

ASSET PURCHASE AGREEMENT

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October

ASSET PURCHASE AGREEMENT, dated as of the 17 day of August, 2002 (this "Agreement"), by and between Fisher Radio Regional Group Inc., a Washington corporation ("Fisher"), and Idaho Broadcasting Consortium, Inc., a Idaho corporation ("IBC").

WITNESSETH:

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WHEREAS, IBC holds a construction permit (the "Permit") issued by the Federal Communications Commission (the "FCC") authorizing it to construct a new Class C FM broadcast station, KSXZ, on channel 294 to serve the community of Pinesdale, Montana, (the "Station");

WHEREAS, IBC desires to assign the Permit and associated assets to Fisher, and Fisher desires to acquire the Permit and purchase the associated assets from IBC; and

WHEREAS, IBC may have the Station built and on the air prior to the time of Fisher's acquisition, and in such case the parties desire to enter into a Time Brokerage Agreement, through which Fisher will provide certain programming material, including commercial content, to IBC for broadcast over the Station (the "TBA");

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties hereby agree as follows:

1. Sale of Assets. On the terms hereinafter set forth, IBC hereby agrees to sell to Fisher, and Fisher agrees to purchase and acquire by sale and assignment from IBC, all of the assets, properties, interests and rights of IBC of whatsoever kind and nature, real and personal, tangible and intangible, owned or leased by the IBC as the case may be, which are used or useful in connection with the operation of the Station, including but not limited to the Permit to construct and operate the Station and any subsequent license to operate the Station or other authorizations issued to the IBC by the FCC in connection with the Station (collectively, such Permit, license and authorizations are hereinafter referred to as the "Authorizations") (collectively, such assets and Authorizations are hereinafter referred to as the "Assets"), free and clear of all debts, security interests, mortgages, trusts, claims, pledges, options, conditional sales agreements or other liens, liabilities and encumbrances whatsoever (collectively, "Liens").

2. Consideration.

(a) The purchase price for the transfer of the Assets from IBC to Fisher (the "Purchase Price" shall be the total of the two following amounts:

(i) Four Hundred Fifty Thousand Dollars (\$450,000.00), plus

(ii) an amount equal to the amount actually paid in cash by IBC prior to the Closing, as hereinafter defined, for the transmission equipment of the Station, as set forth on the attached Exhibit "A." Such amount shall not exceed the sum of Ninety-Seven Thousand Dollars

(\$97,000.00) unless such additional expenditure has been authorized in a writing executed by both parties hereto.

(b) Simultaneously with its execution of this Agreement, Fisher shall deposit with IBC, as evidence of its good faith, the amount of Twenty Thousand Dollars (\$20,000.00) (the "Initial Deposit"). In the event the transactions contemplated by this Agreement are not consummated by January 5, 2003, Fisher shall deposit with IBC, no later than the fifth (5<sup>th</sup>) day of January, 2003, an additional twenty-thousand dollars (\$20,000.00)(the "Additional Deposit") . The Initial Deposit and the Additional Deposit, if any, are hereinafter collectively referred to as the "Deposits"). The Deposits shall be retained by IBC and the amount applied in reduction of the Purchase Price due to IBC at Closing (as defined below). In the event the transactions contemplated by this Agreement are not consummated, or this Agreement is terminated, the Deposit shall be disbursed as provided in Section 13 hereof.

(c) The Deposits shall be paid by check. The balance of the Purchase Price shall be payable by wire transfer or other form of immediately available funds at Closing, as hereinafter defined.

(d) The Purchase Price shall be allocated as the parties shall mutually agree in a separate writing to be executed prior to Closing and such allocation shall be conclusive and binding on the parties for all purposes, including but not limited to the reporting and disclosure requirements of the Internal Revenue Service.

(e) Buyer shall not and does not assume any liability or obligation of Seller or Station, fixed or contingent, disclosed or undisclosed, including without limitation, lease or contractual obligations, employment contracts or commitments, obligations to employ any employee of Seller or Station or for pensions, severance or other employee benefit plans, programs or practices, tax liabilities, and any other claims against Seller or Station of any kind or nature whatsoever, no matter when raised.

3. Assignment Application. It is specifically understood and agreed by the parties that the assignment of the Permit is expressly conditioned on and is subject to the prior consent of the FCC ("FCC Consent"). Within fifteen (15) business days after the execution hereof, the parties shall jointly file with the FCC an application for assignment of the FCC Authorizations (the "Assignment Application") from IBC to Fisher. The parties shall thereafter prosecute the Assignment Application with all reasonable diligence and otherwise use their best efforts to obtain the grant of the Assignment Application as expeditiously as practicable, and provide any additional information reasonably requested in order to obtain promptly the requested consent and approval of the Assignment Application, provided that neither of the parties hereto 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.

