
ASSET PURCHASE AGREEMENT

by

and

between

KOCE-TV FOUNDATION

and

COAST COMMUNITY COLLEGE DISTRICT

with respect to KOCE-TV (channel 50)

AND

KOCE-DT (Channel 48)

dated as of

March 17, 2004

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement"), dated as of March 17, 2004, is between KOCE-TV Foundation, a California nonprofit corporation ("Buyer") and the COAST COMMUNITY COLLEGE DISTRICT, a California public education agency formed pursuant to the Education Code of the State of California ("Seller").

WITNESSETH:

WHEREAS, Seller owns and operates, under license from the Federal Communications Commission (the "FCC"), the non-commercial, educational television station known as KOCE-TV, channel 50, and known as KOCE-DT, channel 48, Huntington Beach, California, and its auxiliary facilities (together, "KOCE"), including all the Purchased Assets (as hereinafter defined);

WHEREAS, Seller is the holder of the KOCE Licenses (as hereinafter defined);

WHEREAS, Buyer desires to purchase all of the Purchased Assets from Seller and Seller desires to sell all of the Purchased Assets to Buyer, all in accordance with the terms and conditions herein;

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I.

DEFINITIONS

1.1 **Defined Terms.** As used herein, the following terms have the following meanings:

"ADR Procedure" has the meaning set forth in Section 13.6.2(c) hereof.

"ADR Service" has the meaning set forth in Section 13.6.2(c) hereof.

"Affiliate" (and, with a correlative meaning, "Affiliated") means, with respect to any Person, any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person, and, if such a Person is an individual, any member of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members

of such individual's immediate family and any Person who is controlled by any such member or trust. As used in this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agreed Amount" has the meaning set forth in Section 13.6.2(b) hereof.

"Agreement" means this Asset Purchase Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Assumed Obligations" has the meaning set forth in Section 2.3.2 hereof.

"Buyer" has the meaning set forth in the recitals hereto.

"Claim Notice" has the meaning set forth in Section 13.6.2(a) hereof.

"Claimed Amount" has the meaning set forth in Section 13.6.2(a) hereof.

"Closing" means the consummation of the transactions contemplated hereby.

"Closing Cash Payment" has the meaning set forth in Section 2.2.1(b) hereof.

"Closing Date" means the day on which the transactions contemplated by this Agreement are consummated which shall be seven (7) calendar days after the date on which the conditions specified in ARTICLE VII hereof (excluding conditions that, by their terms, cannot be satisfied until the Closing Date) shall have been met or waived by the beneficiary thereof, unless otherwise provided for herein or if Buyer and Seller mutually agree to a different time and date.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, as in effect from time to time.

"Communications Act" means the Communications Act of 1934, as amended, and the rules, regulations and policies promulgated thereunder, as in effect from time to time.

"Contracts" has the meaning set forth in Section 4.6 hereof.

"Controlling Party" has the meaning set forth in Section 13.6.1(b) hereof.

"Current Liabilities" means all current Liabilities related to KOCE as of the Closing.

"Damages" has the meaning set forth in Section 13.2 hereof.

"Deposit" has the meaning set forth in Section 2.2.1 hereof.

"Dispute" has the meaning set forth in Section 13.6.2(b) hereof.

"Effective Time" means 12:01 a.m. on the Closing Date.

“Employee” means any current employee, officer or director of Seller employed solely by Seller in connection with the operation of the business of KOCE.

“Employee Agreement” means each employment, severance, consulting, relocation, repatriation and expatriation or similar agreement, contract or understanding, whether written or oral, between Seller and any Employee.

“Employee Liabilities” means any Liability of Seller resulting from or relating to any Employee Plan or Employee Agreement, or any law, rule or regulation respecting employment, termination of employment, plant closures, wages and hours, withholding of taxes, unemployment compensation benefits, social security or other benefits for Employees.

“Employee Plan” means any plan, program, policy, practice, contract, agreement or other arrangement providing for compensation, severance, termination pay, deferred compensation, performance awards, stock or stock-related awards, fringe benefits or other employee benefits or remuneration of any kind, whether formal or informal, funded or unfunded and whether or not legally binding, which is or has been maintained, contributed to, or required to be contributed to, by Seller for the benefit of any Employee, and pursuant to which Seller has or may have any material liability or obligation, contingent or otherwise.

“Encumbrances” has the meaning set forth in Section 4.4.2 hereof.

“Environmental, Health and Safety Requirements” shall mean all federal, state and local statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety, and pollution or protection of the environment, including without limitation all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, or radiation, each as amended and as now in effect.

“Excluded Assets” means: (a) cash or cash equivalents on hand and in bank accounts of Seller; (b) Seller’s prepaid business (including, liability, business interruption and the like), group and other insurance policies, premiums and recoveries not in connection with or related to the business of KOCE; (c) all assets of Seller not used in the operations of KOCE; (d) tapes and

tape libraries used in whole or in part in the filming and production of telecourse broadcasts; (e) all rights and claims of Seller to the extent relating to any other Excluded Asset or any Retained Liability or any obligation of Seller to indemnify Buyer, including all guarantees, warranties, indemnities and similar rights in favor of Seller with respect to any other Excluded Asset or any Retained Liability or any obligation of Seller to indemnify Buyer; and (e) the assets, Contracts and other agreements set forth on Schedule 1-D hereto.

“FCC” has the meaning set forth in the recitals hereto.

“FCC Application” has the meaning set forth in Article III hereof.

“Final Order” means an order issued by the FCC (including, for purposes hereof, the FCC staff acting under delegated authority) (i) which has not been vacated, reversed, set aside, annulled or suspended; (ii) with respect to which no timely appeal, timely request for stay, or timely petition for rehearing, reconsideration or review by any person or governmental entity or by the FCC on its own motion is pending; and (iii) as to which the time for filing any such timely appeal, timely request, timely petition for the reconsideration or review by the FCC on its own motion has expired.

“GAAP” means generally accepted accounting principles in effect in the United States of America, as employed by Seller, and which are consistently applied.

“Governmental Authority” means any court or federal, state, municipal or other governmental authority, department, commission, board, agency or instrumentality, foreign or domestic, or any employee or agent thereof; provided, however, that the term Governmental Authority does not mean or include Seller or the Board of Trustees of Seller.

“Indemnified Person” has the meaning set forth in Section 13.6.1(a) hereof.

“Indemnifying Person” has the meaning set forth in Section 13.6.1(a) hereof.

“Indemnity Basket” has the meaning set forth in Section 13.2(d) hereof.

“Intellectual Property” has the meaning set forth in Section 4.7 hereof.

“Knowledge of Seller” means the actual knowledge of Seller.

“KOCE” has the meaning set forth in the recitals hereto.

“KOCE Business” shall mean the business operations of KOCE.

“KOCE Business Facilities” shall mean the leased real property listed on Schedule 1-A hereof.

“KOCE Licenses” means all licenses, permits and authorizations issued or granted by the FCC for the ownership and operation of KOCE and all applications therefor, together with any renewals, extensions or modifications thereof and additions thereto between the date hereof and the Closing.

“Liabilities” means all obligations, indebtedness, commitments, and other items constituting “liabilities” under GAAP, whether direct or indirect, absolute, accrued, contingent, or otherwise.

“Material Adverse Effect” means any material and adverse effect on the financial condition or results of operations of KOCE, taken as a whole, other than any change, effect, event or occurrence relating to war or acts of terrorism, to the United States economy in general, to United States stock market conditions in general, or to the broadcasting industry in general and not to KOCE specifically.

“Non-controlling Party” has the meaning set forth in Section 13.6.1(b) hereof.

“Note” has the meaning set forth in Section 2.2.1(c) hereof.

“Permitted Encumbrances” means: (i) Encumbrances for Taxes not yet due and payable or that the taxpayer is timely contesting in good faith through appropriate proceedings and are described on Schedule 1-F hereto or are otherwise not material; (ii) easements or reservations of, or rights of others for, rights of way, highway and railroad crossings, sewers, electric lines, telegraph and telephone lines and other similar purposes, and zoning or other encumbrances, easements, covenants, conditions and restrictions as to the use of the Purchased Assets which do not materially interfere with the operation of KOCE; (iii) title report exceptions not relating to liens securing borrowed money which do not materially interfere with the operations of KOCE; (iv) liens created by statute securing the claims of materialmen, landlords and like Persons, provided payment is not yet delinquent; (v) those Encumbrances listed on Schedule 1-E; and (vi) Encumbrances relating to liens securing borrowed money to be released at or prior to the Closing.

“Person” shall mean any natural person, corporation, partnership, limited liability company, firm, joint venture, joint-stock company, trust, association, unincorporated entity of any kind, trust, governmental or regulatory body or other entity.

“Proceeds” has the meaning set forth in Section 9.1 hereof.

“Purchase Price” has the meaning set forth in Section 2.2.1 hereof.

“Purchased Assets” means all real, personal and mixed assets, both tangible and intangible, of every kind, nature and description owned or held and used or held for use by Seller solely in connection with or related to the business and operations of KOCE, other than the Excluded Assets, which are expressly excluded from the definition of Purchased Assets and shall be retained by Seller, and except as otherwise provided in this Agreement, Purchased Assets shall include all such assets existing on the date of this Agreement and all such assets acquired between the date hereof and the Closing as permitted by and subject to the terms of this Agreement, including, without limitation (other than Excluded Assets):

- (a) grants, pledges, campaign funds and other funds and revenues held by Seller in connection with or related to the business and operations of KOCE;
- (b) Seller’s prepaid business (including, liability, business interruption and the like), group and other insurance policies, premiums and recoveries and other prepaid amounts relating to the business of KOCE;
- (c) those leasehold interests and estates and improvements set forth in Schedule 1-A (including all benefits related thereto);
- (d) all broadcasting and other equipment, including, but not limited to, cameras, furniture, television lighting fixtures, tapes, office materials and supplies, computers, printers, spare parts, tubes and other tangible personal property of every kind and description including, but not limited to, the items set forth in Schedule 1-B hereto, that are owned, leased or held exclusively for use by Seller in connection with or related to the business and operations of KOCE;
- (e) those Contracts and commitments to which Seller is a party relating exclusively to the business and operations of KOCE on the date hereof, including without limitation those contracts, agreements and commitments set forth on Schedules 1-A, 1-B and 1-C hereto (which shall also specify those contracts the assignment of which requires third-party consent), together with all contracts, agreements and commitments which have been entered into between the date hereof and the Closing as permitted by and subject to the terms of this Agreement;
- (f) (i) all KOCE Licenses, (ii) any other permits, licenses and authorizations issued or granted by any Governmental Authority or otherwise that are related to the Purchased Assets, and (iii) other affiliations with public broadcasting organizations (e.g.,

PBS, APT, etc.) held and used by Seller in connection with or related to the business and operations of KOCE as of the date hereof, and any additions, renewals and extensions thereto between the date hereof and the Closing as permitted by and subject to the terms of this Agreement, in each case to the extent transferable;

(g) the books and records of KOCE (however, Seller shall be entitled to keep a copy of such books and records for audit purposes and shall have access rights pursuant to Article X hereof);

(h) all right, title and interest in and to all franchises, trademarks, patents, trade names, copyrights, service marks, logos, trade dress, donor and prospects lists, websites, domain names, software (excluding Protocol and Microsoft products and otherwise to the extent transferable), call letters and other intellectual property and registration and applications for each of the foregoing that are owned or held and used by Seller in connection with the business and operations of KOCE as of the date hereof, and those acquired between the date hereof and the Closing as permitted by and subject to the terms of this Agreement in each case to the extent transferable;

(i) all programs and programming materials, productions and production materials, videotapes, video libraries, archived libraries, content, scripts and elements of whatever form or nature owned by Seller as of the date of this Agreement and Used and transferable in connection with or related to the business or operations of KOCE, whether recorded on film, tape or any other medium or intended for live performance, television broadcast or other medium and whether completed or in production, and all related common law and statutory intangible rights Used in connection with the business or operations of KOCE, together with all such programs, materials, elements and intangible rights acquired by Seller in connection with the business or operations of KOCE as permitted by and subject to the terms of this Agreement between the date hereof and the Closing Date (all of the foregoing, except the Excluded Assets);

(j) all rights and claims relating to any other Purchased Asset or any Assumed Obligation, including all guarantees, warranties, indemnities and similar rights in favor of Seller in respect of any Assumed Obligation; and

(k) all Seller's goodwill in, and going concern value of, KOCE.

"Response" has the meaning set forth in Section 13.6.2(b) hereof.

"Retained Liabilities" means all Liabilities and other obligations of Seller that are not Assumed Obligations, including but not limited to (except for Assumed Obligations): (a) federal, state, local and other Tax Liabilities arising prior to Closing; (b) amounts payable for business insurance (including casualty, liability, business interruption and the like) or group insurance premiums not related to the business of KOCE; (c) all Employee Liabilities or other obligations of Seller to its Employees; (d) any funded indebtedness or other obligations or Liabilities relating to borrowed money; (e) Liabilities arising pursuant to those Contracts set forth on Schedule 1-D hereof; (f) any Liabilities arising or resulting from the violation of any Environmental, Health and Safety Requirements prior to the Closing and consistent with this Agreement; (g) any rights, benefits, damages or liabilities incurred by Seller (but specifically not including any rights, benefits, damages or liabilities incurred by Buyer or any other third party) arising out of the litigation matters set forth on Schedule 4.9; (h) any Liabilities of Buyer listed on Schedule 1-G; and (i) any Liability or other obligation which is not otherwise specifically assumed by Buyer pursuant hereto.

"Security Agreement" has the meaning set forth in Section 8.3 hereof.

"Seller" has the meaning set forth in the recitals hereto.

"Seller Account" means the designated Union Bank account.

"Tax" or "Taxes" means all federal, state, local, foreign and other taxes, including income, franchise, estimated income, gross receipts, employment, license, payroll, excise, stamp, social security, unemployment, real property, personal property, sales, use, transfer and withholding taxes, including interest, penalties and additions in connection therewith, whether disputed or not.

"Third Party Claim" has the meaning set forth in Section 13.6.1(a) hereof.

"Used" means (i) owned, (ii) leased, (iii) held and used or (iv) held for use, in each case, by Seller.

1.2 Accounting Terms. All terms of an accounting nature not specifically defined herein shall have the respective meanings given to them under GAAP.

1.3 Other Definition Provisions. The masculine form of words includes the feminine and the neuter and vice versa, and, unless the context otherwise requires, the singular form of words includes the plural and vice versa. The words "herein," "hereof," "hereunder" and other

words of similar import when used in this Agreement refer to this Agreement as a whole, and not to any particular section or subsection.

ARTICLE II.

PURCHASE OF PURCHASED ASSETS,

PURCHASE PRICE AND METHOD OF PAYMENT

2.1 Purchase of Purchased Assets. Subject to the terms and upon satisfaction of the conditions contained in this Agreement, at the Closing:

2.1.1 Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, all of Seller's rights, title and interests in the Purchased Assets (including the KOCE Licenses), free and clear of any encumbrances previously disclosed between the parties except for the Permitted Encumbrances;

2.1.2 Seller shall transfer and deliver to Buyer, and Buyer shall assume, the Assumed Obligations in accordance with Section 2.3 hereof; and

2.1.3 The Closing shall take place at the offices of Rutan & Tucker, LLP, 611 Anton Boulevard, 14th Floor, Costa Mesa, California, 92626, or such other place as Buyer and Seller may agree.

