

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is entered into this 28 day of June, 2018, by and among ALTANTIC GATEWAY COMMUNICATIONS, INC., a Maryland nonprofit corporation ("Buyer"); WGTS/COLUMBIA UNION COLLEGE BROADCASTING, INC., a Maryland nonprofit corporation ("Seller"); and Seller's parent, WASHINGTON ADVENTIST UNIVERSITY, INCORPORATED, a Maryland nonprofit corporation ("WAU").

WHEREAS, Seller is the licensee of noncommercial FM broadcast station WGTS, licensed to Takoma Park, Maryland (Facility ID 12460) (the "Station"), which it operates pursuant to authorizations issued by the Federal Communications Commission (the "FCC" "Commission"); and

WHEREAS, Buyer desires to purchase from Seller the assets (as defined in Section 1.1) (the "Assets") used in the broadcast operations of the Station, and to obtain an assignment from Seller of all FCC Licenses and Other Authorizations (each, as defined in Section 1.1) held in connection with the operation of the Station; Seller desires to sell such Assets to Buyer and to assign to Buyer all such FCC Licenses and Other Authorizations; and WAU desires to facilitate the purchase and sale, all in accordance with and subject to the terms and conditions contained herein; and

WHEREAS, authorizations issued by the FCC may not be assigned or transferred without the Commission's prior consent;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, Buyer, Seller and WAU (each a "Party" and together, the "Parties") agree as follows:

1. SALE AND PURCHASE OF ASSETS.

1.1. **Sale and Purchase of Assets.** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell, convey, transfer, assign, grant and deliver to Buyer, and Buyer, in reliance on the representations, warranties and covenants of Seller, agrees to purchase, acquire and accept from Seller at the Closing (as defined in Section 11.1) to be held on the Closing Date (as defined in Section 11.1), all of Seller's right, title and interest in and to all of the tangible and intangible assets owned by Seller and used or held for use in connection with the broadcast operations of the Station and that are described below (the "Assets"); provided that the Assets shall not include the Excluded Assets (as defined in Section 1.2):

(a) all licenses, permits and other authorizations that have been or will be issued to Seller by the FCC for the operation of the Station, including any renewals thereof or any pending applications therefor, including those set forth on Schedule 1.1(a) ("FCC Licenses") and, to the extent they are assignable, all other licenses, permits, franchises, authorizations and other similar rights issued by any federal, state or local governmental authority held by Seller for the Station's broadcast facilities (collectively, "Other Authorizations");

(b) all equipment, structures and other tangible personal property used or held for use in connection with the operations of the Station (the "Tangible Personal Property"), including without limitation transmitters, broadcast-related transmission equipment, radio production equipment, furnishings and any parts, upgrades or replacements thereof, and all of Seller's interest (to the extent assignable) in and to all manufacturer's, distributor's or other warranties relating to any of the foregoing, including those items set forth on Schedule 1.1(b);

(c) all Seller's interest and rights in the Station's primary transmitter site pursuant to that certain Lease Agreement between Seller and Greater Washington Educational Telecommunications Association, Inc., which became effective February 1, 2004, and as amended April 1, 2007, a copy of which is attached hereto as Exhibit 1.1(c) (the "Primary Transmitter Site Lease"), and all easements, privileges, rights-of-way, appurtenances, licenses, permits and other rights pertaining to or accruing to the benefit of such interests;

(d) all of Seller's cash, bank accounts, certificates of deposit, financial instruments of any kind, securities, promissory notes receivable, accounts receivable, commitments for contributions from the public and/or program underwriters, and any and all other liquid assets, including those set forth on Schedule 1.1(d);

(e) all of Seller's interest in and rights pursuant to lease agreements or contracts with third parties for the rental or lease of any and all leased personal property used in the operation of the Station, or for the performance of services, including those set forth on Schedule 1.1(e).

(f) all engineering and other books, papers, files, correspondence and records pertaining to the broadcast operations of the Station, including the log books, FCC-required local public inspection and political files, copies of all filings and correspondence with the FCC that are in the possession of Seller, including Seller's corporate and financial records;

(g) all rights to intellectual property used or held for use in connection with the operation of the Station, including the call sign, WGTS, all art and designs, slogans, jingles, printed and electronic promotional and devotional materials; focus group research and all other such works;

(h) all deposits, reserves, prepaid expenses, and prepaid taxes relating to the Station Assets;

(i) all rights, claims, credits, causes of action or rights of setoff against any person or entity other than the Parties including all rights under manufacturer and vendor warranties;

(j) all goodwill related to the Station.

Except as otherwise provided in this Agreement, the Station Assets shall include all such assets existing on the date of this Agreement and all such assets acquired in the ordinary course of business of the Station between the date of this Agreement and the Closing Date, other than those assets consumed in the ordinary course of business. The Station Assets shall be transferred

to Buyer at the Closing free and clear of all liens, claims, security interests, encumbrances and liabilities (“Encumbrances”) other than the Permitted Encumbrances (as defined in Section 3.6).

1.2. **Excluded Assets.** The Assets shall not include any of the items listed on Schedule 1.2 (the “Excluded Assets”).

2. **PURCHASE PRICE; METHOD OF PAYMENT; ASSUMPTION OF LIABILITIES**

2.1. **Purchase Price.** In consideration of the sale and transfer of the Assets, Buyer agrees to pay to WAU and Seller and WAU agree to accept from Buyer the sum of Twelve Million Dollars (\$12,000,000.00) (the “Purchase Price”), to be paid by Buyer at the Closing in the manner prescribed in this Section 2. The Purchase Price shall be adjusted by the net amount of the adjustments, if any, provided for in Section 12.

