

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT dated as of January __, 2002, between BRIDGE BROADCASTING, INC. ("Seller") and EDUCATIONAL MEDIA FOUNDATION, INC. ("Buyer").

WHEREAS, Seller (i) owns and operates Radio Station KTWY(FM) (FCC Fac. ID#12512), licensed to Walla Walla, Washington (the "Station"), pursuant to licenses and authorizations (the "Station Licenses") issued by the Federal Communications Commission ("FCC"); and

WHEREAS, the parties desire that Buyer purchase from Seller all the assets used or useful in the operation of the Station and acquire from Seller the authorizations issued by the Federal Communications Commission (the AFCC@) for the operation of the Station; and

WHEREAS, the authorizations issued by the FCC may not be assigned to Buyer without the FCC's prior consent.

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

1. RULES OF CONSTRUCTION.

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

- ! "Assignment Application" means the application on FCC Form 314 that Seller and Buyer shall join in and file with the FCC requesting its consent to the assignment of the FCC Licenses from Seller to Buyer.
- ! "Closing" means the consummation of the Transaction.
- ! "Closing Date" means the date on which the Closing takes place, as determined pursuant to Section 11 hereof.
- ! AEscrow Agent@ means The Exline Company.
- ! AEscrow Deposit@ means the sum Fifty Thousand Dollars (\$50,000.00) that Buyer has deposited with Escrow Agent as security for the performance of Buyer's obligations hereunder.

- ! **AEscrow Agreement@** means the Escrow Agreement between Buyer, Seller and Escrow Agent dated as of the date of this Agreement attached as Exhibit A hereto.
- ! "Final Order" means any FCC action that, by lapse of time or otherwise, is no longer subject to administrative or judicial reconsideration, review, appeal or stay.
- ! "Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any agency, court or other entity that exercises executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
- ! **AKnowledge@** when used in connection with any representation or warranty by a person or entity means the actual knowledge of such person or entity at the time the representation is made without any requirement or expectation that such person or entity has made any investigation or inquiry regarding the matter at issue.
- "Purchase Money Note" means the Purchase Money Note attached as Exhibit B hereto.
- ! "Security Agreement" means the Security Agreement attached as Exhibit C hereto.
- ! "Tower Lease" means the Tower Lease attached as Exhibit D hereto.
- ! "Transaction" means the sale and purchase and assignments and assumptions contemplated by this Agreement and the respective obligations of Seller and Buyer set forth herein.

1.2. Other Definitions. Other capitalized terms used in this Agreement shall have the meanings ascribed to them herein.

1.3. Number and Gender. Whenever the context so requires, words used in the singular shall be construed to mean or include the plural and vice versa, and pronouns of any

gender shall be construed to mean or include any other gender or genders.

1.4. Headings and Cross-References. The headings of the Sections and Paragraphs hereof have been included for convenience of reference only, and shall in no way limit or affect the meaning or interpretation of the specific provisions of this Agreement. All cross-references to Sections or Paragraphs herein shall mean the Sections or Paragraphs of this Agreement unless otherwise stated or clearly required by the context. All references to Exhibits and Schedules herein shall mean the Exhibits and Schedules to this Agreement which have been separately initialed for identification by Seller and Buyer. Words such as "herein" and "hereof" shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement unless otherwise stated or clearly required by the context.

1.5. Computation of Time. Whenever any time period provided for in this Agreement is measured in "business days" there shall be excluded from such time period each day that is a Saturday, Sunday, recognized federal legal holiday, or other day on which the FCC's offices are closed and are not reopened prior to 5:30 p.m. Washington, D.C. time. In all other cases all days shall be counted.

2. ASSETS TO BE CONVEYED. On the Closing Date, Seller will sell, assign, transfer, convey and deliver to Buyer, the following assets of Seller that are used by it for the operation of the Station (the "Station Assets") free and clear of all liens and encumbrances whatsoever except for statutory liens for taxes not yet due:

2.1. Licenses. The licenses, permits and other authorizations issued by the FCC for the operation of the Station listed in Schedule 2.1 hereof (the "FCC Licenses"), and all other transferrable licenses, permits and authorizations issued by any other Governmental Authorities that are used in or necessary for the lawful operation of the Station as presently operated by Seller.

2.2. Tangible Property. All tangible personal property and fixtures listed in Schedule 2.2 hereof, together with replacements thereof and improvements and additions thereto made between the date hereof and the Closing Date (the "Tangible Property").

2.3. Contracts. All contracts, leases and agreements listed in Schedule 2.3 hereto (the "Contracts");

2.4. Intangible Property. All Seller's right, title and interest in and to the call signs, slogans, logos, trademarks, copyrights, and similar materials and rights and the goodwill and other intangible assets used exclusively in connection with the conduct of the business of the Station (the "Intangible Property").

2.5. Business Records. All business records of Seller (including without limitation logs, public file materials, and engineering records) relating to or used in the operation of the Station.