2.2 Consideration; Allocation of Purchase Price.

2.2.1 Purchase Price. The Purchase Price and full consideration for the assignments, conveyances, and transfers described herein shall be Twenty Five Million Five Hundred Thousand Dollars (\$25,500,000) (the "Cash Purchase Price"). The Purchase Price (as defined below) shall be paid by Buyer to Seller as follows:

(a) Contemporaneously with the execution of this Agreement, Buyer shall pay to Seller, by wire transfer of immediately available funds to the Seller Account, One Hundred Thousand Dollars (\$100,000), as a deposit (the "Deposit"). In the event that this Agreement is terminated prior to the Closing, Seller shall retain the Deposit and shall have no liability therefor to Buyer unless Seller fails to perform a material obligation under the terms of this Agreement;

(b) On the Closing Date, Buyer shall pay to Seller, by wire transfer of immediately available funds to the Seller Account (or such other account as Seller shall designate in writing to Buyer not less than two (2) business days prior to the Closing

Date), Seven Million Nine Hundred Thousand Dollars (\$7,900,000) (the “Closing Cash Payment”);

(c) On the Closing Date, Buyer shall deliver to Seller a secured promissory note, substantially in the form of Exhibit C attached hereto, in the principal amount of Seventeen Million Five Hundred Thousand Dollars (\$17,500,000), (the “Note”); and

(d) On the Closing Date, in order to continue the long-standing telecourse programming services provided to the public by Seller, Buyer and Seller agree to enter into a Programming Agreement (in a form substantially similar to that attached hereto as Exhibit B) (collectively, the Cash Purchase Price and the Programming Agreement are referred to herein as the “Purchase Price”).

2.3 Assumption of Obligations.

2.3.1 Limitation on Assumption of Obligations. Except as set forth in Section 2.3.2 below, Buyer expressly does not, and shall not, assume or be deemed to have assumed, under this Agreement or by reason of any transactions contemplated hereunder, any Liabilities or obligations of Seller of any nature whatsoever.

2.3.2 Assumed Obligations Relating to KOCE. Subject to the provisions of Section 2.3.3 below and to the exclusion of all of the Retained Liabilities, at the Closing, Buyer shall assume and timely pay or perform the following obligations (collectively, the “Assumed Obligations”): (a) the obligations of Seller relating to the operations of KOCE arising on or after the Closing Date, including, without limitation, (i) all contracts, agreements, commitments and leases of Seller included in the Purchased Assets and set forth on Schedules 1-A, 1-B and 1-C in effect as of the date hereof, (ii) all contracts, agreements, commitments, leases and amendments, renewals and other modifications thereof that are entered into by Seller in connection with KOCE between the date hereof and the Closing as permitted by and subject to the terms of this Agreement, (iii) all contracts, agreements, commitments and leases of Seller relating to KOCE not required by the terms of Section 4.6 hereof to be listed on Schedules 1-A, 1-B and 1-C, and (iv) those related to the items listed on Schedule 1-E; (b) any Liabilities relating to KOCE and operations of KOCE solely caused by the actions of Buyer arising on or after the execution of this Agreement.

2.3.3 Substitution Where Not Transferable. If Seller is unable, on or prior to the Closing, to obtain a consent necessary for the assignment of Seller's title to, interest in and rights under any Contract to be assigned hereunder, then Seller and Buyer shall cooperate to enter into a reasonable arrangement designed to enable Seller to perform its obligations thereunder, and to provide for the assumption by Buyer of the benefits, risks and burdens of, any such Contract. As and when after the Closing Date, title to, interest in and rights under any such Contract becomes transferable, the assignment to Buyer by Seller of any title to, interest in and rights under such Contract shall be at no cost to Buyer and deemed effective at the time such consent or approval is effective, without any further action by Buyer or Seller. Notwithstanding anything to the contrary contained in this Agreement, the sole Closing conditions relating to obtaining any consents, approvals or authorizations of third parties are contained in Sections 7.1.1 and 7.1.9 hereof.

ARTICLE III.

FCC CONSENT

Within ten (10) days following the execution of this Agreement, the parties shall file with the FCC a complete and accurate application requesting the consent of the FCC to the assignment of the KOCE Licenses from Seller to Buyer as contemplated herein (the "FCC Application"). The parties hereto shall cooperate in the preparation and filing of the FCC Application (including the furnishing to each other of copies of such application and request prior to filing) and shall diligently take, or cooperate in the taking of, all necessary and desirable steps, provide any additional information required and otherwise use their efforts to prosecute the FCC Application, and to obtain promptly the requested consent and approval of the FCC to the assignment of the KOCE Licenses. Any fees assessed by the FCC incident to the filing, prosecution or granting of the FCC Application shall be split evenly by Buyer and Seller. The parties hereto shall make available to one another, promptly after the filing thereof, copies of all correspondence, amendments, and reports filed after the date hereof and on or prior to the Closing Date with the FCC by any parties hereto, as the case may be, in respect of KOCE. Each party shall notify the other parties hereto in the event it becomes aware of any other facts, actions, communications, or occurrences that might directly or indirectly affect the parties' intent or ability to obtain prompt FCC approval of the transactions contemplated by this Agreement. Buyer and Seller shall oppose any petitions to deny or other objections filed with respect to the

FCC Application; provided, however, that neither Buyer nor Seller shall have any obligation to participate in an evidentiary hearing on the FCC Application. If mutually agreed, Buyer and Seller shall appeal or otherwise seek review of any action of the FCC denying the FCC Application, by filing an appropriate request for appeal or review with the FCC or a court of competent jurisdiction, as the case may be. In the event that the parties appeal or otherwise seek review, then the parties hereto shall cooperate in all matters related to the appeal or review (including the furnishing to each other of copies of all relevant documentation) and shall diligently take, or cooperate in the taking of, all necessary and desirable steps, provide any additional information required and otherwise use their efforts to overturn the FCC denial and to obtain promptly the requested consent and approval to the assignment of the KOCE Licenses. Buyer and Seller agree to split evenly all costs associated with any appeal; provided, however, that each of Buyer and Seller shall be responsible for its own attorneys' fees if the parties engage separate counsel.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Schedules delivered by Seller (it being agreed that any matter disclosed with respect to one Section of this Agreement in a Schedule delivered by Seller shall be deemed to have been disclosed with respect to each other Section of this Agreement if the relevance of such matter to such other Section is reasonably discernable from the information disclosed), Seller represents and warrants to Buyer that:

4.1 Organization and Standing. Seller: (a) is duly organized and validly existing as a public education agency under the laws of the State of California; (b) has the requisite power and authority to enter into and perform this Agreement and to perform the obligations required to be performed by it hereunder to consummate the transactions contemplated hereby; and (c) is duly qualified to do business in every jurisdiction in which the nature of the business conducted by KOCE requires such qualification, except where the failure to so qualify would not have a Material Adverse Effect.

4.2 Authorization and Binding Obligations. The execution, delivery and performance by Seller of this Agreement are within the power of Seller, and have been duly and validly authorized by all necessary action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and constitutes a valid and binding agreement of Seller enforceable in

accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

4.3 No Contravention; Consents.

4.3.1 No Contravention. The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the compliance with the provisions hereof by Seller do not and shall not, after the giving of notice, or the lapse of time, or otherwise: (a) conflict with, result in a breach of the terms of, or contravene any document relating to Seller's governance; (b) subject to obtaining the consents and waivers and taking the actions on Schedule 4.3.1, result in the breach of, or constitute a default under, conflict with or result in the termination of, any agreement or other instrument regarding KOCE or its operations to which Seller is a party or by which the property of Seller is bound or affected or result in the creation of any Encumbrance upon any of the Purchased Assets, except in each instance, where such result would not, either individually or in the aggregate, have a Material Adverse Effect; or (c) subject to the governmental filings and other matters referred to in Section 4.3.2 hereof, violate or conflict with any laws, regulations, orders or judgments applicable to Seller or any of its assets, including the Communications Act, except where such violation or conflict would not, either individually or in the aggregate, have a Material Adverse Effect.

4.3.2 Consents. Except as set forth in Schedule 4.3.1 or as required under the Communications Act, Seller is not required to obtain any consent, approval, authorization or waiver from, any Government Authority in connection with the execution, delivery or performance by Seller of this Agreement or any of the transactions contemplated hereby, except where the failure to obtain such consent, waiver, authorization or approval or the making of such filing or the taking of such actions would not, either individually or in the aggregate, have a Material Adverse Effect.

4.4 Title to Assets.

4.4.1 Leases of Real Property.

(a) Schedule 1-A sets forth: (i) all real property (other than Excluded Assets) leased by Seller that is used in the operations of KOCE or is included in

the Purchased Assets; and (ii) the nature of the right, title or interest that Seller has in such real property.

(b) On the Closing Date, Seller shall convey to Buyer all of its right, title, and interest in the leasehold estates in the real property listed on Schedule 1 - A.

4.4.2 Tangible Personal Property. On the Closing Date, Seller shall convey to Buyer good title to all the tangible personal property included among the Purchased Assets, in each case free and clear of all mortgages, security interests, pledges, claims, liens, charges, covenants, easements, rights of way, encroachments or any other encumbrances (collectively, "Encumbrances"), except for and subject only to Permitted Encumbrances.

4.4.3 Intangible Personal Property. On the Closing Date, Seller shall convey to Buyer all of its right, title and interest in and to the intangible property included among the Purchased Assets, including the Intellectual Property, in each case free and clear of all Encumbrances (except for and subject only to Permitted Encumbrances) and to the extent transferable.

4.5 Licenses and Authorizations.

4.5.1 Licenses. Schedule 4.5 hereto contains a true and complete list of all KOCE Licenses. Seller is the authorized and legal holder of all of the KOCE Licenses.

4.5.2 Authorizations. The KOCE Licenses are valid and in full force and effect, and have been complied with in all material respects. To the knowledge of Seller, there is no investigation, notice of investigation, violation, order, complaint, action or other proceeding pending or threatened before the FCC or any other Governmental Authority to vacate, revoke, modify or refuse to renew the KOCE Licenses.

4.6 Contracts. Schedules 1-A, 1-B, 1-C and 1-E contain a complete list of all contracts, leases, national and local advertising representation agreements and other agreements and commitments of every nature in full force and effect as of the date hereof to which Seller is a party constituting part of the Purchased Assets or the Assumed Obligations (collectively, the "Contracts"), except (a) contracts entered into by Seller in the ordinary course of its business and terminable by Seller on thirty (30) days' notice and without material obligations, (b) contracts entered into by Seller in the ordinary course of business providing for aggregate payments of less

than \$10,000 over the remaining term thereof, and (c) contracts entered into in accordance with the terms of Article VI hereof. Seller is not in default under any of the Contracts and all such Contracts are in full force and effect and valid and binding and enforceable against Seller and the other party or parties thereto, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

4.7 Intellectual Property. To the best of Seller's knowledge, all franchises, trademarks, copyrights, patents, trade names, service marks, logos, trade dress, donor and prospect lists, websites, domain names, software (excluding Protocol and Microsoft products and otherwise to the extent transferable), call letters and other intellectual property owned, licensed or otherwise used or held by Seller in connection with or related to the business and operations of KOCE (collectively, "Intellectual Property") are set forth on Schedule 4.7 hereto.

4.8 Compliance. Seller is not in violation of or in default under any order, law, rule, regulation, ordinance, policy, judgment, writ or decree of the FCC or any other Governmental Authority, which default or violation would reasonably be expected to have a Material Adverse Effect. Seller holds all KOCE Licenses and all other material permits reasonably necessary for it to own, lease or operate its properties and assets and to carry on the business of KOCE as currently conducted, and there has occurred no material default under any KOCE License or any such other material permit. All returns, notices, reports, statements or other filings currently required to be filed by Seller with the FCC and all material returns, notices, reports, statements or other filings currently required to be filed by Seller with any federal, state, or local Governmental Authority, in each case with respect to KOCE or the Purchased Assets, have been filed and complied with in all material respects.

4.9 Litigation. Except for administrative rulemaking or other proceedings of general applicability to the broadcast industry and as otherwise set forth on Schedule 4.9, there is no civil, criminal or administrative action, notice of apparent violation, notice of apparent liability, suit, demand, claim, complaint, hearing, litigation, action, proceeding or investigation of any nature pending or, to Seller's knowledge, threatened against or affecting it that would affect (or with the passage of time would affect) its ability to consummate the transactions contemplated in this Agreement, or remain in compliance with the terms hereof.

4.10 Environmental, Health and Safety Matters.

(a) Seller has complied and is in compliance in all material respects with all Environmental, Health and Safety Requirements.

(b) Without limiting the generality of the foregoing, Seller has obtained and complied with, and is in compliance in all material respects with, all permits, licenses and other authorizations that are required pursuant to Environmental, Health and Safety Requirements for the occupation of its facilities and the operation of its business.

(c) Seller has not received any written or oral notice, report or other information regarding any actual or alleged violation of Environmental, Health and Safety Requirements, or any liabilities or potential liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), including any investigatory, remedial or corrective obligations, relating to the KOCE Business Facilities arising under Environmental, Health and Safety Requirements.

4.11 Employees and Compensation.

(a) Seller (i) is in compliance in all material respects with all applicable laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to Employees; (ii) has withheld all amounts required by law or by agreement to be withheld from the wages, salaries and other payments to Employees; (iii) is not liable for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing; and (iv) is not liable for any payment to any trust or other fund or to any Governmental Entity, with respect to unemployment compensation benefits, social security or other benefits for Employees (other than routine payments to be made in the ordinary course of business, consistent with past practices).

(b) No work stoppage or labor strike against Seller is pending or, to the knowledge of Seller, threatened with respect to the KOCE Business or involving or relating to any of the current Employees. Seller is not involved in or, to its knowledge, threatened with any labor dispute, grievance or litigation relating to labor, safety or discrimination matters involving any Employee, including charges of unfair labor practices or discrimination complaints, which, if adversely determined, would, individually or in the aggregate, result in Liability to Seller. Seller has not engaged in any

unfair labor practices within the meaning of the National Labor Relations Act with respect to the KOCE Business or involving or relating to any of the current Employees which could, individually or in the aggregate, directly or indirectly result in a Liability to Seller. Seller has provided Buyer with all information Buyer has requested with respect to the names, date of hire or compensation of Employees.

(c) Buyer and Seller acknowledge that Seller will terminate certain of its employees as of the Closing Date. Buyer shall be free to hire such persons on such terms and conditions of employment as Buyer shall determine in the exercise of its sole discretion, and nothing in this Agreement shall establish any enforceable rights, legal or equitable, in any person other than the parties hereto, including, without limitation, any employee of the Seller or any beneficiary of such employee, beyond those set forth in this Agreement.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that:

5.1 Organization and Standing. Buyer: (a) is a nonprofit corporation duly incorporated, validly existing and in good standing under the laws of the State of California; (b) has full corporate power and authority to own its properties and to transact the business in which it is currently engaged and to perform the obligations required to be performed by it hereunder and to consummate the transactions contemplated hereby; and (c) is duly qualified to do business and in good standing as a foreign corporation in every jurisdiction in which the nature of the business to be conducted by it requires such qualification, except where the failure to so qualify would not materially adversely affect Buyer or the transactions contemplated hereby.