2.2. **Cash Payment.** Buyer shall remit to the order of WAU One Million Dollars (\$1,000,000) in immediately available funds (the “Cash Payment”).

2.3. **Loan Forgiveness.** Buyer shall execute and deliver to WAU one or more releases in form and substance satisfactory to WAU to forgive indebtedness in the amount of the lesser of One Million Dollars (\$1,000,000) or the total aggregate outstanding unpaid balance of principal and interest with respect to those certain Promissory Notes dated July 19, 2010 and June 30, 2016 (the “WAU Promissory Notes”), made by WAU and held by Seller but which are to be assigned to Buyer at the Closing pursuant to Section 1.1(d) hereof (the “Release”).

2.4. **Promissory Note.** Buyer shall execute and deliver to WAU a promissory note (the “Note”) for Ten Million Dollars (\$10,000,000) payable to WAU in Three Hundred Sixty (360) monthly installments of principal and interest, with interest accruing on the outstanding unpaid principal balance at the variable rate set and adjusted to equal the rate, as adjusted from time to time, charged on new loans by the Columbia Union Revolving Fund. The Note shall be in the form attached hereto as Exhibit 2.4.1. The Note shall be secured pursuant to the terms of a Security Agreement (the “Security Agreement”) between Buyer and WAU, the form of which is attached hereto as Exhibit 2.4.2.

2.5. **Assumed Liabilities.** In addition to the foregoing consideration, at the Closing, Buyer shall assume certain liabilities and obligations of Seller, including lease and contractual obligations, employment contracts and commitments, obligations to employ Seller’s employees, for pensions, severance and other employee benefit plans, programs and practices, tax liabilities, unfulfilled barter liabilities and trade agreements, each as set forth in Schedule 2.5.

3. **REPRESENTATIONS AND WARRANTIES BY SELLER.** Seller and WAU represent and warrant to Buyer as follows:

3.1. **Organization and Standing.** Seller is a nonprofit corporation duly organized, validly existing and in good standing under the laws of Maryland. Seller has the requisite power and authority to own, lease and operate the Assets, to carry on its business with regard to the Station as now conducted, and to enter into and perform the terms of this Agreement and the agreements and instruments called for hereunder (the “Collateral

Agreements”) and to consummate the transactions contemplated by this Agreement and the Collateral Agreements.

3.2. **Authorization.** The execution and delivery by Seller of this Agreement and of the Collateral Agreements, and the consummation of the transactions contemplated by this Agreement and the Collateral Agreements, have been duly and validly authorized by all necessary action on the part of Seller. This Agreement constitutes, and upon their execution and delivery by Seller the Collateral Agreements will constitute, valid and binding agreements and obligations of Seller, enforceable against Seller in accordance with their respective terms, except as the enforceability thereof may be affected by bankruptcy, insolvency or similar laws affecting creditors’ rights generally or court applied equitable remedies.

3.3. **No Conflict or Breach; Third Party Consents.** The execution and delivery by Seller of this Agreement and the Collateral Agreements, the fulfillment of and the compliance with the respective terms and provisions of this Agreement and the Collateral Agreements, and the consummation of the transactions contemplated by this Agreement and the Collateral Agreements, will not: (i) conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of Seller’s governing documents; (ii) conflict with or constitute a violation of (with or without the giving of notice or the lapse of time or both) any law, ordinance, regulation, order, award, judgment, injunction or decree of any legislative body, court, governmental or regulatory authority or arbitrator that is applicable or relates to Seller or the Assets; or (iii) in any material respect, (A) violate or conflict with, (B) constitute a default under, (C) result in a breach, acceleration or termination of any provision of, (D) require the consent of any third party under (other than the FCC), or (E) result in the creation of any Encumbrance upon any of the Assets pursuant to, any contract, agreement, commitment, indenture, or other instrument or obligation to which Seller is a party or by which Seller is bound or to which any of the Assets may be subject.

3.4. **Governmental Consents.** Except for the consent of the FCC to the assignment of the FCC Licenses (the “FCC Consent”), neither the execution and delivery of this Agreement by Seller nor the consummation by Seller of the transactions contemplated hereby, nor compliance by Seller with any provisions of this Agreement or the Collateral Agreements will require any filing with, or the obtaining of any permit, authorization, consent or approval of, any governmental or regulatory authority by Seller.

3.5. **Litigation; Compliance with Law.** Except for proceedings related to the FCC Application (as defined in Section 5) and generally applicable to the broadcast industry, there is no action, suit, investigation, claim, arbitration, proceeding or litigation pending or, to the knowledge of Seller, threatened against or involving the Assets or the operations of the Station, at law or in equity, or before or by any court, arbitrator or governmental authority. Seller has not operated the Station under or subject to any order, judgment, decree or injunction of any court, arbitrator or governmental authority. To the knowledge of Seller, Seller has complied in all material respects and is in compliance in all material respects with all laws, ordinances and regulations applicable to the Assets and to the business of Seller regarding the Station.

3.6. **Title to Assets.** Seller has good and valid title to all of the Assets free and clear of all Encumbrances, except for the following (“Permitted Encumbrances”): (a) mechanics, materialmen’s and similar liens with respect to any amount not yet due or payable or that are being contested in good faith through appropriate proceedings, and for which in any case Buyer receives a credit pursuant to Section 12; or(b) liens for taxes not yet due and payable or that are being contested in good faith through appropriate proceedings, and for which in any case Buyer receives a credit pursuant to Section 12.

3.7. **Condition of Tangible Assets.** The Tangible Personal Property listed on Schedule 1.1(b) is in good operating condition and repair, ordinary wear and tear excepted, taking into account age and normal usage.

