

ASSET EXCHANGE AGREEMENT

Entered into Between

Progressive Broadcasting System, Inc.

and

Friends of Christian Radio, Inc.

Regarding the Exchange of Assets of:

FM Translator W241AD, South Bend, Indiana (Facility Id. No. 79264)

and

FM Translator W266BF, South Bend, Indiana (Facility Id. No. 147678)

September 22, 2011

ASSET EXCHANGE AGREEMENT

THIS ASSET EXCHANGE AGREEMENT (“Agreement”), made and entered into this 22nd _ day of September, 2011, by and between Progressive Broadcasting System, Inc. (hereinafter referred to as “PBS”), and Friends of Christian Radio, Inc. (hereinafter referred to as “FCR”) (PBS and FCR each being a “Party” and together being the “Parties”):

W I T N E S S E T H :

WHEREAS, PBS is the licensee of FM Translator W241AD, South Bend, Indiana (FCC Facility Id. No. 79264) (“W241AD”), pursuant to a license issued by the Federal Communications Commission (“FCC” or the “Commission”)

WHEREAS, FCR is the licensee of FM Translator W266BF, South Bend, Indiana (FCC Facility Id. No. 147678) (“W266BF”), pursuant to a license issued by the FCC;

WHEREAS, PBS desires to exchange certain assets of W241AD, including its FCC license, with FCR for certain assets of W266BF, including its FCC license, and additional monetary consideration;

WHEREAS, W241AD and W266BF are hereinafter collectively referred to as the “Translators”;

WHEREAS, PBS and FCR will not be able to consummate this Agreement, and the Translators may not be assigned between the Parties until after the Commission has granted its consent to the transactions contemplated herein; and

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties intending to be legally bound agree as follows:

1. DEFINITIONS. Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

1.1. Assignment Application (or Application(s)) refers to the Applications which the Parties hereto will join in and file with the Commission requesting its written consent to the terms of this Agreement and the exchange of the Translators between PBS and FCR.

1.2. Closing Date means a date mutually to be designated by the Parties, which date shall not be later than three (3) days after grant of the Assignment Applications becomes a “Final Order,” as that term defined in Section 1.4 hereof. In the event the Closing occurs prior to a date when grant of the Assignment applications has become a “Final Order,”

upon the request of either Party, the Parties will enter into a rescission agreement with terms and conditions normal to such agreements.

1.3. Closing Place means such convenient place to which the Parties may mutually agree.

1.4 Final Order means a written action or order issued by the FCC (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 has expired or (ii) in the event of review, reconsideration or appeal, such review, reconsideration or appeal has been denied and the time for further review, reconsideration or appeal has expired.

1.5 Lien (or “Liens”) means any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, claim, lien lease or charge of any kind, whether voluntarily incurred or arising by operation of law otherwise, affecting the Translators or assets to be exchanged hereunder, including any written or oral agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement, and the filing of or agreement to give any financing statement with respect to any of the assets to be exchanged hereunder under the Uniform Commercial Code or the comparable law of any jurisdiction. The parties recognize that any Liens in favor of a Party’s lenders will be removed at or prior to the Closing.

2. ASSETS TO BE EXCHANGED. PBS and FCR, on the Closing Date at the Closing Place, shall exchange, transfer, convey, assign and deliver to each other the following assets:

2.1. The FCC licenses and any other FCC authorizations for each Translator, including, but not limited to, those identified in **Appendix A** hereto.

2.2. The tangible and intangible assets for each Station as set forth in **Appendix B**. Each Party has good and valid title to the tangible and intangible assets being conveyed, free and clear of Liens, as that term is defined in Section 1.5 hereof. The Parties agree that the tangible assets used in operation of the Translators are exchanged on an “as-is-where-is” basis, subject to the terms and conditions of this Agreement.

3. ADDITIONAL CONSIDERATION. In addition to delivery to the above-referenced assets of W266BF, at Closing FCR shall also deliver to PBS the sum of Twenty Thousand Dollars (\$20,000.00) in immediately available funds.

4. EXCLUDED ASSETS AND LIABILITIES. No asset of either Party is being conveyed to the other Party except as specifically set in this Agreement. Neither Party is assuming any past or future debt or obligation of the other Party.

5. CONSENT OF THE COMMISSION. This Agreement shall be subject to the prior consent of the Commission to the proposed assignments without conditions materially adverse to either party. The Assignment Applications will be filed on a contingent basis so that both applications must be granted in order for there to be a Closing as to either Assignment Application.

