

April 26, 2016

Mr. Allan Belton
VP Finance and Administration
Pacific Lutheran University
Tacoma, WA

Re: ***Purchase of KPLU 88.5FM, and 9 associated stations (the “Station”)***

Dear Mr. Belton:

This letter sets forth certain non-binding understandings and certain binding agreements of the parties hereto regarding the principal terms pursuant to which Friends of 88.5 FM, directly or indirectly through one or more affiliates (“Buyer”), proposes to pursue a possible acquisition of certain of the assets of, and receive an assignment of the applicable Federal Communications Commission (“FCC”) authorizations for, the Station (the “Transaction”) owned by Pacific Lutheran University, Inc. (“Seller”).

With the exception of Sections 7 and 8, (the “Binding Provisions”), the provisions of this LOI are intended only as an expression of the basic terms upon which Buyer is willing to continue to evaluate and potentially pursue a Transaction and such provisions are subject in all respects to the conditions specified herein and reflect the mutual understanding of Buyer and Seller with respect to the matters described herein. In addition, with the exception of the Binding Provisions, the parties hereto mutually agree that provisions of this letter of intent (“LOI”) shall not create any legally binding obligations between the parties, including without limitation any obligation to bargain or negotiate with respect to the Transaction in good faith or in any other way other than at arm’s length, and neither Buyer nor Seller shall have any liability to the other with respect to, based on, arising from or relating to this LOI.

1. **Assets/Liabilities.**

(a) **Assets to be Sold.** Subject to the conditions herein described, including the negotiation and execution of the definitive purchase agreement between Buyer and Seller which shall set forth the terms and conditions for the proposed Transaction (the “Agreement”), Seller shall sell and transfer and Buyer shall acquire and accept marketable and insurable title, free and clear of all liens, mortgages and encumbrances to all of the tangible and intangible assets of Seller that are owned, and are necessary for use and or/useful in the continued operation and conduct of business of the Station in the manner in which it is currently operated or conducted, including, but not limited to certain transmission and studio equipment, certain real property and/or real property leases, and FCC authorizations (the “Assets”).

(b) **Excluded Assets.** Unless otherwise designated, excluded from the Assets to be sold to Buyer and from the definition of Assets as used herein shall be: (i) any assets of Seller that are not dedicated to the Station; (ii) all cash, cash equivalents, accounts receivable or similar type investments of Seller; and (iii) any and all contracts of insurance or insurance proceeds and

insurance claims made by Seller relating to property or equipment repaired, replaced or restored by Seller prior to the Closing Date.

(c) **Assumed Liabilities.** Buyer anticipates assuming liabilities contained on the balance sheet for the Station, including contracts exclusively or in material part pertaining to the Station; accounts payable by the Station; accrued liability for fees due on underwriting receivables; accrued salaries and benefits for Station employees; but shall not assume any liabilities of Seller other than those pursuant to the assumption of obligations to be performed on and after the closing date on those specific leases, contracts, and agreements that Buyer designates and acquires from Seller pursuant to the Agreement at the closing of the Transaction.

2. **Purchase Price.**

(a) Subject to the conditions herein described, including the negotiation and execution of the Agreement, Buyer will purchase the Assets for a total purchase price of Seven Million dollars (\$7,000,000) (the "Purchase Price"). The Purchase Price will be paid as follows:

- Five million and six Hundred Fifty-Thousand Dollars (\$5,650,000) shall be paid to Seller in immediately available funds via wire transfer upon the Closing of the Transaction.
- One million Dollars (\$1,000,000) in promotional underwriting and on-air recognition for PLU over a ten-year period.

(b) Upon execution of the Agreement and subject to the terms and conditions set forth in an escrow agreement mutually agreed upon by Buyer, Seller and an escrow agent, Buyer shall place into an escrow account a good faith cash deposit in the amount of Three hundred fifty thousand Dollars (\$350,000) subject to return to Buyer if Seller fails to meet certain of the conditions set forth in Section 4 below or as otherwise provided in the Agreement, with a mutually acceptable third-party escrow agent, to secure Buyer's performance under the Agreement. All interest earned on the escrow deposit shall accrue to Buyer.

3. **Employees and Employee Benefits and Station Facilities.** It is Buyer's intention to retain the existing staff of KPLU, to assume all employment agreements and the agreement with AFTRA representing certain of the Station employees, and to provide employee wages, benefits and working conditions that are, taken as a whole, substantially similar to those currently in place. In consideration of the savings to PLU, of avoiding staff severance costs, the proposed purchase price has been adjusted downward by \$1M from the University of Washington ("UW") offer. Because of these cost savings to PLU, the Friend's net offer, however, matches that of UW. In addition, subject to mutual financial and operational agreement with PLU, the Buyer desires to continue utilizing the existing KPLU facilities in the Neeb Center, on an ongoing basis, including studios, offices, office and radio equipment, and computers; provided, however, that the Buyer would agree to consolidate all employees on the first floor of the Neeb Center.

