obligations hereunder in the event that its assignee fails to perform the obligations delegated, and upon the written request of

AMFM, Bison shall take such actions as are reasonably requested by Bison to effectuate the same.

10.4 NOTICES. Except as provided in Section 5.5 (Deemed Consent), all notices, requests, demands and other communications which are required or may be given under this Agreement, shall be in writing, and addressed as follows:

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If to AMFM: c/o AMFM Inc.  
600 Congress Avenue, Suite 1400  
Austin, Texas 78701  
Attention: William S. Banowsky, Jr.  
Telephone: (512) 340-7800  
Facsimile: (512) 340-7890

with copies to: Vinson & Elkins L.L.P.  
3700 Trammell Crow Center  
2001 Ross Avenue  
Dallas, Texas 75201-2975  
Attention: Michael D. Wortley  
Telephone: (214) 220-7732  
Facsimile: (214) 220-7716

If to Bison : c/o Salem Communications Corporation  
Bison Media, Inc.  
4880 Santa Rosa Road  
Suite 300  
Camarillo, California 93012  
Attn: Jonathan L. Block, Esq.  
Telephone: (805) 987-0400 ext. 106  
Facsimile: (805) 384-4505

Any such notice, request, demand or communication shall be deemed to have been duly delivered and received (a) upon hand delivery thereof during business hours, (b) on the next business day following delivery to a reliable or recognized air freight delivery service, or (c) on the date of transmission, if sent by facsimile during normal business hours (but only if a hard copy is also sent by overnight courier), but in each case only if sent in the same manner to all persons entitled to receive notice or a copy. Any party, with written notice to the other, may change the place for which all further notices to such party shall be sent. All costs and expenses for the delivery of notices hereunder shall be borne and paid for by the delivering party.

10.5 ENTIRE AGREEMENT; EXHIBITS; AMENDMENT; WAIVER. Except as herein expressly provided, this Agreement embodies the entire agreement and understanding between AMFM and Bison and supersedes all prior agreements and understandings, whether oral or in writing, with respect to the subject matter hereof. Any Annex, Exhibit, Schedule, collateral documents or instruments attached to this Agreement or to be provided at the Closing in the form of an exhibit attached to this Agreement, shall be deemed a part of this Agreement and incorporated herein, where applicable, as if fully set forth herein. Any matter that is disclosed in a Schedule to this Agreement in such a way as to make its relevance to the information called for by another Schedule readily apparent shall be deemed to have been included in such other Schedule, notwithstanding the omission of an appropriate cross-reference. This Agreement (including any Annex, Schedule or

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Exhibit hereto) may not be amended, supplemented or otherwise modified, nor may any party here to be relieved of any of its liabilities or obligations hereunder, except by a written instrument duly executed by the parties hereto. Any such written instrument entered into in accordance with the provisions of the preceding sentence shall be valid and enforceable notwithstanding the lack of separate legal consideration therefor. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by any party here of a breach of any provision of this Agreement shall no operate or be construed as a waiver of any subsequent breach.

10.6 GOVERNING LAW; SEVERABILITY; ATTORNEYS' FEES. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas without reference to the conflict of law principles thereof. All agreements and covenants herein are severable. In the event that any provision of this Agreement should be held to be unenforceable, the validity and enforceability of the remaining provisions hereof shall not be affected thereby. In the event of a dispute between or among the parties hereto arising out of or related to this Agreement or the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and expenses from the other party.

10.7 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which when taken together, shall have the same effect as if the signature on each counterpart were upon the same instrument.

10.8 DIRECTOR AND OFFICER LIABILITY. Other than as an assignee of this Agreement, neither any direct or indirect holder of equity interests in Bison or AMFM, nor any past, present or future director, officer, employee, agent or affiliate of Bison or AMFM or of any such holder, shall have any liability or obligation of any nature whatsoever in connection with or under this Agreement or any agreement contemplated hereby or in connection with the transactions contemplated by this Agreement or any such other agreement, and each party hereby waives and releases all claims of any such liability and obligation.

10.9 NO REVERSIONARY INTEREST. The parties expressly agree, pursuant to Section 73.1150 of the FCC's rules, that neither party will retain any right to reassignment of any of the FCC Licenses in the future, or to operate or use the facilities of the Stations for any period beyond the Closing Date.

10.10 REFERENCES AND TITLES. All references in this Agreement to Exhibits, Schedules, Articles, Sections, subsections, and other subdivisions refer to the corresponding Exhibits, Schedules, Articles, Sections, subsections, and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections, or other subdivisions of this Agreement are for convenience only, do not constitute any part of such Articles, Sections, subsections or other subdivisions, and shall be disregarded in construing the language contained therein. The words "this Agreement," "herein," "hereby," "hereunder," and "hereof," and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Section," "this subsection," and words of similar

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import, refer only to the Sections or subsections hereof in which such words occur. The word "including" (in its various forms) means "including without limitation." Pronouns in masculine, feminine, or neuter genders shall be construed to state and include any other gender and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise expressly requires. Unless the context otherwise requires, all defined terms contained herein shall include the singular and plural and the conjunctive and disjunctive forms of such defined terms.