4. Closing. Consummation of the assignment of the Permit and the sale and purchase of the other Assets (the "Closing") shall occur on a date mutually agreed by the parties,

which shall be no later than ten (10) business days following the date upon which the FCC Consent shall have become a Final Order (as hereinafter defined); provided, however, that Fisher may elect, at its sole option, to proceed to Closing upon the grant of FCC Consent but prior to the date on which such FCC Consent shall have become a Final Order upon written notice to IBC, in which event the Closing shall be held on the fifth business day after the date of Fisher's written notice to IBC. The term "Final Order" means action by the FCC consenting to an application which is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired.

5. Time Brokerage Agreement. In the event that the Closing considered under this transaction has not been completed prior to the time the Station begins program tests, pursuant to the regulations of the FCC, the Parties hereby agree to enter into a TBA, as set forth on the attached Exhibit "B". Such TBA shall become effective upon the initiation of program tests, and continue until terminated under the terms of the TBA. The parties recognize that IBC shall remain in control of the Station at all times during the TBA, and that Fisher's rights under the TBA are subject to all applicable regulations of the FCC.

6. Contracts and Leases. The parties acknowledge that IBC has entered into a Transmitter Tower Lease with Fisher. The parties also agree to enter into a Studio/Office Lease with Fisher essentially as outlined in the attached Exhibit "C". Without first obtaining the written consent of Fisher, IBC shall not enter into any other Station leases, contracts, or agreements, which would require assignment to or assumption by Fisher upon Closing, or which would create any liabilities or obligations to Fisher upon Closing.

7. Representations and Warranties.

(a) Each party hereby makes the following representations and warranties to the other party (all of which have been relied upon by the other party in entering into this Agreement):

(i) Each party is duly organized in the state of its jurisdiction and has authority to conduct business in all states in which it conducts business. It has all necessary power and authority to enter into and perform this Agreement and the transactions contemplated hereby, and its execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary action on its part. This Agreement has been duly executed and delivered by it and this Agreement constitutes, and any other agreements to be executed in connection herewith constitute, the valid and binding obligation of such party, enforceable in accordance with their terms, except as limited by laws affecting creditors' rights or equitable principles generally.

(ii) The execution, delivery and performance of this Agreement by it: (A) will not conflict with, result in a breach of, or constitute a violation of or default under, the provisions of any articles of incorporation or by-laws or any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority to which it is a party; and

(B) will not, either alone or with the giving of notice or the passage of time, or both, conflict with, constitute grounds for termination of or result in a breach of the terms, conditions or provisions of, or constitute a default under, any agreement, instrument, license or permit to which it is now subject.

(b) IBC hereby makes the following representations and warranties to Fisher (all of which have been relied upon by Fisher in entering into this Agreement), each of which will be true as of the date of execution hereof and as of the date of Closing:

(i) IBC is the sole holder of the FCC Authorizations, and is the sole real party in interest with respect thereto. All FCC Authorizations were validly issued, are valid held and in good standing. No proceedings are pending or, to the best knowledge of IBC, threatened, nor, to the best knowledge of IBC do any facts exist, which may result in the revocation of the FCC Authorizations, in the denial by the FCC of its consent to Assignment Application, in the imposition of any administrative sanction or other actions by the FCC with respect to the Permit nor which may affect IBC's ability to obtain a final grant of the FCC authorization necessary to assign the Permit to Fisher.

(ii) There are no Liens on the Permit or the Assets.

(iii) IBC is not in material breach or default of any agreements, leases or other contracts to which either the Station or IBC in connection with the business of the Station is a party or by which either the Station or IBC in connection with the business of the Station may be bound or obligated in any way, there is no claim of breach or default, and IBC has no knowledge of any act or omission which has occurred or which has been threatened which could result in a breach or default thereof. The execution, delivery and performance of this Agreement by IBC will not conflict with, result in a breach of, or constitute a violation of or default under, the provisions of any contract, lease or agreement to which IBC is a party or by which it may otherwise be bound.

(iv) All of the tangible property included in the Station Assets is insured against loss or damage in amounts sufficient in Seller's view to adequately cover the Station Assets.

(v) IBC has no agreement whatsoever, with any other party with respect to the assignment or transfer of the Permit for the Station, or, once constructed, the Station.

(vi) IBC has tendered and prosecuted the Application, and obtained the Permit, in compliance in all material respects with all applicable federal, state and local laws, ordinances and regulations, including the rules, regulations and policies of the FCC.

