

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") made and entered into this 1st day of May, 2003 (the "Effective Date"), by and among Bates Technical College an instrumentality of the State of Washington ("Seller"), and Public Radio Capital, a Colorado non-profit corporation ("Buyer") (Seller and Buyer being jointly referred to herein as the "Parties" or individually as a "Party").

WHEREAS, Seller is the licensee and operator of noncommercial educational FM Station KBTC-FM, 91.7 MHz, Tacoma, Washington (the "Station");

WHEREAS, Seller wishes to sell, and Buyer wishes to purchase, the assets of the Station, and the Parties wish to effect the assignment by Seller to Buyer of the FCC Authorizations (as hereinafter defined) and certain contracts; and

WHEREAS, the FCC Authorizations may not be assigned to Buyer without the prior written consent of the FCC (the "FCC Consent").

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" refers to the application which Seller and Buyer shall join in and file with the FCC requesting FCC Consent to the assignment of the FCC Licenses from Seller to Buyer.

1.2 "Final Order" means the FCC Consent granting the Assignment Application or other FCC action, which, by lapse of time or otherwise, is

no longer subject to administrative or judicial reconsideration, review, appeal or stay. The Parties hereby agree and stipulate that, in the absence of a pending petition, application, or notice seeking appeal or review of the grant and absent an order wherein the FCC seeks review of the FCC Consent on its own motion, finality occurs forty (40) days after the date on which the FCC issues a public notice of its grant of the Assignment Application if the fortieth (40th) day is a federal work day, or the first federal workday after the fortieth (40th) day if the fortieth (40th) day is not a federal work day.

1.3 "Closing Date" means 10:00A.M. on the fifth (5th) business day following the date on which the FCC Consent has become a Final Order or such other time as to which the Parties mutually may agree in writing.

1.4 "Closing Place" means the offices of Garvey, Schubert & Barer, 1191 Second Avenue, Seattle, Washington, or such other place as to which the Parties may mutually agree in writing.

1.5 "Expiration Date" means June 1, 2003 if any of conditions 11.6, 11.7 and 12.4 are not satisfied, or one year from the date on which the Assignment Application is filed.

2. PURCHASE AND SALE OF ASSETS.

2.1 Assets to be Conveyed. Subject to the terms and upon satisfaction of the conditions contained in this Agreement, on the Closing Date at the Closing Place, Seller will sell, assign, convey, transfer and deliver to Buyer by instruments of conveyance in a form reasonably satisfactory to

Buyer, and Buyer shall purchase and accept the assignment of the following:

2.1.1 The FCC Authorizations listed on Schedule 1 hereto;

2.1.2 The assets and equipment listed on Schedule 2 hereto, except as such assets and equipment may be used or disposed of in the ordinary and usual course of business ("Personal Tangible Assets"), free and clear of all mortgages, liens, charges, claims, pledges, security interests and other encumbrances whatsoever except for liens for taxes not yet due and payable; and

2.1.3 The transmitter and tower site lease ("Tower Lease") and contracts and agreements listed on Schedule 3 hereto (the "Contracts"). The Tangible Personal Assets, the Tower Lease and the Contracts are referred to collectively herein as the "Assets."

2.1.4 Any assets not set forth on Schedule 1, 2 or 3 are excluded assets and will not be sold to Buyer as part of this Transaction. Specifically, and without intending to limit the preceding sentence, the rights to the call letters "KBTC" and KBTC-FM" are excluded assets.

2.2 Purchase Price and Method of Payment.

2.2.1 Purchase Price. The purchase price for the Assets shall be Five Million Dollars (\$5,000,000) (the "Purchase Price").

2.2.2 Down Payment. Within five business days of June 1, 2003, Buyer shall deposit \$330,000 as a good faith deposit to the

Seller as a down payment. The amount paid as the down payment shall be retained by the Seller, of which, the full amount paid shall be credited towards the purchase price. In the event, this agreement is terminated, the full amount shall be returned to the Buyer.

2.2.3 Method of Payment. On the Closing Date at the Closing Place, Buyer shall pay Seller the Purchase Price by delivering the balance of the Purchase Price by wire transfer of immediately available federal funds or by bank cashier's or certified check at Seller's election.

3. Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Buyer:

3.1 Seller is a State-controlled institution of higher learning duly organized, validly existing and in good standing under the laws of the State of Washington. Seller has, or will have at Closing, all necessary power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. 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.

3.2 The execution, delivery and performance of this Agreement by Seller will not (i) constitute a violation of or conflict with Seller's articles of organization or other similar organizational documents, (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 the business of the Station and to which either Seller or any of the Assets may be subject, 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 either Seller or any of the Assets, (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the Assets, or (v) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC, and the Washington State Board for Community and Technical Colleges.