10.11 SCHEDULES. Any item disclosed hereunder (including in the Schedules hereto) shall be deemed disclosed for all purposes hereof irrespective of the specific representation or warranty to which it is explicitly referenced.

[SIGNATURE PAGE FOLLOWS THIS PAGE]

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first written above.

AMFM TEXAS BROADCASTING, LP

By: AMFM Houston, Inc.,  
its General Partner

By: /s/ KATHY ARCHER

-----  
Name: Kathy Archer

-----  
Title: Senior Vice President  
-----

AMFM TEXAS LICENSES, LP

By: AMFM Houston, Inc.,  
its General Partner

By: /s/ KATHY ARCHER

-----  
Name: Kathy Archer

-----  
Title: Senior Vice President  
-----

BISON MEDIA, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first written above.

AMFM TEXAS BROADCASTING, LP

By: AMFM Houston, Inc.,  
its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

AMFM TEXAS LICENSES, LP

By: AMFM Houston, Inc.,  
its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BISON MEDIA, INC.

By: /s/ ERIC H. HALVORSON  
Name: Eric H. Halvorson  
Title: Executive Vice President

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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of March 6, 2000 among the company or companies designated as Seller on the signature page hereto (collectively, "Seller") and the company or companies designated as Buyer on the signature page hereto (collectively, "Buyer").

## RECITALS

A. Seller owns and operates the following radio broadcast stations (collectively, the "Stations") pursuant to certain authorizations issued by the Federal Communications Commission (the "FCC"):

WBOB(AM), licensed to Florence, Kentucky  
 KEZY(AM) and KXXM-FM, licensed to Anaheim, California  
 KDGE-FM, licensed to Gainesville, Texas  
 WKNR(AM) and WRMR(AM), licensed to Cleveland, Ohio  
 KALC-FM, licensed to Denver, Colorado  
 WYGY-FM, licensed to Hamilton, Ohio

B. Subject to the terms and conditions set forth herein, Buyer desires to acquire the Station Assets (defined below).

C. Clear Channel Communications, Inc.(Citicasters Co.'s parent), CCU Merger Sub, Inc. and AMFM Inc. are parties to an Agreement and Plan of Merger dated October 2, 1999 (the "AMFM Agreement").

## 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

0.1. 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 exclusively in the operation of the Stations and specifically described in this Section 1.1, but excluding the Excluded Assets as hereafter defined (the "Station Assets"):

(1) all licenses, permits and other authorizations which are issued to Seller by the FCC with respect to the Stations (the "FCC Licenses") and described on Schedule 1.1(a), including any renewals or modifications thereof between the date hereof and Closing;

(2) all equipment, electrical devices, antennae, cables, tools, hardware, office furniture

and fixtures, office materials and supplies, inventory, motor vehicles, spare parts and other tangible personal property of every kind and description which are used exclusively in the operation of the Stations and listed on Schedule 1.1(b), except any retirements or dispositions thereof made between the date hereof and Closing in the ordinary course of business and consistent with past practices of Seller (the "Tangible Personal Property");

(3) all Time Sales Agreements and Trade Agreements (both defined in Section 2.1), Real Property Leases (defined in Section 7.7), and other contracts, agreements, and leases which are used in the operation of the Stations and listed on Schedule 1.1(c), together with all contracts, agreements, and leases made between the date hereof and Closing in the ordinary course of business that are used in the operation of the Stations (the "Station Contracts");

(4) all of Seller's rights in and to the Stations' 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 exclusively in the operation of the Stations and listed on Schedule 1.1(d) (the "Intangible Property");

(5) Seller's rights in and to all the files, documents, records, and books of account (or copies thereof) relating exclusively to the operation of the Stations, including the Stations' 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

(6) any real property which is used exclusively in the operation of the Stations (including any of Seller's appurtenant easements and improvements located thereon) and described on Schedule 1.1(f) (the "Real Property").

The Station Assets shall be transferred to Buyer free and clear of liens, claims and encumbrances ("Liens") except for (i) Assumed Obligations (defined in Section 2.1), (ii) liens for taxes not yet due and payable and for which Buyer receives a credit pursuant to Section 3.3, (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 Stations, and (iv) any items listed on Schedule 1.1(b) (collectively, "Permitted Liens").

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

(1) 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;

(2) all accounts receivable or notes receivable arising in the operation of the Stations prior to Closing;

(3) all tangible and intangible personal property of Seller disposed of or consumed in the ordinary course of business of Seller between the date of this Agreement and Closing;

(4) all Station Contracts that terminate or expire prior to Closing in the ordinary course of business of Seller;

(5) Seller's name, corporate minute books, charter documents, corporate stock record books and such other books and records as pertain to the organization, existence or share capitalization of Seller, duplicate copies of the records of the Stations, and all records not relating exclusively to the operation of the Stations;

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

(7) except as provided in Section 10.4, all 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

(8) all Seller's FM towers and FM tower sites, all rights, properties and assets described on Schedule 1.2(h), and all rights, properties and assets not specifically described in Section 1.1.

1.3. Lease Agreements. At Closing, Buyer and Seller shall enter into the lease agreements described on Schedule 1.2(h) pursuant to leases in the form of Exhibit A attached hereto.

