

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT dated as of September 9, 2003 (this "Agreement"), by and among **Living Proof, Inc.** ("Seller"), and **Educational Media Foundation** ("Buyer").

WITNESSETH:

WHEREAS, Seller holds an FCC construction permit authorizing the construction of new FM radio station WWSG at Pavo, Georgia (the "Station"); and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller the Station on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1 PURCHASE OF ASSETS

1.1 Transfer of Assets. On the Closing Date (as hereinafter defined), subject to the satisfaction of the conditions contained herein, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, the FCC construction permit (the "Authorization") and any other assets held by Seller for use in connection with the Station (collectively, with the Authorization, the "Assets").

The Assets shall be transferred to Buyer free and clear of all liens, encumbrances, debts, security interests, mortgages, trusts, claims, pledges, charges, covenants, conditions or restrictions of any kind ("Liens").

ARTICLE 2 ASSUMPTION OF OBLIGATIONS

2.1 No Assumption of Liabilities and Obligations. Except as otherwise specifically provided herein, Buyer shall not assume any obligations or liabilities of Seller.

ARTICLE 3 CONSIDERATION

3.1 Purchase Price. In consideration for the transfer of the Assets, Buyer shall, at Closing, pay to Seller the sum of Three Hundred Ninety Five Thousand Dollars (\$395,000) (the "Purchase Price"). The Purchase Price shall be paid as follows:

a) Two Hundred Thousand Dollars shall be paid at Closing ("the Down Payment"). The remainder of the Purchase Price shall be evidenced by a Promissory Note in the

form of Exhibit A hereto ("Buyer's Note") to be delivered at Closing. The Buyer's Note shall bear interest at a rate of 5% per annum. Buyer's Note shall be secured by a Security Agreement in the form of Exhibit B, hereto. All principal and interest shall be paid in one lump sum payment on the first anniversary of the Closing Date.

b) Buyer shall loan to Seller, within three business days of the execution of this Agreement, the sum of Two Hundred Thousand Dollars (\$200,000). This loan shall be evidenced by a Promissory Note in the form of Exhibit C hereto, bearing interest at the rate of 5% per annum ("Seller's Note"). Seller's Note shall be secured by a Security Agreement in the form of Exhibit D, hereto. At Closing, the principal amount of the loan shall be applied in full satisfaction of the Down Payment. All interest which accrues on the Seller's Note prior to Closing shall be applied to reduce the principal amount of the Buyer's Note.

c) If, for any reason, there has not been a Closing within eighteen (18) months of the date of this agreement, then the entire principal and interest due under the Seller's Note shall be payable to Buyer, unless the parties mutually agree, in writing, to extend such payment date.

ARTICLE 4 GOVERNMENTAL CONSENTS

4.1 FCC Application. Within five (5) business days after execution of this Agreement, the parties shall file with the FCC an application ("FCC Application") for assignment of the Authorizations from Seller to Buyer. The parties shall thereafter use all reasonable efforts to obtain the grant of the FCC Application as expeditiously as practicable (but no party shall have any obligation to satisfy complainants or the FCC by taking any steps which would have a material adverse effect on the results of operations of a party or any affiliated entity). If the FCC Consent imposes any condition on a party hereto, such party shall use reasonable efforts to comply with such condition; provided, however, that no party shall be required hereunder to comply with any condition that would have a material adverse effect on the results of operations of such party or any affiliated entity. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; provided, however, such party shall not be required to take any action which would have a material adverse effect on the results of operations of such party or any affiliated entity. Nothing in this Section 4.2 shall be construed to limit a party's right to terminate this Agreement pursuant to Article 13 hereof.