6. LEGAL NOTICE OF ASSIGNMENT APPLICATION. Upon the filing of the Assignment Applications, the Parties agree to jointly take the necessary steps to provide such legal notices concerning the filing as required by the rules of the Commission.

7. REMEDIES. The Parties mutually understand and agree that the assets exchanged pursuant to this Agreement are unique and cannot readily be purchased on the open market. As such, each party will have the right to pursue the remedy of specific performance and will not object to the other Party pursuing specific performance.

8. PBS' AFFIRMATIVE COVENANTS, REPRESENTATIONS AND WARRANTIES.

PBS covenants, represents and warrants to FCR that:

8.1. Authorization. PBS has full power and authority to enter into this Agreement and the Agreement constitutes a valid and binding obligation of PBS in accordance with its terms.

8.2. W241AD License and Authorizations . PBS is now and on the Closing Date will be the licensee of W241AD. The license and other related authorizations issued by the Commission for the operation of W241AD (collectively referred to herein as the "W241AD License") are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated. There are no complaints, investigations or proceedings pending or, to the knowledge of PBS, threatened before the FCC relating to the operation of W241AD (other than those affecting FM translators generally). PBS is not subject to any outstanding judgment or order of the FCC relating to W241AD. PBS has operated and is operating W241AD in material compliance with the W241AD License, and all laws, regulations and governmental orders applicable to the operation of W241AD. The assets set forth in *Appendix A* and *Appendix B* include all the assets needed to operate the W241AD as it is currently operated.

8.3. Litigation. There is not now, and on the Closing Date there will not be, any judgment outstanding, or any claim, litigation, administrative or court proceeding or investigation pending, or to the knowledge of PBS, threatened against PBS that would affect or prevent PBS performance of the terms of this Agreement, or the transactions contemplated, the exchange of the Translators, or adversely affect the W241AD License, the W241AD assets to be assigned to FCR, or the operation of W241AD after Closing Date.

8.4. General Covenants.

PBS covenants and agrees that between the date hereof and the Closing, PBS shall:

(a) operate W241AD in the ordinary course of business consistent with past practice in accordance with the W241AD License, the rules and policies of the Commission and other applicable laws;

(b) not directly or indirectly, including by dissolution, liquidation, merger or otherwise, sell, lease or dispose of any of the W241AD assets unless those assets are replaced with assets of equal or greater value acceptable to FCR; and

(c) maintain the W241AD equipment in its current condition (reasonable wear and tear in ordinary usage excepted) and continue to maintain insurance for replacement of such equipment in case of damage or destruction thereof.

8.5. Disclosure. To PBS' knowledge and belief, no covenant, representation or warranty by PBS and no written statement or certificate furnished or to be furnished by it pursuant thereto or pursuant to the Closing hereunder contains or will contain any untrue statement of a material fact.

9. FCR'S AFFIRMATIVE COVENANTS, REPRESENTATIONS AND WARRANTIES.

FCR covenants, represents and warrants to PBS that:

9.1. Authorization. FCR has full power and authority to enter into this Agreement and the Agreement constitutes a valid and binding obligation of PBS in accordance with its terms.

9.2. W266BF License and Authorizations . FCR is now and on the Closing Date will be the licensee of W266BF. The license and other related authorizations issued by the Commission for the operation of W266BF (collectively referred to herein as the "W266BF License") are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated. There are no complaints, investigations or proceedings pending or, to the knowledge of FCR, threatened before the FCC relating to the operation of W266BF (other than those

affecting FM translators generally). FCR is not subject to any outstanding judgment or order of the FCC relating to W266BF. PBS has operated and is operating W266BF in material compliance with the W266BF License, and all laws, regulations and governmental orders applicable to the operation of W266BF. The assets set forth in **Appendix A** and **Appendix B** include all the assets needed to operate the W266BF as it is currently operated.

9.3. Litigation. There is not now, and on the Closing Date there will not be, any judgment outstanding, or any claim, litigation, administrative or court proceeding or investigation pending, or to the knowledge of FCR, threatened against FCR that would affect or prevent FCR's performance of the terms of this Agreement, or the transactions contemplated, the exchange of the Translators, or adversely affect the W266BF License, the W266BF assets to be assigned to PBS, or the operation of W266BF after Closing Date.