## 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, including without limitation all agreements for the sale of advertising time on the Stations for cash in the ordinary course of business ("Time Sales Agreements") and all agreements for the sale of advertising time on the Stations for non-cash consideration ("Trade Agreements").

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").

## ARTICLE 3: PURCHASE PRICE

3.1. Purchase Price. In consideration for the sale of the Station Assets to Buyer, in addition to the assumption of the Assumed Obligations, Buyer

shall at Closing (defined below) deliver to Seller, by wire transfer of immediately available funds, ONE HUNDRED EIGHTY-FIVE MILLION SIX HUNDRED THOUSAND DOLLARS (\$185,600,000), subject to adjustment pursuant to Sections 3.3 (the "Purchase Price").

3.2. Deposit. Within three (3) business days from the date of this Agreement and in no event later than 5:00 pm EST March 10, 2000 with no Cure Period as defined below, Buyer shall deposit TWENTY-FIVE MILLION DOLLARS (\$25,000,000) in cash or an irrevocable letter of credit from a nationally recognized commercial bank, such letter of credit subject to prior approval by Seller, (the "Deposit") with NationsBank/Bank of America (the "Escrow Agent") pursuant to the Escrow Agreement (the "Escrow Agreement") of even date herewith among Buyer, Seller and the Escrow Agent. At Closing, the Deposit shall be applied to the Purchase Price and any interest accrued thereon shall be disbursed to Buyer. If this Agreement is terminated by Seller due to Buyer's failure to consummate the Closing on the Closing Date or if this Agreement is otherwise terminated by Seller pursuant to Section 16.1(c), the Deposit and any interest accrued thereon shall be disbursed to Seller as partial payment of liquidated damages pursuant to Section 16.3. If this Agreement is terminated for any other reason, the Deposit and any interest accrued thereon shall be disbursed to Buyer.

3.3. 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 Stations shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 11:59 p.m. on the date immediately preceding the Closing Date. Such prorations shall include, without limitation, all ad valorem, real estate and other property taxes (but excluding taxes arising by reason of the transfer of the Station Assets as contemplated hereby which shall be paid as set forth in Section 13.1), business and license fees, music and other license fees (including any

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retroactive adjustments thereof), utility expenses, amounts due or to become due under Station Contracts, rents, lease payments and similar prepaid and deferred items. Real estate taxes shall be apportioned on the basis of taxes assessed for the preceding year, with a reapportionment, if any, as soon as the new tax rate and valuation can be ascertained. Except as otherwise provided herein, the prorations and adjustments contemplated by this Section 3.3, 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.

3.4. Allocation. The Purchase Price shall be allocated among the Station Assets in a manner as mutually agreed between the parties based upon an appraisal prepared by Bond & Pecaro (whose fees shall be paid one-half by Seller and one-half by Buyer). Seller and Buyer agree to use the allocations determined pursuant to this Section 3.4 for all tax purposes, including without limitation, those matters subject to Section 1060 of the Internal Revenue Code of 1986, as amended.

#### ARTICLE 4: CLOSING

4.1. Closing. The consummation of the sale and purchase of the Station Assets (the "Closing") shall occur on a date (the "Closing Date") and at a time and place designated solely by Seller after FCC Consent (defined below), subject to satisfaction or waiver of the conditions to Closing contained herein (other than those to be satisfied at Closing). If requested by Seller, prior to Closing the parties shall hold a pre-closing conference at a time and place designated by Seller, at which the parties shall provide (for review only) all documents to be delivered at Closing under this Agreement, each duly executed but undated, and otherwise confirm their ability to timely consummate the Closing.

#### ARTICLE 5: GOVERNMENTAL CONSENTS

Closing is subject to and conditioned upon (i) prior FCC consent (the "FCC Consent") to the assignment of the FCC Licenses to Buyer, (ii) United States Department of Justice ("DOJ") prior approval (the "DOJ Consent") of the transactions contemplated hereby, including without limitation any such approval as may be necessary to enable Seller to consummate the merger under the AMFM Agreement, and (iii) expiration or termination of any applicable waiting period ("HSR Clearance") under the HSR Act (defined below).

5.1. FCC. On a date designated by Seller, Buyer and Seller shall file an application with the FCC (the "FCC Application") requesting 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. If the FCC



Consent imposes upon Buyer any condition (including without limitation any divestiture condition), Buyer shall timely comply therewith.

5.2. HSR. If not previously filed, then within five (5) business days after the execution of this Agreement, Buyer and Seller shall make any required filings with the Federal Trade Commission and the DOJ pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with respect to the transactions contemplated hereby (including a request for early termination of the waiting period thereunder), and shall thereafter promptly respond to all requests received from such agencies for additional information or documentation.

5.3. 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 becomes aware of any fact relating to it which would prevent or delay the FCC Consent, the DOJ Consent or HSR Clearance, Buyer shall promptly notify Seller thereof and take such steps as necessary to remove such impediment, including but not

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limited to divesting any stations and terminating any agreements to acquire or program or market any stations.

#### 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 in each jurisdiction in which the Station Assets are located. 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 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 or 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 and DOJ Consent, and, if applicable, HSR Clearance.