ARTICLE 5 CLOSING

5.1 Closing. Except as otherwise mutually agreement upon by Seller and Buyer, the consummation of the transactions contemplated herein (the "Closing") shall take place upon the latest to occur of (i) the satisfaction of all conditions precedent and (ii) within ten (10) days after

the FCC Consent shall have become a Final Order (as hereinafter defined) (the "Closing Date"). As used herein, the term "Final Order" means a written action or order issued by the FCC setting forth the FCC Consent (a) which has not been reversed, stayed, enjoined, set aside, annulled or suspended, and (b) with respect to which (i) no requests have been filed for administrative or judicial review, reconsideration, appeal or stay, and the time for filing any such requests and for the FCC to set aside the action on its own motion (whether upon reconsideration or otherwise) has expired, or (ii) in the event of review, reconsideration or appeal, the time for further review, reconsideration or appeal has expired. Notwithstanding the foregoing, Buyer may elect to proceed with the Closing upon public notice of the grant of FCC Consent but prior to the date on which the FCC Consent shall have become a Final Order upon ten (10) days written notice to Seller. Any actions taken at the Closing will be considered as having been taken simultaneously and no such actions will be considered to be completed until all such actions have been completed. The Closing shall be held at such place as the parties hereto may agree.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

6.1 Organization, Standing, and Authority. Seller is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized. Seller has all requisite power and authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by it hereunder and thereunder. Seller is not a participant in any joint venture or partnership with any other person or entity with respect to any part of the business or operation of the Station or any of the Assets.

6.2 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement, and the execution, delivery and performance of any other documents to be delivered or executed in connection with this Agreement and the transactions contemplated by this Agreement, by Seller have been (or will prior to Closing be) duly authorized by all necessary actions on the part of Seller. This Agreement and all other documents have been duly executed and delivered by Seller and constitutes the legal, valid, and binding obligation of Seller, enforceable in accordance with their terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies. Performance of its obligations hereunder will not be in conflict with Seller's obligations under any agreement, judgment, decree or contract.

6.3 Authorizations. The Authorization has been validly issued pursuant to Final Orders. Seller is the authorized legal holder of the Authorization. The Authorization is in good standing and in full force and effect. There are no FCC ongoing investigations or proceedings

regarding the Authorization. Other than the requirement for prior FCC consent, there are no liens, encumbrances or other restrictions on Seller's ability to convey the Authorization to Buyer.

6.4 Litigation. There are no claims, actions, suits, litigation, labor disputes, arbitrations, proceedings or investigations pending or, to the best knowledge of Seller, threatened against or affecting Seller, the Assets or the transactions contemplated by this Agreement. Performance of Seller's obligations hereunder will not give any party grounds to raise such a claim. Seller is not subject to any order, judgment, writ, injunction or decree of any court or governmental agency or entity which could have a material adverse effect on its ability to consummate this transaction.

6.5 Tower Site. The tower site specified in the construction permit for the Station is subject to a binding lease agreement with the owner of that site. Seller will secure the consent to the assignment of that lease to Buyer. The site is adequate to accommodate the proposed antenna for the Station. In all other respects, the site is available, usable, and appropriate for its proposed use as the site for the transmission of the Station's signal without interference and for the quiet enjoyment of the site by Buyer. There is appropriate access to the site, either on public roads or by other dedicated access.

6.6 Antenna. Seller has received a proposal for the construction of the directional antenna specified in the construction permit from a reputable and experienced antenna manufacturer, and has provided a copy of that proposal to Buyer. The antenna can be constructed and installed consistent with customary industry standards.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

7.1 Organization and Standing. Buyer is legally qualified to purchase the Assets, and complete this transaction as contemplated.

7.2 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement, and the execution, delivery and performance of any other documents to be delivered or executed in connection with this Agreement and the transactions contemplated by this Agreement, by Buyer have been (or will prior to Closing be) duly authorized by all necessary actions on the part of Buyer. This Agreement and all other documents have been duly executed and delivered by Buyer and constitutes the legal, valid, and binding obligation of Buyer, enforceable in accordance with their terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies. Performance of its obligations hereunder will not be in conflict with Buyer's obligations under any agreement, judgment, decree or contract.