(c) Fisher hereby makes the following representations and warranties to IBC (all of which have been relied upon by IBC in entering into this Agreement) each of which will be true as of the date of execution hereof and as of the date of Closing:

(i) No proceedings are pending or, to the best knowledge of Fisher, threatened, nor, to the best knowledge of Fisher do any facts exist, which may result in the denial

by the FCC of its consent to Assignment Application nor which may adversely affect Fisher's ability to obtain a final grant of the FCC authorization necessary for IBC to assign the Permit to Fisher.

8. Covenants. IBC covenants and agrees that, from the date hereof and until the Closing, except as expressly permitted by this Agreement or with the prior written consent of Fisher, it shall act in accordance with the following:

(a) IBC shall diligently prosecute the Assignment Application to grant in compliance in all material respects with the rules, regulations and policies of the FCC and all other laws, regulations, rules and orders.

(b) IBC shall promptly and fully cure all violations of Commission rules and regulations that come to its attention and shall timely pay any fines that may be assessed by the Commission for any such violation.

(c) IBC shall not cause or permit by any act, or failure to act, the Permit to be surrendered, adversely modified, or otherwise terminated, or cause the FCC to institute any proceedings adversely affecting the Permit or the Station or which might adversely affect the assignment of the Permit to Fisher.

(d) IBC shall conduct its business in the ordinary and prudent course of business and with the intent of preserving the Permit and the Station so that this Agreement may be fully implemented.

(e) IBC shall not sell, assign, transfer or otherwise dispose of the Permit or the Station to any party other than Fisher, nor shall IBC enter into a time brokerage agreement, a local marketing agreement, a joint sales agreement or any other agreement which would limit in any way Fisher's ability to own, operate, and sell commercial advertising time on the Station once the Permit is assigned to Fisher.

(f) IBC shall not take any action that could hinder or delay the consummation of the transactions contemplated by this Asset Purchase Agreement.

9. Closing Deliveries By IBC. Prior to or on the Closing Date, IBC shall deliver to Fisher the following, in form and substance reasonably satisfactory to Fisher and its counsel:

(a) Duly executed bills of sale, assignments, and other transfer documents which shall be sufficient to vest good title to the Assets, including but not limited to the Permit, in the name of Fisher, free and clear of all claims, liabilities, security interests, mortgages, liens, pledges, conditions, charges and encumbrances.

(b) A certificate, dated as of the Closing Date, executed by IBC, certifying (i) that the representations and warranties of IBC contained in this Agreement are true and complete in all

material respects as of the Closing Date as though made on and as of that date; and (ii) that IBC has in all material respects performed and complied with all of its obligations, covenants, and agreements set forth in this Agreement to be performed and complied with on or prior to the Closing Date;

10. Closing Deliveries By Fisher. Prior to or on the Closing Date, Fisher shall deliver to IBC the following, in form and substance reasonably satisfactory to IBC and its counsel:

(a) The Purchase Price as provided in Section 2 (with credit for the Deposit as provided therein).

(b) A certificate, dated as of the Closing Date, executed on behalf of Fisher by its President, certifying (i) that the representations and warranties of Fisher contained in this Agreement are true and complete in all material respects as of the Closing Date as though made on and as of that date, and (ii) that Fisher has in all material respects performed and complied with all of its obligations, covenants, and agreements set forth in this Agreement to be performed and complied with on or prior to the Closing

11. Specific Performance. IBC recognizes and acknowledges that the Permit and the Station are unique assets, and that in the event that IBC shall fail to perform his obligations to consummate the transaction contemplated hereby, money damages will not be adequate to compensate Fisher for its injury. IBC therefore agrees and acknowledges that, in the event of IBC's failure to perform his obligation to consummate the transaction contemplated hereby, Fisher shall be entitled as its exclusive remedy to specific performance of the terms of this Agreement and of IBC's obligation to consummate the transactions contemplated hereby, in which case Fisher shall also be entitled to receive from IBC its reasonable attorneys costs and fees and court filing costs incurred in enforcing its rights hereunder. If any action is brought by Fisher to enforce this Agreement, IBC hereby waives the defense that there is an adequate remedy at law.

12. Termination. This Agreement may be terminated by IBC or by Fisher and the purchase and sale of the Assets abandoned, if the terminating party is not then in material breach, upon written notice to the other, upon the occurrence of any of the following:

(a) If the FCC does not grant a Construction Permit to relocate the Station's transmitter to Fisher's Dean Stone Mountain site with sufficient time to build the station prior to the Permit's expiration.

(b) If the Permit or any other material FCC Authorization expires, is revoked, or its extension is denied, all for any reason.

(c) If the non-terminating party shall be in material breach of any applicable provision of this Agreement, which breach would prevent consummation of the transactions contemplated hereby and which the non-terminating party is not diligently seeking to cure in an expeditious manner.

(d) If the Closing shall not have occurred by the date that is two (2) years from the date hereof.