6.4. Qualification. Buyer is legally, financially and otherwise qualified to be the licensee of, acquire, own and operate the Stations under the Communications Act of 1934, as amended (the "Communications Act") and the rules, regulations and policies of the FCC. There are no facts that would, under existing law and the existing rules, regulations, policies and procedures of the FCC, disqualify Buyer as an assignee of the FCC Licenses or as the owner and operator of the Stations. No waiver of any FCC rule or policy is necessary for the FCC Consent to be obtained. There is no action, suit or proceeding pending or threatened against Buyer which questions the legality or propriety of the transactions contemplated by this Agreement or could materially adversely affect Buyer's ability to perform its obligations hereunder. Buyer has and will have available on the Closing Date sufficient funds to enable it to consummate the transactions contemplated hereby.

6.5. No Finder. 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 of its organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. 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.

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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 or 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, except as set forth on Schedule 1.1(c), any Station Contract; 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 and DOJ Consent and, if applicable, HSR Clearance.

7.4. FCC Licenses. Seller (or one of the companies comprising Seller) is the holder of the FCC Licenses described on Schedule 1.1(a). The FCC Licenses are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated and have not expired. 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 Stations. The Stations are 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, in respect of the Stations' business, filed all foreign, federal, state, county and local income, excise, property, sales, use, franchise and other tax returns and reports which are required to have been filed by it under applicable law and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments which have become payable.

7.6. Personal Property. Schedule 1.1(b) contains a list of all material items of Tangible Personal Property included in the Station Assets. Seller has title to the Tangible Personal Property free and clear of Liens other than Permitted Liens.

7.7. Real Property. Schedule 1.1(f) contains a description of all Real Property included in the Station Assets. Seller has fee simple title to the owned Real Property ("Owned Real Property") free and clear of Liens other than Permitted Liens. Schedule 1.1(f) includes a description of each lease of Real Property or similar agreement included in the Station Assets (the "Real Property Leases"). The Owned Real Property includes, and the Real Property Leases provide, access to the Stations' facilities. To Seller's knowledge, the Real Property is not subject to any suit for condemnation or other taking by any public authority.

7.8. Contracts. Each of the Station Contracts (including without limitation each of the Real Property Leases) 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.

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7.9. Environmental. Except as set forth in any environmental report delivered by Seller to Buyer prior to the date of this Agreement and except as set forth on Schedule 1.1(f), to Seller's knowledge, no hazardous or toxic substance or waste regulated under any applicable environmental, health or safety law has been generated, stored, transported or released on, in, from or to the Real Property included in the Station Assets. Except as set forth in any environmental report delivered by Seller to Buyer prior to the date of this Agreement and except as set forth on Schedule 1.1(f), to Seller's knowledge, Seller has complied in all material respects with all environmental, health and safety laws applicable to the Stations.

7.10. Intangible Property. Schedule 1.1(d) contains a description of the material Intangible Property included in the Station Assets. Except as set forth on Schedule 1.1(d), Seller has received no notice of any claim that its use of the Intangible Property infringes upon any third party rights. Except as set forth on Schedule 1.1(d), Seller owns or has the right to use the Intangible Property free and clear of Liens other than Permitted Liens.

7.11. 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 Stations. There is no action, suit or proceeding pending or threatened against Seller in respect of the Stations 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 Stations (except those affecting the industry generally).

7.12. No Finder. 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 Seller or any party acting on Seller's behalf.

#### ARTICLE 8: ACCOUNTS RECEIVABLE

8.1. Accounts Receivable. All accounts receivable arising prior to the Closing Date in connection with the operation of the Stations, 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 Seller (the "Accounts Receivable") and Buyer shall not acquire any right or interest therein. For a period of six months from Closing (the "Collection Period"), Buyer shall collect the Accounts Receivable in the normal and ordinary course of Buyer's business and shall apply all such amounts collected to the debtor's oldest account receivable first. Buyer's obligation shall not extend to the institution of litigation, employment of counsel or a collection agency or any other extraordinary means of collection. During the Collection Period, neither Seller or its agents shall make any direct solicitation of any such account debtor for collection purposes or institute litigation for the collection of amounts due. Any amounts relating to the Accounts Receivable that are paid directly to Seller shall be retained by Seller. Within ten calendar days after the end of each month, Buyer shall make a payment to Seller equal to the amount of all collections of Accounts Receivable during the preceding month. At the end of the Collection Period, any remaining Accounts Receivable shall be returned to Seller for collection.

#### ARTICLE 9: COVENANTS OF SELLER

9.1. Seller's Covenants. Seller covenants and agrees with respect to the Stations 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:

(1) operate the Stations 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;

(2) not, other than in the ordinary course of business in accordance with past practice, sell, lease or dispose of or agree to sell, lease 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; and,

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(3) furnish Buyer with such information 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 Stations.

ARTICLE 10: JOINT COVENANTS

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

10.1. Cooperation. Subject to express limitations contained elsewhere herein, 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.

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

10.3. 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). To the extent that any Station Contract may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant hereto shall not constitute an assignment thereof, but to the extent permitted by law shall constitute an equitable assignment by Seller and assumption by Buyer of Seller's rights and obligations under the applicable Station Contract, with Seller making available to Buyer the benefits thereof and Buyer performing the obligations thereunder on Seller's behalf.