3.3 Schedule 1 hereto contains a true and complete list of the FCC Authorizations and all other licenses, permits or other authorizations from governmental or regulatory authorities (collectively, the "Licenses")

that are held and used or useful in connection with the operation of the Station. The Licenses listed on Schedule 1 are all the Licenses that are required for the lawful conduct of the business and operations of the Station in the manner in which it is presently operated. The FCC Authorizations are in full force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the Licenses and FCC Authorizations listed on Schedule 1, none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Station except that the FCC Authorization to operate the Station is limited to noncommercial educational operation. Except as set forth in Schedule 1, Seller is operating the Station in all material respects in accordance with the FCC Authorizations, and all rules, regulations and policies of the FCC (the "Communications Laws"). There is not now pending or, to Seller's knowledge, threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of such FCC Authorizations, and 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 the Station or Seller. In the event of any such action, or the filing or issuance of any such order, notice or complaint or knowledge of the threat thereof, Seller shall notify Buyer of same in writing within five (5) days and shall take all reasonable measures to contest in good faith or

seek removal or rescission of such action, order, notice or complaint and shall pay any sanctions imposed by Final Order of the FCC. Except as set forth in Schedule 1, all material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Station have been timely filed, and all such reports and filings are accurate and complete in all material respects. Seller maintains a public inspection file for the Station and, to Seller's knowledge, such file complies with the Communications Laws. Seller has no knowledge of the basis for any objection to the grant of the Assignment Application, nor has any objection been threatened.

3.4 Schedule 2 contains a list of the Tangible Personal Assets which are owned by Seller for use in connection with the operation of the Station and which are to be sold to Buyer. Seller will have on the Closing Date good and marketable title to the Tangible Personal Assets free and clear of all mortgages, liens, charges, claims, pledges, security interests and other encumbrances whatsoever except for liens for taxes not yet due and payable. The Tangible Personal Assets listed on Schedule 2 hereto include all material tangible personal property necessary to conduct the business and operations of the Station as now conducted. Each material item of the Tangible Personal Assets (i) is in good condition and repair, ordinary wear and tear excepted, (ii) has been maintained in a manner consistent with generally accepted standards of good engineering practice, (iii) is operating in substantial compliance with the FCC

Authorizations, the Communications Laws and the rules and regulations of the FAA, and (iv) to Seller's knowledge, does not contain any material quantity of PCBs. Between the date hereof and the Closing Date, Seller will not remove from the Station any of the Personal Tangible Assets other than as such Personal Tangible Assets may be used or disposed of in the ordinary and usual course of business.

3.5 True and complete copies of the Contracts and the Tower Lease have been delivered to Buyer. Seller is in material compliance with the terms and conditions of the Contracts.

3.6 Seller has a valid leasehold interest in the transmitter and tower site (the "Tower Site") described on Schedule 3, free and clear of all liens, mortgages, pledges, covenants, restrictions, leases, charges, or other claims or encumbrances of any nature whatsoever, and no party is in material breach or default with respect to the Tower Lease. The Tower Site constitutes the only real property required for the operation of the Station as presently operated. There is full legal and practical access to the Tower Site, and all utilities necessary for Buyer's use of the Tower Site are installed and are in good working order and, to Seller's knowledge, are subject to valid easements, where necessary. Except as set forth in Schedule 3, the Tower Site and improvements constructed thereon, as well as the present uses thereof, conform in all material respects with all restrictive covenants and with all applicable zoning, environmental and building codes, laws, rules and regulations, including "set back"

restrictions. To Seller's knowledge, except as set forth in Schedule 3, the buildings, towers, guys and other fixtures situated on the Tower Site are free of structural defects, are suitable for their intended use, are in a good state of maintenance and repair (ordinary wear and tear excepted), are contained entirely within the bounds of the Tower Site, and do not encroach upon any other property except in cases where valid easements (that are included in the Tower Lease) have been obtained. There is no pending condemnation or similar proceeding affecting the Tower Site or any portion thereof, and no such action is presently contemplated or threatened.

3.7 To Seller's knowledge and except as set forth in Schedule 3, the existing tower used in the operation of the Station is obstruction-marked and lighted to the extent required by, and in accordance with, the Communications Laws and the rules and regulations of the FAA. The Station's tower has been registered with the FCC. To Seller's knowledge, the operations of the Station does not exceed permissible levels of exposure to RF radiation specified in the Communications Laws concerning RF radiation.

3.8 Buyer shall have no obligation to offer employment to any employee of Seller's or the Station, and shall have no liability with respect to any such employee or for benefits of any kind or nature.