(e) If the parties mutually agree, in writing, to such termination.

13. Rights on Termination.

(a) If this Agreement is terminated and neither party is in material breach of any provision of this Agreement, the parties hereto shall not have any further liability to each other with respect to the purchase and sale of the Assets. In such case, any Deposit paid by Fisher shall be returned by IBC within ten (10) business days of the date on which Fisher provides notice to IBC of its request to return such Deposit.

(b) If this Agreement is terminated prior to January 1, 2003 due to a material breach hereof by Fisher, then IBC shall retain the initial twenty-thousand dollar (\$20,000.00) Deposit. If this Agreement is terminated after January 1, 2003 due to a material breach hereof by Fisher, then IBC shall also retain the additional twenty-thousand dollar (\$20,000.00) Deposit. Whether such breach occurs prior to, or after, January 1, 2003, the parties shall have no further obligation to each other.

(c) If this Agreement is terminated by Fisher due a material breach hereof by IBC, then IBC shall, within ten (10) business days, return the total Deposit amount to Fisher. Alternatively, in the event of a material breach hereof by IBC, and at Fisher's sole option, Fisher shall have the right of specific performance set forth in Section 9 hereof.

14. Notices. All notices and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to IBC, to:

Idaho Broadcasting Consortium, Inc.  
2121 Diamond Mountain Road  
Calistoga, CA 94515  
Attn: Mr. Fred Constant  
Phone: (707) 942-0707

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

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\_\_\_\_\_  
\_\_\_\_\_

f to Fisher, to:

Fisher Radio Regional Group Inc.  
1212 North Washington, Suite 307  
Spokane, WA 99201  
Attn: Larry Roberts, President  
Phone: (509) 343-9500  
Facsimile: (509) 343-9501

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

Clifford M. Harrington, Esq.  
Shaw Pittman  
1650 Tysons Boulevard, Suite 1400.  
McLean, Virginia 22102-4859  
Phone: (703) 770-7644  
Facsimile: (703) 770-7901

15. No Assignment. IBC shall not assign its rights or delegate its duties under this Agreement without the prior written consent of Fisher, which consent shall not be unreasonably withheld or delayed.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to the choice of law principles thereof, all actions involving this Agreement shall be brought in the state courts of Washington, and the courts of the State of Washington shall have exclusive jurisdiction over all actions brought hereunder.

18. Headings. The headings herein are included for ease of reference only and shall not control or affect the meaning or construction of the provisions of this Agreement.

19. Counterparts. This Agreement may be signed in counterpart originals, which collectively shall have the same legal effect as if all signatures had appeared on the same physical document. This Agreement may be signed and exchanged by facsimile transmission,

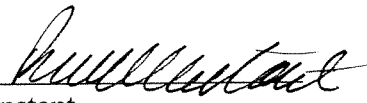


with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.


20. Entire Agreement. This Agreement, and the exhibit attached hereto, constitute the entire understanding and agreement between the parties with respect to the subject matter contained herein, and supersedes all prior negotiations, agreements, or letters of intent between the parties and cannot be amended, supplemented, or changed except by a writing signed by the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed by each of the parties as of the date first written above.

**Idaho Broadcasting Consortium, Inc.**

By:   
Fred Constant,  
\_\_\_\_\_

**Fisher Radio Regional Group Inc.**

By:   
Larry Roberts  
President

## **EXHIBIT "B"**

### **TIME BROKERAGE AGREEMENT**

This TIME BROKERAGE AGREEMENT (this "Agreement") dated as of August 27, 2002 by and among Fisher Radio Regional Group Inc., a Washington Corporation, or its assignee ("Programmer") and Idaho Broadcasting Corporation, a Idaho corporation ("Licensee").

#### **WITNESSETH:**

WHEREAS, Licensee owns and operates radio broadcast station KSXZ (FM), Pinesdale, Montana ("Station") pursuant to certain licenses, authorizations and approvals (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC");

WHEREAS Programmer has available for sale broadcast time on the Station;

WHEREAS, pursuant to an Asset Purchase Agreement (the "Asset Purchase Agreement") dated as of August \_\_\_, 2002, Programmer has agreed, subject to certain conditions, to purchase the assets and FCC Authorizations of Station from Licensee;

WHEREAS, Programmer is experienced in programming radio stations;

WHEREAS, during the term of this Agreement, Licensee wishes to retain Programmer to provide programming and related services for the Station, all in conformity with Station policies and procedures, FCC rules and policies for time brokerage agreements, and the provisions hereof;

WHEREAS, Programmer agrees to use the Station to broadcast such programming of its selection that is in conformity with all rules, regulations and policies of the FCC, subject to Licensee's full authority to manage and control the operation of the Station;