3. EXCLUDED ASSETS. The following assets are expressly excluded from the Station Assets being conveyed hereunder and shall be retained by Seller:

(a) the Seller's cash, cash equivalents and accounts receivable;

(b) any claims that Seller may have under any insurance policies or contracts and any other claims that Seller may have against third parties;

(c) Seller's corporate books and records which do not relate to the ownership or operation of the Station;

(d) any and all assets owned by Seller whether or not used in the operation of the Station which are not specifically referred to in this Agreement or the Schedules hereto.

4. PURCHASE PRICE AND METHOD OF PAYMENT.

4.1. Purchase Price; Method of Payment. The purchase price for the Station Assets is One Million Dollars (\$1,000,000.00) (the "Purchase Price"). The Purchase Price shall be paid on the Closing Date as follows:

(a) Buyer and Seller shall jointly instruct the Escrow Agent to deliver the Deposit, but not the interest thereon, to Seller by wire transfer of funds;

(b) Buyer shall deliver to Seller the sum of Two Hundred Thousand Dollars (\$200,000.00) by wire transfer or certified or cashier's check;

(c) Buyer shall deliver to Seller the Purchase Money Note.

4.2. Allocation of Purchase Price. The Purchase Price shall be allocated between the Real Property, the Tangible Property and the Intangible Property in accordance with an allocation to be prepared by Buyer, and that shall be reasonably satisfactory to Seller, which allocation schedule shall be agreed to by the parties on or before the Closing Date. Seller and Buyer shall use such allocation for all purposes related to the valuation of the Station Assets, including, without limitation, in connection with any federal, state, county or local tax returns and, unless required to do so in accordance with a "determination" as defined in Section 1313(a)(1) of the Internal Revenue Code, neither Seller nor Buyer shall take any position in any tax return, tax proceeding, tax audit or otherwise that is inconsistent with such allocation.

5. PRORATIONS. Seller shall be entitled to all income attributable to, and shall be responsible for all expenses arising out of the operation of the Station until 11:59 p.m. on the Closing Date and Buyer shall be entitled to all income attributable to, and shall be responsible for all expenses arising out of, the operation of the Station after 11:59 p.m. on the Closing Date. All overlapping items of income or expense customarily subject to prorations in broadcast station transactions shall be prorated, or reimbursed, as the case may be, as of 11:59 p.m. on the Closing Date (the "Prorations"). In the event that the exact amount of any personal taxes or the Annual FCC Regulatory Fee which are to be prorated is not known on the Closing Date, such taxes or fee shall be prorated on the basis of the most recent tax or fee assessment and such proration shall be final. To the extent practical, the Prorations shall be made on the Closing Date and any net amount due as a result of the Prorations shall be added to, or subtracted from, the Purchase Price. Within 30 days after the Closing Date, Buyer's accountant and Seller's accountant shall agree to any final Prorations that are necessary to carry out the parties' intentions as reflected in this Section and any final amount due Seller, or Buyer, shall be paid promptly by check from the party owning the final amount made payable to the party to whom the payment is due.

6. SELLER'S LIABILITIES. Buyer does not and shall not assume or be deemed to assume, pursuant to this Agreement or otherwise, any liabilities, obligations, or commitments of Seller of any nature whatsoever except for obligations under the Contracts to be assumed by Buyer hereunder.

7. SELLER'S AND REPRESENTATIONS, WARRANTIES, AND COVENANTS Seller hereby makes the following representations, warranties, and covenants:

7.1 Existence and Power. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Seller has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

7.2. Binding Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Seller and no other proceedings on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

7.3. No Violation. The execution, delivery and performance of this Agreement by Seller will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of Seller, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Buyer, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Seller, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC.

7.4. Conveyance of Assets. At Closing, Seller shall convey to Buyer good and marketable title to all the Station Assets, free and clear of all liens, pledges, collateral assignments, security interests, leases, easements, covenants, restrictions and encumbrances or other defects of title except for the lien of any personal property taxes that will not become due until after the Closing Date.

7.5. Governmental Authorizations. Seller is the legal holder of the FCC Licenses identified on Schedule 2.1 hereof. Except for the FCC Licenses, Seller is unaware of any material licenses, permits, or authorizations from any Governmental Authority which are required to operate the Station. The FCC Licenses are all the FCC authorizations held by Seller with respect to the Station, and are all the FCC authorizations used in or necessary for the lawful operation of the Station. The FCC Licenses are in full force and effect, are subject to no unusual or materially adverse conditions or restrictions, and are unimpaired by any acts or omissions of Seller or Seller's employees or agents. Other than proceedings affecting the broadcasting industry generally and any proceeding identified in Schedule 2.1 hereto (i) there is not now pending or threatened any action by or before the FCC to revoke, cancel, modify, rescind or refuse to renew any of such FCC Licenses, and (ii) Seller has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture or material complaint against either Seller or the Station. Seller has filed with the FCC all reports required to be filed by the Seller with the FCC which, if not filed, would adversely affect Buyer following the Closing and Seller has paid all regulatory fees and any fines or forfeitures due to the FCC with respect to the Station which, if not paid, would become an obligation of Seller following the Closing or would otherwise adversely affect Seller. Seller is not aware of any reason that the FCC Licenses would not be renewed by the FCC in the ordinary course and without any material adverse condition.