3.8. **FCC Licenses and Operation of the Station.** Schedule 1.1(a) contains a true and complete list of all FCC Licenses and material Other Authorizations and any pending applications for any FCC Licenses or Other Authorizations. The FCC Licenses and Other Authorizations set forth on Schedule 1.1(a) are valid and in full force and effect and there are no orders, or to Seller’s knowledge no complaints, proceedings or investigations pending or threatened, that could result in the revocation, suspension or limitation of the FCC Licenses or Other Authorizations, nor is there to Seller’s knowledge, any existing state of facts that could reasonably be expected to serve as the basis therefor under laws and regulations in effect on the Closing Date. To Seller’s knowledge, the FCC Licenses and Other Authorizations comprise all of the federal, state, local or municipal governmental authorizations needed for the lawful conduct of the Station’s business as currently conducted. Except as specified in the FCC Licenses and Other Authorizations set forth on Schedule 1.1(a), the FCC Licenses and Other Authorizations are not subject to any restrictions or conditions that would limit the operations of the Station as presently conducted. The FCC Licenses expire on the dates set forth on Schedule 1.1(a), and Seller has no reason to believe that, should Seller continue to hold the FCC Licenses, any of them would not be renewed or has any knowledge that any person or entity intends to oppose any such renewal. To Seller’s knowledge, there are not any unsatisfied or otherwise outstanding citations issued by the FCC with respect to the Station or its operation.

3.9. **Reports and Records.** All material returns, reports and statements relating to the Station currently required to be filed by Seller with the FCC, and any material returns, reports and statements relating to the Station currently required to be filed by Seller with any other governmental instrumentality have been, or prior to the Closing Date shall be, filed and complied with in all material respects and are true, correct and complete in all material respects, and true, correct and complete copies thereof have been made available for inspection by Buyer. All material items required by the FCC to be placed in the local public inspection file of the Station have been placed in such files and are in the possession or control of Seller, and all such items are true, correct, and complete in all material respects.

3.10. **Primary Transmitter Site Lease.** The Primary Transmitter Site Lease is in effect and is set to expire by its terms on February 1, 2019. Seller is current on its payments and other obligations to which it is bound under the Primary Transmitter Site Lease. To Seller’s knowledge the Primary Transmitter Site Lease is not subject to any action or condition that would lead to early termination or revocation of the lease, nor is any such action or condition threatened.

3.11. **Taxes.** Seller has paid and discharged all taxes, assessments, excises and other levies relative to the Assets, which if due and not paid, would interfere with Buyer's full use of the Assets conveyed hereunder, excepting such taxes, assessments and other levies that will not be due until the Closing Date or that will be prorated between Seller and Buyer.

3.12. **Limitations.** Neither Seller nor WAU shall be liable to Buyer with respect to any breach or violation of the representations and warranties in this Section 3 to the extent that such breach or violation results from any act, commission or omission by any person who is, has been or will be a member of Seller's management or staff in the daily operation of the Station until the Closing Date.

4. **REPRESENTATIONS AND WARRANTIES BY BUYER.** Buyer represents, warrants and covenants to Seller as follows:

4.1. **Organization and Standing.** Buyer is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Maryland. Buyer has all requisite power and corporate authority to enter into, execute and deliver this Agreement and the Collateral Agreements, and to perform and comply with all of the terms, covenants and conditions to be performed or complied with by Buyer in this Agreement and the Collateral Agreements, and to consummate the transactions contemplated by this Agreement and the Collateral Agreements.

4.2. **Authorization.** The execution and delivery by Buyer of this Agreement and of the Collateral Agreements, and the consummation of the transactions contemplated by this Agreement and the Collateral Agreements, have been duly and validly authorized by all necessary action on the part of Buyer. This Agreement constitutes, and upon execution and delivery by Buyer the Collateral Agreements will constitute, valid and binding agreements and obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as the enforceability thereof may be affected by bankruptcy, insolvency or similar laws affecting creditors' rights generally or court applied equitable remedies.

4.3. **No Conflicts or Breach; Consents.** The execution and delivery by Buyer of this Agreement and the Collateral Agreements, the fulfillment of and compliance with the respective terms and provisions of this Agreement and the Collateral Agreements, and the consummation of the transactions contemplated by this Agreement and the Collateral Agreements will not: (i) conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of Buyer's charter and by-laws; (ii) conflict with or constitute a violation of (with or without the giving of notice or the lapse of time or both), any law, ordinance, regulation, order, award, judgment, injunction or decree of any legislative body, court, governmental or regulatory authority or arbitrator that is applicable to or relates to Buyer or any of Buyer's operations or assets; or (iii) violate or conflict with, constitute a default under, result in a breach, acceleration or termination of any provision of, or require the consent of any third party under, any agreement, instrument, license or permit to which Buyer is a party or by which Buyer may be bound, such that Buyer could not acquire the Assets pursuant to the terms of this Agreement or operate the Station after Closing.

4.4. **Governmental Consents.** Except for the FCC Consent, neither the execution and delivery of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby, nor compliance by Buyer with any provisions of this Agreement or the Collateral Agreements will require any filing with, or the obtaining of any permit, authorization, consent or approval of, any governmental or regulatory authority by Buyer.

4.5. **Qualifications.** Buyer is not aware of any facts that would, under present law (including the Communications Act of 1934, as amended) and present rules, regulations, policies and practices of the FCC, form the basis for a determination by the FCC that Buyer is not qualified to become the licensee of the Station and, the assignee of the FCC Licenses, and the owner and/or operator of the Station or the Assets, and Buyer will not take, or unreasonably fail to take, any action that would cause such non-qualification.

4.6. **Litigation.** Except for administrative rule making or other proceedings of general applicability to the broadcast industry, there is no action, suit, investigation, claim, arbitration, litigation or proceeding pending or, to the knowledge of Buyer, threatened against Buyer that would adversely affect Buyer's ability to carry out its obligations under this Agreement or the Collateral Agreements.