10.4. Employee Matters.

(1) Prior to Closing, Seller shall deliver to Buyer a list of employees of the Stations 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. Buyer is obligated to hire only those employees that are under employment contracts (and assume Seller's obligations and liabilities under such employment contracts) which are included in the Station Contracts. With respect to employees hired by Buyer ("Transferred Employees"), to the extent permitted by law, Seller shall provide Buyer access to its personnel records and such other information as Buyer may reasonably request prior to Closing. With respect to such hired employees, Seller shall be responsible for the payment of all compensation and accrued employee benefits payable by it until Closing and thereafter Buyer shall be responsible for all such obligations payable by it. Buyer shall cause all employees it hires to be eligible to participate in its "employee welfare benefit plans" and "employee pension benefit plans" (as defined in Section 3(1) and 3(2) of ERISA, respectively) in which similarly situated employees are generally eligible to participate; provided, however, that all such employees and their spouses and dependents shall be eligible for coverage immediately after Closing (and shall not be excluded from coverage on account of any pre-existing condition) to the extent provided under such plans. For purposes of any length of service requirements, waiting periods, vesting periods or differential benefits based on length of service in any such plan for which such employees may be eligible after Closing, Buyer shall ensure that service with Seller shall be deemed to have been service with the Buyer. In addition, Buyer shall ensure that each such employee receives credit under any welfare benefit plan of Buyer for any deductibles or co-payments paid by such employees and dependents for the current plan year under a plan maintained by Seller. Notwithstanding any other provision contained herein, Buyer shall grant credit to each such employee for all unused sick leave accrued as of Closing as an employee of Seller. Buyer shall assume and discharge Seller's liabilities for the payment of all unused vacation leave accrued by such employees as of Closing.

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(2) At such time as the Seller can represent to the Buyer as to the tax-qualified status of the 401(k) savings plan(s) in which Transferred Employees retain account balances with the Seller or its subsidiaries (the "Saving Plan(s)") and furnish to Buyer a favorable Internal Revenue Service determination letter as to the tax-qualified status of such Savings Plan(s) under Section 401(a) of the Code (or an opinion of counsel that the form of the Savings Plan(s) is so qualified), Buyer and Seller shall enter into a 401(k) plan asset transfer agreement pursuant to which Buyer shall establish a defined contribution plan (or cover Transferred Employees under an existing defined contribution plan sponsored by Buyer) for the benefit of Transferred Employees who were participants in the Savings Plan(s). Such Transferred Employees are referred to hereinafter as the "Savings Plan Employees."

(c) Following execution of the agreement contemplated in clause (b) above, Seller shall cause to be transferred from the Savings Plan(s) to the

plan covering the Savings Plan Employees (the "Transferee Savings Plan") the liability for the account balances of the Savings Plan Employees (including outstanding loan balances of Savings Plan Employees), together with cash, cash equivalents or other mutually acceptable property, the value of which on such transfer date is equal to such liability, and Buyer shall cause the Transferee Savings Plan to accept such transfer, all in accordance with the rules and regulations under Section 414(l) of the Code.

(d) Pending completion of the transfers described in this Section, Seller and Buyer shall make arrangements for any distributions, if any, to the Savings Plan Employees from the Savings Plan(s). Seller and Buyer shall provide each other with access to information reasonably necessary in order to carry out the provisions of this paragraph. In addition, until the asset transfer is effectuated, Buyer shall cooperate with the reasonable requests of Seller to continue to withhold from the pay checks of Transferred Employees' who have outstanding loan balances in the Savings Plan(s) and Buyer shall remit such withheld amounts to the Seller in a timely fashion such that the outstanding loans do not go into default.

10.5. 1031 Exchange. At or prior to Closing, Seller may assign its rights under this Agreement (in whole or in part) to a qualified intermediary (as defined in Treasury regulation section 1.1031(k)-1(g)(4)) or similar entity or arrangement ("Qualified Intermediary"). Upon any such assignment, Seller shall promptly give written notice thereof to Buyer, and Buyer shall cooperate with the reasonable requests of Seller and any Qualified Intermediary in connection therewith. Without limiting the generality of the foregoing, if Seller gives notice of such assignment, Buyer shall (i) promptly provide Seller with written acknowledgment of such notice and (ii) at Closing, pay the Purchase Price (or any portion thereof designated by the Qualified Intermediary) to or on behalf of the Qualified Intermediary (which payment shall, to the extent thereof, satisfy the obligations of Buyer to make such payment hereunder). Seller's assignment to a Qualified Intermediary will not relieve Seller of any of its duties or obligations herein. Except for the obligations of Buyer set forth in this Section, Buyer shall not have any liability or obligation to Seller for the failure of the contemplated exchange to qualify as a like-kind exchange under Section 1031 of the Internal Revenue Code unless such failure is the result of the material breach or default by Buyer under this Agreement.

10.6. Trust. Notwithstanding anything in this Agreement to the contrary, Seller may at its option assign this Agreement (in whole or part) and assign and transfer the Station Assets (in whole or in part) to a trustee to hold and operate pursuant to a trust agreement, provided such trustee assumes Seller's duties and obligations hereunder with respect to the Station Assets held in such trust.