7.6 Contracts. The Contracts designated as material on Schedule 2.3 constitute all contracts and leases necessary for the operation of the Station as it is currently operated by Seller. If any Contract requires the consent of any third party in order for Seller to assign that contract or lease to Buyer, Seller will use its best efforts to obtain such consent prior to Closing.

7.7. Condition of Tangible Property. The Tangible Property together with all improvements and additions thereto and replacements thereof, is now and on the Closing Date will be in good operating condition, ordinary wear and tear excepted. Between the date hereof and the Closing Date the Tangible Property will be maintained in accordance with generally accepted standards in the broadcast industry and in material compliance with all applicable rules and regulations of the FCC and all applicable laws, regulations and ordinances issued by any Governmental Authority. On the Closing Date the Station's facilities will be operating in material compliance with the terms and conditions of the FCC Licenses and all conditions of the construction permits underlying such licenses, which are expressly or by operation of the FCC's rules or policies, carried forward in the licenses. On the Closing Date, the quantity, quality and type of supplies, tubes and spare parts on hand at the Station will be consistent with Seller's past practice. If within sixty (60) days after the Closing Date, Buyer gives Seller written notice of any defects in the Station's technical facilities which existed on the Closing Date and which constituted a material breach of Seller's representations set forth in this paragraph, Buyer shall have the right to require Seller to make such repairs and/or adjustments as may be necessary to bring the Station's technical facilities into substantial compliance with such representations or, in the alternative, to make whatever repairs and/or adjustments or to replace any equipment at Seller's expense as may be necessary to correct such defects; provided, however, that Seller will be given reasonable opportunity, within thirty (30) days of the day of the mailing of written notice from Buyer to Seller, to effect such repairs, replacements or adjustments at Seller's cost.

7.8. Litigation. There is no litigation, action, suit, investigation or proceeding pending or, to the best of Seller's Knowledge, threatened that may give rise to any claim against any of the Station Assets or adversely affect Seller's ability to consummate the Transaction as provided herein. Seller is not aware of any facts that could reasonably result in any such proceedings.

7.9. Insurance. Schedule 7.9 lists all insurance policies held by Seller with respect to the Station. Such insurance policies shall be kept in full force and effect until the Closing Date.

7.10. Compliance with Law. (a) Seller has, in its conduct of the Station's business, complied in all respects material to this transaction with all applicable statutes, regulations and orders relating to the employment of labor, including those concerning wages, hours, equal employment opportunity, collective bargaining, pension and welfare benefit plans, and the payment of Social Security and similar taxes, and Seller is not liable for any arrears of wages or any tax penalties due to any failure to comply with any of the foregoing.

(b) On or before the Closing Date, Seller will pay and discharge all taxes, assessments, excises and other levies relating to the Station Assets, including all FCC Regulatory Fees, which, if due and not paid, would interfere with Buyer's full enjoyment and use of the Station Assets after Closing, except for such taxes, assessments, and other levies as will not be due until after the Closing Date.

7.11. Environmental Matters. No hazardous or toxic waste, substance or material, as those or similar terms are defined in or for purposes of applicable federal, state and local environmental laws, and including without limitation any asbestos or asbestos-related products, oils or petroleum-derived compounds, CFCs, or PCBs (collectively "Hazardous Substances") are contained in Tangible Property unless, in the case of equipment containing CFCs and PCB's, such PCB's are properly contained and labeled. No "underground storage tank" (as that term is defined in regulations promulgated by the federal Environmental Protection Agency) is used in the operation of the Station. To Seller's Knowledge: (i) the property leased for use as the Station's transmitter site (the ASite@) has not previously been used for the manufacture, refining, treatment, storage, or disposal of any Hazardous Substances; (ii) none of the soil, ground water, or surface water of the Site is contaminated by any Hazardous Substances and there is no reasonable potential for such contamination from neighboring real estate; (iii) no Hazardous Substances are being emitted, discharged or released from the Site, directly or indirectly, into the environment; (iv) neither Seller nor any former owner or operator of the Site is liable for cleanup or response costs with respect to the emission, discharge, or release of any Hazardous Substances due to its ownership, occupation, use or operation of such premises. The present operation of the Station complies in all applicable federal, state and local laws relating to electrical transformers and human exposure to radio frequency radiation and, to Seller's Knowledge, complies in all material respects

with all other applicable federal, state and local environmental laws.

7.12. Insolvency Proceedings. No insolvency proceedings of any character, including without limitation bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller or the Station Assets are pending or threatened. Seller has not made an assignment for the benefit of creditors or taken any action with a view to, or that would constitute a valid basis for, the institution of any insolvency proceedings. Upon consummation of the transactions provided for herein, Seller (i) will have sufficient capital to carry on their business and transactions, (ii) will be able to pay their debts as they mature or become due, and (iii) will own assets the fair market value of which will be greater than the sum of all liabilities of Seller not specifically assumed by Buyer pursuant to the terms of this Agreement.

8. BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Buyer hereby makes the following representations, warranties and covenants:

8.1. Existence and Power. Buyer is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of California, and has the requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

8.2. Binding Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Buyer governing board and no other proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding agreement of Buyer enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

8.3. No Violation. The execution, delivery and performance of this Agreement by Buyer will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of Buyer, or (ii) result in a default (or give rise to any right of termination,

cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Seller, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Buyer, or (iv) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC.

8.4. Licensee Qualifications. Buyer is legally, financially, and otherwise qualified under the Communications Act of 1934, as amended, and the rules and regulations of the FCC to be the licensee of the Station.

8.5. Litigation. There is no action, suit, investigation or other proceeding pending or to Buyer's Knowledge threatened that may adversely affect Buyer's ability to perform its obligations under this Agreement in accordance with the terms hereof, and Buyer is not aware of any facts that could reasonably result in any such proceeding.

9. PRE-CLOSING RIGHTS AND OBLIGATIONS. The parties covenant and agree as follows with respect to the period prior to Closing:

9.1. Application for FCC Consent. Within fifteen (15) days after the date of this Agreement, Seller and Buyer shall join in and file the Assignment Application, and they shall diligently take all steps necessary or desirable and proper expeditiously to prosecute the Assignment Application and to obtain the FCC's determination that grant of the Assignment Application will serve the public interest, convenience and necessity. The failure by either party to timely file or diligently prosecute its portion of the Assignment Application shall be deemed a material breach of this Agreement.

9.2. Access. Between the date hereof and the Closing Date, Seller shall give Buyer and representatives of Buyer reasonable access during normal business hours to the Station Assets and to the books and records of Seller relating to the business of the Station. No inspection or investigation made by or on behalf of Buyer or Buyer's failure to make any inspection or investigation shall affect Seller's

representations, warranties, and covenants hereunder or be deemed to constitute a waiver of any of those representations, warranties, and covenants.

9.3. Administrative Violations. If Seller receives any finding, order, complaint, citation or notice prior to Closing which states that any aspect of the Station's operations violates any rule, regulation or order of the FCC or of any other Governmental Authority which affects the Station Assets (an "Administrative Violation"), including without limitation any rule, regulation or order concerning environmental protection, the employment of labor, or equal employment opportunity, Seller shall use its best efforts to remove or correct the Administrative Violation and shall be solely responsible for the payment of all costs associated therewith, including any fines or back pay that may be assessed.

9.4. Risk of Loss. The risk of lossThe risk of loss or damage to the Station Assets shall be upon Seller at all times prior to Closing. In the event of material loss or damage, Seller shall promptly notify Buyer thereof and use its best efforts to repair, replace or restore the lost or damaged property to its former condition as soon as possible. If the cost of repairing, replacing or restoring any lost or damaged property is Fifty Thousand Dollars (\$50,000.00) or less, and Seller has not repaired, replaced or restored such property prior to the Closing Date, Closing shall occur as scheduled and Seller shall pay to Buyer the amount necessary to restore the lost or damaged property to its former condition. If the cost to repair, replace, or restore the lost or damaged property exceeds Fifty Thousands Dollars (\$50,000.00), and Seller has not repaired, replaced or restored such property prior to the Closing Date, Buyer may, at its option:

(a) elect to consummate the Closing in which event Seller shall assign to Buyer all of Seller's rights under any applicable insurance policies.

(b) elect to postpone the Closing, with prior consent of the FCC if necessary, for such reasonable period of time (not to exceed sixty (60) days as is necessary for Seller to repair, replace or restore the lost or damaged property to its former condition. If, after the expiration of that extension period the lost or damaged property has not been fully repaired, replaced or restored, Buyer may, at its option, (i) elect to close and receive an assignment of Seller's

rights under any applicable insurance policies or (ii) terminate this Agreement.

If the parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement, or restoration of any lost or damaged property, or any other matter arising under this Section the disagreement shall be referred to a qualified consulting communications engineer mutually acceptable to Seller and Buyer who is a member of the Association of Federal Communications Consulting Engineers, whose decision shall be final and binding, and whose fees and expenses shall be paid one-half by Seller and one-half by Buyer.

9.5. Operations Prior to Closing. Between the date of this Agreement and the Closing Date:

(a) Seller shall operate the Station in the normal and usual manner and conduct the Station's business in the ordinary course and in material compliance with all applicable laws, regulations and orders of the FCC and other governmental authorities. To the extent consistent with such operations, Seller shall use its best efforts to: (i) maintain the present character and entertainment format of the Station and the quality of its programs; (ii) maintain the goodwill of the Station's advertisers, suppliers, and employees; (iii) maintain the advertising sales and sales force of the Station in a manner that is consistent with Seller's past performance and practice; (iv) advertise and promote the Station in a manner consistent with Seller's past practice; (v) maintain all of the Station Assets in good operating condition, ordinary wear and tear excepted; (vi) maintain its books and records in accordance with past practices; and (vii) comply in all material respects with all laws, rules and regulations of all Governmental Authorities.

