

**SS RADIO, LLC
OPERATING AGREEMENT**

DATE: July 1, 2003

PARTIES: STANLEY M. SWOL ("Member")
STANLEY M. SWOL ("Manager")
LESLIE ANN CARSON

RECITAL:

The party to this agreement (the "Member") is signing this agreement for the purpose of forming a limited liability company under the Limited Liability Company Act of the State of Oregon (the "Act").

AGREEMENTS:

1. FORMATION

1.1 **Name.** The name of this limited liability company (the "Company") is SS RADIO, LLC.

1.2 **Articles of Organization.** Articles of organization for the Company were filed with the Secretary of State for the State of Oregon to be effective July 1, 2003.

1.3 **Duration.** The Company will exist until dissolved as provided in this agreement.

1.4 **Principal Office.** The Company's principal office will initially be at P.O. Box 877, Burns, Oregon 97720, but may be relocated by the Managers at any time.

1.5 **Designated Office and Agent for Service of Process.** The Company's initial designated office will be at 709 Valley View Drive, Burns, Oregon 97720, and the name of its initial registered agent for service of process at that address will be LESLIE ANN CARSON. The Company's designated office and its agent for service of process may only be changed by filing notice of the change with the Secretary of State of the state in which the articles of organization of the Company were filed.

1.6 **Purposes and Powers.** The Company is formed for the purpose of engaging in the business of holding interests in various radio station investments in Harney County, Oregon. The Company has the power to do all things necessary, incident, or in furtherance of that business.

1.7 **Title to Assets.** Title to all assets of the Company will be held in the name of the Company. The Member does not have any right to the assets of the Company or any ownership interest in those assets except indirectly as a result of the Member's ownership of an interest in the Company.

2. MEMBER

2.1 **Name and Address.** The name and address of the sole member of the Company are: STANLEY M. SWOL, P.O. Box 877, Burns, Oregon 97720.

2.2 **Termination of Member's Interest.** The Member will cease to be a member of the Company upon the Member's dissolution or bankruptcy, or upon assignment of the Member's entire membership interest only with the approval of all Managers. Unless there are one or more other members of the Company, the person who is the holder of the Member's interest immediately after the Member ceases to be a member will become a member. If there are one or more other members of the Company at the time the Member ceases to be a member, the person who is the holder of the Member's interest immediately after the Member ceases to be a member will become a member only with the consent of the other member or members.

2.3 **Additional Members.** Except for the holder of a member's interest who becomes a member under the provisions of the section of this agreement relating to termination of member's interest, additional members of the Company may be admitted only by written agreement of the Member and the additional members.

3. CAPITAL

3.1 **Initial Capital Contribution.** The initial capital contribution of the Member will be made by the Member's transferring to the Company the assets described on the attached Exhibit "A", subject to the liabilities described on the attached Exhibit "A." The transfer will be made promptly following the signing of this agreement.

3.2 **Additional Contributions.** Except as otherwise provided in the Act, the Member is not required to contribute additional capital to the Company. But the Member may make additional capital contributions to the Company from time to time as the Member wishes.

3.3 **No Interest on Capital Contributions.** No interest will be paid on capital contributions.

3.4 **Capital Account.** A capital account will be maintained for the Member. The Member's capital account will be credited with all capital contributions made by the Member and with all income and gain (including any income exempt from federal income tax) of the Company, and the Member's capital account will be charged with the amount of all distributions made to the Member and with all losses and deductions (including deductions attributable to tax-exempt income) of the Company.

4. PROFITS AND LOSSES AND DISTRIBUTIONS

4.1 **Profits and Losses.** The entire net profit or net loss of the Company for each fiscal year will be allocated to the Member and must be reported by the Member on all federal, state, and local income and other tax returns required to be filed by the Member.

4.2 **Distributions.** Subject to the restrictions governing distributions under the Act, distributions of cash or property may be made from time to time by the Company to the Member, as the Managers direct. But the assets of the Company may not be used to pay the separate expenses of the Member, to make investments for the account of the Member, or for any other purpose not related to the business of the Company.

5. ADMINISTRATION OF COMPANY BUSINESS

5.1 **Managers.** As provided in the articles of organization of the Company, the Company will be managed by Managers. The number of Managers of the Company serving at any given time (the "Managers" or a "Manager") will be the number elected by the Member, but the number will never be less than one nor more than three. Managers may be entities as well as individuals and need not be members of the Company.

5.2 **Initial Manager.** There will initially be two (2) Managers of the Company, STANLEY M. SWOL and LESLIE ANN CARSON. Notwithstanding anything in this agreement, LESLIE ANN CARSON may only exercise Manager authority regarding matters specifically approved by STANLEY M. SWOL.