9.4. General Covenants.

FCR covenants and agrees that between the date hereof and the Closing, FCR shall:

- (a) operate W266BF in the ordinary course of business consistent with past practice in accordance with the W266BF License, the rules and policies of the Commission and other applicable laws;
- (b) not directly or indirectly, including by dissolution, liquidation, merger or otherwise, sell, lease or dispose of any of the W266BF assets unless those assets are replaced with assets of equal or greater value acceptable to PBS; and
- (c) maintain the W266BF equipment in its current condition (reasonable wear and tear in ordinary usage excepted) and continue to maintain insurance for replacement of such equipment in case of damage or destruction thereof.

9.5. Disclosure. To FCR's knowledge and belief, no covenant, representation or warranty by FCR and no written statement or certificate furnished or to be furnished by it pursuant thereto or pursuant to the Closing hereunder contains or will contain any untrue statement of a material fact.

10. CONDITIONS PRECEDENT TO PARTIES OBLIGATIONS. The obligation of Parties to consummate the transaction contemplated herein, is subject to the fulfillment prior to or at the Closing Date of each of the following conditions:

10.1. Commission Approval. The Commission shall have consented to the Assignment Applications without conditions materially adverse to the Parties.

10.2. Representations and Warranties. The representations and warranties of the Parties contained in this Agreement, or in any related document attached or delivered pursuant hereto, shall be true and correct at and as of the Closing Date as though such representations and warranties were made at and as of such time.

11. TERMINATION RIGHTS

11.1. Failure to Receive FCC Approval. If the Commission has not acted upon and granted its consent and approval to the Assignment Applications within one hundred eighty (180) days of the date of this Agreement, or has denied its approval of the Assignment Applications, this Agreement may be terminated by either Party upon five (5) days' written notice to the other Party, provided the Party giving such notice is not then in default of any provision of this Agreement.

11.2. Termination on Designation for Hearing. Either Party may terminate this Agreement upon five (5) days' written notice to the other Party, if for any reason either of the Assignment Applications is designated for hearing by the Commission.

12. PARTIES PERFORMANCE AT CLOSING. On the Closing Date at the Closing Place the Parties shall execute and deliver or cause to be delivered the following, each of which is a condition to Closing hereunder:

12.1. An Assignment of the W266BF License by FCR to PBS.

12.2. An Assignment of the W241AD License by PBS to FCR.

12.3. A Bill of Sale for the tangible and intangible assets which are being assigned by PBS to FCR and assignment of any tangible and intangible assets being assigned to PBS by FCR.

12.4. The payment by FCR to PBS of the sum of Twenty Thousand Dollars (\$20,000) in immediately available funds.

12.5. The assignment of files, records, and logs for the Translators, or copies thereof.

12.6. A certification by each party that all of the warranties and representations in this Agreement are true as of the Closing Date.

13. SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES. The Parties hereto understand and agree that all representations, covenants and warranties and agreements contained in this Agreement shall be deemed to be continuing and shall survive the Closing Date for a period of one (1) year.

14. FINDERS, CONSULTANTS AND BROKERS. Each Party represent to the other that no broker is involved in this transaction.

15. NOTICES. Any notice, consent, waiver or other communications hereunder shall be hand delivered, sent by certified or registered mail, return receipt requested, postage prepaid, or sent by USPS Express Mail to the address specified below (or at such other address which Party shall specify to the other Party in accordance herewith):

If to PBS:

Edwin Moore, President
Progressive Broadcasting System, Inc.
P.O. Box 301
Elkhart, IN 46515

If to FCR:

Hugh Johnson, President
Friends of Christian Broadcasting, Inc.
25811 County Road 24W
Elkhart, IN 46517

Notice shall be deemed to have been given (a) upon receipt if delivered by hand, (b) three business days after mailing if sent by registered or certified mail, or (c) the next business day if sent by USPS Express Mail.

16. FURTHER ASSURANCES. The Parties to this Agreement hereby each pledge to the other that they shall take whatever steps are reasonably necessary, in good faith, and shall use their best efforts to carry out their obligations under this Agreement so that the transactions contemplated herein shall be consummated in a complete and expeditious manner.

17. OTHER DOCUMENTS. The Parties shall execute such other documents as may be necessary and desirable to the implementation and consummation of this Agreement.

18. APPENDICES. All Appendices attached to this Agreement shall be deemed to be part of this Agreement and incorporated in it, where applicable, as if fully set forth in the body of this Agreement. If any provision in any Appendix conflicts with or is not consistent with the provisions of this Agreement, the terms of this Agreement shall govern.