WHEREAS, Programmer and Licensee agree to cooperate to make this Agreement work to the benefit of the public and both parties and as contemplated by the terms set forth herein; and

WHEREAS, Programmer desires to purchase time on the Station for the broadcast of programming on the Station and to sell all of the commercial advertising time inventory of the Station;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto have agreed and do agree as follows:

1. Time Sale. Subject to the provisions of this Agreement, from and after the date the Station signs on the air, if prior to or after November 1, 2002 (the "Effective Date"), Licensee agrees to make the Station's broadcasting transmission facilities available to Programmer for

broadcast of Programmer's programs on the Station originating from a programming studio chosen by Programmer (the "Studio"). The Station's time made available to Programmer is described in Exhibit A hereto. Programmer will use its reasonable commercial efforts to provide programming which fills the Station's time made available hereunder.

2. Payments. Programmer hereby agrees to pay Licensee compensation for the broadcast of Programmer's programming in the amounts and at the times set forth in Exhibit B hereto.

3. Term. The term of this Agreement shall commence upon the Effective Date, and shall continue until the earlier of (a) the date of closing of the sale of the assets of the Station (the "Closing") contemplated in the Asset Purchase Agreement between the parties; or (b) December 31, 2003.

4. Programmer's Operations. Programmer shall furnish or cause to be furnished the artistic personnel and materials for its programming. All expenses incurred on or after the Effective Date in the preparation and production of such programming, including but not limited to all employee salaries and expenses, the expenses of all supplies and materials, and the costs of the services of any suppliers, consultants or other third parties retained by Programmer, shall be paid by Programmer. Programmer will also be responsible for all costs of promotion and advertising of the programming which it produces, and all costs of the sale of advertising time, including the costs of station rep fees incurred, within such programming. Programmer will also be responsible for the routine repair and maintenance of any of the studio equipment of the Station which it uses during the Term of this Agreement. Programmer represents and warrants that all of the programming, advertising and promotional material it broadcasts on the Station shall be in accordance with the rules, regulations, policies and procedures of the Commission and the Communications Act of 1934, as amended (the "Communications Act"), and the commercially reasonable standards established by Licensee (the "Standards and Practices"), as modified from time to time at Licensee's discretion.

5. Station Facilities.

(a) Licensee Responsibility. During the term of this Agreement, Programmer shall be responsible for the direct payment of those expenses of the Station described in Paragraphs 4, 8(a) and 8(c) of this Agreement. Subject to the provisions of Exhibit B hereto, Licensee shall be responsible for, and pay in a timely manner, all other capital and operating expenses associated with owning and controlling the Station during the term of this Agreement in a manner consistent with the rules, regulations, and policies of the FCC. Licensee shall be responsible for the Station's compliance with all applicable provisions of the Communications Act, the rules, regulations, policies and procedures of the FCC, and all other applicable laws. Licensee represents that it now holds all licenses, permits and authorizations necessary for the operation of the Station, including all FCC permits and authorizations. Licensee will continue to hold such licenses, permits and authorizations until the Asset Purchase Agreement is consummated. Licensee shall make its transmitter, transmitter building and tower site available to Programmer, at no additional charge, for the placement and use of broadcast equipment Programmer reasonably deems necessary to fulfill its responsibilities under this Agreement.

(b) Maintenance. Licensee shall utilize commercially reasonable efforts to maintain the ability of the Station to operate with their full authorized facilities at all times. Any maintenance work, other than emergency repairs which prevent the operation of the Station at full power and with maximum facilities, shall not be scheduled without giving at least forty-eight (48) hours notice to Programmer, unless Programmer waives such notice.

(c) Broadcast Output. Programmer has inspected the facilities of the Station and is satisfied that they comply with good engineering standards and are sufficient to deliver a high-quality technical signal, comply with all applicable laws and regulations (including the requirements of the Communications Act, and the rules, regulations, policies and procedures of the FCC) and broadcast to the full power and height set forth in the FCC Authorizations. During the term of this Agreement, Licensee agrees to exercise commercially reasonable efforts to maintain the transmission facilities and to broadcast to the same power and height as Licensee is presently authorized by the FCC, and to exercise commercially reasonable efforts to make such repairs to the facilities of the Station as may be reasonably necessary to maintain the transmission facilities and broadcast output.

6. Handling Of Mail And Complaints. Programmer shall promptly forward to Licensee any mail which it may receive from any agency of government or any correspondence from members of the public relating to any or all of the Station or to any of Programmer's programming broadcast on the Station. Licensee shall maintain a telephone line exclusively for the use of the Station, so that the public will have available a phone line to call concerning the Station.