5.2 Authorization and Binding Obligations. The execution, delivery and performance of this Agreement have been duly and validly authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes a valid and binding agreement of Buyer, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

5.3 No Contravention. The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the compliance with the provisions hereof by Buyer does not and shall not, after the giving of notice, or the lapse of time, or otherwise: (a) conflict with or violate any provisions of the certificate of incorporation or bylaws of Buyer; (b) result in the breach of, conflict with, require any consent under, or constitute a default under, the provisions of any agreement or other instrument to which Buyer is a party or by which the property of Buyer is bound or affected; or (c) violate or conflict with any laws, regulations, orders or judgments applicable to Buyer or its assets.

5.4 Litigation. Except for administrative rulemaking or other proceedings of general applicability to the broadcast industry, there is no civil, criminal or administrative action, notice of apparent violation, notice of apparent liability, suit, demand, claim, complaint, hearing, litigation, action, proceeding or investigation of any nature pending or, to Buyer's knowledge, threatened against or affecting it that would affect (or with the passage of time would affect) its ability to consummate the transactions contemplated in this Agreement, or remain in compliance with the terms hereof except for the litigation referred to on Schedule 4.9.

5.5 Absence of Knowledge as to Certain Facts. Buyer has no knowledge of any fact that would, under existing law (including the Communications Act) and existing rules, regulations and practices of the FCC, disqualify Buyer as an assignee of the KOCE Licenses or as owner and operator of KOCE, or impair Buyer's ability to obtain the FCC Consent. Buyer shall not take any action that it knows or has reason to know would cause such disqualification, and Buyer shall not fail to take any action if it knows or has reason to know that the failure to take such action would cause such disqualification.

5.6 Financial and Legal Capacity.

5.6.1 Financial Capacity. Buyer will have the financial capability to pay the Purchase Price and any other amounts due under and as contemplated by the terms of this Agreement, to comply with its obligations under this Agreement, and to consummate the transactions contemplated in this Agreement as of the earlier of the Closing Date or June 30, 2004 (which capability shall be evidenced by a Seller bank statement, commitment letter or letter of credit showing the existence of, or committed right to receive, appropriate cash funds). Buyer acknowledges that its obligations under this Agreement are not contingent or conditioned in any manner on its obtaining any financing. If Buyer

is unable to consummate the transactions contemplated in this Agreement and the KOCE Licenses are not transferred to Buyer solely due to financial incapacity (regardless of whether any other reason for Buyer's inability exists), then (i) this Agreement shall be terminated without any liability of Seller to the Buyer (unless Seller elects in writing not to terminate this Agreement in its sole discretion); (ii) Buyer shall transfer all of its rights, title and interest in any and all KOCE related assets and liabilities to Seller for the consideration of \$100 and shall cooperate with Seller in connection with the sale of KOCE to a third party, and (iii) Buyer shall either dissolve or change its name and have no further operations or connection with Seller or KOCE.

5.6.2 Legal Capacity. Buyer has met, and at the Closing shall meet, all applicable requirements to operate a non-commercial, educational television station.

5.7 Due Diligence. Buyer hereby represents that Seller has permitted Buyer full access to KOCE and the Purchased Assets for the purpose of inspecting them, and that Buyer has, through its principals or authorized agents, examined the Purchased Assets and has relied upon said examination and not upon statements, representations or warranties made by Seller, its agents or any other Person (other than the express representations and warranties of Seller contained herein) in deciding to purchase the Purchased Assets, and after examining said Purchased Assets and satisfying itself of its ability to conduct said business, hereby accepts the business as is, except for the representations, warranties and covenants contained in this Agreement. The Buyer is not aware that any of the representations and warranties of the Seller contained herein are untrue or incorrect.

5.8 Buyer's Assets. Buyer acknowledges that it owns assets and is a party to certain contracts and agreements that are used by and/or benefit Seller in the operations of KOCE and that Buyer received a discount to its original bid price which is reflected in the Purchase Price. Seller agrees to pay off the Encumbrances with respect to Buyer's asset listed on Schedule 1-G.

ARTICLE VI.

CONDUCT OF BUSINESS

6.1 Conduct of Business Prior to Closing. Buyer and Seller each covenant to the other to cooperate during the time between the execution of this Agreement and the Closing in the continued operation of the KOCE Business in the ordinary course of business and in preparation for a smooth transition of the Purchased Assets to Buyer upon Closing. Seller

covenants and agrees, with respect to KOCE, that pending the Closing, except with the prior written consent of Buyer (which shall not be unreasonably withheld or delayed), Seller shall operate KOCE as set forth below:

6.1.1 Conduct of Business. Subject to the provisions of this Agreement, Seller shall:

- (a) conduct the business and operations of KOCE in the normal and ordinary course in substantially the same manner as heretofore conducted, and shall use commercially reasonable, good faith efforts consistent with normal business practices to preserve and promote such business and operations;
- (b) pay its debts and Taxes when due, where failure to pay when due would be reasonably likely to have a Material Adverse Effect;
- (c) pay or perform other obligations related to the Purchased Assets, where failure to pay or perform would be reasonably likely to have a Material Adverse Effect;
- (d) keep Buyer reasonably informed concerning material business or operational matters relating to the Purchased Assets; and
- (e) use commercially reasonable, good faith efforts to maintain the Purchased Assets in their current condition, ordinary wear and tear excepted.

6.1.2 Transfer of Purchased Assets. Seller shall not sell, assign, lease or otherwise transfer or dispose of any of the material Purchased Assets, except where such disposition is in the ordinary course of business or the assets involved are either: (a) no longer used or useful; or (b) replaced with a substantially equivalent asset of substantially equivalent kind, condition and value, provided, however, that Seller shall provide Buyer with prior written notice of such proposed action and shall be required to obtain Buyer's prior written consent for any such action that would result in an aggregate expenditure by the Seller in excess of \$10,000.

6.1.3 Litigation. Seller shall promptly notify Buyer of (a) any litigation pending or, to its knowledge, threatened against or affecting Seller (with respect to KOCE) or the Purchased Assets or which challenges or affects the transactions contemplated hereby or (b) could reasonably be expected to delay or hinder the consummation of the transactions contemplated hereby. Seller also covenants and agrees

that Seller shall not take any action which would (or fail to take any action, the failure of which would) (i) have a material adverse effect on the transactions contemplated hereby, or (ii) delay or hinder the consummation of the transactions contemplated hereby.

6.1.4 Consents and Approvals. Seller shall, prior to the Closing Date, use commercially reasonable efforts to obtain or cause to be obtained consents to the assignment to Buyer of all leases, contracts and agreements included in the Purchased Assets that require the consent of any third party by reason of the transactions provided for in this Agreement. Each party shall cooperate with the other to obtain any such consents or approvals.

6.1.5 Licenses. Seller shall not, by any act or omission to act within its reasonable knowledge and power: (a) surrender, modify, adversely affect or forfeit any material KOCE License; or (b) cause the FCC to institute any proceedings for the cancellation, non-renewal or modification of any material KOCE License.

6.2 Buyer's Access to Information. Seller covenants and agrees that, pending the Closing, Seller shall give Buyer and its counsel, accountants, engineers, investment bankers, potential lenders and other authorized representatives reasonable access, at Buyer's risk and expense, during normal business hours throughout the period prior to the Closing or the earlier termination of this Agreement, to all of KOCE's books, records, agreements, reports and other documents and all of the Purchased Assets to be acquired hereunder and shall furnish Buyer, its counsel, accountants, engineers, investment bankers, potential lenders and other authorized representatives during such period with copies of all information concerning the affairs of KOCE as they may reasonably request in order to enable Buyer to make such examinations and investigations thereof as it shall reasonably deem necessary, including, without limitation, all contracts, agreements and leases included in the Purchased Assets and any amendments, renewals or other modifications thereof, and Seller shall make appropriate officers, employees, attorneys, agents and accountants available to discuss with Buyer and its representatives such aspects of the business and operations of KOCE as Buyer may reasonably require; provided, however, that in each instance mutually satisfactory arrangements shall be made in advance in order to avoid interruption and to minimize interference with the normal business and operations of Seller.

6.3 Seller's Access to Information. Buyer covenants and agrees that, pending the Closing, Buyer shall give Seller and its counsel, accountants, engineers, investment bankers, potential lenders and other authorized representatives reasonable access, at Seller's risk and expense, during normal business hours throughout the period prior to the Closing or the earlier termination of this Agreement, to all of its books, records, agreements, reports and other documents and all of its KOCE related assets and shall furnish Seller, its counsel, accountants, engineers, investment bankers, potential lenders and other authorized representatives during such period with copies of all information concerning the affairs of KOCE as they may reasonably request in order to enable Seller to make such examinations and investigations thereof as it shall reasonably deem necessary, including, without limitation, all contracts, agreements and leases related to its assets and any amendments, renewals or other modifications thereof, and Buyer shall make appropriate officers, employees, attorneys, agents and accountants available to discuss with Seller and its representatives such aspects of its business and operations as Seller may reasonably require; provided, however, that in each instance mutually satisfactory arrangements shall be made in advance in order to avoid interruption and to minimize interference with the normal business and operations of Buyer.

6.4 Buyer's Covenants.

6.4.1 Prior to Closing. Buyer covenants and agrees that Buyer shall promptly notify Seller of (a) any litigation pending or, to its knowledge, threatened against or affecting Buyer or which challenges or seeks any damages or other payments in connection with the transactions contemplated hereby or (b) any events or circumstances that could reasonably be expected to delay or hinder the consummation of the transactions contemplated hereby. Buyer also covenants and agrees that Buyer shall not take any action which would (or fail to take any action, the failure of which would) (i) have a material adverse effect on the transactions contemplated hereby, or (ii) delay or hinder the consummation of the transactions contemplated hereby. Buyer further covenants and agrees that it will not hire any employees or consultants, or undertake any new projects, campaigns or actions involving the expenditure of any funds without first obtaining the Seller's prior written consent and without identifying a new source of funds to cover such expenditure. Buyer further covenants and agrees to continue its solicitation

efforts to raise money through pledges to meet the operating costs of the KOCE Business. All non-restricted sums raised will be applied to pay all such operating costs.

6.4.2 Transfer of Assets Related to Business of KOCE. Buyer shall not sell, assign, lease or otherwise transfer or dispose of any of its material assets related to the business or operations of KOCE, except where such disposition is in the ordinary course of business or the assets involved are either: (a) no longer used or useful; or (b) replaced with a substantially equivalent asset of substantially equivalent kind, condition and value; provided, however, that Buyer shall provide Seller with prior written notice of such proposed action and shall be required to obtain Seller's prior written consent for any such action that would result in an aggregate expenditure by the Buyer in excess of \$10,000.

6.4.3 Post-Closing Covenant. Buyer covenants and agrees to maintain KOCE as a non-commercial, educational television station until the Note has been paid in full.

6.5 KOCE Budget if Closing Delayed. Buyer and Seller acknowledge and agree that the operating budget for KOCE for the fiscal year ending June 30, 2004 will result in a significant deficit. If, for any reason or no reason, the Closing does not occur on or before June 30, 2004, Buyer and Seller agree to cooperate in revising the operations of KOCE to ensure that there will not be a deficit in the fiscal year beginning July 1, 2004.

6.6 Post-Closing Cooperation.

6.6.1 Transition. Buyer and Seller shall cooperate with each other, and shall cause their officers, employees, agents, auditors and representatives to cooperate with each other, for a period of 180 days after the Closing to ensure the orderly transition of the operations of KOCE and the Purchased Assets from Seller to Buyer and to minimize any disruption to the business or operations of KOCE and the other respective businesses or operations of Seller and Buyer that might result from the transactions contemplated hereby. After the Closing, upon reasonable written notice, Buyer and Seller shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives access, during normal business hours, to such information and assistance relating to the business and operations of KOCE (to the extent within the control of such party) as is reasonably necessary for financial reporting and accounting matters and the conduct of litigation and other proceedings.

6.6.2 Tax Returns. After the Closing, upon reasonable written notice, Buyer and Seller shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance (to the extent within the control of such party) relating to the Purchased Assets and the business or operations of KOCE (including access to books and records) as is reasonably necessary for the filing of all Tax returns, and making of any election related to Taxes, the preparation for any audit by any Taxing authority, and the prosecution or defense of any claim, suit or proceeding related to any Tax return. Seller and Buyer shall cooperate with each other in the conduct of any audit or other proceeding relating to Taxes involving KOCE.

6.6.3 Supplies. After the Closing Date, neither Seller nor Buyer shall use stationery, purchase order forms or other similar paper goods or supplies, that state or otherwise indicate thereon that KOCE is a division or unit of any of Seller or any of its Affiliates.

6.6.4 Attendance/Observer Rights. After the Closing Date and for so long as the Note remains outstanding, Buyer shall deliver to Seller regular notice, agendas and minutes of all Board of Director's and Finance Committee meetings of Buyer and Seller shall have the right to attend any and all such meetings in its sole discretion.

ARTICLE VII.

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PARTIES

7.1 Conditions Precedent to the Obligation of Buyer. The obligations of Buyer under this Agreement are subject, at Buyer's option, to the satisfaction on or prior to the Closing of each of the following express conditions precedent:

7.1.1 FCC Consent. The FCC (including, for purposes hereof, the FCC staff under delegated authority) shall have consented to the assignment of the KOCE Licenses from Seller to Buyer ("FCC Consent") without any condition or qualification that is materially adverse to Buyer and, at Buyer's option, such consent shall have become a Final Order.

7.1.2 Accuracy of Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be true and correct in all respects at and as of the Closing as though made on the Closing Date, except insofar as any such

representation or warranty expressly relates to any specified earlier date or is no longer true as a result of the transactions contemplated by this Agreement and except to the extent the failure to be true or correct would not, either individually or in the aggregate, have a Material Adverse Effect.

7.1.3 Compliance with Agreement. Seller shall have performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by them prior to or on the Closing Date.

7.1.4 No Obstructive Proceeding.

(a) No Governmental Intervention. None of the parties to this Agreement nor their Affiliates shall have received written notice from any Governmental Authority of: (i) its intention to institute any action or proceeding to restrain or enjoin or nullify or render ineffective this Agreement or the transactions contemplated hereby if consummated, or commence any investigation into the consummation of this Agreement or the transactions contemplated hereby; or (ii) the actual commencement of such an investigation or action; provided, that, in the event such a notice of intention is received or such an investigation or action is commenced, this Agreement may not be terminated by any of the parties for a period of thirty (30) days from the earlier of the date such notice of intention is first received by any party to this Agreement or notice of commencement of such an investigation or action is first received by any party hereto (but consummation hereof shall be delayed during such period).

(b) No Order. No order, decree or judgment of any Governmental Authority shall be subsisting against any of the parties to this Agreement which would render it unlawful or materially restrain or limit Buyer's ability, as of the Closing Date, to effect the transactions contemplated hereunder.

7.1.5 Authorization. Buyer shall have received certified copies of all of the respective actions taken by Seller authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder.

7.1.6 Certifications. Seller shall have delivered to Buyer a schedule showing in all material respects all Contracts or agreements or amendments, renewals or other modifications thereof (other than those which would not be subject to disclosure pursuant

to Section 4.6 hereof) that Seller has entered into with respect to KOCE after the date of this Agreement and which are to be assigned to Buyer hereunder.

7.1.7 Removal of Encumbrances. All Encumbrances of any kind and nature, other than Permitted Encumbrances, shall have been removed from the Purchased Assets.