7.3 Litigation. There are no claims, actions, suits, litigation, labor disputes, arbitrations, proceedings or investigations pending or, to the best knowledge of Buyer, threatened against Buyer relating to the transactions contemplated by this Agreement.

ARTICLE 8 COVENANTS

8.1 Operation of Business. Between the date of this Agreement and the Closing Date, Seller shall:

- (a) Maintain and preserve Seller's rights under the Authorizations; and
- (b) Without the prior written consent of Buyer, which shall not be unreasonably withheld, Seller shall not:
 - (i) Enter into any agreement, contract, lease or commitment, other than agreements cancelable without penalty prior to the Closing Date;
 - (ii) Place or allow to be placed on any of the assets or properties relating to the Station any Lien;
 - (iii) Sell, assign, transfer or otherwise dispose of any of the Authorizations or Assets;
 - (iv) Violate any law, statute, rule, governmental regulation or order of any court or governmental or regulatory authority (whether Federal, State or local);
 - (v) Cause or permit by any act, or failure to act, any of the Authorizations to expire, be surrendered, adversely modified, or otherwise terminated, or the FCC to institute any proceedings for the suspension, revocation or adverse modification of any of the Authorizations or fail to prosecute with due diligence any pending applications to the FCC.

8.2 Option. At Closing, Seller shall execute the Option Agreement attached hereto as Exhibit C.

ARTICLE 9 CONDITIONS

9.1 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions, except to the extent Buyer shall have waived in writing satisfaction of such condition:

(a) The representations and warranties made by Seller shall be true and correct in all material respects as of the date of this Agreement and on the Closing Date as though such representations and warranties were made on such date.

(b) Seller shall have performed and complied in all material respects with all covenants, agreements, representations, warranties and undertakings required by this Agreement to be performed or complied with prior to the Closing, and shall be prepared to perform any post-closing covenants.

(c) Seller shall have delivered to Buyer all of the documents required by Section 10.1 hereof.

(d) All consents that may be necessary for Buyer to consummate the transaction contemplated hereby shall have been received by it, including but not limited to consent to the assignment of the Station's tower site.

(e) Buyer shall have reviewed the specifications for the proposed directional antenna for the Station, shall have received a firm proposal for the construction and installation of that antenna from a reputable antenna manufacturer, and that proposal shall be in a form and at a price satisfactory to Buyer.

(f) The FCC Consent shall have become a Final Order.

(g) The Authorization shall be in full force and effect.

9.2 Conditions Precedent to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions, except to the extent Seller shall have waived in writing satisfaction of such condition:

(a) The representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects as of the date of this Agreement and on the Closing Date as though such representations and warranties were made on such date.

(b) Buyer shall have performed and complied in all material respects with all covenants, agreements, representations, warranties and undertakings required by this Agreement to be performed or complied with by it prior to Closing.

(c) Buyer shall have delivered to Seller all of the documents required by Section 10.2 hereof.

(d) The FCC consent shall have been obtained.

ARTICLES 10 CLOSING DELIVERIES

10.1 Seller's Deliveries. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

(a) Bill of Sale, assignments and other good and sufficient instruments of conveyance, transfer and assignment, all in form and substance reasonably satisfactory to counsel for Buyer, as shall be effective to vest in Buyer or its permitted assignee, good and marketable title in and to the Assets.

(b) the Option Agreement.

10.2 Buyer's Deliveries. At the Closing, Buyer shall deliver or cause to be delivered to Seller the Purchase Price, the Buyer's Note, the Buyer's Security Agreement, and any financing statements or similar documents necessary to perfect the Security Agreement.

ARTICLE 11 FEES AND EXPENSES

11.1 Expenses. Seller shall pay all transfer taxes, recordation taxes, sales taxes, document stamps, or other charges levied by any governmental entity on account of the transfer of the Assets from Seller to Buyer. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives.