#### ARTICLE 11: 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:

11.1. Representations, Warranties and Covenants. The representations and warranties of Seller made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, 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 of Seller to the effect that the conditions set forth in this Section have been satisfied.

11.2. Governmental Consents. The FCC Consent and DOJ Consent, and, if applicable, HSR Clearance, shall have been obtained, and no court or governmental order prohibiting Closing shall be in effect.

#### ARTICLE 12: 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:

12.1. Representations, Warranties and Covenants. The representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, 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.

12.2. Governmental Consents. The FCC Consent and DOJ Consent, and, if applicable, HSR Clearance, shall have been obtained, and no court or governmental order prohibiting Closing shall be in effect.

12.3. AMFM Closing. The closing under the AMFM Agreement shall have been consummated.

#### ARTICLE 13: EXPENSES

13.1. 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 recordation, transfer and documentary taxes, fees and charges, and any excise, sales or use taxes, applicable to the transfer of the Station Assets shall be paid by Buyer, (ii) all FCC filing fees shall be paid equally by Buyer and Seller, and (iii) all HSR Act filing fees and expenses shall be paid by Buyer.

#### ARTICLE 14: DOCUMENTS TO BE DELIVERED AT CLOSING

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

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

(2) the certificate described in Section 11.1; and

(3) 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.

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

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

(2) the certificate described in Section 12.1; and

(3) such documents and instruments of assumption as may be necessary to assume the Assumed Obligations, and the Purchase Price in accordance with Section 3.1 hereof.

#### ARTICLE 15: SURVIVAL; INDEMNIFICATION.

15.1. Survival. The covenants, agreements, representations and warranties in this Agreement shall survive Closing for a period of six (6) months from the Closing Date whereupon they shall expire and be of no further force or effect, except those under (i) this Article 15 that relate to Damages (defined below) for which written notice is given by the indemnified party to the indemnifying party prior to the expiration, which shall survive until resolved and (ii) Sections 2.1 (Assumed Obligations), 3.3 (Adjustments), 3.4 (Allocation), 8.1 (Accounts Receivable) and 13.1 (Expenses), and indemnification obligations with respect to such provisions, which shall survive until performed.

#### 15.2. Indemnification.

(1) From and after the Closing, Seller shall defend, indemnify and hold harmless Buyer from and against any and all losses, costs, damages, liabilities and expenses, including reasonable attorneys' fees and expenses ("Damages") incurred by Buyer arising out of or resulting from: (i) any breach or default by Seller under this Agreement; (ii) the Retained Obligations; or (iii) the business or operation of the Stations before Closing; provided, however, that (i) Seller shall have no liability to Buyer hereunder until, and only to the extent that, Buyer's aggregate Damages exceed \$500,000 and (ii) the maximum liability of Seller hereunder shall be \$1,000,000.

(2) From and after the Closing, Buyer shall defend, indemnify and hold harmless Seller from and against any and all Damages incurred by Seller arising out of or resulting from: (i) any breach or default by Buyer under this Agreement; (ii) the Assumed Obligations; or (iii) the business or operation of the Stations after Closing.

15.3. Procedures. The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or other circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party (a "Claim"), but a failure to give such notice or delaying such notice shall not affect the indemnified party's right to indemnification and the indemnifying party's obligation to indemnify as set forth in this Agreement, except to the extent the

indemnifying party's ability to remedy, contest, defend or settle with respect to such Claim is thereby prejudiced. The obligations and liabilities of the parties with respect to any Claim shall be subject to the following additional terms and conditions:

(1) The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim.

(2) In the event that the indemnifying party shall elect not to undertake such defense or opposition, or, within twenty (20) days after written notice (which shall include sufficient description of background information explaining the basis for such Claim) of any such Claim from the indemnified party, the indemnifying party shall fail to undertake to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of

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the indemnifying party (subject to the right of the indemnifying party to assume defense of or opposition to such Claim at any time prior to settlement, compromise or final determination thereof).

(3) Anything herein to the contrary notwithstanding: (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim; (ii) 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; and (iii) in the event that the indemnifying party undertakes defense of or opposition to any Claim, the indemnified party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the indemnifying party and its counsel or other representatives concerning such Claim and the indemnifying party and the indemnified party and their respective counsel or other representatives shall cooperate in good faith with respect to such Claim.

(4) All claims not disputed shall be paid by the indemnifying party within thirty (30) days after receiving notice of the Claim. "Disputed Claims" shall mean claims for Damages by an indemnified party which the indemnifying party objects to in writing within thirty (30) days after receiving notice of the Claim. In the event there is a Disputed Claim with respect to any Damages, the indemnifying party shall be required to pay the indemnified party the amount of such Damages for which the indemnifying party has, pursuant to a final determination, been found liable within ten (10) days after there is a final determination with respect to such Disputed Claim. A final determination of a Disputed Claim shall be (i) a judgment of any court determining the validity of a Disputed Claim, if no appeal is pending from such judgment and if the time to appeal therefrom has elapsed; (ii) an award of any arbitration determining the validity of such disputed claim, if there is not pending any motion to set aside such award and if the time within which to move to set aside such award has elapsed; (iii) a written termination of the dispute with respect to such claim signed by the parties thereto or their attorneys; (iv) a written acknowledgment of the indemnifying party that it no longer disputes the validity of such claim; or (v) such other evidence of final determination of a disputed claim as shall be acceptable to the parties. No undertaking of defense or opposition to a Claim shall be construed as an acknowledgment by such party that it is liable to the party claiming indemnification with respect to the Claim at issue or other similar Claims.