7.1.8 Officers' Certificates. Seller shall have delivered to Buyer a certificate signed by its Chancellor or a designated Vice Chancellor dated the Closing Date to the effect that the conditions set forth in Sections 7.1.2, 7.1.3 and 7.1.4 hereof have been satisfied.

7.1.9 Consents. Seller shall have obtained written consents from all third parties listed on Schedule 4.3.1.

7.2 Conditions to Obligations of Seller. The obligations of Seller under this Agreement are subject, at Seller's option, to the satisfaction on or prior to the Closing of each of the following express conditions precedent:

7.2.1 FCC Consent. The FCC Consent shall have been obtained without any condition or qualification that is materially adverse to Seller or any of its Affiliates and, at Seller's option, such consent shall have become a Final Order.

7.2.2 Accuracy of Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and complete in all material respects at and as of the Closing as though made on the Closing Date or, in the case of representations and warranties made as of a specific earlier date, at and as of such earlier date.

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

7.2.4 Delivery of Instruments of Assumption. Buyer shall have delivered to Seller, in accordance with Section 2.3 hereof instruments (in form and substance reasonably satisfactory to Seller's counsel) pursuant to which Buyer assumes and agrees to perform the Assumed Obligations.

7.2.5 No Obstructive Proceeding.

(a) No Governmental Intervention. None of the parties to this Agreement or their Affiliates shall have received written notice from any

Governmental Authority of: (i) its intention to institute any action or proceeding to restrain or enjoin or nullify or render ineffective this Agreement or the transactions contemplated hereby if consummated, or commence any investigation into the consummation of this Agreement and the transactions contemplated hereby; or (ii) the actual commencement of such an investigation or action; provided, that, in the event such a notice of intention is received or such an investigation or action is commenced, this Agreement may not be terminated by any of the parties for a period of thirty (30) days from the earlier of the date such notice of intention is first received by any party to this Agreement or notice of commencement of such an investigation or action is first received by any party hereto (but consummation hereof shall be delayed during such period).

(b) No Order. No order, decree or judgment of any Governmental Authority shall be subsisting against any of the parties which would render it unlawful or materially restrain or limit Seller's ability, as of the Closing Date, to effect the transactions contemplated hereunder in accordance with the terms hereof.

7.2.6 Authorizations. Seller shall have received certified copies of all of the actions taken by Buyer authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder.

7.2.7 Officer's Certificate. Buyer shall have delivered to Seller a certificate signed by its Chairman, President, Vice President, Secretary or Treasurer dated the Closing Date to the effect that the conditions set forth in Sections 7.2.2, 7.2.3 and 7.2.5 hereof have been satisfied.

7.2.8 Golden West Lease. Seller and Buyer shall have entered into a lease for the KOCE Administration and Studio buildings located at 15751 Gothard Street, Huntington Beach, California 92647 on the Golden West College campus in substantially the form of Exhibit A attached hereto.

ARTICLE VIII.

CLOSING DELIVERIES; INSTRUMENTS OF CONVEYANCE AND TRANSFER

8.1 Instruments of Conveyance and Transfer of Real Property. At the Closing, in order to effect the transfers, conveyances or assignments from Seller to Buyer, Seller shall

deliver to Buyer, in form and substance reasonably satisfactory to Buyer, assignments, certificates and other necessary instruments assigning to Buyer all right, title and interest of the Seller in and under all real property leases and all leasehold interests included in the Purchased Assets.

8.2 Instruments of Conveyance and Transfer of Personal Property. At the Closing, in order to effect the transfers, conveyances and assignments from Seller to Buyer, Seller shall deliver to Buyer the following bills of sale, certificates, assignments and other instruments of transfer assigning, transferring and conveying to Buyer title to all of the personal property, tangible or intangible, included in the Purchased Assets, free and clear of all Encumbrances of any kind other than Permitted Encumbrances, all in form reasonably satisfactory to counsel for Buyer, and dated the Closing Date:

8.2.1 Assignment of Leases. Assignment and assumption of all leases and leasehold interests in personal property included in the Purchased Assets, including all rights under the lease agreements referred to in Schedule 1-B hereto;

8.2.2 Bills of Sale. Bills of sale for all tangible personal property included in the Purchased Assets;

8.2.3 Assignments of Licenses. Assignment and assumption of the KOCE Licenses; and

8.2.4 Assignments of Contracts. Assignment and assumption of all contracts and other intangible assets included in the Purchased Assets.

8.3 Additional Closing Deliveries. In addition to the closing deliveries set forth in Sections 8.1 and 8.2 hereof, at the Closing (i) Buyer shall deliver to Seller the Note, duly executed by Buyer, (ii) Buyer shall deliver to Seller the Closing Cash Payment, (iii) Seller and Buyer shall execute and deliver a security agreement in substantially the form of Exhibit D attached hereto (the "Security Agreement"); and (iv) Seller and Buyer shall deliver Schedules hereto that have been updated as of the Closing.

8.4 Further Assurances. Buyer and Seller agree to take any and all steps reasonably requested by the other to consummate and complete the transactions contemplated by this Agreement and will do, execute, acknowledge and deliver all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required therefor.

ARTICLE IX.

RISK OF LOSS; FAILURE OF BROADCAST TRANSMISSION

9.1 Risk of Loss. The risk of any loss, damage or impairment, confiscation or condemnation of the Purchased Assets or any part thereof from fire or any other casualty or cause shall be borne by Seller at all times prior to the Closing. In any such event, the proceeds of or any claim for any loss payable under any insurance policy, claim, judgment or award with respect thereto (collectively, the "Proceeds") shall be paid to Seller, which shall substantially repair, replace or restore any such Purchased Assets as soon as possible after such loss, impairment, confiscation or condemnation; provided, however, that, if Seller reasonably concludes that the Proceeds plus any deductible amounts under any applicable insurance policies (excluding business interruption and "extra expense" insurance proceeds for the period prior to Closing) are inadequate to complete such repair, replacement and restoration, Seller may, by written notice thereof to Buyer within thirty (30) days of any such occurrence, terminate this Agreement without any continuing obligation either from Buyer or Seller to the other parties, unless Buyer accepts the assets "as is," in which event the Purchase Price shall be reduced by an amount equal to any and all Proceeds (excluding business interruption and "extra expense" insurance proceeds for the period prior to Closing) actually received by Seller under applicable insurance policies, in lieu of such repair, replacement or restoration.

9.2 Failure of Broadcast Transmission. If any event referred to in Section 9.1 hereof occurs, or if any event occurs which prevents broadcast transmission by KOCE in the normal and usual manner, and if Seller cannot restore or replace the Purchased Assets so that such condition(s) are cured and normal and usual transmission can be resumed before the Closing Date and Seller has not terminated this Agreement, as permitted by Section 9.1 hereof, then the Closing Date shall be postponed, the exact date and time of such postponed Closing to be such date and time within the effective period of the FCC Consent prior to the Final Order as shall be designated by Seller upon five (5) days' written notice to Buyer. In the event that such Purchased Assets cannot be restored within such time period and Seller has not terminated this Agreement, as permitted by Section 9.1 hereof, the parties shall join in an application or applications requesting the FCC to extend the effective period of the FCC Consent for a period of an additional sixty (60) days. If such Purchased Assets have not been restored or replaced by the Closing Date, as and to the extent postponed pursuant to this Section 9.2, then each party

hereto shall each have the right, by giving written notice of its election to do so to the other parties, to terminate this Agreement forthwith without any further obligation hereunder.

Anything herein contained to the contrary notwithstanding, Buyer may, at its option, accept such Purchased Assets "as is" and proceed to close the transaction forthwith and complete the restoration and replacement of the damaged Purchased Assets after the Closing Date, in which event the Purchase Price shall be reduced by an amount equal to any and all Proceeds (excluding business interruption and "extra expense" insurance proceeds for the period prior to Closing) actually received by Seller under applicable insurance policies, up to an amount not to exceed the amount necessary to restore or replace such damaged Purchased Assets.

ARTICLE X.

BOOKS AND RECORDS

Except for the Excluded Assets, Buyer shall be entitled to all records, including but not limited to Contracts, the KOCE Licenses and all other licenses, permits and authorizations under any applicable law, books of account, technical information and engineering data, programming information, employment records, customer lists and files, FCC logs, asset history files, and other documents of Seller relating to its operation of KOCE prior to the Closing Date as shall be reasonably necessary for the maintenance of the business affairs of KOCE after the Closing Date; provided, however, that for a period of three (3) years Buyer shall retain and make available for inspection by Seller or its representatives for any reasonable purpose all such records, books of account, files, documents and correspondence, and Buyer shall not dispose of, alter or destroy any such materials without giving ninety (90) days' prior written notice to Seller so that Seller may, at its expense, examine, make copies of or take possession of such materials.

ARTICLE XI.

POSSESSION AND CONTROL OF KOCE

Notwithstanding any other provision of this Agreement, 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 KOCE, and the conduct of such business operations, including control and supervision of programming, shall be the sole responsibility of, and in the complete discretion and independent and separate control of, Seller.

Neither title to KOCE, the Purchased Assets nor right to possession thereof shall pass to Buyer until the Closing Date.

ARTICLE XII.

BROKERS

Buyer represents and warrants to Seller that it has not engaged any broker, finder or consultant in connection with this Agreement and the transactions contemplated herein or any aspect thereof. Seller represents and warrants to Buyer that it has not engaged any broker, finder or consultant in connection with this Agreement and the transactions contemplated herein or any aspect thereof other than Media Venture Partners, the fees and expenses of which shall be paid by Seller. Each party agrees to indemnify and hold the other parties harmless from any and all loss, cost, liability, damage and expense (including legal and other expenses incident thereto) in respect of any claim for a broker, finder or consultant's fee or commission or similar payment by virtue of any alleged agreements, arrangements or understandings with the indemnifying party.

ARTICLE XIII.

INDEMNIFICATION

13.1 **Survival.** The several representations and warranties of the parties contained in this Agreement (or in any document delivered in connection herewith) shall survive for twelve (12) months following the Closing Date. The several covenants and agreements of the parties contained in this Agreement (or in any document delivered in connection herewith) shall remain operative and in full force and effect without any time limitation, except as any such covenant or agreement shall be limited in duration by the express terms hereof.

13.2 **Seller's Indemnification - Breach.** Subject to the limitations contained in this Article XIII, Seller agrees to indemnify, defend and hold Buyer harmless from and after the Closing from and against any and all loss, cost, liability, damage and expenses (including reasonable legal and other expenses incident thereto but excluding any diminution in value of any Purchased Asset), in each instance excluding consequential damages, actually incurred or suffered (collectively, "**Damages**") by Buyer resulting from:

- (a) Seller's breach of its covenants and agreements contained in this Agreement;

(b) any breach or inaccuracy of any representation or warranty of Seller contained in this Agreement or in any certificate delivered pursuant hereto; and

(c) any Retained Liabilities.

(d) Seller shall not have any liability under this Section 13.2 unless the aggregate of all Damages for which Seller would, but for this provision, be liable under Section 13.2 exceed on a cumulative pre-tax basis an amount equal to 1% of the Cash Purchase Price (the “Indemnity Basket”).

13.3 Buyer’s Indemnification. Buyer agrees to indemnify, defend and hold Seller harmless from and after the Closing from and against any and all Damages incurred by Seller resulting from:

(a) Buyer’s breach of any of its covenants and agreements contained in this Agreement;

(b) any breach or inaccuracy of any representation or warranty of Buyer contained in this Agreement or in any certificate delivered pursuant hereto;

(c) any Assumed Obligations; and

(d) any Liabilities relating to KOCE and the operations of KOCE after the Closing Date due to actions caused solely by Buyer.

13.4 Limitations. No officer, director, employee or agent of Seller or Buyer or of any of their respective Affiliates shall have any Liability under this Agreement or any document delivered in connection herewith.

13.5 Taxes. Seller, on the one hand, and Buyer, on the other hand, agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance (including access to books and records) relating to the Purchased Assets as is reasonably necessary for the preparation of any return of Taxes, claim for refund or audit, and the prosecution or defense of any claim, suit or proceeding relating to any proposed adjustment. Any indemnity payment by Seller to Buyer under Section 13.2 shall be deemed a reduction of the Purchase Price.

13.6 Method of Asserting Claim.

13.6.1 Third Party Claims.

(a) A Person seeking indemnification under this Article XIII (an “Indemnified Person”) shall give written notification to the Person from whom

indemnification is sought (the "Indemnifying Person") of the commencement of any suit or proceeding relating to a third party claim or any other assertion of Liabilities by a third party (a "Third Party Claim") which the Indemnified Person has reasonable basis to believe may give rise to any Damages for which indemnification pursuant to this Article XII may be sought. Such notification shall be given within twenty (20) business days after receipt by the Indemnified Person of notice of such Third Party Claim, and shall describe the nature of, and (to the extent known by the Indemnified Person) the facts constituting the basis for, such Third Party Claim and the amount of the claimed Damages; provided, however, that no delay on the part of the Indemnified Person in notifying the Indemnifying Person shall relieve the Indemnifying Person of any Liability or obligation hereunder except to the extent of any Damages caused by or arising out of such failure. Such notice shall be accompanied by copies of all relevant documentation with respect to such Third Party Claim, including, but not limited to, any summons, complaint or other pleading which may have been served, any written demand, and any other documentation.

(b) Within thirty (30) days after delivery of such notification, the Indemnifying Person may, upon written notice thereof to the Indemnified Person, assume control of the defense of such suit, claim or proceeding with counsel reasonably satisfactory to the Indemnified Person. If the Indemnifying Person does not so assume control of such defense, the Indemnified Person shall control such defense. The party not controlling such defense (the "Non-controlling Party") may participate therein at its own expense. The party controlling such defense (the "Controlling Party") shall keep the Non-controlling Party advised of the status of such suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the Non-controlling Party with respect thereto. The Non-controlling Party shall furnish the Controlling Party with such information as it may have with respect to such suit or proceeding (including copies of any summons, complaint or other pleading that may have been served on such party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise cooperate with and assist

the Controlling Party in the defense of such suit or proceeding. The Indemnifying Person shall not agree to any settlement of, or the entry of any judgment arising from, any such suit or proceeding without the prior written consent of the Indemnified Person, which shall not be unreasonably withheld or delayed. The Indemnified Person shall not agree to any settlement of, or the entry of any judgment arising from, any such suit or proceeding without the prior written consent of the Indemnifying Person, which shall not be unreasonably withheld or delayed.

13.6.2 Indemnification Claims by the Parties.

(a) In order to seek indemnification under this Article XIII, an Indemnified Person shall give written notification (a "Claim Notice") to the Indemnifying Person which contains (i) a description and the amount (the "Claimed Amount"), including the basis therefor, of any Damages incurred by the Indemnified Person, (ii) a statement that the Indemnified Person is entitled to indemnification under this Article XIII for such Damages and a reasonable explanation of the basis therefor, and (iii) a demand for payment in the amount of such Damages, subject to the limitations contained in this Article XIII.

(b) Within thirty (30) days after delivery of a Claim Notice, the Indemnifying Person shall deliver to the Indemnified Person a written response (the "Response") in which the Indemnifying Person shall: (i) agree that the Indemnified Person is entitled to receive all of the Claimed Amount; (ii) agree that the Indemnified Person is entitled to receive part, but not all, of the Claimed Amount (the "Agreed Amount"); or (iii) dispute that the Indemnified Person is entitled to receive any of the Claimed Amount. If the Indemnifying Person in the Response disputes the payment of all or part of the Claimed Amount, the Indemnifying Person and the Indemnified Person shall follow the procedures set forth in Section 13.6.2(c) for the resolution of such dispute (a "Dispute").

