

**ASSET EXCHANGE AGREEMENT TO EXCHANGE  
BETWEEN  
POSITIVE ALTERNATIVE RADIO, INC.  
AND  
LIBERTY UNIVERSITY, INC.**

This Asset Exchange Agreement (hereinafter referred to as the "Agreement") is executed this 30<sup>th</sup> day of November, 2006, by and between Positive Alternative Radio, Inc. ("PAR") and Liberty University, Inc. ("Liberty").

**RECITALS**

A. PAR is the permittee of unbuilt FM Translator Stations W268BD at Harrisonburg, Virginia (FCC Construction Permit No. BNPFT-20030827AMG) and W244BP at Charlottesville, Virginia (FCC Construction Permit No. BNPFT-20030813ABC).

B. Liberty is the permittee of unbuilt FM Translator Station W273BB at Richmond, Virginia (FCC Construction Permit No. BNPFT-20030825ALN).

C. PAR desires to exchange the W268BD and W244BP translator station construction permits for Liberty's W273BB translator station construction permit.

**AGREEMENT**

**NOW THEREFORE**, for and in consideration of the following mutual covenants and agreements, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, PAR and Liberty hereby mutually covenant and agree as follows:

**ARTICLE I**

**Transfer and Exchange of Assets  
and Delivery of Documents**

Upon the basis of the representations, warranties, covenants and agreements and on the terms and subject to the conditions set forth in this Agreement, on the Closing Date:

**1.1 PAR Assets to Liberty.** PAR shall exchange, transfer and convey to Liberty free and clear of all liens and encumbrances the W268BD and W244BP

construction permits.

**1.2 Liberty Assets to PAR.** Liberty shall exchange, transfer and convey to PAR free and clear of all liens and encumbrances the W273BB construction permit.

**1.3 [Reserved]**

**1.4 FCC Authorizations.** At Closing, PAR and Liberty shall assign and transfer to the other all right, title, interest in, to and under permits, authorizations or licenses issued to each of them by the FCC and any other governmental authority in connection with the operation (or proposed operation) of their respective above-identified FM translator stations, together with all FCC logs, reports and records relating thereto, and any renewals or modifications of such items between the date hereof and the Closing Date, and together with any applications filed by the parties and pending on the Closing Date.

**1.5 Condition of PAR construction permits.** PAR is assigning the above-referenced FCC construction permits to Liberty "as is" without any representation or warranty as to their suitability, usability, non-interference with other broadcasters, transmitter site availability or suitability, or any other warranty as to the future performance or reliability of W268BD and W244BP or the transmitter sites specified therein.

**1.6 Condition of Liberty construction permits.** Liberty is assigning the above-referenced FCC construction permit to PAR "as is" without any representation or warranty as to its suitability, usability, non-interference with other broadcasters, transmitter site availability or suitability, or any other warranty as to the future performance or reliability of W273BB or the transmitter site specified therein.

**1.7 Transfer of Assets and Delivery of Documents.**

(1) On the Closing Date, each party shall deliver, or cause to be delivered, to the other party the following documentation to transfer all of their right, title, interest in their respective assets to the other party:

- (a) Bills of Sale and Exchange.
- (b) Assignment and Assumption Agreements (if applicable).
- (c) Corporate Certification and Resolution. A certification, dated as of the

Closing Date, by a corporate officer or governing member of each party in their respective capacity certifying the resolutions of the Board of Directors or similar governing body of each party approving the execution and delivery of this Agreement and each of the other documents authorizing the consummation of the transactions contemplated hereby, and that each party has complied with or performed in all material respects all terms, covenants and conditions to be complied with or performed by it on or prior to the Closing Date.

(d) **Records.** To the extent available, originals or copies of all program, operations, transmissions or maintenance logs and all other records required to be maintained by the FCC with respect to the PAR and Liberty construction permits.

(d) **Other Documents.** Such other documents, instruments and agreements as each party in their buying capacity shall request and as shall be reasonably necessary to consummate the transactions contemplated by this Agreement, each in form and substance reasonably satisfactory to counsel for each respective party.

#### **1.8 Closing; FCC Finality.**

Unless otherwise stated in this Agreement, the following terms shall have the following meanings:

(a) **Closing Date** or **Closing** means a date to be designated by PAR which shall be no later than the tenth (10th) business day after the FCC provides Notice that it has approved and granted the transactions contemplated by this Agreement, provided, however, that, in the event of any post-grant protest of the FCC approval, either PAR or Liberty shall have the option to extend the Closing Date to a date not later than the tenth (10th) business day after the Commission's consent and approval has become a Final Order, as defined below.

(b) **Final Order** means an Order of the FCC granting its consent and approval to the exchange of authorizations between PAR and Liberty, which is no longer subject to rehearing, reconsideration or review by the FCC, or to a request for stay, an appeal or review by any court under the Communications Act of 1934, or the Rules and Regulations of the FCC.