4.7. **Denominational Status.** Buyer has qualified for and has been duly awarded status as a Seventh-day Adventist denominational entity.

5. **APPLICATION FOR FCC CONSENT.** As promptly as practicable after the date hereof, but no later than ten (10) business days after the date hereof, Seller and Buyer shall take all steps reasonably necessary to file and shall participate in the filing of, an application with the FCC requesting its consent to the assignment of the FCC Licenses for the Station from Seller to Buyer (the "FCC Application"). Seller and Buyer will diligently take and fully cooperate in the taking of, all necessary and proper steps, and provide any additional information reasonably requested in order to obtain promptly the requested consent and approval of the FCC Application; provided that neither Party shall have any obligation to take any steps that could have a material adverse effect on such Party or the operation of the Station to satisfy complainants, if any, or to participate in any evidentiary hearing.

6. **TERMINATION; EFFECTS OF TERMINATION.**

6.1. **Termination.** This Agreement may be terminated and the transactions contemplated hereby may be abandoned as follows:

(a) By mutual written consent of Seller and Buyer;

(b) By either Party not then in default of this Agreement if the Closing shall not have occurred within twelve (12) months of the date on which the FCC Application is filed with the Commission (unless extended by the Parties' mutual agreement); provided, however, that the right to terminate this Agreement under this Section 6.1(b) shall be suspended as to any Party whose failure to fulfill any material obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date, until the tenth (10th) day after such failure has been cured;

(c) By Buyer or Seller as set forth in Section 14;

(d) By either Party not then in default of this Agreement if any court of competent jurisdiction in the United States or other United States governmental body shall have issued an order, decree or ruling, taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated hereby; provided, however, that the right to terminate this Agreement under this Section 6.1(d) shall be suspended as to any Party whose failure to fulfill any material obligation under this Agreement or whose actions otherwise shall have been the cause of, or shall have resulted in, the issuance of such order, decree, ruling or other governmental action;

(e) By Seller, upon notice to Buyer, upon a material breach of any representation, warranty or covenant of Buyer contained in this Agreement, provided (i) that Seller is not then in default of any of its obligations under this Agreement, and (ii) that such breach is not cured within thirty (30) days after the giving of written notice thereof by Seller to Buyer (“Buyer’s Cure Period”); provided however, if such breach cannot be reasonably cured within Buyer’s Cure Period and Buyer promptly commences diligent efforts to cure, then Buyer’s Cure Period shall be extended so long as Buyer continues such diligent efforts, but not beyond the latest date that the Closing Date could occur under Section 11.1 if such breach had never occurred; and

(f) By Buyer, upon notice to Seller, upon a material breach of any representation, warranty or covenant of Seller contained in this Agreement, provided (i) that Buyer is not then in default of any of its obligations under this Agreement, and (ii) that such breach is not cured within thirty (30) days after the giving of written notice thereof by Buyer to Seller (“Seller’s Cure Period”); provided however, if such breach cannot be reasonably cured within Seller’s Cure Period and Seller promptly commences diligent efforts to cure, then Seller’s Cure Period shall be extended so long as Seller continues such diligent efforts, but not beyond the latest date that the Closing Date could occur under Section 11.1 if such breach had never occurred.

Any termination of this Agreement pursuant to this Section 6.1 shall be made by written notice of termination following the occurrence of the applicable event.

6.2. **Effects of Termination.**

(a) If this Agreement is terminated pursuant to Sections 6.1(a) through 6.1(d), neither Party shall have any liability to the other; this Agreement in its entirety shall be deemed null, void and of no further force and effect (except for the provisions of Sections 18 and 20, which shall survive such termination).

(b) If Seller terminates this Agreement pursuant to Section 6.1(e), then Seller shall be entitled to any remedy to which it may be entitled at law or in equity.

(c) If Buyer terminates this Agreement pursuant to Section 6.1(f), in addition to any other remedy to which it may be entitled at law or in equity, Buyer shall be entitled to order of specific performance by Seller pursuant to Section 16 hereof.

7. **COVENANTS AND AGREEMENTS OF SELLER.** Seller covenants and agrees with Buyer as follows:

7.1. **Negative Covenants.** Except as otherwise contemplated by this Agreement, pending and prior to the Closing, Seller shall not without the prior written approval of Buyer do or agree to do any of the following in connection with Seller's operation of the Station:

(a) **Dispositions.** Sell, assign, lease or otherwise transfer or dispose of any Asset, other than dispositions in the ordinary course of business;

(b) **Contracts.** Enter into any contracts, leases, commitments, understandings, licenses, or other agreements relating exclusively to the Station or incur any obligation or liability (contingent or absolute) relating exclusively to the Station; provided, however, that Seller may enter into such other contracts, leases, commitments, understandings, licenses or other agreements in the ordinary course of business at the Station consistent with Seller's past business practices at the Station and with customary practices in the radio broadcast industry, so long as such contracts, leases, commitments understandings, licenses or other agreements are terminable by Seller on thirty (30) days' notice without further liability therefor;

(c) **Material Adverse Actions.** Do or omit to do any act (or permit such action or omission) that would be reasonably expected to have a material adverse effect on the Assets;

(d) **Actions Affecting Licenses, Other Authorizations.** Take any action that would be reasonably expected to jeopardize the validity or enforceability of or rights under the FCC Licenses or the Other Authorizations; and

(e) **Encumbrances.** Mortgage, pledge or subject any of the Assets to any Encumbrance other than a Permitted Encumbrance.