7. Programming And Operations Standards. Programmer recognizes that the Licensee has full authority and a duty to control the operation of the Station. The parties agree that Licensee's authority includes, but is not limited to, the right to reject, refuse, interrupt or discontinue at any time any portions of Programmer's programming that Licensee reasonably determines is not in the public interest or violates this Agreement, or in case of an emergency or EBS/EAS system activation, or for the purpose of providing programming which Licensee reasonably determines to be of greater national, regional or local importance, provided, however, that Licensee shall not exercise such power solely for the purpose of economically harming Programmer or so as to resell the time to another programmer. In the event Licensee rejects, refuses, interrupts or discontinues any of Programmer's programming because it is not in the public interest or violates this Agreement, Programmer shall promptly supply alternative programming which complies with Licensee's Standards and Practices, is consistent with the public interest, and is not contrary to this Agreement. If Programmer does not supply such programming on a timely basis, Licensee may substitute any available programming which it believes meets its Standards and Practices and conforms to the public interest.

8. Responsibility For Employees And Expenses.

(a) Programmer's Employees. On the Effective Date, Programmer shall employ and be responsible for the salaries, commissions, taxes, insurance, vacation, sick leave and all other related costs for all persons currently employed at the Station except those identified in Section 8(b) hereof. In addition, Programmer shall employ and be responsible for the salaries, commissions, taxes, insurance, vacation, sick leave and all other related costs of any

other employees, agents, contractors and personnel of Programmer involved in the production and broadcast of its programming, including air personalities, salespersons, sales representatives, consultants, traffic personnel, board operators and other programming staff members.

(b) Licensee's Employees. Licensee shall continue to employ and be responsible for the salaries, commissions, taxes, insurance, vacation, sick leave and all other related costs of two full time employees, one of whom shall be a management level employee of Licensee.

(c) Expenses. During the term of this Agreement, Programmer shall pay directly on a current basis licensing fees required to be paid to ASCAP, BMI and SESAC, and for any other copyright or programming rights fees attributable to programming broadcast on the Station by Programmer during the term of this Agreement. Upon execution of this Agreement, Programmer shall apply promptly to ASCAP, BMI and SESAC for the necessary licenses and permits for Programmer to provide programming in its own name over the Station during the term of this Agreement.

9. Advertising and Revenue. During the Term hereof, Programmer shall retain all revenues from the sale of both cash and trade advertising time on the programming it broadcasts on the Station and for all other revenue received with respect to the Station. Programmer will provide, make available to and shall sell time to political candidates from the time it purchases from Licensee in compliance with the Communications Act, the rules, regulations, policies and procedures of the Commission. Programmer shall make available such records as are necessary for Licensee to ensure compliance with the political broadcasting rules and policies.

10. Operation Of Station. Notwithstanding anything to the contrary in this Agreement, Licensee shall have full authority and power over the operation of the Station during the term of this Agreement. Licensee shall be responsible for all programming it furnishes for broadcast on the Station and for the payment of the salaries of all of its employees, all of whom shall report solely to and be accountable solely to Licensee. The Licensee's General Manager shall direct the day-to-day operation of the Station, and the Licensee's Chief Operator shall oversee and direct the engineering and technical operation of the Station. Programmer agrees to make available any studio premises of Licensee which it may be using in order to allow Licensee to provide programming pursuant to the provisions of this Section. Programmer shall properly prepare and promptly provide to Licensee (a) all its contracts, agreements and requests for time for political programming or programming addressing controversial issues of public importance; (b) all records, complaints and reports of every kind whatsoever which may be required by the FCC to be maintained or filed with the FCC by the Station as a result of Programmer's programming over the Station; and (c) full information with respect to Programmer's programs and public service announcements which are responsive to issues of public concern in sufficient detail to enable Licensee to timely prepare all appropriate or necessary records and reports required by the Commission and its rules and policies concerning the Station's operations. Programmer will properly prepare and furnish to Licensee such information, records and reports relating to Programmer's programming, sales or employment practices at the Station in sufficient detail as is necessary to enable Licensee to comply with all rules and policies of the FCC or any other government agency.

11. Station Identification. Licensee will be responsible for ensuring the proper broadcast of Station identification announcements. However, Programmer will provide appropriate Station identification announcements which comply with FCC requirements in a form acceptable to Licensee.

12. Right To Use The Programs. Licensee represents that it has all rights and power to use all programming to be broadcast on the Station. The right to use Programmer's programs and to authorize their use in any manner and in any media whatsoever shall be, and remain, vested in Programmer.

13. Payola/Plugola. Programmer agrees that neither it nor its agents, employees, consultants or personnel will accept any consideration, compensation, gift or gratuity of any kind whatsoever, regardless of its value or form, including, but not limited to, a commission, discount, bonus, material, supplies or other merchandise, services or labor (collectively "Consideration"), whether or not pursuant to written contracts or agreements between Programmer and merchants or advertisers, unless the payer is identified in the program for which Consideration was provided as having paid for or furnished such Consideration, in accordance with the Communications Act and FCC requirements.

