

ASSET EXCHANGE AGREEMENT

THIS ASSET EXCHANGE AGREEMENT, dated as of December 14, 2012 (this "Agreement"), is by and between KONA COAST RADIO, LLC, a Colorado limited liability company ("KONA"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("EMF").

WITNESSETH:

WHEREAS, KONA is the licensee of FM translator station K288FB, Honolulu, Hawaii (Channel 288; 105.5 MHz; FIN: 150317) ("K288FB") and EMF is the licensee of FM translator station K205FM, Maili, Hawaii (Channel 205; 88.9 MHz; FIN: 84395) ("K205FM"); and

WHEREAS, on the terms and conditions described herein and subject to the approval of the Federal Communications Commission ("FCC"), EMF desires to acquire and KONA desires to sell certain assets and FCC licenses associated with K288FB, and EMF desires to sell and KONA desires to acquire certain assets and FCC licenses associated with K205FM.

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

1. **Sale of Assets.**

(a) **KONA Stations.**

(i) On the Closing Date (as hereinafter defined), KONA shall sell, assign and transfer to EMF, and EMF shall purchase, assume and receive from KONA, free and clear of all liens and encumbrances, the assets, properties, interests and rights of KONA of whatsoever kind and nature, which are held by KONA and used or useful in connection with the operation of K288FB (the "K288FB Assets"), as identified below (but excluding the KONA Excluded Assets described in subparagraph (iii) below):

(A) All equipment and other tangible personal property used or useful in the operations of K288FB (the "K288FB Tangible Personal Property"), identified on Schedule 1 hereto; and

(B) All of the licenses, construction permits and other authorizations issued by the FCC (collectively, the "K288FB Authorizations") to KONA in connection with the operations of K288FB identified on Schedule 2 hereto;

(ii) EMF is not agreeing to, and shall not assume any liability, obligation, or agreement of KONA of any kind, absolute or contingent, known or unknown.

(iii) The assets and associated liabilities of KONA under all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by KONA, relating to the business of K288FB shall be retained by KONA and shall not be sold, assigned or transferred to EMF (the "KONA Excluded Assets").

(b) **EMF Stations.**

(i) On the Closing Date (as hereinafter defined), EMF shall sell, assign and transfer to KONA, and KONA shall purchase, assume and receive from EMF, free and clear of all liens and encumbrances, the assets, properties, interests and rights of EMF of whatsoever kind and nature, which are held by EMF and used in connection with the operation of K205FM (the "K205FM Assets"), as identified in below (but excluding the EMF Excluded Assets described in subparagraph (iii) below):

(A) EMF's equipment and other tangible personal property, used in the operation of K205FM (the "K205FM Tangible Personal Property"), as identified on Schedule 3 hereto;

(B) All of the licenses, construction permits and other authorizations, issued by the FCC (collectively, the "K205FM Authorizations"), to EMF in connection with the operations of K205FM identified on Schedule 4 hereto; and

(ii) KONA is not agreeing to, and shall not assume any liability, obligation, or agreement of EMF of any kind, absolute or contingent, known or unknown.

(iii) EMF shall not sell, assign or transfer to KONA (i) any assets, of whatever kind or nature, which are held by EMF and used principally in connection with the operations of any station or stations other than K205FM and (ii) the assets and associated liabilities of EMF under all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by EMF relating to the business of K205FM (the "EMF Excluded Assets").

2. **Purchase Price.**

(a) Upon the terms and subject to the conditions contained in this Agreement, KONA shall transfer the K288FB Assets to EMF and EMF shall transfer the K205FM Assets to KONA. Other than the exchange of assets, no other consideration will be due to or from either party on the Closing Date, except to the extent of net prorations.

(b) The parties agree to prorate all expenses arising out of the operation of broadcasting K205FM and K288FB which are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing.

3. **FCC Consent; Assignment Application.** At the earliest mutually agreeable date, but not later than five (5) business days after the date of this Agreement, EMF and KONA shall

execute, file and vigorously prosecute applications with the FCC (each an "Assignment Application," together the "Assignment Applications") requesting the FCC's consent (the "FCC Consent") to the assignment (i) from KONA to EMF of the K288FB Authorizations and (ii) from EMF to KONA of the K205FM Authorizations.

4. **Closing Date; Closing Place.** The closing (the "Closing") of the transactions contemplated by this Agreement shall occur on a mutually agreeable date (the "Closing Date") no later than ten (10) days following the date on which all FCC Consents shall have been granted. The Closing shall be held by mail or in such other manner as mutually agreed upon by the parties.

5. **Representations and Warranties of KONA.** KONA hereby makes the following representations and warranties to EMF which shall be true as of the date hereof and on the Closing Date:

(a) KONA is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Colorado. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by KONA. The execution, delivery and performance of this Agreement by KONA will not require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(b) Schedule 1 hereto contains a list of all material K288FB Tangible Personal Property owned by KONA for use in connection with K288FB. KONA has, and will have on the Closing Date, good and marketable title to all such property. The K288FB Tangible Personal Property is in good condition and repair, ordinary wear and tear excepted.

(d) Schedule 2 hereto contains a true and complete list of the K288FB Authorizations and all other licenses, permits or other authorizations required for the operations of K288FB. KONA is the authorized legal holder of the K288FB Authorizations. The K288FB Authorizations are validly issued and are in full force and effect, unimpaired by any act or omission of KONA.