7.2. **Affirmative Covenants.** Pending and prior to the Closing, Seller shall:

(a) **Preserve Existence.** Preserve its existence intact as of the Closing;

(b) **Compliance with FCC Rules and Regulations.** In connection with Seller's operation of the Station, comply in all material respects with all applicable rules and regulations of the FCC and with all material rules and regulations of any other governmental authority having jurisdiction over Seller in connection with its operation of the Station;

(c) **Primary Transmitter Site Lease.** Timely perform all of its obligations under the Primary Transmitter Site Lease, take such measures as may be necessary or prudent to ensure that the Lease continues in effect, and ensure the extension of the Lease pursuant to the terms thereof in the event that the Closing does not occur prior to August 1, 2018;

(d) **Access.** Upon reasonable notice, give Buyer and Buyer's authorized representatives reasonable access to the Assets;

(e) Violations. If Seller receives notice of or becomes aware of any material violation with respect to or affecting the FCC Licenses or the Other Authorizations, notify Buyer and use commercially reasonable efforts to correct all such violations prior to the Closing;

(f) Notification. Notify Buyer of any complaints, investigations, hearing or any material litigation pending or threatened against the Station or any material damage to or destruction of any assets included or to be included in the Assets.

(g) Third-Party Consents. Obtain all consents from third parties needed to assign to Buyer all of Seller's interests in each of the leases and contracts identified in Schedule 1.1(e)

8. **COVENANTS AND AGREEMENTS OF BUYER**. Buyer covenants and agrees with Seller as follows:

8.1. **Negative Covenants**. Pending and prior to the Closing, Buyer will not take, or fail to take, any action that could be reasonably expected to disqualify Buyer as an assignee of the FCC Licenses, or as owner or operator of the Station and the Assets; or which could reasonably be expected to result in the suspension or rescission of its Seventh-day Adventist denominational status.

8.2. **Corporate Action**. Prior to the Closing, Buyer shall (i) take all necessary corporate action under federal law and under the law of any state having jurisdiction over Buyer to effectuate the transactions contemplated by this Agreement and (ii) notify Seller of any litigation or administrative proceeding pending or, to Buyer's knowledge, threatened against Buyer that challenges the transactions contemplated hereby.

8.3. **Qualifications**. In the event Buyer becomes aware of any facts or circumstances that might cause it to become unqualified to hold the FCC License for the Station, it will promptly notify Seller in writing thereof and use its reasonable best efforts to prevent and/or cure any such non-qualification or disqualification.

9. **CONDITIONS PRECEDENT TO BUYER'S OBLIGATION TO CLOSE**. The obligations of Buyer to purchase the Assets and to proceed with the Closing are subject to the satisfaction at or prior to the Closing of each of the following conditions (unless waived in writing by Buyer):

9.1. **Representations and Covenants**. The representations and warranties of Seller made herein or in any schedule, agreement or instrument called for hereunder shall have been true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date as though such representations and warranties were made on and as of such date; Seller shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Seller prior to the Closing.

9.2. **Legal Proceedings**. No proceeding by or before any governmental authority shall have been instituted (and not subsequently dismissed, settled or otherwise

terminated) that would (a) restrain, prohibit or invalidate the transactions contemplated by this Agreement, or (b) impose material restrictions, limitations or conditions with respect to Buyer's ownership of the Station or the Assets, other than an action or proceeding that is instituted or threatened by Buyer or is solicited or encouraged by, or instituted as a result of any act or omission of Buyer.

9.3. **FCC Consent.** The FCC shall have granted the FCC Consent without any conditions or modifications that are materially adverse to Buyer's operation of the Station or that materially diminish the rights of a licensee with respect to the Station (except for any such conditions that are accepted by Buyer in writing).

9.4. **Third-Party Consents.** Seller shall have obtained in form and substance satisfactory to Buyer written consents from third parties as may be required for assignment to Buyer of Seller's interests in the Primary Transmitter Site Lease and each of the leases and contracts identified in Schedule 1.1(e).

10. **CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE.** The obligations of Seller to sell, transfer, convey and deliver the Assets and to proceed with the Closing are subject to the satisfaction at or prior to the Closing of each of the following conditions (unless waived in writing by Seller):

10.1. **Representations and Covenants.** The representations and warranties of Buyer made herein or in any agreement or instrument called for hereunder shall have been true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date as though such representations and warranties were made on and as of such date; and Buyer shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by Buyer prior to the Closing.

10.2. **Legal Proceedings.** No proceeding by or before any governmental authority shall have been instituted or threatened in a writing to Buyer or Seller (and not subsequently dismissed, settled or otherwise terminated) that would restrain, prohibit or invalidate the transactions contemplated by this Agreement, other than an action or proceeding that is instituted or threatened by Seller or is solicited or encouraged by, or instituted as a result of any act or omission of Seller.

10.3. **FCC Consent.** The FCC shall have granted the FCC Consent without any conditions or modifications that are materially adverse to Seller.

11. **THE CLOSING; CLOSING DATE.**

11.1. **Closing.** The closing of the sale and purchase of the Assets as contemplated hereby (the "Closing") shall be held on a date to be agreed upon by Buyer and Seller (the "Closing Date"), but in no event more than five (5) business days following the date upon which all conditions to Closing shall have been fulfilled or waived; provided, however, in the event that a petition to deny, informal objection or other adverse filing is made against the FCC Application, the Closing Date shall be five (5) business days after FCC Consent has become a Final Order. "Final Order" means an action by the FCC as to which: (a) no request for

stay by the FCC is pending, no such stay is in effect, and any deadline for filing a request for any such stay has passed; (b) no appeal, petition for rehearing or reconsideration, or application for review is pending before the FCC, and the deadline for filing any such appeal, petition, or application has passed; (c) the FCC has not initiated reconsideration or review on its own motion, and the time in which such reconsideration or review is permitted has passed; and (d) no appeal to a court, or request for stay by a court, of the FCC's action is pending or in effect, and the deadline for filing any such appeal or request has passed. The effective time of the Closing shall be 12:01 a.m. Station's local time on the Closing Date (the "Effective Time"). The Closing shall be held at such time and place as the Parties may agree upon.