ARTICLE 12 REMEDIES

12.1 Specific Performance. The parties recognize that if either parties breaches its obligation to consummate the transactions contemplated by this Agreement and refuses to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate the other party for its injury. The non-breaching party shall therefore be entitled, in addition to any other remedies that may be available, including money damages, to obtain specific performance of the terms of this Agreement. If any such action is brought to enforce this Agreement, the breaching party shall waive the defense that there is an adequate remedy at law. Notwithstanding the foregoing, Seller may pursue any remedies at law to enforce the Buyer's Note, the Security Agreement or document ancillary thereto.

12.2 Attorney's Fees. In the event of a default by either party which results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses.

ARTICLE 13 TERMINATION RIGHTS

13.1 Termination by Seller. This Agreement may be terminated by Seller and the purchase and sale of the Assets abandoned, if Seller is not then in material breach, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Material Breach. If Buyer shall be in material breach of any representation, warranty or covenant contained in this Agreement, or any other agreement between the parties hereto, Seller has notified Buyer of such breach, and the breach has continued without cure for a period of 30 days after the notice of breach.

(b) Upset Date. If the Closing shall not have occurred by the date this is eighteen (18) months from the date hereof.

13.2 Termination by Buyer. This Agreement may be terminated by Buyer and the purchase and sale of the Assets abandoned, if Buyer is not then in material breach, upon written notice to Seller, upon the occurrence of any of the following:

(a) Material Breach. If Seller shall be in material breach of any representation, warranty or covenant contained in this Agreement, or in any other agreement between the parties hereto, Buyer has notified Seller of such breach, and the breach has continued without cure for a period of 30 days after the notice of breach.

(b) Upset Date. If the Closing shall not have occurred by the date this is eighteen (18) months from the date hereof.

13.3 Rights on Termination. If this Agreement is terminated pursuant to Section 13.1 or Section 13.2 and neither party is in material breach of any provision of this Agreement, the parties hereto shall not have any further liability to each other with respect to the purchase and sale of the Assets. If this Agreement is terminated due to a material breach of this Agreement, then each party shall have all rights and remedies available to it at law or in equity.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.1 Further Assurances. The parties shall take any actions and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement, including, in the case of Seller, any additional transfer documents that, in the reasonable opinion of Buyer, may be necessary to ensure, complete, and evidence the full and effective transfer of the Assets to Buyer pursuant to this Agreement.

14.2 Benefit and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may assign its interest under this Agreement without the prior written consent of the other parties, which consent shall not be unreasonably withheld; provided, however, Buyer may assign its rights hereunder to an affiliated company, without the consent of Seller.

14.3 Survival. All representation, warranties and covenants made herein shall survive the Closing. Each party agrees to indemnify the other for any post-closing breach of such representations, warranties and covenants.

14.4 Governing Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of California without regard to any choice of law or conflict of law provisions (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than the State of California.

14.5 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

14.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

14.7 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed given upon personal delivery, four days after being mailed by registered or certified mail, return receipt requested, or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, addressed as follows:

If to Seller: Living Proof, Inc.
125 South Main Street
Bishop, CA 93515
Attn: Daniel McClenaghan, President

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

Harry C. Martin, Esq.
Fletcher Heald & Hildreth, PLC
1300 North 17th Street, 11th Floor
Arlington, VA 22209

If to Buyer: Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Richard Jenkins

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

David D. Oxenford, Esq.
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section.

14.8 Waivers. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, nor shall such waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

14.9 Entire Agreement. This Agreement and the Schedules attached hereto and the ancillary documents provided for herein, constitute the entire Agreement and understanding of the parties hereto relating to the matters provided for herein and supersede any and all prior agreements, arrangements, negotiations, discussions and understandings relating to the matters provided for herein.

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

EDUCATIONAL MEDIA FOUNDATION


By: _____

Richard Jenkins
President

LIVING PROOF, INC.

By: _____


Daniel McClenaghan
President

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

EDUCATIONAL MEDIA FOUNDATION

By: _____
Richard Jenkins
President

LIVING PROOF, INC.

By: 
Daniel McClenaghan
President