(c) During the sixty (60) day period following the delivery of a Response that reflects a Dispute, the Indemnifying Person and the Indemnified Person shall use good faith efforts to resolve the Dispute. If the Dispute is not resolved within such sixty (60) day period, the Indemnifying Person and the

Indemnified Person shall discuss in good faith the submission of the Dispute to a mutually acceptable alternative dispute resolution procedure (which may be non-binding or binding upon the parties, as they agree in advance) (the “ADR Procedure”). In the event the Indemnifying Person and the Indemnified Person agree upon an ADR Procedure, such parties shall, in consultation with the chosen dispute resolution service (the “ADR Service”), promptly agree upon a format and timetable for the ADR Procedure, agree upon the rules applicable to the ADR Procedure, and promptly undertake the ADR Procedure. The provisions of this Section 13.6.2(c) shall not obligate the Indemnifying Person and the Indemnified Person to pursue an ADR Procedure or prevent either such party from pursuing the Dispute in a court of competent jurisdiction; provided, that, if the Indemnifying Person and the Indemnified Person agree to pursue an ADR Procedure, neither the Indemnifying Person nor the Indemnified Person may commence litigation or seek other remedies with respect to the Dispute prior to the completion of such ADR Procedure. Any ADR Procedure undertaken by the Indemnifying Person and the Indemnified Person shall be considered a compromise negotiation for purposes of federal and state rules of evidence, and all statements, offers, opinions and disclosures (whether written or oral) made in the course of the ADR Procedure by or on behalf of the Indemnifying Person, the Indemnified Person or the ADR Service shall be treated as confidential and, where appropriate, as privileged work product. Such statements, offers, opinions and disclosures shall not be discoverable or admissible for any purposes in any litigation or other proceeding relating to the Dispute (provided that this sentence shall not be construed to exclude from discovery or admission any matter that is otherwise discoverable or admissible). The fees and expenses of any ADR Service used by the Indemnifying Person and the Indemnified Person shall be shared equally by the Indemnifying Person, on the one hand, and the Indemnified Person on the other hand.

13.7 Indemnitor’s Obligations. Except for Third Party Claims being defended in good faith and claims subject to an unresolved Dispute, the Indemnifying Person shall satisfy its obligations hereunder in cash within thirty (30) days after the Claim Notice.

13.8 Recovery. Each party shall seek recovery of losses or Damages from any insurance policies or any third parties prior to recovering money from the other party and otherwise take all commercially reasonable steps to mitigate any loss or Damage. The amount of any Damages for which indemnification is provided under this Agreement shall be net of any amounts actually recovered by an Indemnified Person from third parties (including amounts actually recovered under insurance policies), less the costs incurred in obtaining such recoveries.

13.9 Subrogation. In the event that the Indemnifying Person makes any payment to any Indemnified Person for indemnification for which such Indemnified Person could have collected on a claim against a third party (including under any contract and any insurance claims), the Indemnifying Person shall be entitled to pursue claims and conduct litigation on behalf of such Indemnified Person and any of its successors, to pursue and collect on any indemnification or other remedy available to such Indemnified Person thereunder with respect to such claim and generally to be subrogated to the rights of such Indemnified Person. Except pursuant to a settlement agreed to by the Indemnifying Party, the Indemnified Party shall not waive or release any contractual right to recover from a third party any loss subject to indemnification hereby without the prior written consent of the Indemnifying Party.

13.10 Limitation on Liability. The parties hereto acknowledge and agree that from and after the Closing the sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement (other than any claims relating to a breach of a covenant or agreement under this Agreement which by its terms contemplates performance after the Closing) shall be made pursuant to the provisions of this Article XIII. Furthermore, the parties hereto acknowledge and agree that Seller's liability for a breach of any provision of this agreement shall be capped as set forth in Section 13.2 hereof.

13.11 Termination of Indemnification. The obligations to indemnify and hold harmless any party: (a) pursuant to Section 13.2(b) or 13.3(b) shall terminate when the applicable representation or warranty terminates pursuant to Section 13.1; provided, however, that such obligations to indemnify and hold harmless shall not terminate with respect to any item as to which an Indemnified Person shall have, before the expiration of the applicable period, previously made a claim by delivering a notice of such claim pursuant to Section 13.6.1 or 13.6.2 to the Indemnifying Person; and (b) pursuant to clauses (a) and (c) of Section 13.2 or clauses (a), (c) and (d) of Section 13.3 shall not terminate.

13.12 Third Party Claims. Buyer and Seller each acknowledge and agree that neither shall have any obligation to reimburse or otherwise indemnify the other for any costs, expenses, liabilities, obligations or damages incurred by the other arising out of or related to any claims made by any third party relating to this Agreement, the transactions contemplated hereby, or to Seller's agreement to sell the Purchased Assets to Buyer.

ARTICLE XIV.

COSTS AND EXPENSES

Except as expressly provided elsewhere herein, each of the parties hereto shall bear all costs and expenses incurred by it in connection with this Agreement and in the preparation for and consummation of the transactions provided for herein. The payment of all sales, use, transfer or similar Taxes, documentation stamps, recording costs or other similar charges imposed by any and all Governmental Authorities (excluding any income Taxes) with respect to the transfer of title to the Purchased Assets hereunder and the other transactions contemplated hereby shall be borne by Buyer. All costs and fees incurred in connection with clearing and removing any Encumbrances other than Permitted Encumbrances (or such other Encumbrances as are assumed by Buyer) shall be the responsibility of Seller.

ARTICLE XV.

TERMINATION

15.1 Events of Termination. This Agreement may be terminated:

15.1.1 Buyer. Subject to Section 16.1 hereof, by Buyer, if the Closing shall not have occurred on or prior to March 17, 2005 (other than as a result of the failure by Buyer or its Affiliates to comply in all material respects with their obligations under this Agreement);

15.1.2 Seller. Subject to Section 16.1 hereof, by Seller, if the Closing shall not have occurred on or prior to March 17, 2005 (other than as a result of the failure by Seller or its Affiliates to comply in all material respects with their obligations under this Agreement);

15.1.3 Mutual Consent. By mutual consent of Buyer and Seller;

15.1.4 Seller or Buyer. Subject to Section 16.1 hereof, by Seller or by Buyer if, at or before the Closing, any condition set forth herein for the benefit of Seller or Buyer,

respectively, shall not have been timely met and cannot be met on or before March 17, 2005 and has not been waived; provided, however, that neither Seller nor Buyer, as applicable, shall be entitled to terminate this Agreement pursuant to the foregoing provision if the failure of any condition set forth herein is caused, in whole or in part, by Seller's or Buyer's, as applicable, material breach of any covenant or agreement hereunder; or

15.1.5 Other. As otherwise provided in this Agreement.

15.2 Effect of Termination.

15.2.1 Effect. If this Agreement is validly terminated pursuant to Section 15.1, this Agreement shall forthwith become null and void, and there shall be no liability or obligation on the part of any party hereto (or any of their respective officers, directors, employees, agents or other representatives or Affiliates), except as provided in Section 15.2.2 hereof and except that the provisions with respect to expenses in Article XIV hereof shall continue to apply following any such termination.

15.2.2 Generally. Notwithstanding any other provision in this Agreement to the contrary, upon termination of this Agreement pursuant to Section 15.1 hereof (excluding Sections 15.1.1 and 15.1.3 thereof), Seller shall remain liable to Buyer for any willful breach of this Agreement by Seller existing at the time of such termination, and Buyer shall remain liable to Seller for any willful breach of this Agreement by Buyer existing at the time of such termination, and Seller, on the one hand, or Buyer, on the other hand, may seek such remedies, including Damages and fees of attorneys, against the other with respect to any such breach as are provided in this Agreement or as are otherwise available at law or in equity.

ARTICLE XVI.

MISCELLANEOUS

16.1 Grace Period. Notwithstanding any other provision of this Agreement, if a default by any party hereto can reasonably be cured or a condition satisfied within thirty (30) business days after the time initially fixed for the Closing as set forth herein, then the Closing Date shall be extended for the period (not to exceed thirty (30) business days) required for such party to make such cure or satisfaction; provided that such default does not, and would not reasonably be expected to, have a Material Adverse Effect or a material adverse effect on Seller. If such cure

or satisfaction cannot be, or is not, completed within fifteen (15) business days after such initial time, then the rights of the parties shall be governed by the applicable provisions of this Agreement. Buyer and Seller acknowledge and agree that the grace period provided for in this Section 16.1 shall not apply to the Buyer's obligations pursuant to Section 5.6.1 hereof.

16.2 Further Assurances. Each party shall, from time to time, upon the request of another party, execute, acknowledge and deliver to the other party such other documents or instruments, and take any and all actions as are reasonably necessary for the implementation and consummation of the transactions contemplated by this Agreement.

16.3 Notice of Proceedings. Each party hereto shall promptly and in any case within fifteen (15) business days notify the other parties in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder, or upon receiving any notice from any Governmental Authority of its intention to institute an investigation into, or institute a suit or proceeding to restrain or enjoin the consummation of this Agreement or such transactions, or to nullify or render ineffective this Agreement or such transactions if consummated.

16.4 Notices. Any notice, request, demand or consent required or permitted to be given under this Agreement shall be in writing (including telexes, telecopies, facsimile transmissions and similar writings) and shall be effective when transmitted and confirmation of receipt is obtained for telexes, telecopies, facsimile transmissions and similar writings; when delivered personally; one (1) day after being sent by recognized overnight courier; and five (5) days after being sent by registered mail, first class, postage prepaid, return receipt requested; in each case to the following address or telecopier number, as applicable:

If to Seller to:

Coast Community College District
1370 Adams Avenue
Costa Mesa, CA 92626
Attention: Vice Chancellor of Administrative
Services
Telephone: (714) 438-4600
Facsimile: (714) 438-4880

with copies to:

Rutan & Tucker, LLP
611 Anton Boulevard, 14th Floor
Costa Mesa, CA 92626
Attention: Milford W. Dahl, Jr., Esq.
Telephone: (714) 641-5100
Facsimile: (714) 546-9035

If to Buyer to:

KOCE-TV Foundation
P.O. Box 2476
15751 Gothard Street
Huntington Beach, CA 92647
Attention: Chairman, KOCE-TV
Foundation
Telephone: (714) 895-5623
Facsimile: (714) 895-8949

with copies to:

St. George & Carnegie
5405 Alton Parkway, Suite 5A #540
Irvine, CA 92604
Attention: Ardelle St. George, Esq.
Telephone: (949) 854-8405
Facsimile: (949) 854-5445

or at such other address as either party shall specify by notice to the other.

16.5 Headings and Entire Agreement; Amendment. The article, section and subsection headings do not constitute any part of this Agreement and are inserted herein for convenience of reference only. This Agreement embodies the entire agreement between the parties with respect to the subject matter hereof and supersedes all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the date hereof. This Agreement may not be amended, modified or changed orally, but only in writing signed by the party against whom enforcement of any amendment, modification, change, waiver, extension or discharge is sought.

16.6 Waiver. No waiver of a breach of, or default under, any provision of this Agreement shall be deemed a waiver of such provision or of any subsequent breach or default of the same or similar nature or of any other provision or condition of this Agreement.

16.7 Binding Effect and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties. Neither this Agreement nor any obligation hereunder shall be assignable except with the prior written consent of the other parties hereto which may be withheld for any reason; provided, however, that Buyer may assign this Agreement, in whole or

in part, to any direct or indirect wholly owned subsidiary thereof, provided Buyer agrees in writing with Seller to unconditionally guarantee all obligations of such assignee under this Agreement.

16.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which taken together shall constitute one agreement.

16.9 Exhibits, Schedules and Attachments. The Exhibits and Schedules attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions in this Agreement shall control.

16.10 Rights Cumulative. Except as set forth herein, all rights, powers and remedies herein given to the parties hereto are cumulative and not alternative, and are in addition to all statutes or rules of law.

16.11 Governing Law; Venue. This Agreement, and the rights and obligations of the parties hereto, shall be governed by and construed in accordance with the laws of the State of California. Each party irrevocably consents to the exclusive jurisdiction of any state or federal court sitting in Orange County, California, in any action arising out of or relating to this Agreement and agrees that all claims in respect of the action may be heard and determined in any such court. Each party also agrees not to bring any action arising out of or relating to this Agreement in any other court. Each party agrees that a final judgment in any action so brought shall be conclusive and may be enforced by action on the judgment or in any other manner provided at law or in equity. Each party waives any defense of inconvenient forum to the maintenance of any action so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto.

16.12 Attorney's Fees. In the event of any dispute or litigation between the parties hereto arising out of this Agreement, including the necessity of either party to defend any action which has been covered hereby, or to prosecute any action to enforce this Agreement, the losing party shall pay all reasonable costs and expenses, including reasonable attorneys' fees of the prevailing party, and any judgment or decision rendered against either of the parties may specifically include such reasonable costs, expenses and reasonable attorneys' fees of the prevailing party.

16.13 Meet and Confer Requirement. In the event of any dispute, claim, question or disagreement arising out of or relating to this Agreement, prior to initiating legal action, and as a condition precedent to being entitled to file such legal action, the parties hereto shall use their best good faith efforts to settle such disputes, claims, questions or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

16.14 Arbitration. If the parties are unable to resolve a dispute between them after meeting and conferring pursuant to Section 16.13 above, then the parties agree that such dispute, whether based in contract, tort, statute or other legal or equitable theory, will be submitted to arbitration in the County of Orange, State of California before a retired California Superior Court Judge or a retired California Appellate Court or Supreme Court Justice or before a retired Federal Court Judge or Justice. If the parties are unable to agree to an arbitrator, the arbitration shall be submitted before the Judicial Arbitration and Mediation Services, Inc. ("JAMS") or Judicate West or the American Arbitration Association ("AAA"). The parties may agree on a retired judge from the selected entity panel. If they are unable to agree, the selected entity will provide a list of available judges and each party may strike one. The arbitration service selected shall select the arbitrator from the remaining names. The parties waive their rights to a jury trial. The arbitration shall be held in accordance with the rules of selected entity and California substantive law shall apply. Each party shall pay one-half of the arbitration fees. The arbitrator may award costs, including arbitration fees and attorneys' fees, to the prevailing party. The parties shall be entitled to only the following limited discovery:

- (a) each party shall exchange all documents relevant to the subject matter of the dispute;
- (b) each party shall be entitled to one deposition limited to four hours;
- (c) each party may serve one set of interrogatories limited to 15 interrogatories including subparts;
- (d) each party may make application to the arbitrator to order the deposition of a witness to be taken for use as evidence and not for discovery if the witness cannot be compelled to attend the hearing or if such exceptional circumstances exist as to make it desirable in the interest of justice and with due

regard to the importance of presenting the testimony of witnesses at the hearing to allow the deposition to be taken.

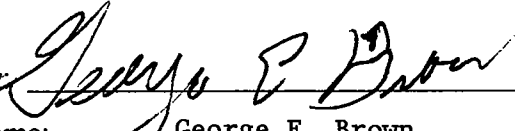
16.15 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance, is held invalid, such invalidity shall not affect any other provision which can be given effect without the invalid provision or application, and to this end the provisions hereof shall be severable.