3.9 Seller is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the

business of the Station or the Assets or which restrains or enjoins the transactions contemplated hereby, and no such proceeding is pending. There is no material litigation pending by or against, or to the best of Seller's knowledge, threatened against Seller which relates to Seller or the Station or could affect any of the Assets. Seller, with respect to the Station, has complied in all material respects with all laws, regulations, orders or decrees applicable to it. The present uses by Seller of the Assets do not violate any such laws, regulations, orders or decrees in any material respect, and Seller has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

3.10 Seller has duly, timely and in the required manner filed all federal, state, local and foreign income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. No event has occurred which could impose on Buyer any liability for any taxes, penalties or interest due or to become due from Seller from any taxing authority.

3.11 All of the Assets that are insurable in character are insured against loss, injury or damage to the full extent of their replacement value, and Seller will continue the present insurance in force and effect up through the Closing Date.

3.12 Except for the representations and warranties specifically set forth in this Agreement and the representations and warranties, if any, in any instruments to be delivered by Seller pursuant to this Agreement, the Assets are being transferred to Buyer without any representation or warranty, all other representations and warranties of any kind, either express or implied, including warranties of fitness, being hereby expressly disclaimed.

3.13 No representation or warranty made by Seller in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not materially misleading to Buyer.

4. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby makes the following representations and warranties to Seller:

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

4.2 Buyer has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and

the consummation of the transactions contemplated hereby have been duly and validly authorized by Buyer 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 obligation 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.

4.3 The execution, delivery and performance of this Agreement by Buyer will not (i) constitute a violation of or conflict with 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.

4.4 Buyer is legally, financially and technically qualified to acquire and become the licensee of the Station, and no waiver of any FCC rule or policy is required for the grant of the FCC Consent.

4.5 Buyer has a reasonable assurance of a commitment for bond financing to enable it to consummate the transactions contemplated hereby.

4.6 There is no litigation, proceeding or governmental investigation pending or to the knowledge of Buyer, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to Buyer that would prevent or materially impede the consummation by Buyer of the transactions contemplated by this Agreement, nor does Buyer know of, or have any reasonable ground to know of, in view of its present situation or action it now contemplates taking, any basis for such litigation, proceeding or investigation.

4.7 No representation or warranty made by Buyer in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not materially misleading to Seller.

5. **Affirmative Covenants of Seller.** Between the date hereof and the Closing Date, except as permitted by this Agreement, Seller shall:

5.1 Continue to operate Station: (i) in the usual and ordinary course of business consistent with past practices; (ii) in material conformity with the FCC Authorizations, the Communications Laws; and (iii) in material conformity with all other applicable laws, ordinances, regulations, rules and orders;

5.2 Procure the consent of any third parties necessary for the assignment to Buyer of the Contracts and the Tower Lease;

5.3 Timely make or provide all payments, services or other considerations due under the Contracts and the Tower Lease, so that all payments required to be made as of 12:01 a.m. on the Closing Date will have been paid;

5.4 Pay or cause to be paid or provided for all income, property, sales, use, franchise, excise, and all other taxes of or relating to Station required to be paid to city, county, state, federal and other governmental units up to the Closing Date; and

5.5 Maintain in full force and effect, and renew when required, all Licenses relating to the Station, including the FCC Authorizations.

6. Negative Covenants of Seller. Between the date hereof and the Closing Date, except as permitted by this Agreement, Seller will not, without the prior written consent of Buyer:

6.1 Create, assume or permit to exist any mortgage or pledge, or subject to lien or encumbrance any of the Personal Tangible Assets,

whether now owned or hereafter acquired, unless discharged prior to Closing;

6.2 Sell, assign, lease or otherwise transfer or dispose of any of the Personal Tangible Assets, except in the ordinary and usual course of business;

6.3 Change the Station's call letters, modify the Station's facilities, apply for any construction permits with the FCC or, except as may be reasonably required by Seller to operate the Station in accordance with the usual and ordinary course of business consistent with past practices, make any material changes in Station's improvements and fixtures at the Tower Site;

6.4 Take any action which would result in a material breach or default under this Agreement; and

6.5 Do, or omit to do, any act which will cause a material breach of, or material default under, or termination of, any Contract or the Tower Lease.

7. **CONTROL OF STATION.** This Agreement shall not be consummated until after the FCC has granted the FCC Consent. Between the date of this Agreement and the Closing Date, Buyer, its employees or agents shall not directly or indirectly assume unauthorized control, supervision or direction or attempt to assume unauthorized control, supervision or direction of the operation of the Station, and such operation shall be the ultimate responsibility of Seller.