(b) Seller shall not: (i) sell or otherwise dispose of any of the Station Assets except in the ordinary course of business and only if any material property disposed of is replaced by property of like or better kind, quality, and utility prior to Closing; (ii) increase the compensation payable or to become payable to any employee of the Station other than in the ordinary course of business consistent with Seller's past practices; (iii) enter into any contract, lease, or agreement that will impose any material obligation on Buyer after Closing except for contracts for the sale of advertising time entered into in the ordinary course of business which may

be cancelled on thirty (30) days= notice; (iv) change the Station's current call sign, sales pricing or promotional practices; (v) cause or permit any of the FCC Licenses to be revoked, suspended or materially modified; or (vi) make any material changes in the entertainment programming of the Station except for changes agreed to in writing by Buyer.

9.6. Control of Station. This Agreement shall not be consummated until after the FCC has given its written consent thereto, and between the date of this Agreement and the Closing Date, Buyer shall not directly or indirectly control, supervise or direct, or attempt to control, supervise or direct the operations of the Station. Such operations shall be the sole responsibility of Seller.

10. CONDITIONS PRECEDENT.

10.1. Mutual Conditions. The obligation of both Buyer and Seller to consummate the Transaction is subject to the satisfaction of each of the following conditions:

(a) Approval of Assignment Application(a)Approval of Assignment Application(a)Approval of Assignment Application. The FCC shall have granted the Assignment Application and such grant shall be in full force and effect on the Closing Date.

(b) Absence of Litigation. As of the Closing Date, no action, suit or proceeding seeking to enjoin, restrain, or prohibit the consummation of the Transaction shall be pending before any court, the FCC, or any other Governmental Authority; provided, however, that this Paragraph may not be invoked by a party if any such action, suit, or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, such party.

10.2. Conditions to Buyer's Obligation. In addition to satisfaction of the mutual conditions contained in Section 10.1, the obligation of Buyer to consummate the Transaction is subject, at Buyer's option, to the satisfaction of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Seller to Buyer shall be true, complete, and correct in all material respects as of the Closing Date with the same force and effect as if then made.

(b) Final Order. The FCC's action granting the Assignment Application shall have become a Final Order.

(c) Compliance with Conditions. All of the terms, conditions and covenants to be complied with or performed by Seller on or before the Closing Date shall have been duly complied with and performed in all material respects.

(d) Third-Party Consents. Insofar as any of the Leases or Contracts are denoted by an asterisk on 2.3 hereto as being material to this transaction ("Material Contract"), except for the contracts so denoted which may be assigned to and assumed by Buyer without consent of the contracting party, Seller shall have obtained written consent to the assignment to, and assumption by, Buyer of Seller's rights and obligations under each such Material Contract.

(e) Tower Lease. Seller shall have entered into the Tower Lease with Buyer.

(f) Closing Documents. Seller shall have delivered or caused to be delivered to Buyer all of the closing documents specified in Paragraph 11.2.1, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably acceptable to Buyer.

10.3. Conditions to Seller's Obligation. In addition to satisfaction of the mutual conditions contained in Section 10.1, the obligation of Seller to consummate the Transaction is subject, at Seller's option, to satisfaction of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer to Seller shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made.

(b) Compliance with Conditions. All of the terms, conditions and covenants to be complied with or performed by Buyer on or before the Closing Date shall have been duly complied with and performed in all material respects.

(c) Payment. Buyer shall have delivered to Seller the Purchase Price.

(d) Closing Documents. Buyer shall have delivered to Seller all the closing documents specified in Paragraph 11.2.2, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably satisfactory to Seller.

11.CLOSING.

11.1. Closing Date and Method. Unless Seller and Buyer agree otherwise: (i) the Closing Date shall be the tenth (10th) business day after the date on which all of the closing conditions (except for the deliveries that Buyer or Seller is required to make on the Closing Date) have been satisfied or waived and (ii) the Closing shall be accomplished on the Closing Date by exchanging the closing documents required by this Agreement and such other closing documents as the parties may reasonably require in person, by mail or air courier and Buyer delivering the Purchase Price, as adjusted, to Seller by wire transfer.

11.2. Performance at Closing. The following documents shall be delivered at Closing:

11.2.1. By Seller. Seller shall deliver or cause to be delivered to Buyer:

(a) A certificate executed by Seller attesting to (i) Seller's compliance with the matters set forth in Section 10.2 (a).

(b) Assignments in form and substance reasonably satisfactory to Buyer transferring to Buyer all of the interests of Seller in and to the FCC Licenses and all other transferable licenses, permits, and authorizations issued by any other Governmental Authorities that are used in or necessary for the lawful operation of the Station.

(c) Bills of sale in form and substance reasonably satisfactory to Buyer conveying to Buyer all of the Tangible and Intangible Property of the Station.

(d) One or more assignments assigning to Buyer all of the Contracts.

(e) The Tower Lease executed by Seller, .