16.16 Third Party Rights. Except as expressly provided in Article XIII hereof with respect to Indemnified Persons and the Persons referred to in Section 13.4, nothing in this Agreement (including the Schedules, Exhibits and other attachments hereto, or any ancillary agreement, instrument or document contemplated hereby or relating hereto) shall be deemed to create any right with respect to any Person not a party to, or any property not subject to, this Agreement.

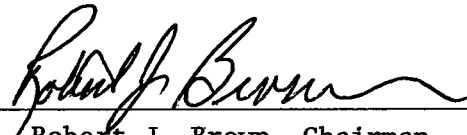
16.17 Press Releases. Except as otherwise required by law, Buyer and Seller shall: (a) prior to its issuance of any press release relating to the transactions contemplated by this Agreement, submit to the other parties, and obtain the approval of such parties to the press release, which approval shall not be unreasonably withheld; and (b) use best efforts to characterize the other parties, in any other public statements made by the party making such statement about the other parties, on substantially the same basis as in any press release made by the party making such statement.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the date and year first above written.

COAST COMMUNITY COLLEGE DISTRICT

By: 
Name: George E. Brown
Title: President, CCCD Board of Trustees

KOCE-TV FOUNDATION

By: 
Name: Robert J. Brown, Chairman
Title: KOCE-TV Foundation Board of Directors

Schedule 4.5
KOCE Licenses

Analog License – La Habra

<u>Call Sign</u>	<u>Channel</u>	<u>Frequency (MHz)</u>	<u>Facility ID</u>	<u>Expiration</u>	<u>Service</u>	<u>Location</u>
KOCE-TV	50	686-692	4328	12/01/06	TV	Huntington Beach, CA

Analog Construction Permit – Mt. Wilson

<u>Call Sign</u>	<u>Channel</u>	<u>Frequency (MHz)</u>	<u>Facility ID</u>	<u>Expiration</u>	<u>Service</u>	<u>Location</u>
KOCE-TV	50	686-692	4328	12/03/06	TV	Huntington Beach, CA

DTV Special Temporary Authority (Temporary Operating Permit) – Mt. Wilson

<u>Call Sign</u>	<u>Channel</u>	<u>Frequency (MHz)</u>	<u>Facility ID</u>	<u>Expiration</u>	<u>Service</u>	<u>Location</u>
KOCE-DT	48	674-680	4328	Issued 12/15/03	DT (STA)	Huntington Beach, CA

DTV Construction Permit Modification– Mt. Wilson

<u>Call Sign</u>	<u>Channel</u>	<u>Frequency (MHz)</u>	<u>Facility ID</u>	<u>Expiration</u>	<u>Service</u>	<u>Location</u>
KOCE-DT	48	674-680	4328	Modification filed 12/22/03	DT	Huntington Beach, CA

EXHIBIT B

PROGRAMMING AGREEMENT

by

and

between

COAST COMMUNITY COLLEGE DISTRICT

and

KOCE-TV FOUNDATION

dated as of

March __, 2004

PROGRAMMING AGREEMENT

This Programming Agreement (the "**Agreement**"), made as of March __, 2004 (the "**Effective Date**"), is by and between KOCE-TV Foundation, a California non-profit corporation ("**Licensee**") and Coast Community College District, a California public education agency formed pursuant to the Education Code of the State of California ("**CCCD**"), (each individually, a "**Party**," and collectively, the "**Parties**").

RECITALS:

WHEREAS, Licensee owns, operates and is the licensee of the non-commercial, educational station known as KOCE-TV, Channel 50, Huntington Beach, California and KOCE-DT, Channel 48, Huntington Beach, California (KOCE-TV and KOCE-DT collectively referred to as the "**Station**"), pursuant to an authorization granted by the Federal Communications Commission ("**FCC**");

WHEREAS, CCCD desires to provide programming and related services to the Station subject to the terms and conditions set forth herein and to the Communications Act of 1934, as amended (the "**Communications Act**") and including the rules, regulations and policies of the FCC (the "**FCC Rules**");

WHEREAS, Licensee desires to accept the programming and related services to be supplied by CCCD to the Station;

WHEREAS, CCCD agreed to sell the Station to Licensee pursuant to that certain Asset Purchase Agreement, dated as of March __, 2004 by and between Licensee and CCCD (the "**Purchase Agreement**");

WHEREAS, Licensee acquired the licenses required for the operation of the Station pursuant to the Purchase Agreement;

WHEREAS, Licensee and CCCD now intend to enter into this Agreement; and

WHEREAS, the Parties have considered the Communications Act and intend that this Agreement comply in all respects with the Communications Act, including the FCC Rules implementing the Communications Act.

NOW, THEREFORE, in consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the Parties to this Agreement, intending to be bound legally, hereby agree as follows:

1. Air Time and Transmission Services.

1.1 Subject to the terms and conditions of this Agreement, beginning on the Effective Date, Licensee agrees to make available to CCCD a minimum of 40 hours of broadcast time per week on the analog and digital channels of the Station for 39 weeks per year for the broadcast of programming and services to be supplied by CCCD (such programming collectively referred to as "**CCCD Programming**") and such broadcast time for

CCCD Programming on the analog and digital channels of the Station collectively referred to as "**CCCD Time**"). Programming time shall be made available by Licensee beginning one week prior to and coinciding with CCCD's regularly scheduled educational terms of fall, spring and summer. Licensee shall make available to CCCD such broadcast time on the analog and digital channels of the Station as is necessary for the broadcast of up to 600 promotional announcements totaling up to 600 minutes per year co-produced by Licensee and CCCD and/or supplied by CCCD to Licensee (such announcements collectively referred to as "**Promotional Announcements**") and such broadcast time for Promotional Announcements on the analog and digital channels of the Station collectively referred to as "**Promotional Time**"). The CCCD Programming shall be broadcast annually according to the schedule set forth on Exhibit 1. CCCD will provide a new broadcast schedule to Licensee (8) weeks prior to the beginning of each educational term (i.e., fall, spring, and summer) in accordance with Exhibit 1. Any revision to the schedule after it has been delivered to the Licensee must be agreed to in writing by Licensee and CCCD. CCCD's scheduled Programming will not be changed and/or superseded by Licensee except as provided in paragraphs 2.2.(b) and 2.2(c) below. The Promotional Announcements shall be broadcast annually in accordance with the schedule set forth on Exhibit 2. CCCD will provide a new promotional schedule to Licensee (8) weeks prior to the beginning of each educational term (i.e., fall, spring, and summer) in accordance with Exhibit 2. Any revision to the schedule after it has been delivered to the Licensee must be agreed to in writing by Licensee and CCCD. CCCD's scheduled Promotional Announcement will not be changed and/or superseded by Licensee except as provided in paragraphs 2.2.(b) and 2.2(c) below.

1.2 Licensee and CCCD agree that the CCCD Time and Promotional Time provided to CCCD from Licensee pursuant to this Agreement shall be valued as \$375,143 per year, beginning on the Effective Date, and Licensee shall be compensated for the CCCD Time and Promotional Time by reducing the Note (as defined in the Purchase Agreement), which is being delivered to CCCD from Licensee as partial consideration for the sale of the Station, on a pro rata basis daily for actual CCCD Time and Promotional Time made available by Licensee pursuant to the terms of this Agreement.

(a) In the event this Agreement is terminated by: (i) CCCD pursuant to Paragraph 6.2(iii); or (ii) Licensee or CCCD pursuant to Paragraph 6.2 (v) or (vi), consistent with the terms and conditions of the Note, CCCD's obligation to compensate Licensee for such CCCD Time and Promotional Time shall be extinguished immediately upon the date that this Agreement is terminated and there shall be no further reduction required under this Agreement in the amount due under the Note for CCD Time and Promotional Time that otherwise would have been made available to CCCD for the remainder of the term of this Agreement ("Remaining Time").

(b) In the event this Agreement is terminated by: (i) CCCD pursuant to Paragraph 6.2(ii); (ii) the Parties pursuant to Paragraph 6.2(iv); or (iii) the Licensee pursuant to Paragraph 6.2(iii), consistent with the terms and conditions of the Note, CCCD's obligation to compensate Licensee for the Remaining Time shall be extinguished by a reduction in the Note equal to one-third of the value of the Remaining Time, payable annually on June 30 of each year of the final three years of the term of the Note.

1.3 Except as otherwise set forth in this Agreement or for the purposes of performing customary or routine maintenance of the Station's facilities, Licensee shall broadcast on the analog and digital channels of the Station the CCCD Programming and Promotional Announcements in its entirety, without interruption, deletion or addition of any kind, using that portion of Licensee's licensed analog and digital spectrum used for the transmission of Licensee's primary video and program related programming..

1.4 Licensee and CCCD will mutually agree on all aspects of any co-productions, including, but not limited to, the ownership of intellectual property rights.

2. CCCD Programming.

2.1 Programming Generally. The CCCD Programming may include telecourse broadcasts, educational programs and public service information. Subject to Licensee's right to agree to broadcast all CCCD Programming and Promotional Announcements, the right to use the CCCD Programming and Promotional Announcements and to authorize its use in any manner and in any media whatsoever shall be, and remain, vested solely in CCCD, subject in all events to the rights, if any, of others in such CCCD Programming and Promotional Announcements.

2.2 Public Service and Children's Programming.

(a) Licensee will retain sole responsibility for the ascertainment of the problems, needs and concerns of residents of the Station's community of license and service area and for the broadcast of programming (i) reasonably determined to be appropriate in order to adequately respond to ascertained community problems, needs and concerns, and (ii) designed primarily for children aged 16 years and younger, all in compliance with the Communications Act (such programming is referred to herein as the "***Required Programming***").

(b) Licensee shall have the right to interrupt the CCCD Programming and Promotional Announcements (i) in case of an emergency, (ii) for programming that, in the reasonable good faith judgment of Licensee, is of overriding public importance, or (iii) in order to air Required Programming (but, with respect to Required Programming, only if Licensee determines, in its good faith judgment, that the Communications Act and the FCC Rules require that the Required Programming be aired during such time); provided, however, that Licensee shall provide advance written notice to CCCD of such interruption at least 48 hours prior to such interruption unless the provision of such advance written notice is impossible because of an emergency, in which case Licensee shall notify CCCD upon making such determination. In the event of any interruption pursuant to this Section 2.2(b) Licensee shall rebroadcast in its entirety any scheduled program and/or announcement interrupted. Rebroadcast time will be provided at such time as is mutually agreed to by the Parties.

(c) Licensee shall have the right to reject or refuse any CCCD Programming that Licensee reasonably and in good faith believes is unsatisfactory, unsuitable, or is contrary to the public interest.

2.3 Additional Broadcast and Maintenance Obligations.

(a) Licensee shall coordinate with CCCD the broadcast of the Station's hourly station identification and any other announcements required to be broadcast by the Communications Act and FCC Rules. Licensee and CCCD shall develop and implement programs, policies and procedures to clearly delineate and differentiate CCCD Programming and Promotional Announcements from Licensee programming and Licensee promotional announcements and to avoid any public perception that CCCD and Licensee are affiliates, partners, or have a principal-agency relationship. Any and all programs, policies and procedures developed and implemented by Licensee in accordance with this Section 2.3(a) shall be reasonably satisfactory to CCCD.

(b) Licensee shall maintain its public inspection files in accordance with the Communications Act and the FCC Rules. CCCD shall, upon request by Licensee, provide Licensee with information with respect to any CCCD Programming and Promotional Announcements that may be responsive to the problems, needs and concerns of the community or which contains educational or informational programming for children, so as to assist Licensee in the preparation of required quarterly issues/programs reports and children's programming reports, and CCCD shall provide upon reasonable written request other information to enable Licensee to prepare other records, reports and logs required by the FCC or other local, state or federal governmental authorities.

2.4 Compliance With Applicable Law. All actions or activities of CCCD and Licensee under this Agreement shall be in accordance with (i) the applicable provisions of the Communications Act, (ii) the FCC Rules, and (iii) all applicable federal, state and local laws, regulations and policies (collectively, with the Communications Act and the FCC Rules, "**Applicable Law**"). Each Party shall promptly notify the other Party, if such Party receives any finding, order, complaint, citation or notice which states that any aspect of the Station's operation or programming may violate any portion of the Applicable Law.

3. Right of Access; Capital Maintenance Requirements.

3.1 Studio Access. Licensee shall provide CCCD and CCCD's employees or agents with access to the facilities of the Station, upon mutually agreed to times and access rights, including all applicable studio and editing equipment, (the "**Licensee Station Facilities**") in order to perform their duties in connection with the production and transmission of the CCCD Programming and Promotional Announcements. Use of Licensee equipment and/or facilities must be scheduled at a mutually agreeable time two weeks prior to need in writing by CCCD. Licensee will comply with agreed upon times unless an emergency situation requires rescheduling. Licensee also agrees to allow CCCD staff to use studio and/or other production facilities when not in use by the Licensee. CCCD shall have the right to install at Licensee's premises, and to maintain throughout the Term, any microwave studio/transmitter relay equipment, telephone lines, transmitter remote control, monitoring devices or any other equipment necessary or convenient for the proper transmission of the CCCD Programming and Promotional Announcements on the Station, and Licensee and

CCCD shall take all steps reasonably necessary to prepare and file any applications with the FCC and to secure any required prior FCC consents to effectuate such proper transmission. CCCD's use of Licensee Station Facilities shall not interfere with Licensee's operation of the Station.

3.2 Office Access. Licensee shall afford to the officers, employees and authorized representatives of CCCD (including independent public accountants, attorneys and consultants) access to the offices, properties and employees of the Station, upon mutually agreed to times and access rights, to the extent CCCD shall reasonably deem necessary or desirable in connection with exercising its rights hereunder. CCCD agrees that any such access shall be conducted in such a manner as not to interfere unreasonably with the operations of Licensee. CCCD's use of the offices, properties and employees of the Station shall not interfere with Licensee's operation of the Station.

3.3 Capital Expenditures. Licensee shall make such capital expenditures with respect to the Station as are necessary to maintain the Station's broadcast capabilities consistent with its current operations. Licensee shall pay all utilities and rental and lease fees, if any, with respect to the Station's main studio (as that term is defined by the FCC) and transmitter.

4. Force Majeure. During the Term, any failure or impairment of the Licensee Station Facilities or any delay or interruption in the broadcast of the CCCD Programming or Promotional Announcements, or failure at any time by Licensee to furnish the Licensee Station Facilities, in whole or in part, for the broadcast of the CCCD Programming or Promotional Announcements, solely due to acts of God, *force majeure*, or due to causes wholly beyond the control of Licensee, shall not constitute a breach of this Agreement, and Licensee shall not be liable to CCCD in connection therewith.

5. Licensee Control of the Station. Licensee and CCCD acknowledge and agree that Licensee shall maintain ultimate control and authority with respect to all aspects of the Station, including but not limited to the management, employees, facilities programming and operation of the Station, and for effectuating compliance with the Communications Act and FCC Rules, including all FCC filing requirements, and that Licensee's continued control of the Station in this manner is an essential element of this Agreement, its validity and legality.

6. Term and Termination.

6.1 Term. The term of this Agreement (the "*Term*") shall commence on the Effective Date and shall continue until the seventh anniversary of the Effective Date (the "*Cutoff Date*"), unless terminated pursuant to Section 6.2.