**1.9 Consent of the FCC.** It is specifically understood and agreed that the consummation of this Agreement shall be subject to the prior consent of the FCC without conditions materially adverse to either party. Upon the execution of this Agreement, each party will, at their mutual expense, proceed to expeditiously prepare and file with the FCC the requisite Assignment Applications to secure such consent, together with such other necessary instruments and documents as may be required. The parties further agree to tender the said Applications to the FCC within five (5) business days of the date of execution of this Agreement, and thereafter to prosecute said Applications with diligence, and to cooperate with each other and to use their best efforts to obtain the requisite consent and approval promptly, and to carry out the provisions of this Agreement.

**1.10 Possession and Control of Stations.** (This section is inapplicable to this transaction.)

**1.11 Section 73.1150 Statement.** Both PAR and Liberty agree that the other party has retained no rights of reversion of their respective broadcast construction permits, no right to the reassignment of their construction permits in the future, and has not reserved the right to use the facilities of their broadcast stations, once constructed, in the future for any reason whatsoever.

**1.12 Compliance With Laws.** Neither party has received any notice asserting noncompliance by it in connection with the business or operation of its respective translator station with any applicable local, state or federal (including FCC) statute, rule or regulation. Neither party is in default with respect to any judgment, order, injunction or decree of any court, administrative agency or other governmental authority or any other tribunal duly authorized to resolve disputes in any respect material to the transactions contemplated hereby. There are no applications, complaints or proceedings pending or, to the best of either party's knowledge, threatened before the FCC relating to the business and operations of its respective translator station which would have a material adverse effect on the operation of that radio station.

**1.13 Conduct of Business Prior to Closing.** (This section is inapplicable to this transaction.)

## ARTICLE II

## **Representations, Warranties and Covenants of PAR and Liberty**

In addition to representations, warranties and covenants made elsewhere in this Agreement, each party represents, warrants and covenants to the other that both as of the date of this Agreement, and as of the Closing Date, each of the following statements are, and shall be, correct and complete with respect to itself.

**2.1 Organization and Standing.** Each of PAR and Liberty is a legal entity organized, existing and in good standing under the laws of the State of their respective jurisdiction, and has all requisite power and authority (corporate and otherwise) to own, lease and operate its properties and assets and to carry on its business as it is currently conducted.

**2.2 Absence of Conflicting Agreements or Required Consents.** The execution, delivery and performance of this Agreement by each party: (1) does not require the consent of any third party; (2) will not violate any provisions of the Company's Articles of Organization (corporate or otherwise) or By-Laws; (3) will not violate any applicable law of any governmental authority to which the Company is a party or by which it or its assets are bound; (4) will not conflict with the terms, conditions or provisions of any agreement to which the Company is now subject; and (5) will not result in the creation of any new encumbrance on any of the Company's assets.

**2.3 Assets.** Each of PAR and Liberty has, or will have as of the Closing Date, good and marketable title to the assets being transferred to the other under the terms of this Agreement, and such assets shall be free and clear of all liens, pledges, encumbrances, agreements or claims.

**2.4 Compliance with Permits, Laws, Regulations and Orders.** Each of PAR and Liberty is in substantial compliance with all material terms of its FCC Construction Permit for its respective translator(s), and, where applicable, has paid all FCC regulatory fees to date with respect to such translator station.

**2.5 Adverse Proceedings.** Except as may be disclosed in Exhibit No. 2 attached hereto, to each of PAR's and Liberty's knowledge, there are no adverse proceedings (administrative, judicial or otherwise) pending or threatened against them or any of its shareholders, officers, directors or members, especially any that would negatively impact the continued operations of radio stations being exchanged hereunder.

**2.6 Authorization and Binding Obligation.** The undersigned officer of each of PAR and Liberty has the power and authority to enter into and perform, and to bind their respective company to this Agreement and the transactions contemplated hereby, and are consistent with all the requisite company actions taken to duly and validly authorize this transaction.

**2.7 Insurance; Risk of Loss.**

(This section not applicable to this transaction.)

**2.8 Environmental Matters.** (This section not applicable to this transaction.)

**2.9 Compliance with Bulk Sales Laws; Sales Tax.** Each party will comply with all bulk sales laws to the extent they may be applicable to this transaction. Neither party collects sales taxes.

## **ARTICLE III**

### **Dealings Between Date of this Agreement and Closing**

PAR and Liberty agree as follows:

**3.1 Maintenance of Confidences:** Until after the Closing, each of PAR and Liberty agree to keep confidential all information it receives or has received from the other during the course of the negotiations in connection with the transaction contemplated herein or relating to the business operations of their respective translator stations, provided that each party may disclose such information to its professional advisors, agents and any financial institution which it may be dealing with in connection with the proposed financing of the transactions contemplated herein, or as required by law. In the event that the transaction contemplated hereby is not consummated for any reason, each party shall promptly return to the other all materials acquired by it from the other with respect to the subject translator stations and the associated assets and intangibles, and provide to the other the names and addresses of any and all persons, firms or other entities who have viewed or received information with respect to the proposed transaction (together with a meaningful description of the materials viewed or received by each of them).