14. Compliance With Law. Programmer agrees that, throughout the term of this Agreement, Programmer will comply with all laws, rules, regulations, policies and procedures including, but not limited to, the FCC's technical, political broadcasting, obscenity and indecency regulations, fair trade practice regulations, lottery broadcast regulations, sponsorship identification rules, sales practice regulations, applicable to the operations of the Station, and all FCC rules applicable to programming agreements of this kind. Programmer acknowledges that Licensee has not urged, advised or consented to or agreed in any way whatsoever with Programmer to the use of any unfair business practice.

15. Indemnification.

(a) Programmer's Indemnification. Programmer shall indemnify and hold Licensee harmless for any material loss, damage or injury of any kind sustained by Licensee resulting from Programmer's breach of this Agreement, from any programming material broadcast by Programmer on the Station, from the sale of or attempt by Programmer to sell advertising or program time on the Station, and from any breach of any warranty, agreement or obligation under this Agreement by Programmer.

(b) Licensee's Indemnification. Licensee shall indemnify and hold Programmer harmless for any material loss, damage or injury of any kind sustained by Programmer resulting from Licensee's breach of this Agreement, from the broadcast of programming on the Station furnished by Licensee, from the sale of or attempt by Licensee to sell advertising or program time on the Station (except the instant sale provided for in this Agreement to Programmer), and from any breach of any warranty, agreement or obligation under this Agreement by Licensee.

(c) Survival. Neither Licensee nor Programmer shall be entitled to indemnification pursuant to this section unless such claim for indemnification is asserted in writing delivered to the other party. The representations of Licensee and Programmer and their

obligation to indemnify and hold each other harmless as set forth in this Agreement shall survive any termination.

16. Early Termination And Remedies Upon Default.

(a) Termination. In addition to other remedies available at law or equity, this Agreement may be terminated prior to the termination date as set forth in Section 3 herein, by either Licensee or Programmer giving written notice to the other, if the party seeking to terminate is not then in material default or breach thereof, upon the occurrence of any of the following:

(i) This Agreement is declared invalid or illegal in whole or material part by an order or decree of the FCC or any other administrative agency or court of competent jurisdiction, including but not limited to U.S. Bankruptcy Court, and such order or decree has become final and no longer subject to further administrative or judicial review;

(ii) A party is in material breach of its obligations hereunder and has failed to cure such breach within Thirty (30) days of written notice from the non-breaching party;

(iii) The mutual consent of both parties;

(iv) There has been a change in FCC rules, policies or case law precedent that would cause this Agreement or any provision thereof to be in violation thereof and such change is not the subject of an appeal or further administrative review

In addition to the foregoing events of termination on notice, this Agreement shall automatically terminate upon the consummation of the Asset Purchase Agreement.

Upon termination of this Agreement according to the provisions of this paragraph, the payments, reimbursements and fees provided for hereunder shall be prorated to the effective date of termination. Licensee shall cooperate reasonably with the Programmer to the extent permitted to enable Programmer to fulfill advertising or other programming contracts then outstanding, in which event Licensee shall receive as compensation for the carriage of such advertising or programming that which otherwise would have been paid to Programmer hereunder as a result of such post-termination advertising or programming.

(b) Failure to Broadcast. If Licensee does not broadcast programming supplied by Programmer for a total of six hours in a single day, the Programmer may immediately terminate this Agreement by written notice to Licensee.

(c) Programmer's Additional Termination Rights. Notwithstanding anything herein to the contrary and in addition to Programmer's termination rights in Paragraphs (a) and (b) above, Programmer shall have the right to terminate this Agreement (i) upon the event that Licensee makes a general assignment for the benefit of creditors, files or has filed against it a petition for bankruptcy, reorganization or an arrangement for the benefit of creditors, or for the appointment of a receiver, trustee or similar creditors' representative for the property or assets of Licensee under any federal or state insolvency law, which if filed against Licensee, has not been dismissed within Sixty (60) days thereof.

(d) Licensee's Additional Termination Rights. Notwithstanding anything herein to the contrary and in addition to Licensee's termination rights in Paragraph (a) above, Licensee shall have the right to terminate this Agreement (i) upon the event that Programmer makes a general assignment for the benefit of creditors, files or has filed against it a petition for bankruptcy, reorganization or an arrangement for the benefit of creditors, or for the appointment of a receiver, trustee or similar creditors' representative for the property or assets of Programmer under any federal or state insolvency law, which if filed against Programmer, has not been dismissed within Sixty (60) days thereof.