#### ARTICLE 16: TERMINATION

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

(1) by mutual written consent of Buyer and Seller;

(2) 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 herein contained and such breach or default is not cured within the Cure Period (defined below);

(3) 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 herein contained and such breach or default is not cured within the Cure Period (defined below);

(4) by written notice of Buyer to Seller, or by Seller to Buyer, if the FCC denies the FCC Application;

(5) by written notice of Seller to Buyer if the Closing shall not have been consummated on or before the date four months after the date of this Agreement; or

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(6) by written notice of Seller to Buyer if the AMFM Agreement is terminated or expires.

The term "Cure Period" as used herein means a period commencing the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until the earlier of (i) thirty (30) 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 below, the termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination. Notwithstanding anything contained herein to the contrary, Section 13.1 shall survive any termination of this Agreement.

16.2. 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.

16.3. Liquidated Damages. If Seller terminates this Agreement due to Buyer's failure to consummate the Closing on the Closing Date or if this Agreement is otherwise terminated by Seller pursuant to Section 16.1(c), then Buyer shall pay Seller as liquidated damages an amount equal to 25% of the Purchase Price. It is understood and agreed that such liquidated damages amount represents Buyer's and Seller's reasonable estimate of actual damages and does not constitute a penalty. On the date of this Agreement, Buyer shall execute and deliver to Seller the liquidated damages agreement attached hereto as Exhibit B.

#### ARTICLE 17: MISCELLANEOUS PROVISIONS

17.1. Casualty Loss. In the event any loss or damage of the Station Assets exists on the Closing Date, Buyer and Seller shall consummate the Closing and Seller shall assign to Buyer the proceeds of any insurance payable to Seller on account of such damage or loss.

17.2. Further Assurances. 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 Station 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.

17.3. Assignment. Except as set forth in Sections 10.5 (1031 Exchange) and 10.6 (Trust), neither party may assign this Agreement without the prior written consent of the other party hereto; provided, however, that either party may assign this Agreement to one or more direct or indirect subsidiaries so long as (i) the assigning party remains liable hereunder, (ii) the assignment is made prior to any filings with the FCC, FTC, DOJ, including any HSR filing, and (iii) such assignment will not delay any consent required to be obtained hereunder, including but not limited to HSR Clearance, DOJ Consent and FCC Consent, or delay the Closing in any respect. With respect to any permitted assignment, the parties shall take all such actions as are reasonably

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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.

17.4. 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.

17.5. 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.

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

17.7. 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: c/o Clear Channel Broadcasting, Inc.  
200 Concord Plaza, Suite 600  
San Antonio, Texas 78216  
Attention: President  
Facsimile: (210) 822-2299

with a copy (which shall not constitute notice) to: Graydon, Head & Ritchey  
1900 Fifth Third Center  
511 Walnut Street  
Cincinnati, Ohio 45202  
Attention: John J. Kropp, Esq.  
Facsimile: (513) 651-3836

if to Buyer: Salem Communications Corporation  
4880 Santa Rosa Road, Suite 300  
Camarillo, California 93012  
Attention: Jonathon Block, Esq.  
Facsimile: 805-384-4505

with a copy (which shall not constitute notice) to: Salem Communications Corporation  
4880 Santa Rosa Road, Suite 300  
Camarillo, California 93012  
Attention: Edward G. Atsinger III  
Facsimile: 805-987-6072

17.8. 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.

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17.9. 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.

17.10. 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.

17.11. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. This Agreement does not supersede any confidentiality agreement relating to the Stations.

SIGNATURE PAGE(S) TO ASSET PURCHASE AGREEMENT

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

SELLER: CITICASTERS CO.

By: /s/ JEROME L. KERSTING  
-----  
Jerome L. Kersting, Senior Vice President

AMFM TEXAS BROADCASTING, LP

By: -----  
Name:  
Title:

AMFM TEXAS LICENSES LP

By: /s/ WILLIAM S. BANOWSKY, JR.  
-----  
Name: William S. Banowsky, Jr.  
Title: Executive Vice President

AMFM OHIO, INC.

By: /s/ WILLIAM S. BANOWSKY, JR.  
-----  
Name: William S. Banowsky, Jr.  
Title: Executive Vice President

AMFM RADIO LICENSES LLC

By: /s/ WILLIAM S. BANOWSKY, JR.  
-----  
Name: William S. Banowsky, Jr.  
Title: Executive Vice President

CAPSTAR RADIO OPERATING COMPANY

By: /s/ WILLIAM S. BANOWSKY, JR.  
-----  
Name: William S. Banowsky, Jr.  
Title: Executive Vice President

CAPSTAR TX LIMITED PARTNERSHIP

By: /s/ WILLIAM S. BANOWSKY, JR.  
-----  
Name: William S. Banowsky, Jr.  
Title: Executive Vice President