6.2 Termination. This Agreement shall terminate (i) automatically upon expiration of the Term (as set forth in Section 6.1), (ii) upon the delivery of written notice of termination by CCCD to Licensee (with such termination becoming effective immediately upon receipt of such notice by Licensee), (iii) at the option of either Party in the event of a material breach of this Agreement, by the other Party (providing that the terminating Party is not then in breach), which breach is not cured within 30 days of written notice thereof to the

breaching Party; (iv) by mutual written agreement of the Parties; (v) upon the election of either Party, if the FCC revokes or fails to renew the Station's license; or (vi) if the Agreement or any material provision of the Agreement is deemed invalid or unenforceable by the FCC.

7. **Assignment.** Neither Party may assign its rights or obligations under this Agreement to a third Party without the express written consent of the other Party thereto, which consent shall not be unreasonably withheld; provided, however, that either Party may assign its rights or obligations under this Agreement without such consent to an affiliate of such Party.

8. **Insurance.**

8.1 Licensee shall maintain in full force and effect throughout the Term insurance with responsible and reputable insurance companies or associations covering the Station and the Licensee Station Equipment, covering such risks (including fire and other risks insured against by extended coverage, public liability insurance, insurance for claims against personal injury or death or property damage and such other insurance as may be applicable) and in such amounts as customary for non-commercial stations of similar size and operations.

8.2 CCCD shall maintain in full force and effect throughout the Term insurance with responsible and reputable insurance companies or associations covering the CCCD Programming, covering such risks and in such amounts as necessary as customary for producers of similar types of productions.

9. **Representations and Warranties.**

9.1 **Representations and Warranties of CCCD.** CCCD represents and warrants to Licensee as follows:

(a) **Authorization; Enforceability.** CCCD is duly organized and validly existing public education agency under the laws of the State of California. This Agreement has been duly executed and delivered by CCCD and is valid, binding and enforceable against CCCD in accordance with its terms. CCCD has full right, power, authority and legal capacity to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby and no other organizational or other proceeding on the part of CCCD is necessary to authorize the execution or delivery of this Agreement.

(b) **No Consent.** No consent, license, approval, or authorization of any other party is required in connection with the execution, delivery or performance of this Agreement by CCCD nor will the lack thereof affect the validity or performance of this Agreement in any way.

(c) **No Violation of Law.** CCCD's performance under this Agreement complies with Applicable Law.

(d) **Actions and Proceedings.** Except as set forth on Schedule 9.1, there is no judgment outstanding and no litigation, claim, investigation or proceeding pending against CCCD, or to the knowledge of CCCD, threatened, before any court or governmental

agency to restrain or prohibit, or to obtain damages or other relief in connection with this Agreement or that might adversely affect CCCD's performance under this Agreement.

9.2 Representation and Warranties of Licensee. Licensee represents and warrants to CCCD as follows:

(a) **Authorization; Enforceability.** Licensee is a non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of California, is duly qualified to do business in the State of California and has full power and authority to conduct its business as currently conducted and as called for under this Agreement. This Agreement has been duly executed and delivered by Licensee and is valid, binding and enforceable against Licensee in accordance with its terms. Licensee has full right, power, authority and legal capacity to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby and no other organizational or other proceeding on the part of Licensee are necessary to authorize the execution or delivery of this Agreement.

(b) **No Consent.** No consent, license, approval, or authorization of any other party is required in connection with the execution, delivery or performance of this Agreement by Licensee nor will the lack thereof affect the validity or performance of this Agreement in any way.

(c) **No Violation of Law.** Licensee's performance under Agreement complies with Applicable Law.

(d) **Actions and Proceedings.** There is no judgment outstanding and no litigation, claim, investigation or proceeding pending against Licensee, or to the knowledge of Licensee, threatened, before any court or governmental agency to restrain or prohibit, or to obtain damages, or other relief in connection with this Agreement or that might adversely affect Licensee's performance under this Agreement.

(e) **Maintenance of Current Operations.** The Station's transmission equipment shall be maintained in a condition consistent with good engineering practices and in compliance, in all material respects, with Applicable Law. Nothing in this Agreement shall be deemed to prohibit or restrict the Station from converting to digital operations.

9.3 Survival of Representations and Warranties. The representations and warranties contained herein shall survive until the expiration or termination of the Term and shall terminate thereafter, except to the extent that any claims for indemnification with respect to a breach of any representation or warranty is made on or before such date, in which case such representation or warranty shall survive until the resolution of such claim.

10. Indemnification.

10.1 Indemnification by CCCD. To the extent permitted by law, CCCD shall indemnify, defend, and hold harmless Licensee, its partners, members, subsidiaries, affiliated companies, and their respective officers, directors, employees, agents, successors, and assigns from and against any and all claims, losses, costs, liabilities, damages and expenses (including

reasonable legal fees and related expenses but excluding all incidental and consequential damages) of every kind, nature and description, arising out of the broadcast by Licensee of CCCD Programming and Promotional Announcements and out of any breach by CCCD of its representations, warranties, and covenants hereunder.

10.2 Indemnification by Licensee. To the extent permitted by law, Licensee shall indemnify, defend, and hold harmless CCCD, its partners, members, subsidiaries, affiliated companies, and their respective officers, directors, employees, agents, successors, and assigns from and against any and all claims, losses, costs, liabilities, damages and expenses (including reasonable legal fees and related expenses but excluding all incidental and consequential damages) of every kind, nature and description, arising out of the broadcast by Licensee of any programming other than the CCCD Programming and Promotional Announcements and out of any breach by Licensee of its representations, warranties, and covenants hereunder.

10.3 Resolution of Indemnification Claims. In the event of an indemnification claim by either Party, the Parties hereby agree to resolve such indemnification claim in accordance with the provisions of Section 13.6 of the Purchase Agreement, the terms of which are hereby incorporated herein by reference and made applicable to this Agreement as though set forth in full herein.

11. Miscellaneous.

11.1 Amendment. Any amendment, supplement or modification of or to any provision of this Agreement, and any waiver of any provision of this Agreement, and any consent to any departure by any party hereto from the terms of any provision of this Agreement, shall be effective (i) only if it is made or given in writing and signed by each of the parties hereto, and (ii) only in the specific instance and for the specific purpose for which made or given. No failure to exercise and no delay in exercising on the part of any party hereto in exercising any right, remedy, power or privilege provided in this Agreement or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No course of dealing between the parties hereto shall operate as a waiver of any right, power or privilege hereunder of any such party. Each and every default by any of the parties under this Agreement shall give rise to a separate cause of action hereunder, and separate suits may be brought under this Agreement as each cause of action arises.

11.2 Further Assurances. Each party hereto agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments and documents, and to do all such other acts and things, as may be required by law or as may be necessary, advisable or convenient to carry out the intent and purpose of this Agreement.

11.3 Construction. The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by the parties hereto. Each party acknowledges that such

parry was represented by separate legal counsel in this matter who participated in the preparation of this Agreement.

11.4 Notices. All notices, demands and other communications hereunder shall be made in writing and shall be sent by registered or certified first-class mail, return receipt requested, courier service or personal delivery:

If to CCCD to:

Coast Community College District
1370 Adams Avenue
Costa Mesa, CA 92626
Attention: Chancellor
Telephone: (714) 438-4600
Telecopier: (714) 438-4882

with copies to:

Rutan & Tucker, LLP
611 Anton Boulevard, 14th Floor
Costa Mesa, CA 92626
Attention: Milford W. Dahl, Jr., Esq.
Telephone: (714) 641-5100
Facsimile: (714) 546-9035

If to Licensee to:

KOCE-TV Foundation
P.O. Box 2476
15751 Gothard Street
Huntington Beach, CA 92647
Attention: Chairman, KOCE Foundation
Telephone: (714) 895-5623
Telecopier: (714) 895-8949

with copies to:

St. George & Carnegie
5405 Alton Parkway, Suite 5A # 540
Irving, CA 92604
Attention: Ardelle St. George, Esq.
Telephone: (949) 854-8405
Telecopier: (949) 854-5445

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; and when delivered by courier, if delivered by commercial courier service; when actually received by the intended recipient, if mailed; provided, however, that if any notice, demand or other communication is delivered or received,

as the case may be, after 5:00 P.M. Pacific Time on a Business Day or delivered or received, as the case may be, on a day that is not a Business Day, such notice, demand or communication shall be deemed to have been duly given pursuant to this Section 11.4 on the next succeeding Business Day. Any party may by notice given in accordance with this Section 11.4 designate another address or person for receipt of notices hereunder, but such notice shall not be effective until actually received. For purposes of this Agreement, the term "**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in Los Angeles, California are authorized or required by law or executive order to close.

11.5 Headings. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

11.6 Remedies. Except as otherwise provided herein, no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, and each and every remedy shall be cumulative and shall be in addition to every remedy under this Agreement or now or hereafter existing at law or in equity.

11.7 Specific Performance. Licensee recognizes that if it breaches this Agreement and refuses to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate CCCD for its injury. CCCD shall therefore be entitled, in addition to any other remedies that may be available (including the provisions of Section 10), to obtain specific performance of the terms of this Agreement. If any action is brought by CCCD to enforce this Agreement, Licensee shall waive the defense in any such action that there is an adequate remedy at law and interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy hereunder, and Licensee agrees that CCCD shall have the right to seek specific performance without being required to prove actual damages, post bond, or furnish other security. This Section 11.7 shall not limit CCCD's ability to seek damages in the event it elects to terminate this Agreement as a result of a Breach hereunder by Licensee instead of seeking specific performance.

11.8 Consent to Jurisdiction; Governing Law. This Agreement, and the rights and obligations of the parties hereto, shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed therein. Each party submits to the jurisdiction of any state or federal court sitting in Orange County, California, in any action arising out of or relating to this Agreement and agrees that all claims in respect of the action may be heard and determined in any such court. Each party also agrees not to bring any action arising out of or relating to this Agreement in any other court. Each party agrees that a final judgment in any action so brought will be conclusive and may be enforced by action on the judgment or in any other manner provided at law or in equity. Each party waives any defense of inconvenient forum to the maintenance of any action so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto.

11.9 Severability. If any provision of this Agreement shall be deemed invalid or unenforceable as written, it shall be construed, to the greatest extent possible, in a manner which shall render it valid and enforceable. No invalidity or unenforceability shall affect any other portion of this Agreement.

11.10 FCC Challenge. If this Agreement is challenged in whole or in part at or by any governmental agency or judicial forum, Licensee and CCCD shall jointly defend this Agreement and the Parties' performance hereunder and shall share in any expense therefor. If this Agreement is declared invalid or illegal in whole or in substantial part by a ruling, order, or decree of a governmental agency or judicial forum, and such ruling, order, or decree becomes effective, then the Parties shall endeavor in good faith to reform this Agreement as necessary. If the Parties are unable to reform this Agreement within thirty (30) days following the effective date of such ruling, order, or decree, then this Agreement shall terminate and neither party shall have any further liability to the other except as may be provided in Section 10 hereof. Furthermore, no party shall have any liability for the breach of a representation, warranty, or covenant hereunder following the termination of this Agreement pursuant to this Section 11.10.

11.11 No Third Party Beneficiaries. This Agreement is not for the benefit of any third party and shall not be deemed to grant any right or remedy to any third party whether or not referred to herein.

11.12 No Agency Relationship. Nothing contained herein shall be construed so as to create any joint venture, partnership, business combination, or agency relationship between Licensee and CCCD and neither party shall be authorized to act on behalf of the other.

11.13 Attorneys Fees. This provision needs to be included.

11.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party hereto shall constitute a valid and binding execution and delivery of this Agreement by such party. Such facsimile copies shall constitute enforceable original documents.

11.15 Entire Agreement. This Agreement, together with the exhibits, schedules and attachments hereto, and the Purchase Agreement are intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, representations, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the exhibits, schedules and attachments hereto, and the Purchase Agreement supercede all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized officers of CCCD and Licensee as of the date first written above.

KOCE-TV FOUNDATION

By: _____

Name: _____

Title: _____

COAST COMMUNITY COLLEGE DISTRICT

By: _____

Name: _____

Title: _____

Exhibit 1
Programming Agreement

Coast District Colleges	Total Advertising Minutes	Total Advertising Segments*
CCC	200	400
GWC	200	400
OCC	<u>200</u>	<u>400</u>

Total Minutes = 600

Total Segments = 1200

*Based on 30 second commercials

**Jointly developed advertisement segments produced by KOCE

Exhibit 2
KOCE TELECOURSE BROADCAST SCHEDULE
FALL/SPRING SEMESTERS TEMPLATE
40.5 HOURS WEEKLY

Dates	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
12:00am							
12:30am							
01:00am							
01:30am							
02:00am							
02:30am							
03:00am							
03:30am							
04:00am							
04:30am							
05:00am							
05:30am							
06:00am							
06:30am							
07:00am							
07:30am							
08:00am							
08:30am							
09:00am							
09:30am							
10:00am							
10:30am							
11:00am							
11:30am							

**KOCE TELECOURSE BROADCAST SCHEDULE
FALL/SPRING SEMESTERS TEMPLATE
40.5 HOURS WEEKLY**

Dates	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
12:00pm							
12:30pm							
01:00pm							
01:30pm							
02:00pm							
02:30pm							
03:00pm							
03:30pm							
04:00pm							
04:30pm							
05:00pm							
05:30pm							
06:00pm							

Legend



Proposed Weekly Telecourse Broadcasts Fall/Spring Semesters

Exhibit 2

**KOCE TELECOURSE BROADCAST SCHEDULE
SUMMER SESSION TEMPLATE
40.5 HOURS WEEKLY**

Dates	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
12:00am							
12:30am							
01:00am							
01:30am							
02:00am							
02:30am							
03:00am							
03:30am							
04:00am							
04:30am							
05:00am							
05:30am							
06:00am							
06:30am							
07:00am							
07:30am							
08:00am							
08:30am							
09:00am							
09:30am							
10:00am							
10:30am							
11:00am							
11:30am							

KOCE TELECOURSE BROADCAST SCHEDULE
SUMMER SESSION TEMPLATE
40.5 HOURS WEEKLY

Dates	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
12:00pm							
12:30pm							
01:00pm							
01:30pm							
02:00pm							
02:30pm							
03:00pm							
03:30pm							
04:00pm							
04:30pm							
05:00pm							
05:30pm							
06:00pm							

Legend
 Traditional Weekly Telecourse Broadcasts Summer Semester

EXHIBIT D

SECURITY AGREEMENT

This Security Agreement (as amended, modified or otherwise supplemented from time to time, this "Security Agreement"), dated as of [____], 2004, is executed by KOCE-TV Foundation, a California nonprofit corporation (together with its successors and assigns, "Debtor"), in favor of Coast Community College District, a California public education agency, as secured party (together with its successors and assigns, "Secured Party").

RECITALS

A. Debtor and the Secured Party have entered into a Asset Purchase Agreement, dated as of the date hereof (the "Purchase Agreement"), pursuant to which Debtor has issued a secured promissory note, dated as of the date hereof (as amended, modified or otherwise supplemented from time to time, (the "Note") in the principal amount of \$20,000,000 in favor of the Secured Party.

B. In order to induce Secured Party to extend the credit evidenced by the Note, Debtor has agreed to enter into this Security Agreement and to grant Secured Party the security interest in the Collateral described below.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees with Secured Party as follows:

1. Definitions and Interpretation. When used in this Security Agreement, the following terms have the following respective meanings:

"Collateral" has the meaning given to that term in Section 2 hereof.

