

OPTION AGREEMENT

THIS OPTION AND ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August 2nd, 2012, by and between **RAAD BROADCASTING CORPORATION**, a Puerto Rico Corporation ("RAAD"), and **AMOR RADIO GROUP, INC.**, a Puerto Rico Corporation ("AMOR").

RECITALS

WHEREAS, Amor, as a winning bidder in Auction No. 88, was issued by the Federal Communications Commission ("FCC") a construction permit authorizing the construction of a new FM radio station for Santa Isabel, Puerto Rico, FCC File No. BPH-19950907MD (the "Permit" or, when constructed, the "Station"); and

WHEREAS, following the construction of the Station in accordance with the Permit, and upon the filing by AMOR with the FCC of an acceptable application for license to cover the Permit (the "License Application"), the FCC shall in due course issue a license to AMOR for the Station (the "Station License,"); and

WHEREAS, RAAD has acquired a 43% equity and voting interest in AMOR from the Estate of Osvaldo L. Dedos (deceased) and RAAD currently holds in the aggregate a total equity and voting interest in AMOR of 43%; and

WHEREAS, AMOR and RAAD have entered into a Local Programming and Marketing Agreement dated as of June 15, 2010, (the "LPMA"), pursuant to which AMOR has agreed, beginning on the date the Station commences operations pursuant to the program test authority (the "PTA Date") to make available to RAAD airtime on the Station and accept for broadcast the programs of RAAD on the terms and conditions set forth in the LPMA; and

WHEREAS, RAAD has made from time to time certain loans to AMOR beginning on or about June 15, 2010 for the purpose of obtaining the construction permit for the Station, pursuant to that certain Loan Agreement dated June 15, 2010, which loans are guaranteed by the personal guarantees of the principals of AMOR; and

WHEREAS, RAAD has made additional loans to AMOR for operating expenses of AMOR and will be called upon to make additional loans to AMOR in order to finance the construction of the station and for initial operating costs and expenses and for these reasons will enter into a subsequent Loan Agreement of even date herewith, setting forth the terms and conditions of these further loans to AMOR; and

WHEREAS, in the event that RAAD exercises the irrevocable option granted herein, AMOR will issue to RAAD and RAAD will purchase additional authorized shares of AMOR (either by investment of additional capital or by cancellation of loans from RAAD to AMOR) such that the number of issued and outstanding shares that RAAD will own, including all acquired shares will total, up to and including Seventy-Five Percent (75%) of the issued and outstanding voting shares of AMOR, which means that, RAAD, at its option can purchase and increase its equity participation from 43% by up to and including Thirty-Two Percent (32%) of

the issued and outstanding voting shares of AMOR which could result in RAAD owning a total of up to and including Seventy-Five Percent (75%) of the equity of AMOR; and

WHEREAS, AMOR currently has a total of 1,000 issued and outstanding shares of which RAAD owns 430 for a 43% equity interest; and

WHEREAS, in the event that RAAD exercises the irrevocable option granted herein, AMOR will issue to RAAD and RAAD will purchase up to an additional 1,280 shares of AMOR to then possess up to 75% of the equity of AMOR; and

WHEREAS, in the event that RAAD fully exercises the irrevocable option granted herein, AMOR will have to issue additional shares in order to reach a total of 2,280 shares.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

1. OPTION TO PURCHASE. Upon the terms and conditions set forth herein, in consideration of the loans made and to be made by RAAD to AMOR, AMOR hereby grants an exclusive and irrevocable option to RAAD to purchase from AMOR by issuance of additional authorized but unissued shares of AMOR (the "Option") that number of shares that may become necessary in order that RAAD will own, in the aggregate, a maximum of Seventy-Five Percent (75%) of the issued and outstanding shares of AMOR. In the event that RAAD exercises the Option, the purchase and sale of said shares shall be on the terms and conditions as hereinafter provided in this Agreement.

1.1 **Manner of Exercise of Option.** In order to exercise the Option, RAAD shall deliver to AMOR written notice of election to exercise the Option (the "Option Exercise Notice").

2. CONSIDERATION. In the event that RAAD exercises the Option, (and subject nevertheless to granting full credit to RAAD for any and all sums heretofore or hereafter paid by RAAD to AMOR in connection with the acquisition of the permit, or the license of the Station, or for construction or operating costs of the Station, by loan, capital investment or otherwise; and whether or not evidenced by a Promissory Note, security agreement or otherwise) as consideration for the acquisition of the additional authorized shares of AMOR, RAAD agrees to invest in AMOR the sum of \$475,000 or \$371.094 per share ("the Purchase Price") for the purchase of 1,280 additional shares necessary to increase the total equity and voting interest of RAAD from Forty-Three Percent (43%) to Seventy-Five Percent (75%) of the total issued and outstanding shares, to be executed and paid as follows:

2.1. The Closing on the acquisition of the additional shares by RAAD shall not occur later than 45 days after an Application for FCC Consent to Transfer of Control of licensee corporation shall have been granted by the Federal Communications Commission (FCC) and, at RAAD's option, such consent shall have become a final order, no longer subject to administrative or judicial appeal, ("the Closing Date").

2.2. At Closing, RAAD at its option shall pay to AMOR the balance of the Purchase Price, if any, by wire transfer of immediately available funds to complete the purchase of the additional Thirty-Two Percent (32%) of issued and outstanding voting shares of AMOR or choose to have its equity participation adjusted in proportion to the amount invested. That is, the final amount invested by RAAD (either by investment of additional capital or by cancellation of loans from RAAD to AMOR) will be divided by \$371.094 to arrive at RAAD's additional number of shares and RAAD's additional equity interest.