6. **Representations and Warranties of EMF.** EMF hereby makes the following representations and warranties to KONA which shall be true as of the date hereof and on the Closing Date:

(a) EMF is a non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of California. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by EMF. The execution, delivery and performance of this Agreement by EMF will not require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 3 hereto contains a list of all material K205FM Tangible Personal Property owned by EMF for use in connection with the operation of K205FM. EMF

has, and will have on the Closing Date, good and marketable title to all such property. The K205FM Tangible Personal Property is in good condition and repair, ordinary wear and tear excepted.

(d) Schedule 4 hereto contains a true and complete list of the K205FM Authorizations and all authorizations that are required for the operations of K205FM. EMF is the authorized legal holder of the K205FM Authorizations. The K205FM Authorizations are validly issued and are in full force and effect.

7. **Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of EMF hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) KONA shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement to be performed or complied with by KONA prior to or as of the Closing Date;

(ii) The representations and warranties of KONA set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date; and

(v) There shall not be any liens on the K288FB Assets.

(b) The performance of the obligations of KONA hereunder is subject to the satisfaction of each of the following express conditions precedent:

(i) EMF shall have performed and complied in all material respects with all the agreements, obligations and covenants required by this Agreement to be performed or complied with by EMF prior to or as of the Closing Date;

(ii) The representations and warranties of EMF set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date; and

(v) There shall not be any liens on the K205FM Assets.

8. **Closing Deliveries.**

(a) At the Closing, KONA will execute and deliver to EMF the following:

(i) A Bill of Sale in a form so as to effectively vest in EMF good and marketable title to the K288FB Assets;

(ii) An Assignment and Assumption of the K288FB Authorizations;

(iii) An Assignment and Assumption of K205FM Authorizations; and

(iv) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as EMF shall reasonably request, each in form and substance satisfactory to EMF and its counsel.

(b) Prior to or at the Closing, EMF will execute and deliver to KONA the following:

(i) A Bill of Sale in a form so as to effectively vest in KONA good and marketable title to the K205FM Assets

(ii) An Assignment and Assumption of the K205FM Authorizations;

(iii) Assignment and Assumption of K288FB Authorizations; and

(iv) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Kona shall reasonably request, each in form and substance satisfactory to Kona and its counsel.

9. **Survival of Representations and Warranties.** The several representations and warranties of KONA and EMF contained in or made pursuant to this Agreement shall expire on the Closing Date.

10. **Termination.** This Agreement may be terminated by either EMF or KONA, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, upon written notice to the other upon the occurrence of any of the following: (i) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (ii) if any of the Assignment Applications are designated for hearing or denied by Final Order; or (iii) if the Closing has not occurred within one year of the date the Assignment Applications are filed with the FCC.

11. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be addressed as follows (or at such other address for a party as shall be specified by like notice):

If to KONA, to:

Kona Coast Radio, LLC
87 Jasper Lake Road
Loveland, CO 80537
Attn: Vic Michael

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

A.Wray Fitch, Esq.
Gammon & Grange, P.C.
8280 Greensboro Drive, 7th Floor
McLean, VA 22102

If to EMF, to:

Educational Media Foundation
5700 West Oaks Boulevard
Rocklin, CA 95765
Attn: Mike Novak, President/CEO

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

David D. Oxenford, Esq.
Wilkinson Barker Knauer, LLP
2300 N Street, NW, Suite 700
Washington, DC 20037

12. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Hawaii, without giving effect to the choice of law principles thereof.

13. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement may be executed and exchanged by electronic transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a electronic transmission to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated electronically as a defense to the formation of a contract and each such party forever waives any such defense.

14. **Risk of Loss.** The risk of any loss, taking, condemnation, damage or destruction of or to any of the K288FB Assets or to any of the K205FM Assets (each, an "*Event of Loss*") on

or prior to the Closing Date shall be upon the party then owning such assets and the risk of any Event of Loss subsequent to the Closing Date shall be upon the party acquiring such assets.

15. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

16. **Entire Agreement.** This Agreement, and the Exhibits and Schedules attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Exchange Agreement as of the day and year first above written.

KONA COAST RADIO, LLC

By: _____


Victor A. Michael, Jr., Sole Member

EDUCATIONAL MEDIA FOUNDATION

By: _____


Mike Novak, President/CEO

Schedule 1

K288FB Tangible Personal Property

K288FB Tangible Personal Property:

Armstrong 150 watt transmitter

Nicom BKG-77/2

½ coax

Inovonics FM relay receiver

Nicom Bandpass filter, 105.5 mhz

Schedule 2

Current FCC Authorizations

For

K288FB, Honolulu, HI

Facility ID Number 150317

Kona Coast Radio, LLC

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
Broadcast License	K288FB	BMLFT-20070425AFH	06/07/2007	02/01/2014

Schedule 3

K205FM Tangible Personal Property

Crown FM-250 transmitter

Orban 2200 processor

Wegener 4600 sat receiver

Jampro 2-bay circularly-polarized transmit antenna

½" feedline

Schedule 4

K205FM FCC Authorizations

**Current FCC Authorizations
For
K205FM Maili**

Facility ID Number 84395
Educational Media Foundation

Type of Authorization	Call Sign	FCC File Number	Grant Date	Expiration Date
Broadcast License	K205FM	BLFT-20120717ABD	08/16/2012	02/01/2014