(f) Certified copies of the resolutions of the Board of Directors of Seller authorizing and approving the execution and delivery of this Agreement and each of the other documents to be delivered in connection herewith and

authorizing the consummation of the transactions contemplated hereby and thereby;

(g) An incumbency certificate and certificate of existence or good standing for the Seller from the Secretary of State of the Seller's state of incorporation;

(h) A lien search conducted by Seller at its expense within fifteen days before the closing in the office of the Secretary of State of the State of Washington and in such counties as are reasonably acceptable to Buyer;

(i) UCC-3 termination statements in form sufficient to terminate any liens found in the lien search conducted by Seller prior to the Closing, and letters of authorization from the lien holders authorizing the termination statements to be filed.

11.2.2. By Buyer. Buyer shall deliver to Seller or Seller's designee(s):

(a) A certificate executed by Buyer attesting to (i) Buyer's compliance with the matters set forth in Section 10.3 (a).

(b) The cash portion of the Purchase Price.

(c) The Purchase Money Note.

(d) The Security Agreement.

(e) Such assumption agreements and other instruments and documents as are required to evidence Buyer's assumption of and obligation to pay, perform, and discharge Seller's obligations under the Contracts.

12. INDEMNIFICATION. The parties agree as follows with respect to the period subsequent to Closing:

12.1 Buyer's Right to Indemnification. .1 Buyer's Right to Indemnification. For a period of one (1) year following the Closing, Seller undertakes and agrees to indemnify and hold Buyer harmless against (i) any breach, misrepresentation, or violation of any of Seller's representations, warranties, covenants, or other obligations contained in this Agreement; (ii) all liabilities of Seller not assumed by Buyer; (iii) any claims by third parties against Buyer attributable to Seller's ownership or operation of the Station Assets prior to

Closing and not otherwise assumed by Buyer under this Agreement, and (iv) all claims asserted by any third party by virtue of Seller's not having complied with the provisions of any applicable bulk sales law applicable to the Transaction and not otherwise assumed by Buyer under this Agreement. This indemnity is intended by Seller to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel), arising within said one (1) year period whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

12.2 Seller's Right to Indemnification. For a period of one (1) year following the Closing, Buyer undertakes and agrees to indemnify and hold Seller harmless against (i) any breach, misrepresentation, or violation of any of Buyer's representations, warranties, covenants, or other obligations contained in this Agreement; (ii) all liabilities of Buyer; and (iii) any claims by third parties against Seller attributable to Buyer's operation of the Station after Closing. This indemnity is intended by Buyer to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs, and expenses (including, without limitation, reasonable fees and disbursements of counsel), arising during said one (1) year period whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

12.3 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(1) The party claiming indemnification (the "Claimant") shall give written notice to the party from which indemnification is sought (the "Indemnitor") promptly after the Claimant learns of any claim or proceeding covered by the foregoing agreements to indemnify and hold harmless; provided, however, that the Claimant's failure to give the Indemnitor prompt notice shall not bar the Claimant's right to indemnification unless such failure has materially prejudiced the Indemnitor's ability to investigate or defend against the claim or proceeding.

(2) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have thirty (30) days to make any investigation of the claim that the Indemnitor deems necessary or desirable. For the purpose of this investigation, the

Claimant agrees to make available to the Indemnitor and its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 30-day period (or any mutually agreed upon extension hereof), the Claimant may seek appropriate legal remedies.

(3) With respect to any third-party claims as to which the Claimant is entitled to indemnification, the Indemnitor shall have the right to employ counsel reasonably acceptable to the Claimant to defend against any such claim or proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor. The parties will fully cooperate in any such action, and shall make available to each other any books or records useful for the defense of any such claim or proceeding. If the Indemnitor fails to acknowledge in writing its obligation to defend against or settle such claim or proceeding within twenty (20) days after receiving notice thereof from the Claimant (or such shorter time specified in the notice as the circumstances of the matter may dictate) the Claimant shall be free to engage counsel of its choice and defend against or settle the matter, all at the expense of the Indemnitor.

12.4 Indemnification Not Sole Remedy. The right to indemnification hereunder shall not be the exclusive remedy of either party in connection with any breach by the other party of its representations, warranties, or covenants, nor shall such indemnification be deemed to prejudice or operate as a waiver of any remedy to which either party may otherwise be entitled as a result of any such breach by the other party.

13. DEFAULT AND REMEDIES.

13.1. Opportunity to Cure. If either party believes the other to be in default hereunder, the former party shall provide the other with written notice specifying in reasonable detail the nature of such default. If the default has not been cured by the earlier of: (i) the Closing Date, or (ii) within ten (10) days after delivery of that notice (or such additional reasonable time as the circumstances may warrant provided the party in default undertakes diligent, good faith efforts to cure the default within such ten (10) day period and continues such efforts thereafter), then the party giving such notice may exercise the remedies available to such party pursuant to this Section, subject to the right of the other party to contest such action through appropriate proceedings.