2.3. The Closing Date shall occur on a date which shall be determined by RAAD in its sole discretion, whether or not prior to or after the time in which an Unjust Enrichment Payment (as hereinafter defined) would be due to the FCC. The "Unjust Enrichment Payment" is the amount that AMOR would be required to reimburse the United States Government pursuant to 47 C.F.R. Section 73.5007(e) for the assignment or transfer of control of the Permit or FCC Licenses to an entity not meeting the eligibility criteria for the new entrant bidding credit within the first five (5) years following the grant of the Permit.

2.4. The purchase price (subject to the maximum purchase price of \$475,000 referenced above) for the additional shares to be acquired by RAAD will be determined by a good-faith estimate of the Fair Market Value of the improvements and cost associated with the construction of the station in accordance to FCC policy; a good faith estimate of the relocation expenses of other stations pursuant to the FCC's MM Docket 91-259; FCC, legal, and engineering expenses incurred by AMOR relative to the station's construction; prudent incidental expenses related to the station facilities and initial operating expenses (collectively "the Improvements"). A copy of said estimate is attached as Exhibit A.

The shareholders will have a meeting to approve the estimated value of the Improvements expressed in Exhibit A and a corporate resolution will be adopted confirming this estimate as the Fair Market Value of the Improvements as of the date of this Option Agreement.

3. GOVERNMENTAL CONSENTS. It is specifically understood and agreed by RAAD and AMOR that the transfer of control of AMOR is expressly conditioned on and is subject to the prior consent and approval of the FCC, including the Media Bureau pursuant to delegated authority, without the imposition of any conditions materially adverse to RAAD (the "fcc consent").

3.1. RAAD and AMOR agree to file an application with the FCC for the FCC Consent (the "FCC Application") within ten (10) business days after RAAD's delivery to AMOR of the Option Exercise Notice. RAAD and AMOR shall cooperatively prosecute the FCC Application with all reasonable diligence and otherwise use their respective best efforts to obtain the FCC Consent as expeditiously as practicable.

3.2. RAAD, AMOR and AMOR's principals each represent that they know that the Permit will expire at 3:00 a.m. local time on September 26, 2014 (the "FCC Deadline"), unless the facilities authorized by such Permit are constructed and the License Application is filed prior to the FCC Deadline. AMOR and its principals will cooperate with each other and will

do all things necessary to insure that the construction is completed in a timely fashion and without delay.

4. CONFIDENTIALITY AND COOPERATION. Subject to the requirements of applicable law, RAAD, AMOR and AMOR's principals, and each of them, shall each 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 the parties 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.

Subject to express limitations contained elsewhere herein, RAAD and AMOR agree to 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 satisfaction of any prior condition to closing set forth herein. Nothing in this Section, however, shall constitute a delegation to RAAD of AMOR's obligation as permittee or licensee of the Station from making necessary filings or disclosures to the FCC when due, between the date hereof and the Closing Date, or to comply with any and all FCC regulatory requirements, pay regulatory fees when due, and the like, all of which shall remain the obligation of AMOR.

5. MISCELLANEOUS PROVISIONS

5.1. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns. Notwithstanding the foregoing, no party may assign its rights or obligations under this Agreement without prior written consent of the other party, except that AMOR may, without such consent, assign its rights and obligations under this Agreement to a person or entity that the FCC has approved to be the permittee or licensee of the Stations pursuant to an application on FCC Form 316. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement.

5.2. No modification of any provision of this Agreement shall be effective unless in writing and signed by all parties. No failure or delay on the part of AMOR or RAAD in exercising any right or power under this Agreement shall operate as a waiver of such right or power, nor shall any single or partial exercise of any such right or power or the exercise of any other right or power. Except as otherwise provided in this Agreement, the rights and remedies

provided in this Agreement are cumulative and are not exclusive of any other rights or remedies which a party may otherwise have.

5.3. 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.

5.4. The construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Puerto Rico without giving effect to the choice of law provisions thereof. Any action, suit or proceeding brought by any party to this Agreement relating to or arising out of this Agreement or any other agreement, instrument, certificate or other document delivered pursuant hereto (or the enforcement hereof or thereof) must be brought and prosecuted as to all parties in, and each of the parties hereby consents to service of process, personal jurisdiction and venue in, the courts of general jurisdiction located in Puerto Rico.

5.5. 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 duly delivered and 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 dispatched by facsimile transmission (with the facsimile transmission confirmation being deemed conclusive evidence of such dispatch) and shall be addressed to the following addresses, or to such other address as any party may request, in the case of AMOR, by notifying RAAD, and in the case of RAAD, by notifying AMOR:

Handwritten initials: "AM" and "RAM" with a period.

To AMOR:

AMOR Radio Group, Inc.
P.O. Box 263
Mercedita, Puerto Rico 00715-0263
Attention: Hilda Nazario, Vice President
Fax:

With copies (which shall not constitute notice) to:

Frank R. Jazzo, Esq.
Fletcher, Heald & Hildreth, PLC
1300 North 17th Street, 11th Floor
Arlington, VA 22209
Fax: 703-812-0486

 To RAAD:

RAAD Broadcasting Corporation
HC-71, Box 15390
Bayamon, Puerto Rico 00956-9535
Attention: Roberto Davila Rodriguez, President
Fax: 787-785-9377

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

Booth, Freret, Imlay & Tepper, P.C.
14356 Cape May Road
Silver Spring, MD 20904-6011
Attention: Christopher D. Imlay, Esq.
Fax: (301) 384-6384

5.6. 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.

5.7. 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.

5.8. 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.

SIGNATURE PAGE TO OPTION AGREEMENT

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

AMOR:

AMOR RADIO GROUP, INC.

By: 
Name: Hilda G. Nazario
Title: Vice President

RAAD:

RAAD BROADCASTING CORPORATION

By: 
Name: Roberto Davila Rodriguez
Title: President