8. **APPLICATION FOR FCC CONSENT AND APPROVAL.** Seller and Buyer shall join in and file the Assignment Application with the FCC on or before July 1, 2003, or such later date as to which the Parties agree in writing. The Parties shall take all steps as may be necessary or proper expeditiously and diligently to prosecute the Assignment Application to a favorable conclusion. Seller and Buyer shall each bear their own expenses in connection with the preparation of the applicable sections of the Assignment Application and in connection with the prosecution thereof.

9. **APPLICATION FOR CALL SIGN CHANGE.** Not later than fifteen (15) business days prior to the Closing Date, Buyer and Seller shall apply to the FCC for authority to change the call letters of the Station to such call letters as Buyer shall reasonably designate (subject to the consent of the FCC) and shall request that such change shall be effective as of the Closing Date.

10. **RISK OF LOSS.** The risk of loss or damage to any of the Assets from fire or other casualty or cause shall be upon Seller at all times up to the closing on the Closing Date and shall be upon Buyer at all times after the closing on the Closing Date. In the event of any such loss or damage, Seller shall notify Buyer of same in writing immediately, specifying with particularity the loss or damage incurred and the cause thereof, if known or reasonably ascertainable. In the event the Assets are damaged by fire or other casualty prior to the Closing Date, provided such Assets have been repaired and the Station's broadcast operations fully restored by the Closing Date, Buyer agrees that it will proceed to closing. In the event the Assets have not been or cannot be repaired by the Closing Date,

Buyer shall have the option to (i) terminate this Agreement or (ii) reach agreement with Seller on a mutually acceptable adjustment to the Purchase Price to reflect the cost of repairing or restoring the Assets to their condition prior to such loss or damage and thereafter proceed to closing.

11. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS. The obligation of the Buyer to consummate the transactions contemplated hereby is subject to the fulfillment at the Closing Date of each of the following conditions, each of which may be waived (but only by an express written waiver) at the sole discretion of Buyer, although the requirement to obtain the FCC Consent cannot be waived:

11.1 FCC Approval. The FCC shall have granted the FCC Consent without any adverse condition that would materially adversely affect the operation of the Station and such FCC Consent shall have become a Final Order;

11.2 Representation and Warranties. The representations and warranties of the Seller contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of such time except for any changes permitted by the terms hereof or consented to in writing by the Buyer;

11.3 Performance. Seller shall have in all material respects performed and complied with all covenants, agreements and conditions required by

this Agreement to be performed or complied with by it prior to and at the Closing Date;

11.4 FCC Authorizations. On the Closing Date, Seller shall be the holder of the FCC Authorizations; and

11.5 Consents. Any necessary consent to the assignment to Buyer of the Tower Lease and the Contracts shall have been obtained.

11.6 Operating Agreement. The Buyer will enter into an agreement with a qualified entity to operate the station. This agreement will be completed by June 1, 2003.

11.7 Approvals. The Buyer shall obtain approval as required from the Board of Directors of Public Radio Capital by June 1, 2003.

12. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS. The obligation of the Seller to consummate the transactions contemplated hereby is subject to the fulfillment prior to and at the Closing Date of each of the following conditions, each of which may be waived (but only by an express written waiver) at the sole discretion of Seller, although the requirement that to obtain the FCC Consent cannot be waived;

12.1 FCC Approval. The FCC shall have granted the FCC Consent without any adverse condition that would materially adversely affect the operation of the Station and such consent shall have become a Final Order;

12.2 Representations and Warranties of Buyer. The representations and warranties of Buyer contained in this Agreement shall be true and

correct in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of such time except for any changes permitted by the terms hereof or consented to in writing by Seller; and

12.3 Performance. Buyer shall have in all material respects performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to and at the Closing Date.

12.4 Approvals. The Seller shall obtain all other party consents and approvals as required from State Board for Community and Technical Colleges (SBCTC) by June 1, 2003.

13. SELLER'S PERFORMANCE AT CLOSING. On the Closing Date at the Closing Place upon payment by Buyer of the Purchase Price to Seller, Seller shall execute and deliver or cause to be delivered to Buyer:

13.1 One or more bills of sale conveying to Buyer all of the Personal Tangible Assets to be acquired by Buyer hereunder;

13.2 An Assignment assigning to Buyer the FCC Authorizations;

13.3 An Assignment(s) assigning to Buyer the Tower Lease and the Contracts;

13.4 An opinion of Seller's counsel dated as of the Closing Date, in form and substance reasonably satisfactory to Buyer's counsel, that: (i) Seller has full authority to enter into and perform this Agreement and the transactions contemplated hereby; and (ii) Seller is the holder of the FCC

Authorizations listed on Schedule 1 hereto; the FCC Authorizations constitute all of the licenses and authorizations required for and/or used in the operation of Station as now operated and are unimpaired by any act or omission of Seller; and there is not now pending, or to the knowledge of Seller threatened, an action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew in the ordinary course the FCC Licenses or any investigation, Order to Show Cause, Notice of Violation, Notice of Apparent Liability or of Forfeiture or material complaint against Station or Seller; and

13.5 Such other assignments, bills of sale or instruments of conveyance, and other documents as reasonably may be requested by Buyer to consummate this Agreement and the transaction contemplated hereby.