17. Force Majeure. Any failure or impairment of facilities or any delay or interruption in broadcast programming, or failure at any time to furnish facilities, in whole or in part, for broadcasting, due to any Act of God, strikes or threats thereof or force majeure or due to any other causes beyond the reasonable control of Licensee or Programmer shall not constitute a breach of this Agreement, and Licensee or Programmer, as the case may be, will not be liable to the other party hereto therefore, provided such party uses reasonable diligence to correct such failure or impairment as soon as is reasonably possible.

18. Notices. All notices and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery or Five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

(a) if to Licensee, then to: Idaho Broadcast Consortium, Inc.  
2121 Diamond Mountain Road  
Calistoga, CA 94515  
ATTN: Mr. Fred Constand  
Telephone: (707) 942-0707  
Facsimile: (707) \_\_\_\_\_

with a copy (which shall  
not constitute notice) to: \_\_\_\_\_, Esq.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_

(b) if to Programmer, then to: Fisher Radio Regional Group Inc.  
1212 N. Washington, Suite 307  
Spokane, WA 99201  
Attn: Larry Roberts, President  
Telephone: (509) 343-9500  
Facsimile: (509) 343-9501



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

Clifford M. Harrington, Esq.\*  
Shaw Pittman  
1650 Tysons Boulevard, Suite 1400  
McLean, Virginia 22102-4859  
Telephone: (703) 770-7644  
Facsimile: (703) 770-7901

\*Member of the Bar of the District of Columbia,  
Not admitted to the practice of law in Virginia

19. Modification and Waiver. No modification or waiver of any provision of this Agreement shall in any event be affected unless the same shall be in writing and signed by the party adversely affected by the waiver or modification, and then such waiver and consent shall be effective only in the specific instance and for the purpose for which given.

20. Corporate Authority; Construction. The undersigned signatories to this Agreement personally represent and warrant that they have full authority to execute this Agreement on behalf of the respective parties and to bind such parties to its terms.. This Agreement shall be construed in accordance with the laws of the State of Washington, and the obligations of the parties hereto are subject to all federal, state and local laws and regulations now or hereafter in force and to the rules, regulations, policies and procedures of the Commission and all other government entities or authorities presently or hereafter to be constituted.

21. Headings. The headings contained in this Agreement are included for convenience only and no such heading shall in any way alter the meaning of any provision.

22. Counterpart Signatures. This Agreement may be signed in counterpart originals, which collectively shall have the same legal effect as if all signatures had appeared on the same physical document. This Agreement may be signed and exchanged by facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

23. No Partnership Or Joint Venture Credited. Programmer is acting as an independent contractor hereunder and nothing in this Agreement shall be construed to make Licensee and Programmer partners or joint ventures or to make Licensee or Programmer the agent of the other or to afford any rights to any third party other than as expressly provided herein. Programmer agrees not to hold itself out as being Licensee of any of the Station.

24. Assignment; Binding Agreement. Neither Programmer nor Licensee may assign this Agreement without the prior approval of the other party which shall not be unreasonably withheld or delayed except that Programmer, who shall remain primarily liable, may assign this agreement to an affiliate controlled by Programmer upon written notification to Licensee. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

25. Severability. In the event any term or provision of this Agreement is declared to be invalid or illegal for any reason, this Agreement shall remain in full force and effect and the same shall be interpreted as though such invalid and illegal provision were not a part hereof. The remaining provisions shall be construed to preserve the intent and purpose of this Agreement and the parties shall negotiate in good faith to modify the provisions held to be invalid or illegal to preserve each party's anticipated benefits thereunder.

26. Entire Agreement. This Agreement supersedes any prior agreements between the parties, and contains all of the terms agreed upon with respect to the subject matter hereof. This Agreement may not be altered or amended except by an instrument in writing signed by the party against whom enforcement of any such change is sought.

27. Certifications.

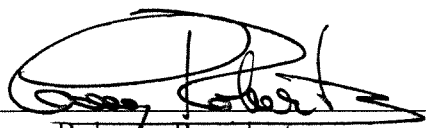
(a) Licensee's Certification. Licensee hereby certifies that for the term of this Agreement it shall maintain ultimate control over the Station's facilities, including control over the Station's finances, personnel and programming, and nothing herein shall be interpreted as depriving Licensee of the power or right of such ultimate control.

(b) Programmer's Certification. Programmer hereby certifies that this Agreement complies with the restrictions on ownership of media set out in the Commission's rules and regulations.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year written above.


**PROGRAMMER:**

Fisher Radio Regional Group Inc.

By:   
Larry Roberts, President

**LICENSEE:**

Idaho Broadcasting, Inc.

By:   
Fred Constant, \_\_\_\_\_