11.2. **Delivery by Seller.** At or before the Closing, Seller shall deliver to Buyer, duly executed by an authorized representative of Seller as the context may require:

(a) An Assignment and Assumption of the FCC Licenses and the Other Authorizations identified in Schedule 1.1(a) in form and substance reasonably satisfactory to Buyer.

(b) A Bill of Sale transferring to Buyer all of Seller's ownership interest in the Tangible Personal Property as identified in Schedule 1.1(b), in form and substance reasonably satisfactory to Buyer.

(c) An Assignment and Assumption of the Station's Primary Transmitter Site Lease as described in Exhibit 1.1(c) in form and substance reasonably satisfactory to Buyer, accompanied by the consent of lessor under the Primary Transmitter Site Lease, in form and substance satisfactory to Buyer.

(d) Assignments, drafts, and/or other instruments as may be necessary to assign or transfer to Buyer ownership of the financial accounts or of the contents of the financial accounts identified in Schedule 1.1(d).

(e) An Assignment and Assumption assigning to Buyer all of Seller's rights, obligations and interests in each lease and contract identified in Schedule 1.1(e), each with a written consent of lessor or contractor as may be required, and each in form and substance reasonably satisfactory to Buyer.

(f) True and correct copies of all records as described in Section 1.1(f).

(g) The Security Agreement executed by WAU, the form of which is attached hereto in Exhibit 2.4.2.

(h) The Studio Lease Agreement (defined in Section 17) executed by WAU, the form of which is attached hereto as Exhibit 17.

11.3. **Delivery by Buyer.** At or before the Closing, Buyer shall deliver to Seller, duly executed by an authorized representative of Buyer as the context may require:

- (a) The Cash Payment as described in Section 2.2.
- (b) The Release as described in Section 2.3.
- (c) The Note, the form of which is attached hereto in Exhibit 2.4.1.
- (d) The Security Agreement, the form of which is attached hereto in Exhibit 2.4.2.
- (e) An Assignment and Assumption of the FCC Licenses and the Other Authorizations identified in Schedule 1.1(a).
- (f) An Assignment and Assumption of the Primary Transmitter Site Lease a copy of which is attached hereto in Exhibit 1.1(c).
- (g) An Assignment and Assumption assuming from Seller all of Seller's rights, obligations and interests in each lease and contract identified in Schedule 1.1(e).
- (h) The Studio Lease Agreement executed by WAU, the form of which is attached hereto as Exhibit 17.

12. **ADJUSTMENTS.** All income and expenses arising from the operation of the Station and affecting the Assets shall be prorated or allocated in cash between Buyer and Seller (the "**Adjustment**") as of the Effective Time in accordance with the principle that Seller shall receive all revenue and be responsible for all expenses allocable to the period prior to the Effective Time, and Buyer shall receive all revenue and be responsible for all expenses allocable to the period after the Effective Time. Such allocations shall include property taxes, utility expenses arising from the operation of the Assets and other similar items. A statement of all such allocations, and of the net amount due from one Party to the other as a result thereof, shall be prepared by Buyer and delivered to Seller within sixty (60) days following the Closing.

13. **POSSESSION AND CONTROL.** Between the date of this Agreement and the Closing, Buyer shall not directly or indirectly control, supervise or direct, or attempt to control, supervise or direct, the operation of the Station, and such operation, including complete control and supervision of all Station programming, personnel and finances, shall be the sole responsibility of Seller.

14. **RISK OF LOSS.**

14.1. The risk of loss or damage by fire or other casualty or cause to the Assets until the Closing shall be borne by Seller. In the event of a "material" (as defined in Section 14.2) loss or damage prior to the Closing, Seller shall notify Buyer within fifteen (15) business days after the occurrence of such material loss or damage that Seller either (a) elects to promptly restore, replace or repair the damaged assets to their previous condition at Seller's sole cost and expense (a "Restoration Election") or (b) makes an offer to reduce the Purchase Price to

reflect Seller's estimate of the reduction in value caused by such material loss or damage ("Reduction Offer"). Within ten (10) business days after receiving Seller's notice (or if Seller fails to provide the notice required in the second sentence of this Section 14.1), Buyer shall have the right to (x) terminate this Agreement, (y) accept the Reduction Offer, in which case the Purchase Price shall be so reduced and the Closing shall proceed as set forth in this Agreement, or (z) if Seller makes a Restoration Election, defer the Closing Date until such restorations, replacements or repairs are made (provided that no such deferral shall affect the rights of the Parties to terminate this Agreement pursuant to Section 6). If Buyer defers the Closing Date and (i) if, on the date that would have been the Closing Date if no loss or damage had occurred or within thirty (30) days after the date that would have been the Closing Date (if, but only if, such loss or damage occurs within thirty (30) days prior to such date that would have been the Closing Date), Seller has not commenced, or made arrangements for, restoration, replacement or repair, or (ii) if, one hundred twenty (120) days after the event of such loss or damage, such restoration, replacement or repair is not completed, Buyer may, at its sole option, terminate this Agreement by written notice to Seller.

14.2. For purposes of this Section 14 only, loss or damage shall be deemed "material" if the cost to repair, replace, or restore the lost or damaged Assets exceeds Fifty Thousand Dollars (\$50,000) or if it would prevent the Station from operating at its full licensed parameters for longer than seventy-two (72) hours. In the event of a loss or damage to the Assets prior to the Closing that does not qualify as material hereunder, the Purchase Price shall be reduced by the cost to repair, replace or restore the lost or damaged Assets; provided however, that nothing in this Section 14 shall affect Buyer's rights under Section 9.