14. BUYER'S PERFORMANCE AT CLOSING. On the Closing Date at the Closing Place, Buyer shall:

14.1 Pay to Seller by wire transfer of immediately available federal funds or by bank cashier's or certified check at Seller's election in accordance with Paragraph 2.2 hereof;

14.2 Deliver to Seller a copy of a resolution of Buyer's Board of Directors, certified by Buyer's Secretary, authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby;

14.3 Deliver an opinion of Buyer's counsel, dated as of the Closing Date, in form and substance reasonably satisfactory to Seller's counsel, that:

14.3.1 Buyer is duly organized and in good standing under the laws of the State of Colorado and is qualified to do business in the State of Washington; and

14.3.2 All necessary corporate action to duly approve the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby has been taken by Buyer; and

14.4 Execute and deliver to Seller such other instruments, documents and certificates of officers as reasonably may be requested by Seller to consummate this Agreement and the transactions contemplated hereby.

15. **PRORATIONS.** Operation of the Station and the income, expenses and liabilities attributable thereto through 12:01 a.m. on the Closing Date shall be for the account of Seller and thereafter for the account of Buyer. Expenses including, but not limited to, such items as power and utilities charges, ad valorem property taxes upon the basis of the most recent assessment available, rents and similar prepaid and deferred items shall be prorated between Seller and Buyer as of 12:01 a.m. of the Closing Date, the proration to be made and paid, insofar as feasible, on the Closing Date, with a final settlement sixty (60) days after the Closing Date.

16. **INDEMNIFICATION.**

16.1 The Buyer, in connection with any representations and warranties made herewith, agrees to indemnify, defend and hold harmless the Seller, its successors and assigns from and against:

16.1.1 Any and all damages occasioned by, arising out of or resulting from the operation of the Station subsequent to closing on the Closing Date, including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed subsequent to 12:01 a.m. on the Closing Date under any contract, agreement or lease assumed by Buyer hereunder; and

16.1.2 Any and all damages occasioned by, arising out of or resulting from any misrepresentation, breach of warranty or covenant, or default or nonfulfillment of any agreement on the part of Buyer under this Agreement, or from any certificate, agreement, appendix, schedule or other instrument furnished to the Seller pursuant to this Agreement or in connection with any of the transactions contemplated hereby; and

16.2 Seller agrees to indemnify, defend and hold harmless Buyer, its successors and assigns, from and against any and all damages arising out of or resulting from the operation of the Station prior to the Closing Date.

17. TERMINATION.

17.1 Unless mutually agreed otherwise as allowed under paragraph 17.2 of this agreement. This Agreement shall terminate on the Expiration Date if any of the conditions precedent to Seller's or Buyer's obligations

has not been fulfilled or waived by the appropriate Party by the Expiration Date, and the non-fulfillment of such condition is not the result of a breach by the Seller or Buyer, as the case may be. In addition, this Agreement may be terminated at any time prior to the Closing Date: (i) by mutual consent of the Parties; or (ii) by either Seller or Buyer for material breach by the other Party of its representations, warranties or covenants hereunder so long as such terminating Party shall not then itself be in breach and shall, with respect to any such breaches which are susceptible to cure, have afforded the other Party written notice and a 30 day period within which to cure such breach and the breaching Party shall have failed to timely cure such breach.

17.2 The Buyer and Seller may mutually agree to amend paragraph 11.6 The Buyer and Seller may mutually agree to amend paragraph 11.6 and extend this agreement, including all other terms and conditions, therein.

17.3 Upon any termination of this Agreement pursuant to the terms of Paragraph 17.1, above, neither Party shall have any further obligation or liability to the other hereunder.

17.4 Upon termination of the Agreement by Seller due to an uncured breach by Buyer, \$50,000 from the Down Payment referenced in section 2.2.2 shall be retained by the Seller as liquidated damages and not as a penalty, and in full payment and discharge of all obligations of Buyer under this Agreement (and the balance of the \$280,000 deposit shall be

paid to Buyer by Seller) and neither party hereto shall have any further liability to the other under this Agreement.