"Lien" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or the income therefrom, including, without limitation, the interest of a vendor or lessor under a conditional sale agreement, capital lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or comparable law of any jurisdiction.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, assets, operations, prospects or financial or other condition of Debtor; (b) the ability of Debtor to pay or perform the Obligations in accordance with the terms of the Note and the other Transaction Documents and to avoid an Event of Default, or an event which, with the giving of notice or the passage of time or both, would constitute an Event of Default, under any Transaction Document; or (c) the rights and remedies of Secured Party under the Note, the other Transaction Documents or any related document, instrument or agreement.

"Obligations" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Debtor to the Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or

pursuant to the terms of the Note and the other Transaction Documents, including, all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by Debtor hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"Permitted Liens" shall mean the following:

(a) any Liens existing on the Closing Date and disclosed in a Schedule to the Purchase Agreement;

(b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Secured Party's security interests;

(c) Liens that are not prior to the Lien of Secured Party which constitute rights of set-off of a customary nature or banker's Liens with respect to amounts on deposit, whether arising by operation of law or by contract, in connection with arrangements entered into with banks in the ordinary course of business; and

(d) Liens on equipment leased by Debtor after the Closing Date pursuant to an operating or capital lease in the ordinary course of business (including proceeds thereof and accessions thereto) incurred solely for the purpose of financing the lease of such equipment. These purchase money security interests ("PMSI") shall be limited to an aggregate maximum of \$200,000 in any fiscal year. Further, any PMSI will be further limited to an amount that will maintain a minimum "Fixed Charge Coverage Ratio" of at least 1.1 to 1.0.

For purposes of this Agreement, the term "Fixed Charge Coverage Ratio" shall mean the ratio of: (a) income before interest (including payments in the nature of interest under capital leases), taxes, depreciation, amortization and other non-cash charges minus internally financed capital expenditures, minus non-recurring income, plus non-recurring expense to (b) the sum of (i) principal and interest paid or accrued by Debtor in the business of the KOCE-TV station, plus (ii) the aggregate rental under capital leases paid or accrued, plus (iii) taxes, paid in cash; all determined on a trailing 12-month basis as set forth in the financial statements of the Debtor prepared in accordance with generally accepted accounting principles ("GAAP").

"Person" shall mean and include an individual, a partnership, a corporation, a business trust, a joint stock company, a limited liability company, an unincorporated association or other entity and a domestic or foreign national, state or local government, any political subdivision thereof, and any department, agency, authority or bureau of any of the foregoing.

"Transaction Documents" shall mean the Note, the Purchase Agreement, the Programming Agreement and this Security Agreement.

"UCC" means the Uniform Commercial Code as in effect in the State of California from time to time.

All capitalized terms not otherwise defined herein shall have the respective meanings given in the Note. Terms defined in the UCC and not otherwise defined herein shall have the respective meanings set forth in the UCC.

2. Grant of Security Interest. As security for the Obligations, Debtor hereby pledges to Secured Party and grants to Secured Party a security interest of first priority in all right, title and interests of Debtor in and to the property described in Attachment 1 hereto, whether now existing or hereafter from time to time acquired (collectively, the "Collateral"). Notwithstanding the foregoing, the security interest granted herein shall not extend to and the term "Collateral" shall not include any FCC licenses held by Debtor, but only to the extent that Debtor is prohibited from granting a security interest therein pursuant to any law applicable thereto, but shall include to the maximum extent permitted by law: (i) all rights incident or appurtenant to such FCC license; (ii) the right to receive any payment of money (including, without limitation, general intangibles for money due or to become due); (iii) any proceeds, products, offspring, accessions, rents, profits, income, benefits, substitutions or replacements of any FCC license (unless such proceeds, products, offspring, accessions, rents profits, income, benefits, substitutions or replacements itself would constitute an FCC license to the extent that any law applicable thereto prohibits the creation of a security interest therein); and (iv) the rights to receive all proceeds derived from or in connection with the sale, assignment or transfer of such FCC license.

3. Representations and Warranties. Debtor represents and warrants to Secured Party that: (i) Debtor has good title to the Collateral (or a valid right to use the Collateral, in the case of Collateral comprised of rights and interests of the Debtor obtained by lease, license or similar agreement ("Licensed Rights")), and it owns the Collateral free and clear of any lien, security interest, charge or encumbrance, **except for Permitted Liens**; (ii) upon the filing of UCC-1 financing statements in the appropriate filing offices, Secured Party will have a first priority perfected security interest in the Collateral (**subject to Permitted Liens**) to the extent that a security interest in the Collateral can be perfected by such filing; (iii) all accounts receivable and payment intangibles are genuine and enforceable against the party obligated to pay the same; and (iv) the originals of all documents evidencing all accounts receivable and payment intangibles of Debtor and the only original books of account and records of Debtor relating thereto are, and will continue to be, kept at the address of the Debtor set forth in Section 8(a) of this Security Agreement. Notwithstanding the foregoing, with respect to the Collateral, title to which passed from Secured Party to Debtor pursuant to the Purchase Agreement, the representations of Debtor in this Section 3 concerning such Collateral are based upon Secured Party's representation to Debtor concerning such Collateral contained in the Purchase Agreement.

4. Authorized Action by Secured Party. Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact (which appointment is coupled with an interest) and agrees that Secured Party may perform (but Secured Party shall not be obligated to and shall incur no liability to Debtor or any third party for failure so to do) any act which Debtor is obligated by this Security Agreement to perform, and to exercise such rights and powers as Debtor might exercise with respect to the Collateral, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (d) insure and preserve the Collateral; (e) pay any indebtedness of Debtor relating to the Collateral that is due and owing; and (f) execute UCC financing statements and other documents, instruments and agreements required hereunder; provided, however, that Secured Party shall not exercise any such powers granted pursuant to Sections 4(a) through 4(c)

prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. Debtor agrees to reimburse Secured Party upon demand for any reasonable costs and expenses, including attorneys' fees, Secured Party may incur while acting as Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Secured Party's possession; provided, however, that Secured Party shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

5. Litigation and Other Proceedings

(a) Debtor shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable in Debtor's reasonable business judgment to protect any of the patents, trademarks, copyrights, mask works or trade secrets. No such suit, proceeding or other actions shall be settled or voluntarily dismissed, nor shall any party be released or excused of any claims of or liability for infringement, without the prior written consent of Secured Party, which consent shall not be unreasonably withheld.

(b) Upon the occurrence and during the continuation of an Event of Default, Secured Party shall have the right but not the obligation to bring suit or institute proceedings in the name of Debtor or Secured Party to enforce any rights in the Collateral, including any license thereunder, in which event Debtor shall at the request of Secured Party do any and all lawful acts and execute any and all documents reasonably required by Secured Party in aid of such enforcement. If Secured Party elects not to bring suit to enforce any right under the Collateral, including any license thereunder, Debtor agrees to use all reasonable measures, in Debtor's reasonable business judgment, whether by suit, proceeding or other action, to cause to cease any infringement of any right under the Collateral by any Person and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement.

6. Default and Remedies.

(a) Default. Debtor shall be deemed in default under this Security Agreement upon the occurrence and during the continuance of any of the following events or conditions ("Events of Default"):

(i) If an Event of Default (as that term is defined in the Note) exists under the Note;

(ii) Debtor shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Security Agreement or the other Transaction Documents and (i) such failure shall continue for fifteen (15) days, or (ii) if such failure is not curable within such fifteen (15) day period, but is reasonably capable of cure within forty-five (45) days, either (A) such failure shall continue for forty-five (45) days or (B) Debtor shall not have commenced a cure in a manner reasonably satisfactory to Secured Party within the initial fifteen (15) day period; or

(iii) Any representation, warranty, certificate, or other statement (financial or otherwise) made or furnished by or on behalf of Debtor to Secured Party in writing in connection with this Security Agreement or any of the other Transaction Documents, or as an inducement to Secured Party to enter

into this Security Agreement and the other Transaction Documents, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished.

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, Secured Party shall have the rights of a secured creditor under the UCC, all rights granted by this Security Agreement and by law, including the right to: (a) require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party; and (b) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Secured Party deems appropriate and in connection with such preparation and disposition, without charge, use any trademark, trade name, copyright, patent or technical process used by Debtor. Debtor hereby agrees that ten (10) days' notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of Secured Party's rights hereunder, Debtor hereby grants to Secured Party an irrevocable, non-exclusive license (exercisable without royalty or other payment by Secured Party, but only in connection with the exercise of remedies hereunder) to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which Debtor now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

7. FCC Licenses and Regulatory Authorizations.

(a) Notwithstanding anything to the contrary contained herein, the Secured Party will not take any action pursuant to this Security Agreement which would constitute or result in an assignment of any FCC license or other authorization or a change of control if such assignment of FCC license or other authorization or change of control would require under then existing law (including the written rules and regulations promulgated by the FCC), the prior approval of the FCC, without first obtaining such approval of the FCC.

(b) Debtor agrees after the occurrence of any Event of Default to take any action which the Secured Party may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Secured Party by this Security Agreement and each other agreement, instrument and document delivered to the Secured Party in connection herewith, including specifically, at the Debtor's own cost and expense, the use of Debtor's best efforts to assist in obtaining approval of the FCC or any action or transaction contemplated by this Security Agreement which is then required by law, and specifically, without limitation, upon request, to prepare, sign and file with the FCC the assignor's or transferor's and licensee's portions of any application or applications for consent to assignment of license or other authorization or transfer of control necessary or appropriate under the FCC's rules and regulations. Debtor further consents to the assignment or transfer of control of any FCC license or other authorization to a receiver, trustee, or similar official pursuant to any public or private sale, judicial sale, foreclosure, or exercise of other remedies available to Secured Party as permitted by applicable law.

8. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon Debtor or Secured Party under this Security Agreement shall be by telecopy or in writing and telecopied, mailed or delivered to each party at telecopier number or its address set forth below (or to such other telecopy number or address as the recipient of any notice shall have notified the other in writing). All such notices and communications shall be effective (a) when sent by Federal Express or other overnight service of recognized standing, on the business day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage

prepaid and addressed as aforesaid through the United States Postal Service, upon receipt; (c) when delivered by hand, upon delivery; and (d) when telecopied, upon confirmation of receipt.

Secured Party: Coast Community College District
1370 Adams Avenue
Costa Mesa, California 92626
Attention: Vice Chancellor of Administrative Services
Telephone: (714) 438-4600
Facsimile: (714) 438-4880

Debtor: KOCE-TV Foundation
P.O. Box 2476
15751 Gothard Street
Huntington Beach, California 92647
Attention: Chairman, KOCE-TV Foundation
Telephone: (714) 895-5623
Facsimile: (714) 895-8949

(b) Nonwaiver. No failure or delay on Secured Party's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(c) Amendments and Waivers. This Security Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by Debtor and Secured Party. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(d) Assignments. This Security Agreement shall be binding upon and inure to the benefit of Secured Party and Debtor and their respective successors and assigns; provided, however, that Debtor may not sell, assign or delegate rights and obligations hereunder without the prior written consent of Secured Party.

(e) Cumulative Rights, etc. The rights, powers and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of any applicable law, rule or regulation of any governmental authority, the Transaction Documents or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's rights hereunder. Debtor waives any right to require Secured Party to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

(f) Payments Free of Taxes, Etc. All payments made by Debtor under the Transaction Documents shall be made by Debtor free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions and withholdings. In addition, Debtor shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance and enforcement of this Security Agreement. Upon request by Secured Party, Debtor shall furnish evidence satisfactory to Secured Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies and charges have been paid.

(g) Partial Invalidity. If at any time any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(h) Expenses. Debtor shall pay on demand all reasonable fees and expenses, including reasonable attorneys' fees and expenses, incurred by Secured Party in connection with custody, preservation or sale of, or other realization on, any of the Collateral or the enforcement or attempt to enforce any of the Obligations which is not performed as and when required by this Security Agreement.

(i) Headings. Headings in this Security Agreement and each of the other Transaction Documents are for convenience of reference only and are not part of the substance hereof or thereof.

(j) Plural Terms. All terms defined in this Security Agreement or any other Transaction Document in the singular form shall have comparable meanings when used in the plural form and vice versa.

(k) Construction. Each of this Security Agreement and the other Transaction Documents is the result of negotiations among, and has been reviewed by, Debtor, Secured Party and their respective counsel. Accordingly, this Security Agreement and the other Transaction Documents shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against Debtor or Secured Party.

(l) Entire Agreement. This Security Agreement and each of the other Transaction Documents, taken together, constitute and contain the entire agreement of Debtor and Secured Party and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(m) Other Interpretive Provisions. References in this Security Agreement and each of the other Transaction Documents to any document, instrument or agreement (a) includes all exhibits, schedules and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Security Agreement or any other Transaction Document refer to this Security Agreement or such other Transaction Document, as the case may be, as a whole and not to any particular provision of this Security Agreement or such other Transaction Document, as the case may be. The words "include" and "including" and words of similar import when used in this Security Agreement or any other Transaction Document shall not be construed to be limiting or exclusive.

(a) Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules (except to the extent governed by the UCC).

IN WITNESS WHEREOF, Debtor has caused this Security Agreement to be executed as of the day and year first above written.

KOCE-TV Foundation

By: _____
Name: _____
Title: _____

AGREED:

Coast Community College District
As Secured Party

By: _____
Name: _____
Title: _____

ATTACHMENT 1

TO SECURITY AGREEMENT

"Collateral" means all real, personal and mixed assets, both tangible and intangible, of every kind, nature and description owned or held and used or held for use by Debtor in connection with the business and operations of KOCE which were sold, conveyed or otherwise transferred to Debtor by Secured Party pursuant to the terms of the Purchase Agreement except for the KOCE Licenses, including, without limitation:

- (a) those leasehold interests and estates and improvements set forth in Schedule 1-A to the Purchase Agreement;
- (b) all broadcasting and other equipment, office furniture, fixtures, tapes, office materials and supplies, spare parts, tubes and other tangible personal property of every kind and description set forth in Schedule 1-B to the Purchase Agreement;
- (c) those Contracts and commitments of Secured Party acquired by Debtor pursuant to the Purchase Agreement, including, without limitation those contracts, agreements and commitments set forth on Schedules 1-A (Leased Real Property of KOCE), 1-B (Owned and Leased Tangible Personal Property of KOCE) and 1-C (Other Operating Contracts of KOCE) to the Purchase Agreement;
- (d) the books and records of KOCE;
- (e) all franchises, trademarks, patents, trade names, service marks and call letters, if any, owned or held and used or held for use by Debtor in connection with the business and operations of KOCE;
- (f) all programs and programming materials and elements of whatever form or nature acquired by Debtor pursuant to the Purchase Agreement, whether recorded on film, tape or any other medium or intended for live performance, television broadcast or other medium and whether completed or in production, and all related common law and statutory intangible rights Used in connection with the business or operations of KOCE, together with all such programs, materials, elements and intangible rights acquired by Debtor in connection with the business or operations of KOCE;
- (g) all rights and claims relating to any other Broadcasting Asset (other than the KOCE Licenses) or any Assumed Obligation, including all guarantees, warranties, indemnities and similar rights acquired by Debtor pursuant to the Purchase Agreement; and
- (h) all accessions, appurtenances and additions to and substitutions for any of the foregoing; all products and proceeds of any of the foregoing; all renewals and replacements of any of the foregoing.