

---

## ASSET TRANSFER AGREEMENT

by and between

LOTUS COMMUNICATIONS CORP.

and

LOTUS LOS ANGELES CORP.

Dated as of December 17, 2014

---

## **Asset Transfer Agreement**

This Asset Transfer Agreement (this "Agreement") is entered into as of December 17, 2014 by and between Lotus Communications Corp. ("Transferor") and Lotus Los Angeles Corp. ("Transferee"), both California corporations.

### **Recitals**

A. Transferor owns and operates the radio broadcast stations (a) KWKW (AM), Los Angeles, California, Facility ID #38454 ("Station KWKW") and (b) KWKU (AM), Pomona, California, Facility ID# 1925 ("Station KWKU" and collectively with Station KWKW, the "Transferred Stations"), pursuant to certain authorizations issued by the Federal Communications Commission (the "FCC").

B. Transferor desires to transfer the Transferred Assets, as defined below, to Transferee under the terms of this Agreement.

C. In consideration of the transfer of the Transferred Assets, Transferee desires to assume the Assumed Liabilities, as defined below, from Transferor.

D. Transferee is a first-tier, wholly-owned subsidiary of Transferor.

E. For federal income tax purposes, the parties hereto intend the transactions contemplated by this Agreement to be treated as a contribution of the Transferred Assets, subject to the Assumed Liabilities, by Transferor to Transferee.

### **Agreement**

In consideration of the above Recitals, which are incorporated into this Agreement, the mutual agreements and undertakings set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

### **Article I Definitions**

Section 1.1 Definitions. As used in this Agreement, the following terms have the following meanings, applicable both to the singular and the plural forms of the terms described.

"Agreement" has the meaning set forth in the preamble hereto, as such agreement may be amended, modified and supplemented from time to time in accordance with its terms.

"Assumed Liabilities" has the meaning set forth in Section 2.2.

"Closing" has the meaning set forth in Section 2.4.

"Contract" means any contract, agreement, deed, mortgage, lease, license, instrument, note, commitment, undertaking or arrangement.

"FCC" has the meaning set forth in the Recitals hereto.

"FCC Application" has the meaning set forth in Section 2.3.

"FCC Authorization" has the meaning set forth in Section 2.1(d).

"FCC Consent" has the meaning set forth in Section 2.3.

"Final" means, with respect to any FCC action, that the FCC has taken such action (or the FCC staff under delegated authority has taken such action), and that such action has not been reversed, stayed, enjoined, set aside, annulled or suspended, or, with respect to which, no timely request for stay, petition for rehearing, appeal, *certiorari* or *sua sponte* action of the FCC with comparable effect, is pending, and as to which the time for filing any such request, petition, appeal, or *certiorari*, or for the FCC's taking of any such *sua sponte* action, has expired, or otherwise been terminated.

"GAAP" means generally accepted accounting principles in the United States of America, consistently applied.

"Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, government (and any department or agency thereof) or other entity.

"Transferred Assets" has the meaning set forth in Section 2.1.

"Transferred Stations" has the meaning set forth in the Recitals hereto.

"Transferee" has the meaning set forth in the preamble hereto.

"Transferor" has the meaning set forth in the preamble hereto.

Section 1.2 Internal References. Unless the context indicates otherwise, references to Articles, Sections and paragraphs will refer to the corresponding Articles, Sections and paragraphs in this Agreement and references to the parties will mean the parties to this Agreement.

## **Article II**

### **Sale and Purchase**

Section 2.1 Transferred Assets. At Closing, Transferor will assign, transfer, convey and deliver to Transferee, and Transferee will receive and accept from Transferor, Transferor's entire right, title and interest in and to the following assets and properties (the "Transferred Assets"):

- (a) all assets, as defined by GAAP, relating primarily to the Transferred Stations, including accounts receivable, notes receivable, inventory and prepaid expenses;
- (b) all equipment, transmitters, antennas, cables, towers, vehicles, furniture, fixtures, spare parts and other tangible personal property of every kind and description owned by Transferor that are used or held for use primarily in the operation of the Transferred Stations);

(c) to the extent transferable, all Transferor's rights in and to the Transferred Stations' call letters and Transferor's rights in and to the trademarks, trade names, service marks, goodwill, internet domain names, copyrights, programs and programming material, jingles, slogans, logos, internet websites and all other intangible property that are used or held for use primarily in the operation of the Transferred Stations;

(d) all licenses, permits and other authorizations issued to Transferor by the FCC with respect to the Transferred Stations (the "FCC Authorizations"); and

(e) all documents, records and books of account (or copies thereof) relating primarily to the operation of the Transferred Stations, or either of them, including the Transferred Stations' local public files, programming information and studies, engineering data, advertising studies, marketing and demographic data, sales correspondence, lists of advertisers, credit and sales reports and logs.

Section 2.2 Assumed Liabilities. At Closing, Transferee will assume, and pay, perform and discharge in due course, all Transferor's liabilities, including accounts payable, trades payable, music royalties payable, clearing account and accrued expenses relating to the Transferred Stations (the "Assumed Liabilities").