13.2. Seller's Remedies. Buyer recognizes that if the transaction contemplated by this Agreement is not consummated as a result of Buyer's breach of this Agreement, Seller would be entitled to compensation, the extent of which is extremely difficult and impractical to ascertain. To avoid this problem, the parties agree that if this Agreement is not consummated due to the default of Buyer, Seller shall be entitled to receive the Escrow Deposit as liquidated damages in lieu of any other remedies to which Seller might otherwise be entitled due to Buyer's wrongful failure to consummate the Transaction.

13.3. Buyer's Remedies. Seller agrees that the Station Assets include unique property that cannot be readily obtained on the open market and that Buyer will be irreparably injured if this Agreement is not specifically enforced. Therefore, Buyer shall have the right, if Buyer is not in material default in its obligations hereunder, specifically to enforce Seller's performance under this Agreement, and Seller agrees to waive the defense in any such suit that Buyer has an adequate remedy at law and to interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy. If Seller is in material breach of its obligations hereunder and Buyer elects to terminate this Agreement rather than exercise its right to specific performance, and if Buyer is not in material default in its obligations hereunder, Buyer shall be entitled to recover from Seller an amount equal to the Escrow Deposit as liquidated damages in lieu of any other remedies to which Buyer might otherwise be entitled due to Seller's breach.

14. TERMINATION.

14.1. Failure to Obtain FCC Consent. This Agreement may be terminated at the option of either party upon written notice to the other if the Closing has not occurred within twelve (12) months after the date on which the FCC releases a public notice that the Assignment Application has been accepted for filing; provided, however, that a party may not terminate this Agreement if such party is in default hereunder, or if a delay in any decision or determination by the FCC respecting the Assignment Application has been caused or materially contributed to (i) by any failure of such party to furnish, file or make available to the FCC information within its control; (ii) by the willful furnishing by such party of incorrect, inaccurate or incomplete information to the FCC; or (iii) by any other action taken by such party for the purpose of delaying the FCC's decision or determination respecting the Assignment Application.

14.2. Termination Due to Breach. This Agreement may be terminated by either party due to a material breach of this Agreement by the nonbreaching party giving written notice of such termination. In such event, the nonbreaching party shall be entitled to the remedies specified in Sections 13.2 and 13.3 hereof.

15. ENFORCEMENT OF REMEDIES; DISPUTES. Except for the right of either party to enforce the provisions of or any determination made pursuant to this section, the parties agree to resolve any disputes arising out of or in connection with this Agreement as provided in this section.

15.1. Appointment of Dispute Panel. If any dispute is not resolved in the time permitted by this Agreement or, if no time is specified, within five (5) days of the date either party gives the other notice that it intends to invoke the provisions of this section, each party will immediately name one arbitrator who shall be a person with one of the following qualifications (a) substantial experience in radio ownership or management, (b) an accountant with experience in radio broadcasting, or (c) a radio broadcasting consultant, and, within five (5) days of their appointment, the two arbitrators so selected shall select a third arbitrator with similar qualifications (the "Dispute Panel").

15.2. Decision Process. Each party may submit such materials as it may elect to the Dispute Panel provided that a copy of such material is delivered by hand or overnight courier to the other party. Neither party will contact any member of the Dispute Panel to discuss the dispute unless the other party is present in person or by conference telephone call or the other party consents. The Dispute Panel will request and review such information as its members deem necessary to resolve the dispute. The Dispute Panel and each party will treat all information received by it as confidential and will destroy such information when the dispute is resolved. The Dispute Panel will resolve the matters presented to it so as to give each Party the benefit of its bargain by applying the provisions of this Agreement and, to the extent the Agreement is not dispositive, the customs and practices which, in the view of Dispute Panel, are common to transactions of this nature. The Dispute Panel will render its decision as soon as possible, but in any event, within thirty (30) days of the appointment of the third expert. The decision will be in writing and signed by each member of the dispute panel. The decision may include an award of damages as permitted by this agreement. Any third party may rely upon an original copy of the written decision

or a copy of the decision certified by any member of the Dispute Panel as evidence of the decision.

15.3. Binding Effect. The decision of a majority of the members of the Dispute Panel will be binding and final with respect to both parties and may be enforced by seeking preliminary and permanent injunctive relief or entry of a judgment by a court of competent jurisdiction.

15.4. Costs and Fees. Each party will bear the costs and fees of the expert appointed by it plus half of the costs and expenses of the third expert. If the Dispute Panel determines by majority decision that the position of a party lacks substantial merit or was taken primarily to delay or otherwise impair the business efforts of the other party, then that party will pay the costs and fees of all the members of the panel plus the other party's reasonable attorney's fees.

16. GENERAL PROVISIONS.

16.1. Brokerage. Seller has employed The Exline Company as a broker in connection with this Transaction and Seller shall be solely responsible for any commissions or fees owed to this company. Except as stated in the preceding sentence, each party represents to the other that it has not employed any broker or finder in connection with the Transaction and agrees to indemnify the other party and hold it harmless against any claim from any broker or finder based upon any agreement, arrangement, or understanding alleged to have been made by Seller or Buyer, as the case may be.