17.5 Upon termination of this Agreement by Buyer due to an uncured breach by Seller, the Down Payment shall promptly be paid to Buyer. In addition, the parties mutually agree that the assets and property to be transferred pursuant to this Agreement are unique and cannot readily be purchased on the open market. For that reason, among others, Buyer will be irreparably damaged if the transaction contemplated herein is not consummated. In the event of any controversy concerning rights of Buyer under this Agreement, these rights, as well as the obligations of Seller, shall be enforceable by a decree of specific performance in Washington courts under Washington law, subject to FCC consent. This remedy of specific performance shall be cumulative and not exclusive, and shall be in addition to any other remedies which Buyer may have.

18. **BROKER AND EXPENSES OF TRANSACTION.** Each party represents and warrants that it has not been represented in this transaction by any third party to whom a broker's, finder's or similar fee is owed. Buyer agrees to indemnify Seller and hold Seller harmless against any claim from any broker or finder based upon any agreement, arrangement, or understanding alleged to have been made by Buyer. Seller agrees to indemnify Buyer and hold Buyer harmless against any claim from any broker or finder based upon any agreement, arrangement

or understanding alleged to have been made by Seller. Buyer will pay any other filing fees, transfer taxes, sales taxes, document stamps, or other charges levied by any governmental entity on account of the sale of the Station.

19. SURVIVAL OF COVENANTS, REPRESENTATIONS AND

WARRANTIES. The representations, warranties, and covenants made by Buyer and Seller in this Agreement shall survive for a period of one year after the Closing.

20. NO DISCLOSURE. Prior to the filing of the Assignment Application, Buyer and Seller agree not to record, release, announce, disclose or otherwise publicize any information relating to any matter set forth in this Agreement, including, but not limited to, the terms hereof and the identity of the Buyer, to any person or entity other than legal counsel, consultants and other professionals retained by them in connection with this Agreement, who need to know such information in connection with such employment and who have agreed to preserve the confidentiality of such information, except as required by law.

21. ATTORNEYS' FEES TO PREVAILING PARTY. Should any action be brought arising out of this Agreement, including, without limitation, any action for declaratory or injunctive relief, the substantially prevailing Party shall be entitled to reasonable attorneys' fees and costs and expenses of investigation, all as actually incurred, including, without limitation, attorneys' fees, costs and expenses of investigation incurred in appellate proceedings or in any action or participation in, or in connection with, any case or proceeding under the United

States Bankruptcy Code, or any successor statutes, and any judgment or decree rendered in any such actions or proceedings shall include an award thereof.

22. **SEVERABILITY.** In case any one or more of the provisions contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect for any reason, such invalidity, illegality or unenforceability, shall not affect any other provision hereof.

23. **GENDERS AND PLURALS.** Unless the context requires otherwise, words of any gender used in this Agreement shall be held and construed to include any other gender and words in the singular shall be held to include the plural and vice versa.

24. **TIME OF ESSENCE, COMPUTATION OF TIME.** Time is of the essence in the performance of this Agreement by all Parties. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday or legal holiday, in which case the period shall be deemed to run until the end of the next day which is not a Saturday, Sunday or legal holiday.

25. **NOTICES.** All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be deemed duly given if sent by, registered or certified mail, postage prepaid, addressed as follows:

(a) If to Seller:

William Thomas
Vice President, Administrative Services
Bates Technical College

1101 South Yakima Avenue
Tacoma, WA 98405

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

Margaret L. Tobey, Esquire
Morrison & Foerster LLP
2000 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

(b) If to Buyer:

Marc Hand
Public Radio Capital
4600 East Oxford Place
Englewood, CO. 80110

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

John Crigler, Esquire
Garvey, Schubert & Barer
Fifth Floor
1000 Potomac Street, NW
Washington, DC 20007

or any such other addresses as the Parties may from time to time designate in writing.

26. FURTHER ASSURANCES. Until the first anniversary of the Effective Date of this Agreement Buyer and Seller agree to cooperate with each other to execute and deliver such other documents, instruments of transfer or assignment, files, books and records and do all such further acts and things as may be reasonably required to carry out the transactions contemplated hereby.

27. BENEFIT AND ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors and

assigns. This Agreement shall not be assigned without the prior written consent of the Parties hereto, which consent shall not be unreasonably delayed or denied.

28. **APPENDICES.** All Schedules appended hereto shall be deemed part of this Agreement and incorporated herein, where applicable, as if fully set forth therein.

29. **CONSTRUCTION.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Washington.

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

31. **HEADINGS.** The headings of the paragraphs of this Agreement are inserted as a matter of convenience and for reference purposes only and in no respect define, limit or describe the scope of this Agreement or the intent of any paragraph hereof.

32. **ENTIRE AGREEMENT.** This Agreement, all appendices, schedules and exhibits hereto and all agreements to be delivered by the Parties pursuant hereto, represent the entire understanding and agreement between the Parties hereto with respect to the subject matter hereof, supersede all prior negotiations between such Parties, and can be amended, supplemented, or changed only by an agreement in writing which makes specific reference to this Agreement and which is signed by the Party against whom enforcement of any such amendment, supplement or modification is sought.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the day and year first above written.