BUYER: SALEM COMMUNICATIONS CORPORATION

By: /s/ EDWARD G. ATSINGER III  
-----  
Edward G. Atsinger III, President

Schedules

- 1.1(a) - FCC Licenses
- 1.1(b) - Tangible Personal Property
- 1.1(c) - Station Contracts
- 1.1(d) - Intangible Property
- 1.1(f) - Real Property
- 1.2(h) - Excluded Assets

Exhibits

A - Lease  
B - Liquidated Damages Agreement

EXHIBIT B

LIQUIDATED DAMAGES AGREEMENT

THIS AGREEMENT (this "Agreement") is made as of March 6, 2000 by the buyer set forth below ("Buyer") to and for the benefit of Citicasters Co., AMFM Texas Broadcasting, LP, AMFM Texas Licenses LP, AMFM Ohio, Inc., AMFM Radio Licenses LLC, Capstar Radio Operating Company and Capstar TX Limited Partnership (together, "Seller").

Recitals

A. This is the liquidated damages agreement contemplated by Section 16.3 of the Asset Purchase Agreement (the "Purchase Agreement") of even date herewith between Buyer and Seller. Capitalized terms used herein and not defined have the respective meanings set forth in the Purchase Agreement.

B. Section 16.3 of the Purchase Agreement provides that if Seller terminates the Purchase Agreement due to Buyer's failure to consummate the Closing on the Closing Date or if the Purchase Agreement is otherwise terminated by Seller pursuant to Section 16.1(c) thereof (each an "LD Event"), then Buyer shall pay Seller as liquidated damages an amount equal to 25% of the Purchase Price (the "LD Amount").

C. Section 3.2 of the Purchase Agreement provides for a Deposit to be made by Buyer on the date hereof. At Buyer's request, the Deposit is less than the LD Amount (the amount of such difference is referred to herein as the "Deficiency"), and Buyer and Guarantor are executing and delivering this Agreement with respect to the Deficiency as a material condition without which Seller would not enter into the Purchase Agreement (from which Buyer and Guarantor derive substantial benefit).

Agreement

NOW, THEREFORE, taking the foregoing into account, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confirmed, Buyer and Guarantor, intending to be legally bound, hereby jointly and severally consent and agree as follows for the benefit of Seller:

1. Pre-Judgment Attachment.

(a) In any legal proceeding in which Seller asserts the occurrence of an LD Event and the non-payment of all or any part of the LD Amount (whether by complaint, counterclaim or otherwise), to secure such payment Seller shall be entitled to an immediate judicial order of attachment before judgment against Buyer and Guarantor

in the amount of the Deficiency, together with any writs of execution and other orders necessary to enforce such order (the "Pre-Judgment Attachment").

(b) In any such proceeding, Seller may seek the Pre-Judgment Attachment on an ex parte basis, Seller shall not be required to make any showing other than to allege that an LD Event has occurred and the LD Amount has not been fully paid, and Seller may submit a copy of the Purchase Agreement and this Agreement as the consent of Buyer and Guarantor to all measures necessary to obtain the Pre-Judgment Attachment.

(c) To the fullest extent permitted by applicable law, Buyer and Guarantor hereby stipulate that any conditions or requirements otherwise applicable to issuance of the Pre-Judgment Attachment are satisfied, waive any that are not satisfied, request issuance of court orders therefor as provided in this Agreement, and agree that any court may rely upon its equitable or common law powers (in addition to any authority granted by statute or rule) to issue the Pre-Judgment Attachment. Without limiting the foregoing, Seller shall not be required to post any bond or provide any security as a condition of obtaining or maintaining the Pre-Judgment Attachment, and Buyer and Guarantor waive all such requirements to the fullest extent permitted by applicable law.

2. Guarantee. Guarantor hereby guarantees to Seller both the full payment upon demand of the LD Amount and the compliance by Buyer with this Agreement. Guarantor's obligations hereunder are primary and direct and not conditioned or contingent upon pursuit of any remedies against Buyer, and shall not be limited or affected by any circumstance that might otherwise limit or affect the obligations of a surety or guarantor, all of which are waived to the fullest extent permitted by applicable law.

3. Miscellaneous. The consents, agreements and waivers of Buyer and Guarantor set forth in this Agreement are irrevocable and unconditional and shall not be limited or otherwise affected by any claim, counterclaim or defense asserted by Buyer or Guarantor. Nothing contained in this Agreement shall limit Seller's rights with respect to the Deposit or any other right or remedy of Seller. The provisions of Sections 17.4 (Amendments), 17.6 (Governing Law), 17.7 (Notices) and 17.10 (Severability) are incorporated herein by this reference as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE(S) TO LIQUIDATED DAMAGES AGREEMENT

IN WITNESS WHEREOF, Buyer has duly executed this Agreement as of the date first above written.

BUYER:

SALEM COMMUNICATIONS CORPORATION

By: /s/ ERIC H. HALVORSON

-----  
Eric H. Halvorson,  
Executive Vice President

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<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<OTHER-EXPENSES>	287
<LOSS-PROVISION>	654
<INTEREST-EXPENSE>	2,520
<INCOME-PRETAX>	(2,361)
<INCOME-TAX>	(704)
<INCOME-CONTINUING>	(1,657)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(1,657)
<EPS-BASIC>	0
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