14.3. If the Parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement, or restoration of any lost or damaged property, or any other matter arising under this Section 14, the disagreement shall be referred to a qualified member of the Association of Federal Communications Consulting Engineers mutually acceptable to Seller and Buyer whose decision shall be final, and whose fees and expenses shall be paid one-half by Seller and one-half by Buyer.

15. **SURVIVAL; INDEMNIFICATION.**

15.1. **Survival of Representations.** All representations, warranties, covenants and agreements made by any Party shall survive the Closing for a period of twenty-four (24) months after the Closing Date (the "Warranty Period"). The Warranty Period shall be unaffected by (and shall not be deemed waived by) any investigation, audit, appraisal, or inspection at any time made by or on behalf of any Party. Any claim for indemnification shall be submitted by the party claiming indemnification within sixty (60) days following the expiration of the Warranty Period. Any claims for indemnification made by a Party in accordance with this Section 15 within sixty (60) day following the expiration of the Warranty Period shall survive and shall not be extinguished by the expiration of such period.

15.2. **Indemnification by Seller.** Subject to the conditions and provisions of this Section 15.2 and Section 15.4 and commencing at the Closing, Seller and WAU agree to indemnify, defend and hold harmless Buyer from and against all claims, actions, causes of

action, suits, losses, damages, liabilities, costs and expenses (including with respect to Claims (as defined in Section 15.4) only, reasonable attorneys' fees and disbursements) (collectively "Losses") asserted against, imposed upon or incurred by Buyer, directly or indirectly, by reason of or resulting from: (a) any liability or obligation of or claim against Seller or WAU not expressly assumed by Buyer hereunder or under any Collateral Agreement; or (b) any Claims involving events or circumstances occurring prior to the Closing Date, arising out of, relating to or resulting from the Assets or Seller's business or its operation of the Station; or (c) any misrepresentation or breach of the representations and warranties of Seller contained in or made pursuant to this Agreement. Seller's and WAU's liability hereunder shall be offset by an equal reduction in the then currently outstanding unpaid principal balance on the Note.

15.3. **Indemnification by Buyer.** Subject to the conditions and provisions of this Section 15.3 and Section 15.4 commencing at the Closing, Buyer hereby agrees to indemnify, defend and hold harmless Seller and WAU from and against all Losses asserted against, imposed upon or incurred by Seller or WAU, directly or indirectly, by reason of or resulting from: (a) any Claims involving events or circumstances occurring on or after the Closing Date arising out of, relating to or resulting from the Assets or Buyer's business or its operation of the Station; (b) the Assumed Liabilities; or (c) any misrepresentation or breach of the representations and warranties of Buyer contained in or made pursuant to this Agreement.

15.4. **Conditions of Indemnification.** The obligations and liabilities of Seller and of Buyer hereunder with respect to their respective indemnities pursuant to this Section 15, resulting from any claim or other assertion of liability by third parties ("Claims"), shall be subject to the following terms and conditions:

(a) The Party seeking indemnification (the "Indemnified Party") must give the other Party (the "Indemnifying Party") notice of any such Claim promptly after the Indemnified Party receives notice thereof; provided that the failure to notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that it may have to the Indemnified Party except to the extent that the Indemnifying Party demonstrates that the defense of such action is prejudiced by the Indemnified Party's failure to give such notice. Any notice of a Claim shall be accompanied by evidence demonstrating the Indemnified Party's right or possible right to indemnification, including copies of supporting documents relevant thereto.

(b) The Indemnifying Party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense of such Claim.

(c) In the event that the Indemnifying Party shall elect not to undertake such defense, or within ten (10) business days after notice of any such Claim from the Indemnified Party shall fail to defend, the Indemnified Party (upon further written notice to the Indemnifying Party) shall have the right to undertake the defense, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the Indemnifying Party (subject to the right of the Indemnifying Party to assume defense of such Claim at any time prior to settlement, compromise or final determination thereof).

(d) Notwithstanding anything in this Section 15.4 to the contrary: (i) if there is a reasonable probability that a Claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, then the Indemnified Party shall have the right, at its own cost and expense, to participate in the defense, compromise or settlement of the Claim; (ii) the Indemnifying Party shall not, without the Indemnified Party's written consent, settle or compromise any Claim or consent to entry of any judgment that does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all liability in respect of such Claim; and (iii) in the event that the Indemnifying Party undertakes defense of any Claim, the Indemnified Party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the Indemnifying Party and its counsel or other representatives concerning such Claim, and the Indemnifying Party and the Indemnified Party and their respective counsel or other representatives shall cooperate with respect to such Claim.

(e) After the Closing, the rights of the Parties under this Section 15 shall be the sole and exclusive remedy of the Parties for the matters described in Sections 15.2 and 15.3; provided however, that the foregoing limitation shall not apply to fraud.

16. **SPECIFIC PERFORMANCE.** Seller and WAU acknowledge that the Assets to be sold and delivered to Buyer pursuant to this Agreement are unique and that Buyer has no adequate remedy at law if Seller shall fail to perform its obligations to proceed to the Closing hereunder. Buyer shall therefore be entitled, in addition to any other remedies that may be available to it, to obtain specific performance of the terms of this Agreement prior to Closing. If any action is brought by Buyer to enforce this Agreement prior to Closing, Seller and WAU shall waive the defense that there is an adequate remedy at law.