16.2. Expenses. The FCC filing fee for the Assignment Application shall be paid by Buyer and any sales, use or transfer taxes applicable to this Transaction shall be paid by the party who customarily pays such taxes in transactions completed in Washington. Except as otherwise provided herein, all other expenses incurred in connection with this Agreement or the Transaction shall be paid by the party incurring those expenses whether or not the Transaction is consummated.

16.3. Notices. Any notice, demand, or request required or permitted to be given under the provisions of the Agreement shall be deemed effective if made in writing (including telecommunications) and delivered to recipient's address or facsimile number set forth under its name below by any of the following means: (a) hand delivery, (b) registered or certified mail, postage pre-paid, or (c) Federal Express, express mail or like courier service. Notice made in

accordance with this section shall be deemed delivered upon receipt.

To Seller: Bridge Broadcasting, Inc.
1111 Fishhook Park Road
Prescott, WA 99348
Fax: 509-749-2354
Attn: Ralph Broetje, Chairman

With a copy that will not constitute notice to:

David Tillotson, Esquire
4606 Charleston Terr., N.W.
Washington, D.C. 20007
Fax: 202/965-2018

To Buyer: Educational Media Foundation
1425 North Market Blvd, Suite 9
Sacramento, CA 95834
Attn: Richard Jenkins, President

With a copy that will not constitute notice to:

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

Either party may change its address for notices by written notice to the other given pursuant to this Section. Any Notice purportedly given by a means other than as set forth in this Section shall be deemed ineffective.

16.4. Assignment. No party may assign its rights and obligations hereunder without the written consent of the other party except that Buyer may assign its rights and obligations under this Agreement to any corporation or other legal entity controlled by Buyer provided that such assignment would not materially delay grant of the FCC Consent or the FCC Consent becoming a Final Order and that no such assignment shall relieve Buyer of its duties, obligations, responsibilities, covenants and warranties contained herein. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assignees.

16.5. Exclusive Dealings. For so long as this Agreement remains in effect, neither Seller nor any person

acting on Seller's behalf shall solicit, initiate, or accept any offer from, or conduct any negotiations with, any person concerning the acquisition of the Station or the Station Assets, directly or indirectly, by any party other than Buyer or Buyer's permitted assignees.

16.6. Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (i) confer any rights or remedies on any person other than Seller, Buyer, and their respective successors and permitted assignees; (ii) to relieve or discharge the obligations or liability of any third party; or (iii) to give any third party any right of subrogation or action against either Seller or Buyer.

16.7. Indulgences. Unless otherwise specifically agreed in writing to the contrary: (i) the failure of a party at any time to require performance by another party of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by the another party shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by a party for the performance of any obligation or act by another party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

16.8. Survival of Representations and Warranties.

The several representations, warranties, and covenants of the parties contained herein shall survive the Closing for a period of one (1) year; provided, however, that those specific matters as to which claims for indemnification have been duly made before the expiration of such one-year period shall survive until those claims have been resolved.

16.9. Prior Negotiations. This Agreement supersedes in all respects all prior and contemporaneous oral and written negotiations, understandings and agreements between the parties with respect to the subject matter hereof. All of said prior and contemporaneous negotiations, understandings and agreements are merged herein and superseded hereby.

16.10. Schedules and Exhibits. The Schedules and Exhibits attached hereto or referred to herein are a material part of this Agreement, as if set forth in full herein.

16.11. Entire Agreement; Amendment. This Agreement and the Exhibits and Schedules to this Agreement set forth the entire understanding between the parties in connection with the Transaction, and there are no terms, conditions, warranties or representations other than those contained, referred to or provided for herein and therein. Neither this Agreement nor any term or provision hereof may be waived, altered or amended in any manner except by an instrument in writing signed by the party against whom the enforcement of any such change is sought.

16.12. Counsel. Each party has been represented by its own counsel in connection with the negotiation and preparation of this Agreement and, consequently, each party hereby waives the application of any rule of law that would otherwise be applicable in connection with the interpretation of this Agreement, including but not limited to any rule of law to the effect that any provisions of this Agreement shall be interpreted or construed against the party whose counsel drafted the provision.

16.13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Washington without regard to the choice of law rules utilized in that jurisdiction.

16.14. Severability. If any term of this Agreement is illegal or unenforceable at law or in equity, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any illegal or unenforceable term shall be deemed to be void and of no force and effect only to the minimum extent necessary to bring such term within the provisions of applicable law and such term, as so modified, and the balance of this Agreement shall then be fully enforceable.

16.15. Waiver of Jury Trial; Attorney's Fees. If, notwithstanding the provisions of Section 15, any law suit is filed to resolve an issue as to the interpretation or enforcement of this agreement and is not dismissed on the basis of Section 15, each party irrevocably waives trial by jury and the right thereto in any and all litigation in any court with respect to, in connection with, or arising out of this Agreement.

16.16 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the

signature on each such counterpart were on the same instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, and to evidence their assent to the foregoing, Seller and Buyer have executed this Asset Purchase Agreement as of the date first written above.

EDUCATION MEDIA FOUNDATION

By: _____

Richard Jenkins, President

BRIDGE BROADCASTING, INC.

By: _____

Ralph Broetje, Chairman