4. **Conditions.** The Station acquisition shall be conditioned upon the following:

(a) The negotiation and execution of the Agreement, which shall contain terms and conditions mutually acceptable to the parties, including covenants, representations, warranties, and indemnification reasonably satisfactory to Buyer and Seller and customary in a transaction of this nature including, without limitation in the case of the representations and warranties contained in the Agreement, provisions that the Station is operating in material compliance with FCC rules and

regulations, and otherwise within the limits of all material local, state and federal laws governing the business of the Station. Both parties agree that time is of the essence in the preparation of the Agreement and in preparing all other documents and applications required for filing with the proper local, state, and federal agencies in order to implement this Transaction.

(b) Buyer and Seller obtaining all consents and approvals necessary to transfer, convey and/or assign the Assets. Within ten (10) days of execution of the Agreement, Seller and Buyer shall join in and file an application with the FCC requesting its written consent to the assignment of the Station licenses from Seller to Buyer.

(c) Approval by Buyer's and Seller's Board of Directors or Trustees or appropriately designated officials or governmental entities of the contemplated transaction and any other approvals required by statute.

(d) Buyer's reasonable satisfaction that the Station condition is as represented during the course of the negotiations, that there have been no material adverse changes in the Station condition, and that there are no material regulatory, legal, engineering, or other impediments to Buyer's operation of the Station in accordance with the governing FCC licenses.

(e) The absence of any pending or threatened litigation regarding the Agreement, the Transaction and any other transactions contemplated by the Agreement.

5. **Closing.** A closing of the Transaction (the "Closing") will occur on a mutually acceptable date within ten (10) business days following the date on which the FCC's consent to the assignment of the Station FCC authorizations from Seller to Buyer shall have become a final order and the satisfaction of the other conditions precedent set forth in the Agreement. If the Closing of the Transaction has not been completed within twelve (12) months after public notice of the application for assignment of Station licenses to Buyer (or if certain other conditions precedent set forth in the Agreement have not been met), either party hereto shall have the right to terminate the Agreement.

6. **Expenses and Brokers.** Buyer and Seller shall each bear its respective costs and expenses for attorneys, accountants, brokers and advisors retained by or representing it in connection with this transaction.

7. **Exclusive Dealing.** In consideration of the efforts and expenses to be incurred by Buyer between the date of this LOI and the execution by the parties hereto of the Agreement, Seller agrees that during the term of this LOI neither Seller nor its officers, directors, employees, agents, affiliates or brokers shall solicit, discuss or negotiate with anyone other than Buyer a possible transaction for the sale of the Station or the Assets.

8. **Outstanding Agreements.** Aside from the conditional Asset Purchase agreement with the University of Washington dated December 29, 2015, Seller hereby represents that as of the date hereof, Seller has no outstanding agreements, contracts or letter of intent with any party other than Buyer with respect to a proposed Transaction or to otherwise buy or operate the Station.

9. **Governing Law.** The laws of the State of Washington shall govern this LOI. This LOI supersedes all prior understandings and agreements among the parties hereto relating to the subject matter hereof.

10. **Miscellaneous.** This LOI does not purport to include all the essential terms of the transaction contemplated hereby (which will only be contained in the Agreement) and, accordingly, is not intended to be a legally binding agreement; provided, however, that the provisions set forth in paragraphs 7 and 8, shall be binding upon the parties hereto in accordance with their terms. This LOI may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. The parties hereto may sign facsimile or scanned copies of this LOI which shall each be deemed originals. All clauses and covenants contained in this LOI are severable and in the event any of them is held to be invalid by any court, this LOI shall be interpreted as if such invalid clauses and covenants were not contained herein.

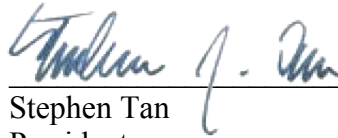
11. **Expiration.** This LOI shall expire if not replaced by the Agreement (and, if replaced by the Agreement, the terms of the Agreement shall govern) by June 30, 2016. The term of this LOI may be extended with the mutual agreement of Buyer and Seller.

*****Signature Page Follows*****

If this LOI correctly sets forth your understanding with respect to the proposed Transaction described herein, please sign the enclosed copy of this LOI in the space provided below and return it to the undersigned.

We look forward to proceeding toward a Transaction that we believe will be advantageous to both parties. If this LOI is not executed by Midnight Pacific Time on June 30, 2016 then this LOI shall become null and void.

Very truly yours,



Stephen Tan
President
Friends of 88.5 FM

Accepted and Agreed to by Pacific Lutheran University, Inc.

_____, 2016

By: _____

Name: _____

Its: _____