

FROM FORMER WITW CFO

I have not spoken to Pastor James in several weeks, that being said, we all know he is extremely anxious to get control of WITW, his future source of income. I continue to remind myself: this is a negotiation. The more we can remove emotion from the equation, the better outcome we will achieve.

Pastor James has spent 20 years building the WITW brand. Millions of people have been exposed to his teaching on radio and TV. I would suggest Pastor James' negotiation goals, in order of importance are:

- MPX donor database – this allows him to communicate via email and see donor history
- WITW social media accounts – this allows him to communicate via social media
- 450 ready-to-be-uploaded sermons – this allows him to announce WITW is operational
- 501C-3 – this gives him the immediate ability to accept donations
- \$400k inventory – this provides him with immediate gifts to entice Change Partners
- Son-in-law – Nick Mejia knows how to make it all work and is joining the “family business”
- The \$100k in the 501C-3 – this gives him working capital

WITW has no real value to HBC. I know some have suggested we could upload Erwin Lutzer messages, but that is not really beneficial. The only things of real value are the \$2M cash and the \$100k cash. We have great negotiating leverage right now. Consider these recent developments:

• We now have the TBN money. This was Pastor James' biggest bargaining chip, and it is gone

• He just discovered we have stopped receiving WITW donations as of March 1, and he is scared

• He is aware of a possible “disqualified” notice going to former WITW donors, and he is petrified

I would like to suggest our desired outcome can be crystallized into these points:

• HBC retains WITW cash

• HBC avoids arbitration, or worse, with Pastor James

• Pastor James is prohibited from defaming HBC, its elders, or its leaders

• He agrees to pay taxes on all items deemed “personal inurement” from HBC and WITW

• He agrees to indemnify HBC et al from any and all lawsuits related to his tenure at HBC

• He agrees to walk away from the Rabbi trust money

We are in a strong negotiating position. The threat of sending a “disqualified” email to the WITW donor base is powerful leverage. We should use it to drive this negotiation to a conclusion. Thank you,

Stephenstewart

FROM HBC'S "PROPOSAL REGARDING JAMES MACDONALD"

- HBC sells Aurora studio to gain WITW TV time and in exchange WITW would pay HBC \$8mm back over an 8 year period. This promise of payback was key to deciding to sell the campus in exchange for airtime. Of the \$8mm, only \$1.175mm was paid to HBC.
- A non profit cannot be owned by an individual or group of people, though it can be controlled by an individual.
- A non profit cannot be sold to an individual or group of people.
- While the documentation of the merger seeks to allow WITW to separate from HBC whenever James desires, this is not possible because WITW is cross-collateralized with HBC's debt.
- Though WITW belongs to HBC legally, it is not feasible to continue this ministry without James.
- We can consider releasing the data base of sermons to James in order for him to have a path towards restoration in ministry. While ideally, we would oversee that restoration process, we cannot do that since we have already terminated him and removed him from our authority. We must entrust this over to the Lord and to James.
- We can choose to release the rights to the vertical church logo, the trademark "WITW", and the url jamesmacdonald.com or we could choose to not contest it if James starts using these trademarks.
- We will have to absorb the liability of 400k from the WITW server recently purchased.
- None of this can be done without ECCU approval
- We will not release any cash to James or to a future Walk in the Word entity.
- We can permanently close WITW as a ministry of HBC and inform the donors of this.
- Any continuance of arbitration will reveal his desire to acquire money from the church that he has greatly damaged with his quarrelsome behavior.