Section 2.3 FCC Consent. As soon as practicable after the date hereof, Transferor will file an application (the "FCC Application") with the FCC requesting consent (the "FCC Consent") to assign the FCC Authorizations to Transferee. Transferor will take all steps necessary, proper, or desirable to expedite the prosecution of the FCC Application to a favorable conclusion, and will provide Transferee with copies of any pleadings, orders and other documents served on Transferor relating thereto. Transferor will furnish all information the FCC requires and will be represented at all meetings or hearings to consider the FCC Application. If there is any question by the FCC or any challenge by any third party regarding the FCC Application or the granting of the FCC Consent, Transferor will consult with Transferee before providing any written response to such questions or challenge.

Section 2.4 Closing. The consummation of the purchase and sale contemplated hereby (the "Closing") will take place on a date, and at a time and place, mutually agreeable to Transferor and Transferee after the FCC Consent is granted and has become Final. At the Closing:

(a) Transferor will deliver to Transferee (i) bills of sale, certificates of title, endorsements, assignments, deed, and other good and sufficient instruments of sale, conveyance, transfer and assignment, in form and substance reasonably acceptable to Transferee and sufficient to sell, convey, transfer and assign the FCC Authorizations and the Transferred Assets to the Transferee and to quiet Transferee's title thereto; and (ii) the FCC Consent and evidence of Transferor's compliance therewith; and

(b) Transferee will deliver to Transferor (i) instruments of assumption of the Assumed Liabilities in form and substance reasonably satisfactory to Transferor and sufficient to evidence Transferee's assumption of the Assumed Liabilities.

Section 2.5 Further Assurances. Each party agrees to use its reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or



advisable to consummate and make effective the transactions contemplated by this Agreement, including executing any documents, instruments or conveyances of any kind that may be reasonably necessary or advisable to carry out any of the transactions contemplated hereunder and to cooperate with each other in connection with the foregoing.

### **Article III**

#### **Representations and Warranties**

**Section 3.1 Representations and Warranties of Transferor.** Transferor represents and warrants to Transferee that:

(a) Transferor has all requisite power and authority to enter into and perform its obligations under this Agreement;

(b) this Agreement constitutes the valid, legal and binding obligations of Transferor, enforceable against Transferor in accordance with its terms; and

(c) except for the FCC Authorizations, Transferor has good and valid title to the Transferred Assets, and with respect to the FCC Authorizations, Transferor has full rights to their use, subject to applicable governmental rules and policies.

**Section 3.2 Representations and Warranties of Transferee.** Transferee represents and warrants to Transferor that:

(a) Transferee has all requisite power and authority to enter into and perform its obligations under this Agreement, receive and accept the Transferred Assets and assume the Assumed Liabilities; and

(b) this Agreement constitutes the valid, legal and binding obligations of Transferee, each enforceable against Transferee in accordance with its terms.

### **Article IV**

#### **Miscellaneous**

**Section 4.1 Bulk Transfer Waiver.** The parties waive compliance with the bulk transfer provisions of the Uniform Commercial Code or any similar "bulk transfer law" of any jurisdiction in connection with the transaction contemplated by this Agreement.

**Section 3.2 Entire Agreement.** This Agreement and any other writing signed by the parties that specifically references this Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter hereof and thereof. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

**Section 3.3 Governing Law.** All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement will be governed by California law, without reference to choice of law or conflict of laws provisions thereof, and by the laws of the United States.

**Section 3.4 Jurisdiction; Waiver of Jury Trial.** Each party to this Agreement (a) submits to the jurisdiction of any state or federal court sitting in Los Angeles County in the State of California in any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (c) waives any claim of inconvenient forum or other challenge to venue in such court and (d) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court.

**Section 3.5 Severability.** In case any provision of this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions will not in any way be affected or impaired. Any illegal or unenforceable term will 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 will then be fully enforceable.

**Section 3.6 Headings.** The descriptive headings contained in this Agreement are for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement.

**Section 4.7 Amendment.** This Agreement may only be amended by a written agreement executed by each party.

**Section 3.8 Counterparts.** This Agreement may be executed in one or more counterparts, each of which, when executed, will be deemed to be an original but all of which taken together will constitute one and the same agreement.

**Section 4.9. Assignment.** This Agreement will bind and inure to the benefit of the parties hereto and their successors and permitted assigns, but neither this Agreement nor any right, interest or obligation hereunder will be assigned by any party hereto without the prior written consent of the other party, and any attempted assignment without such consent will be null and void.

**Section 3.10 No Third Party Beneficiaries.** This Agreement will not confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns.

*(Signature page follows)*

In Witness Whereof, this Agreement has been duly executed by the parties as of the date first written above.

**Lotus Communications Corp.**

William H. Shriftman

By: W H Shriftman

Name:

Title: Sr. V.P.

**Lotus Los Angeles Corp.**

William H. Shriftman

By: W H Shriftman

Name:

Title: Sr. V.P.