Seller:

By: Brian Ebersole
Brian Ebersole, President
Bates Technical College

ATTEST:

Buyer:

By: Mary Hand
Mary Hand
Public Radio Capital

Approved as to Form:

Sarah J. Coats
Signature on File
Assistant Attorney General
State of Washington
Date: April 16, 2003

ASSET PURCHASE AGREEMENT

SCHEDULE 1

FCC LICENSES

Main Station License

Station KBTC-FM

Channel 219 (91.7 MHz)

Tacoma, WA

Facility ID No. 62470

Expiration: 02/01/2006

Broadcast Auxiliary Remote Pickup

Station KL4050

Expiration: 02/01/2006

November 12, 2003

Mr. William Thomas
Vice President, Administrative Services
Bates Technical College
1101 South Yakima Avenue
Tacoma, Washington, 98405

Re: Asset Purchase Agreement dated May 1, 2003 ("Agreement"), between Bates Technical College ("Seller") and Public Radio Capital ("Buyer")

Dear Mr. Thomas:

This letter shall confirm that the terms and conditions of the above-captioned Agreement remain in place, with the following modifications:

Section 1.3, Closing Date: The definition of "Closing Date" shall be replaced by "means (a) 10:00 a.m. on the fifth (5th) business day following the date on which all of the conditions precedent set forth in this Agreement have been satisfied or waived in writing, or (b) such other date and time as to which the Parties mutually agree in writing."

Section 1.5, Expiration Date: The definition of "Expiration Date" shall be replaced by "means one year from the date on which the Assignment Application is filed."

Section 2.2.2, Down Payment: Section 2.2.2 shall be replaced by "Unless otherwise waived by Seller, within five business days of Buyer's receipt of a fully executed copy of that certain Programming Agreement by and between The Friends of KEXP, as programmer, and Public Radio Capital, as licensee, Buyer shall deposit \$330,000 as a good faith deposit with the Seller as a down payment. Seller acknowledges that Buyer is borrowing funds for payment of the down payment to Seller and is incurring interest and related expenses with respect to such funds; accordingly, Seller acknowledges and agrees that in the event this Agreement is terminated, the full amount of the down payment paid to the Seller shall be immediately returned to Buyer or to Buyer's lender, as directed by Buyer. Buyer may deposit, at Buyer's option, \$280,000 of the down payment prior to execution of the Programming Agreement."

Section 2.2.3, Method of Payment: Section 2.2.3 shall be replaced by "On the Closing Date at the Closing Place, (a) Buyer shall pay Seller the full amount of the Purchase Price out of the bond debt issuance or other financing referenced in Section 11.8, by wire transfer of immediately available federal funds or by bank cashier's or certified check at Seller's election, and (b) Seller shall return the full amount of the down payment referenced in Section 2.2.2 to Buyer or to Buyer's lender, as directed by Buyer, by wire transfer of immediately available federal funds or by bank cashier's or certified check, at Buyer's election (or, if applicable, the election of Buyer's lender)."

Section 7, Control of Station: The following phrase shall be added to the end of the first sentence: "and until all of the conditions precedent set forth in this Agreement have been satisfied or waived in writing."

Section 8, Application for FCC Consent and Approval: The first sentence of Section 8 shall be replaced with the following new first sentence: "Seller and Buyer shall join in and file the Assignment Application with the FCC within ten (10) business days of Buyer's receipt of a fully executed (a) copy of that certain Programming Agreement by and between The Friends of KEXP, as programmer, and Public Radio Capital, as licensee, and (b) original of that certain Corporate Guaranty from Experience Learning Community, d/b/a Experience Music Project, for the benefit of Buyer."

Section 11.6, Operating Agreement: The last sentence of Section 11.6 shall be replaced by "This agreement will be executed by December 15, 2003."

Section 11.7, Approvals: The date "June 1, 2003" shall be replaced by "December 15, 2003."

Section 11.8, Financing: The following new Section 11.8 shall be added:

11.8 Financing. Buyer shall have completed a tax-exempt bond debt issuance or other financing, pursuant to which Buyer will receive, on or before the Closing Date, funds in an amount sufficient to enable it to consummate the transactions contemplated by this Agreement.

Section 11.9, Guaranty: The following new Section 11.9 shall be added:

11.9 Guaranty. Buyer shall have received a fully executed original of that certain Corporate Guaranty from Experience Learning Community, d/b/a Experience Music Project, for the benefit of Buyer.

Section 12.4, Approvals: The date "June 1, 2003" shall be replaced by "December 15, 2003."