19. HEADINGS. The headings of the Sections of this Agreement are inserted as a matter of convenience and for reference purposes only and in no way define, limit or describe the scope of this Agreement nor the intent of any Section.

20. CONSTRUCTION. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana.

21. ENTIRE AGREEMENT. This Agreement contains all of the terms and conditions agreed upon with respect to the subject matter.

22. SEVERABILITY. If any provision or provisions contained in this Agreement is held to be invalid, illegal or unenforceable, this shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained herein.

23. MODIFICATION AND WAIVER. No modification of this Agreement shall be effective unless such modification is in a writing signed by the Party against whom the modification is sought to be enforced.

24. NO WAIVER . No failure or delay on the part of either Party in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

25. BENEFIT. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and, their successors and their assigns.

26. ATTORNEYS' FEES. In the event any action, suit or other proceeding is instituted by a Party to enforce any of the terms and provisions contained herein, the prevailing Party in such action shall be entitled to recover its costs and expenses, including reasonable attorneys' fees.

27. COUNTERPARTS. This Agreement may be signed by any number of counterparts with the same effect as if the signature of each such counterpart were upon the same instrument.

28. ASSIGNMENT OR TRANSFER. This Agreement may not be assigned by either Party to any third party without the express written consent of the other Party, which shall not be unreasonably withheld.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties, by their duly-authorized representatives, have executed this Agreement as of the date and year first above written.

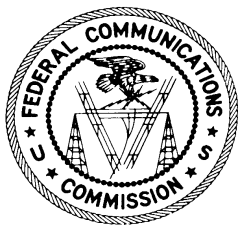
Progressive Broadcasting System, Inc.

By: 
Edwin C. Moore, President

Friends of Christian Broadcasting, Inc.

By: 
Hugh Johnson, Chairman

Appendix A
Translator Licenses and Other Authorizations



United States of America
FEDERAL COMMUNICATIONS COMMISSION
FM BROADCAST TRANSLATOR/BOOSTER
STATION LICENSE

Authorizing Official:

Official Mailing Address:

PROGRESSIVE BROADCASTING SYSTEM, INC
PO BOX 307
ELKHART IN 46515

Brian J. Butler
Supervisory Engineer
Audio Division
Media Bureau

Facility Id: 79264

Call Sign: W241AD

License File Number: BLFT-19980422TD

Grant Date: December 24, 1998

This license expires 3:00 a.m.
local time, August 01, 2004.

This license covers Permit No.: BPFT-960111TG
as last extended by Permit No.: BMPFT-980206JB

Subject to the provisions of the Communications Act of 1934, subsequent acts and treaties, and all regulations heretofore or hereafter made by this Commission, and further subject to the conditions set forth in this license, the licensee is hereby authorized to use and operate the radio transmitting apparatus herein described.

This license is issued on the licensee's representation that the statements contained in licensee's application are true and that the undertakings therein contained so far as they are consistent herewith, will be carried out in good faith. The licensee shall, during the term of this license, render such broadcasting service as will serve the public interest, convenience, or necessity to the full extent of the privileges herein conferred.

This license shall not vest in the licensee any right to operate the station nor any right in the use of the frequency designated in the license beyond the term hereof, nor in any other manner than authorized herein. Neither the license nor the right granted hereunder shall be assigned or otherwise transferred in violation of the Communications Act of 1934. This license is subject to the right of use or control by the Government of the United States conferred by Section 606 of the Communications Act of 1934.

Callsign: W241AD

License No.: BLFT-19980422TD

Name of Licensee: PROGRESSIVE BROADCASTING SYSTEM, INC

Principal community to be served: IN-SOUTH BEND

Primary Station: WFRN-FM (FM) , Channel 284, ELKHART, IN

Via: Direct - off-air

Frequency (MHz): 96.1

Channel: 241

Hours of Operation: Unlimited

Antenna Coordinates: North Latitude: 41 deg 36 min 59 sec

West Longitude: 86 deg 11 min 43 sec

Transmitter: Type Accepted. See Sections 73.1660, 74.1250 of the Commission's Rules.

