

## **ASSET EXCHANGE AGREEMENT**

THIS ASSET EXCHANGE AGREEMENT, dated as of October 31, 2011 (this "Agreement"), is by and between LIBERTY UNIVERSITY, INC., a Virginia non-profit corporation ("LIBERTY"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("EMF").

### **WITNESSETH:**

WHEREAS, LIBERTY is the licensee of FM translator station W249BM (FIN: 155032), Newport News, VA ("W249BM") and EMF is the licensee of FM translator station W245BB (FIN: 143864), Newport News, VA ("W245BB") and W293AX (FIN: 147940), Roanoke, VA ("W293AX"); 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 LIBERTY desires to sell the FCC licenses associated with W249BM, and EMF desires to sell and LIBERTY desires to acquire the FCC licenses associated with W245BB and certain assets and FCC licenses associated with W293AX.

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) **LIBERTY Station.**

(i) On the Closing Date (as hereinafter defined), LIBERTY shall sell, assign and transfer to EMF free and clear of all liens and encumbrances, and EMF shall purchase, assume and receive from LIBERTY, all of the licenses, construction permits and other authorizations issued by the FCC with regard to W249BM (collectively, the "W249BM Authorizations") as identified on Schedule 1 hereto but excluding all tangible personal property associated with the operation of W249BM and further excluding the LIBERTY Excluded Assets described in subparagraph (iii) below.

(ii) EMF is not agreeing to, and shall not assume any liability, obligation, or agreement of LIBERTY of any kind, absolute or contingent, known or unknown, including, without limitation, the tower lease pertaining to W249BM.

(iii) The assets and associated liabilities of LIBERTY under all contracts, leases and agreements, including contracts of insurance and insurance proceeds of settlement and insurance claims made by LIBERTY, relating to the business of W249BM and any assets, of whatever kind or nature, which are held by LIBERTY and used principally in connection with the operations of any station or stations other than W249BM shall be retained by

LIBERTY and shall not be sold, assigned or transferred to EMF (the "LIBERTY Excluded Assets").

(b) **EMF Stations.** On the Closing Date (as hereinafter defined), EMF shall sell, assign and transfer to LIBERTY free and clear of all liens and encumbrances, and LIBERTY shall purchase, assume and receive from EMF:

(i) All of the licenses, construction permits and other authorizations, issued by the FCC regarding W245BB (collectively, the "W245BB Authorizations") as identified in Schedule 2 hereto but excluding all tangible personal property associated with the operation of W245BB and further excluding the EMF Excluded Assets described in subparagraph (iii) below.

(ii) All of the licenses, construction permits and other authorizations, issued by the FCC (collectively, the "W293AX Authorizations") as identified in Schedule 3 and the equipment and other tangible personal property used in connection with the operations of W293AX (the "W293AX Tangible Personal Property") identified on Schedule 4, including without limitation all of EMF's right, title and interest in and to any leasehold interests in real property used in connection with the operations of W293AX, as identified on Schedule 5 hereto (the "W293AX Lease") (but excluding the EMF Excluded Assets described in subparagraph (iv) below).

(iii) LIBERTY is not agreeing to, and shall not assume any liability, obligation, or agreement of EMF of any kind, absolute or contingent, known or unknown other than the W293AX Lease.

(iii) Other than the W293AX Lease, 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 W245BB and/or W293AX and any assets, of whatever kind or nature, which are held by EMF and used principally in connection with the operation of any station or stations other than W245BB and W293AX shall be retained by EMF and shall not be sold, assigned or transferred to LIBERTY (the "EMF Excluded Assets").