Section 16.2: Section 16.2 shall be replaced with the following new Section 16.2:

16.2. Seller agrees to indemnify, defend and hold harmless Buyer, its successors and assigns from and against:

16.2.1 Any and all damages occasioned by, arising out of or resulting from the operation of the Station on or prior to closing on the Closing Date, including, but not limited to, any and all claims, liabilities and obligations arising or required to be performed on or prior to 12:01 a.m. on the Closing Date under any contract, agreement or lease relating to the ownership or operation of the Station; and

16.2.2 Any and all damages occasioned by, arising out of or resulting from any misrepresentation, breach of warranty or covenant, or default or nonfulfillment of any agreement on the part of Seller under this Agreement, or from any certificate, agreement, appendix, schedule or other instrument furnished to Buyer pursuant to this Agreement or in connection with any of the transactions contemplated hereby.

Section 17.4: The following phrase shall be inserted at the beginning of the first sentence of Section 17.4: "Unless the Down Payment requirement has been waived by Seller,".

Section 17.5: The first sentence of Section 17.5 shall be replaced with: "Upon termination of this Agreement by Buyer due to an uncured breach by Seller, the Down Payment, if any, shall promptly be paid to Buyer."

Section 26. Further Assurances: The words "Effective Date" shall be replaced by "Closing Date".

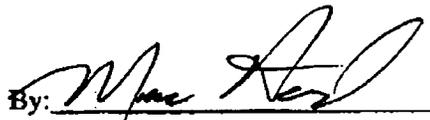
In all other respects, the Agreement shall be, and hereby is, reaffirmed and ratified.

If you agree to the foregoing, please so indicate by signing one of the enclosed copies of this letter in the space provided and returning it to the undersigned.

Thank you for your cooperation in this matter

Sincerely,

PUBLIC RADIO CAPITAL

By: 

Name: MARC HAND

Title: MANAGING DIRECTOR

Mr. William Thomas
November 12, 2003
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AGREED TO AND ACCEPTED AS OF THIS 14th DAY OF NOVEMBER, 2003.

BATES TECHNICAL COLLEGE

By: 

Name: William F. Thomas

Title: Vice President, Administrative Services

February 23, 2004

Mr. William Thomas
Vice President, Administrative Services
Bates Technical College
1101 South Yakima Avenue
Tacoma, Washington, 98405

Re: Asset Purchase Agreement dated May 1, 2003, as amended by Letter Agreement dated November 12, 2003 (collectively, "Agreement"), between Bates Technical College ("Seller") and Public Radio Capital ("Buyer")

Dear Mr. Thomas:

This letter shall confirm that the terms and conditions of the above-captioned Agreement remain in place, with the following additional modifications:

Section 2.2.2, Down Payment: Section 2.2.2 shall be replaced by "Unless otherwise waived by Seller, within twenty business days of Buyer's receipt of a fully executed copy of that certain Programming Agreement by and between The Friends of KEXP, as programmer, and Public Radio Capital, as licensee, Buyer shall deposit \$330,000 as a good faith deposit with the Seller as a down payment (the "Deposit"). Seller acknowledges that Buyer is borrowing funds for payment of the Deposit to Seller and is incurring interest and related expenses with respect to such funds; accordingly, Seller acknowledges and agrees that in the event this Agreement is terminated, the full amount of the Deposit shall be immediately returned to Buyer or to Buyer's lender, as directed by Buyer. Buyer may deposit, at Buyer's option, \$280,000 of the Deposit prior to execution of the Programming Agreement."

Section 11.6, Operating Agreement: The last sentence of Section 11.6 shall be replaced by "This agreement will be executed by February 20, 2004."

Section 11.9, Guaranty: The reference to "Corporate Guaranty" in Section 11.9 shall be changed to "Guaranty."

In all other respects, the Agreement shall be, and hereby is, reaffirmed and ratified.

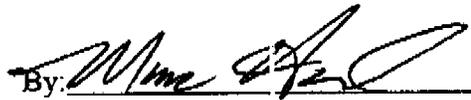
If you agree to the foregoing, please so indicate by signing one of the enclosed copies of this letter in the space provided and returning it to the undersigned.

Mr. William Thomas
February 23, 2004
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Thank you for your cooperation in this matter

Sincerely,

PUBLIC RADIO CAPITAL

By: 

Name: MARC HAND

Title: MANAGING DIRECTOR

Mr. William Thomas
February 23, 2004
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AGREED TO AND ACCEPTED AS OF THIS 23rd DAY OF FEBRUARY, 2004.

BATES TECHNICAL COLLEGE

By: 

Name: William F. Thomas

Title: Vice President, Administrative Services

Date: February 23, 2004