17. **STUDIO LEASE AGREEMENT.** On or before the Closing Date, Buyer and WAU will enter into a Studio Lease Agreement ("SLA"), the form of which is attached hereto as Exhibit 17. Under the SLA, WAU will lease to Buyer facilities for studios, offices and tower space for the Station in approximately the same space presently occupied by the Station's studios, offices and auxiliary transmission system. The term of SLA will commence on the Closing Date and extend until the fifth (5th) anniversary of the Closing Date. The terms of the SLA will include rent at the rate of Fifty Thousand Dollars (\$50,000.00) per annum, to be paid in monthly installments, and such other commercially reasonable terms as are typical and customary for such agreements, with due regard for the location, quality and condition of the facilities.

18. **FURTHER ASSURANCES.** Each of the Parties agrees that it will, at any time, prior to, at or after Closing, take or cause to be taken such further actions, and execute, deliver and file or cause to be executed, delivered and filed such further documents and instruments, and obtain such consents, as may reasonably be necessary or reasonably requested in connection with the consummation of the purchase and sale contemplated by this Agreement or in order to fully effectuate the purposes, terms and conditions of this Agreement. In the event that Buyer receives any correspondence, checks or other remittances on or after the Closing Date in respect of the Excluded Assets, Buyer shall promptly deliver over to Seller all such correspondence, checks and other remittances. In the event that Seller receives any correspondence, checks or other remittances on or after the Closing Date in respect of Buyer's operation of the Station or the

Assets, Seller shall promptly deliver over to Buyer all such correspondence, checks and other remittances.

19. **PUBLIC ANNOUNCEMENTS.** On and after the date hereof and through the Closing Date, the Parties shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby, and neither Party shall issue any press release or make any public statement prior to obtaining the other Party's written approval, which approval shall not be unreasonably withheld, except that no such approval shall be necessary in connection with the FCC Application, in communicating with any Party's officers or directors, or to the extent disclosure may be required by applicable law.

20. **BROKERS.** Each of Seller and Buyer represents to the other that it has not retained any broker or person in connection with the transactions contemplated by this Agreement, and that no commission, finder's fee or similar payment is or will be owed to any third party as a result of this Agreement.

21. **SCHEDULES AND EXHIBITS.** Any item set forth on or in any Schedule to this Agreement shall be incorporated by reference into this Agreement. Any information disclosed in any Schedule shall be deemed to have been disclosed pursuant to all other Schedules to this Agreement.

22. **NOTICES.** All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally or if by email, (b) on the first business day following the date of dispatch if delivered utilizing a next-day service by a recognized overnight courier or (c) on the earlier of confirmed receipt or the fifth (5th) business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

If to Seller:
Patrick Farley, Executive Vice President Finance
Washington Adventist University, Incorporated
7600 Flower Avenue
Takoma Park, Maryland 20912

If to Buyer:
Kevin Krueger, President
Atlantic Gateway Communications, Inc.
Radio Station WGTS
7600 Flower Avenue
Takoma Park, Maryland 20912

23. **WAIVER.** Except as otherwise provided in this Agreement, no delay or failure on the part of any Party in exercising any right, power or privilege under this Agreement or

under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of any such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any Party unless made in writing and signed by the Party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

24. **ASSIGNMENT AND BENEFIT.** Except with the written consent of the other Party, no Party shall assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the non-assigning party; and any purported assignment contrary to the terms hereof shall be null, void and of no force and effect. The covenants and agreements set forth in this Agreement shall be for the benefit of, and shall be enforceable only by the Parties or their respective successors and assigns as permitted hereunder.

25. **CONSTRUCTION.** This Agreement shall be construed and enforced in accordance with the laws of the State of Maryland, excluding the conflicts of law principles thereof. Any reference to an article, section or subsection shall be to a provision of this Agreement, unless specifically stated otherwise. For purposes of this Agreement, the term “knowledge” with respect to Seller means the actual knowledge of Kevin Krueger, with no duty of investigation other than that which would be consistent with his duties as Vice President of Seller.

26. **ENTIRE AGREEMENT; AMENDMENT.** This Agreement, including the Schedules and Exhibits hereto and other instruments and documents referred to or delivered, contain the entire agreement among the Parties with respect to the subject matter and supersede all prior oral or written agreements, commitments or understandings with respect to such matters. No amendment, modification or discharge of this Agreement shall be valid or binding unless in writing and executed by Buyer and Seller.

27. **HEADINGS.** The headings of the sections and subsections contained in this Agreement are inserted for convenience only and do not form a part or affect the meaning, construction or scope of the sections and subsections.

28. **SIGNATURES.** This Agreement and the Collateral Agreements may be executed by facsimile or electronically delivered signature, which shall constitute an original signature for all purposes. This Agreement may be executed in separate counterparts, none of which need contain the signature of all Parties, each of which shall be deemed to be an original, and all of which taken together constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than the number of counterparts containing the respective signatures of, or on behalf of, all of the Parties

[Signatures follow on next page.]

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

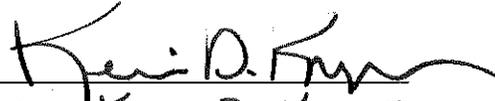
SELLER:

**WGTS/COLUMBIA UNION COLLEGE
BROADCASTING, INC.**

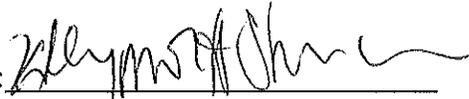
By: 
Name: ROBERT T. VANDEMAN
Title: President

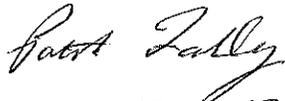
BUYER:

**ATLANTIC GATEWAY
COMMUNICATIONS, INC.**

By: 
Name: Kevin D. Krueger
Title: President

**WASHINGTON ADVENTIST
UNIVERSITY, INCORPORATED**

By: 
Name: Weyman W. Spence
Title: President


EVP For Finance