Transmitter output power: kW

Antenna type: (directional or non-directional): Non-Directional
Description:

Major lobe directions (degrees true): Not Applicable

| | Horizontally Polarized Antenna: | Vertically Polarized Antenna: |
|---|---------------------------------------|-------------------------------------|
| Effective radiated power in the Horizontal Plane (kw): | 0.015 | 0.015 |
| Height of radiation center above ground (Meters): | 61 | 61 |
| Height of radiation center above mean sea level (Meters): | 326 | 326 |

Antenna structure registration number: Not Required

Overall height of antenna structure above ground: 229 Meters

Obstruction marking and lighting specifications for antenna structure:

It is to be expressly understood that the issuance of these specifications is in no way to be considered as precluding additional or modified marking or lighting as may hereafter be required under the provisions of Section 303(q) of the Communications Act of 1934, as amended.

None Required

Special operating conditions or restrictions:

- 1 The permittee/licensee in coordination with other users of the site must reduce power or cease operation as necessary to protect persons having access to the site, tower or antenna from radiofrequency electromagnetic fields in excess of FCC guidelines.

*** END OF AUTHORIZATION ***



United States of America
FEDERAL COMMUNICATIONS COMMISSION
FM BROADCAST TRANSLATOR/BOOSTER
STATION LICENSE

Authorizing Official:

Official Mailing Address:

FRIENDS OF CHRISTIAN RADIO, INC.
25811 COUNTY ROAD 24W
ELKHART IN 46517

Penelope A. Dade
Supervisory Analyst
Audio Division
Media Bureau

Facility Id: 147678

Call Sign: W266BF

License File Number: BLFT-20071106ACO

Grant Date: December 12, 2007

This license expires 3:00 a.m.
local time, August 01, 2012.

This license covers permit no.: BMPFT-20071031ABH

Subject to the provisions of the Communications Act of 1934, subsequent acts and treaties, and all regulations heretofore or hereafter made by this Commission, and further subject to the conditions set forth in this license, the licensee is hereby authorized to use and operate the radio transmitting apparatus herein described.

This license is issued on the licensee's representation that the statements contained in licensee's application are true and that the undertakings therein contained so far as they are consistent herewith, will be carried out in good faith. The licensee shall, during the term of this license, render such broadcasting service as will serve the public interest, convenience, or necessity to the full extent of the privileges herein conferred.

This license shall not vest in the licensee any right to operate the station nor any right in the use of the frequency designated in the license beyond the term hereof, nor in any other manner than authorized herein. Neither the license nor the right granted hereunder shall be assigned or otherwise transferred in violation of the Communications Act of 1934. This license is subject to the right of use or control by the Government of the United States conferred by Section 606 of the Communications Act of 1934.

Callsign: W266BF

License No.: BLFT-20071106ACO

Name of Licensee: FRIENDS OF CHRISTIAN RADIO, INC.

Principal community to be served: IN-SOUTH BEND

Primary Station: KRUC (FM) , Channel 205, LAS CRUCES, NM

Via: W208BF

Frequency (MHz): 101.1

Channel: 266

Hours of Operation: Unlimited

Antenna Coordinates: North Latitude: 41 deg 37 min 55 sec

West Longitude: 86 deg 07 min 15 sec

Transmitter: Type Accepted. See Sections 73.1660, 74.1250 of the Commission's Rules.

Transmitter output power: 0.02 kW

Antenna type: (directional or non-directional): Non-Directional
Description: SCA GP-FM

Major lobe directions (degrees true): Not Applicable

| Horizontally Polarized Antenna: | Vertically Polarized Antenna: |
|---------------------------------------|-------------------------------------|
|---------------------------------------|-------------------------------------|

| | |
|--|------|
| Effective radiated power in the Horizontal Plane (kw): | 0.02 |
|--|------|

| | |
|---|---|
| Height of radiation center above ground (Meters): | 6 |
|---|---|

| | |
|---|-----|
| Height of radiation center above mean sea level (Meters): | 238 |
|---|-----|

Antenna structure registration number: Not Required

Overall height of antenna structure above ground: 6 Meters

Obstruction marking and lighting specifications for antenna structure:

It is to be expressly understood that the issuance of these specifications is in no way to be considered as precluding additional or modified marking or lighting as may hereafter be required under the provisions of Section 303(q) of the Communications Act of 1934, as amended.

None Required

Special operating conditions or restrictions:

- 1 The permittee/licensee in coordination with other users of the site must reduce power or cease operation as necessary to protect persons having access to the site, tower or antenna from radiofrequency electromagnetic fields in excess of FCC guidelines.

*** END OF AUTHORIZATION ***

Appendix B
Tangible and Intangible Assets

[To be Supplied]