**3.2 No Inconsistent Actions.** Between the date of this Agreement and the Closing Date neither PAR nor Liberty shall take any action which is materially inconsistent with its obligations under this Agreement.

## **ARTICLE IV**

### **Termination**

**4.1 Grounds for Termination.** This Agreement may be terminated by either PAR or Liberty, provided that the party seeking to terminate is not in breach of any of its material obligations under this Agreement, upon the occurrence of any of the following:

- (a) If, on or prior to the Closing Date, the other party breaches any of its material obligations, representations and warranties contained herein, and such breach is not cured by the earlier of the Closing Date or twenty (20) business days after receipt of written notice of breach from the non-breaching party; or
- (b) If either of the FCC Assignment Applications is denied Final Order; or
- (c) If there shall be in effect any judgment, or final decree order that would prevent or make unlawful the consummation of this Agreement; or
- (d) If either party shall become insolvent or unable to pay for its debts as they mature, or shall file a voluntary petition in bankruptcy or a voluntary petition seeking reorganization or to effect a plan or other arrangement with creditors, or shall file an Answer admitting to the jurisdiction of any Bankruptcy Court or other sovereign, and the material allegations of an involuntary petition, pursuant to any act of Congress relating the bankruptcy or any act purporting to be amendatory thereof, or shall be adjudicated bankrupt, or shall make an assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets, or shall apply for or consent to or suffer the appointment of any receiver or trustee for it or a substantial part of its property or assets; or
- (e) If the Closing has not occurred within one hundred eighty (180) days after the FCC assignment applications are tendered for filing.

## SECTION V

### Miscellaneous

**5.1 Benefit.** The parties hereto understand and agree that this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

**5.2 Other Documents.** The parties shall execute such other documents as may be necessary and desirable to the implementation and consummation of this Agreement.

**5.3 Attachments.** All Attachments to this Agreement, including the Option Agreement, shall be deemed part of this Agreement and incorporated herein, where applicable, as if fully set forth herein. If any provision in any Attachment conflicts with or is not consistent with the provisions of this Agreement, the terms of this Agreement shall govern.

**5.4 Entire Agreement.** This Agreement is the only Agreement between the parties hereto and contains all of the terms and conditions agreed upon with respect to the subject matter hereof. No alteration, modification or change of this Agreement shall be valid unless by like instrument.

**5.5 Notices.** All necessary notices required under this Agreement shall be sent first-class mail, postage pre-paid, to the following:

If to PAR:                    Edward A. Baker  
   Positive Alternative Radio, Inc.  
   P.O. Box 889  
   Blacksburg, VA 24063

With a copy to:            Cary S. Tepper, Esq.  
   Booth, Freret, Imlay & Tepper, PC  
   7900 Wisconsin Avenue  
   Suite 304  
   Bethesda, MD 20814-3628

If to Liberty:                Dr. Ron Godwin  
   Liberty University, Inc.

1971 University Blvd.  
Lynchburg, VA 24502

With a copy to: Harry C. Martin, Esq.  
Fletcher, Heald & Hildreth, PLC  
1300 North 17th Street, 11th Floor  
Arlington, VA 22209

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

**5.7 Compliance with the Communications Act and FCC Rules.** The parties agree that the provisions of this Agreement are subject to all applicable requirements under the Communications Act of 1934, as amended (the "Communications Act"), and the rules, regulations and policies of the FCC promulgated thereunder ("FCC Rules"). The parties agree that all actions undertaken pursuant to this Agreement or otherwise on behalf of either party, shall be in full compliance with the requirements of the Communications Act and the FCC Rules, and the parties shall take no action which would be in violation thereof, nor, consistent with the above, will any of the parties take any action or fail to take such action, as the case may be, that could jeopardize the FCC authorizations and licenses held by either party.

**5.8 Reformation of Agreement.** If any provision of this Agreement is deemed contrary to FCC rules or policies or is otherwise ruled unenforceable, the parties mutually agree to reform this Agreement to modify or delete such provision, exercising their best good faith efforts to insure that such modification, while removing the legal infirmity, conforms as closely as possible to the parties' original intention.

**5.9 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute a single instrument.

**5.10 Headings.** The headings of the Paragraphs of this Agreement are inserted as a matter of convenience and for reference purposes only, and in no way define, limit or describe the scope of this Agreement nor the intent of any Paragraph hereof.

IN WITNESS HEREOF, the parties hereto have hereunto set their hands and seals.

**POSITIVE ALTERNATIVE RADIO, INC.**

**LIBERTY UNIVERSITY, INC.**

By: Edward A. Baker  
Edward A. Baker  
President

By: Dr. Ron Godwin  
Dr. Ron Godwin  
President

Date: 11-30-06

Date 12/01/06