## 2. **Purchase Price.**

(a) Upon the terms and subject to the conditions contained in this Agreement, LIBERTY shall transfer the W249BM Authorizations to EMF and EMF shall transfer the W245BB Authorizations and the W293AX Assets to LIBERTY. Other than the exchange of authorizations and 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 W245BB, W249BM and W293AX 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, EMF and LIBERTY 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 LIBERTY to EMF of the W249BM Authorizations and (ii) from EMF to LIBERTY of the W245BB Authorizations and the W293AX 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") which shall be 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 LIBERTY.** LIBERTY hereby makes the following representations and warranties to EMF which shall be true as of the date hereof and on the Closing Date:

(a) LIBERTY is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of Virginia. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by LIBERTY. The execution, delivery and performance of this Agreement by LIBERTY 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 true and complete list of the W249BM Authorizations and all other licenses, permits or other authorizations required for the operations of W249BM. LIBERTY is the authorized legal holder of the W249BM Authorizations. The W249BM Authorizations are validly issued and are in full force and effect, unimpaired by any act or omission of LIBERTY.

6. **Representations and Warranties of EMF.** EMF hereby makes the following representations and warranties to LIBERTY 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.

(b) Schedule 2 hereto contains a true and complete list of the W245BB Authorizations and all authorizations that are required for the operations of W245BB. EMF is the authorized legal holder of the W245BB Authorizations. The W245BB Authorizations are validly issued and are in full force and effect. Schedule 3 hereto contains a true and complete list

of the W293AX Authorizations and all authorizations that are required for the operations of W293AX. EMF is the authorized legal holder of the W293AX Authorizations. The W293AX Authorizations are validly issued and are in full force and effect

(c) Schedule 4 hereto contains a list of all material W293AX Tangible Personal Property owned by EMF for use in connection with W293AX. EMF has, and will have on the Closing Date, good and marketable title to all such property. The W293AX Tangible Personal Property is in good condition and repair, ordinary wear and tear excepted.

(d) Schedule 5 hereto contains a true and complete copy of the W293AX Lease. EMF has valid leasehold interest in the W293AX Lease.

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) LIBERTY 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 LIBERTY prior to or as of the Closing Date;

(ii) The representations and warranties of LIBERTY 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

(iii) There shall not be any liens on the W249BM Authorizations.

(b) The performance of the obligations of LIBERTY 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

(iii) There shall not be any liens on the W245BB Authorizations or the W293AX Assets.

8. **Closing Deliveries.**

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

(i) An Assignment and Assumption of the W249BM Authorizations;  
(ii) An Assignment and Assumption of W293AX Lease;  
(iii) Consent to assignment of lease (if required) from the W293AX landlord.

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

(i) An Assignment and Assumption of the W245BB Authorizations;  
(ii) A Bill of Sale in a form so as to effectively vest in LIBERTY good and marketable title to the W293AX Assets  
(iii) An Assignment and Assumption of the W293AX Authorizations;  
(iv) An Assignment and Assumption of the W293AX Lease;  
(v) Consent to assignment of lease (if required) from the W293AX landlord.

9. **Survival of Representations and Warranties.** The several representations and warranties of LIBERTY 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 LIBERTY, 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 LIBERTY, to:

Liberty University  
1971 University Boulevard  
Lynchburg, VA 24502  
Attn: Jerry L. Falwell, Jr., President

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

Harry C. Martin, Esq.  
Fletcher, Heald & Hildreth, PLC  
1300 North 17<sup>th</sup> Street, 11<sup>th</sup> Floor  
Arlington, Virginia 22209

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.  
Davis Wright Tremaine, LLP  
1919 Pennsylvania Ave., N.W. Suite 800  
Washington, D.C. 20006

12. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Virginia, 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.

14. **Risk of Loss.** The risk of any loss, taking, condemnation, damage or destruction of or to any of the W293AZ Assets (each, an "Event of Loss") on or prior to the Closing Date shall be upon EMF and the risk of any Event of Loss subsequent to the Closing Date shall be upon Liberty.

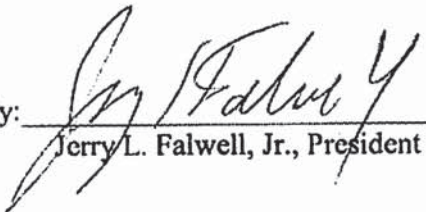
15. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may

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.

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

**LIBERTY UNIVERSITY, INC.**

By:   
Jerry L. Falwell, Jr., President

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Mike Novak  
President/CEO

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Mike Novak  
President/CEO