5.3 **Election and Term.** Each Manager will serve until the election of the Manager's successor by the Member or until the Manager's earlier death, incapacity, resignation, or removal. Additional or successor Managers may be elected by the Member at any time or from time to time. The Member must elect a successor Manager if as a result of the death, incapacity, resignation, or removal of the Manager, there is no Manager then serving.

5.4 **Resignation and Removal.** A Manager may resign at any time by delivering a written resignation to the Member. The resignation will be effective when received by the Member unless a later effective date is stated in the written resignation. The Member may remove any Manager at any time, with or without cause.

5.5 **Authority.** Subject to the limitations imposed by this agreement or by action of the Managers or the Member, each Manager is an agent of the Company and has authority to bind the Company in the ordinary course of the Company's business. But no Manager has authority to engage in any of the following acts unless the act was approved in advance by action of the Member:

5.5.1 To sell, lease, exchange, mortgage, pledge, or otherwise transfer or dispose of all or substantially all of the property or assets of the Company;

5.5.2 To merge the Company with any other entity;

5.5.3 To amend the articles of organization of the Company;

5.5.4 To change the nature of the business of the Company; or

5.5.5 To commence a voluntary bankruptcy case for the Company.

The Managers may, but are not required to, refer any other matter to the Member for approval.

5.6 **Other Agents.** By action of the Managers, other agents may be authorized to act on behalf of the Company. The authority given such agents may be general or may be limited to specific matters.

5.7 **Powers of Member.** The Member is not authorized to act on behalf of the Company in its capacity as a Member.

5.8 **Devotion of Time; Outside Activities.** Each Manager must devote so much time and attention to the business of the Company as the Managers then serving deem is appropriate. Managers may engage in business and investment activities outside the Company, and neither the Company nor the Member has any rights to the property, profits, or benefits of such activities. But no Manager may enter into any business or investment activity that is competitive with the business of the Company unless the activity was approved in advance by the Member. No Manager may use any property or assets of the Company other than for the operation of the Company's business. For this purpose, the property and assets of the Company include, without limitation, information developed for the Company, opportunities offered to the Company, and other information or opportunities entrusted to a Manager as a result of being a Manager of the Company.

5.9 **Compensation and Reimbursement.** Managers will be paid such salaries and other compensation as may be fixed from time to time by the Member. Managers are also entitled to reimbursement from the Company for reasonable expenses incurred on behalf of the Company, including expenses incurred in the formation, dissolution, and liquidation of the Company.

5.10 **Meetings of Managers and Action Without a Meeting.** If there is more than one Manager serving, meetings of the Managers may be called by any Manager. Meetings of the Managers will be held at the principal office of the Company, unless another place is fixed by action of the Managers. Notice of the date, time, and place of all meetings must be given to each Manager at least 24 hours prior to the meeting. The notice may be oral or written. Oral notice will be effective when given. Written notice will be effective at the earliest of the following times: (a) when received by the Manager, (b) when sent by facsimile or other form of electronic communication reasonably expected to be received immediately at the Manager's place of business, or (c) three days after mailing. A majority of Managers will constitute a quorum for any meeting of the Managers. Each Manager will be entitled to one vote, and a matter submitted to a vote at a meeting of the Managers will be approved if a majority of the Managers voting on the matter vote in favor of the matter. If all of the Managers hold a meeting at any time or place and no Manager objects to the lack of notice, the meeting will be valid even if there was no notice or the notice given was insufficient, and any action taken at the meeting will be the action of the Managers. Any action required or permitted to be taken by the Managers at a meeting may be taken without a meeting if a written consent setting forth the action taken is signed by all of the Managers. All written consents of the Managers must be retained as part of the Company's records of meetings.

6. ACCOUNTING AND RECORDS

6.1 **Accounting.** The Managers must keep such books and records relating to the operation of the Company as are appropriate and adequate for the Company's business. The books and records are to be available for inspection by the Member at the principal office of the Company.

6.2 **Maintenance of Records.** The funds, assets, properties, and accounts of the Company must be maintained separately, and may not be commingled with those of the Member or any other person.

6.3 **Fiscal Year.** The fiscal year of the Company will be the calendar year.

7. DISSOLUTION AND WINDING UP

7.1 **Events of Dissolution.** The Company will dissolve upon the earlier of (a) approval of dissolution by the Member or (b) such time as the Company has no members. Neither the dissolution nor bankruptcy of the Member nor the assignment of the Member's entire membership interest will dissolve the Company.

7.2 **Winding Up and Liquidation.** Upon the dissolution of the Company, the affairs of the Company must be wound up by the Managers. If the affairs of the Company are to be wound up, a full account must be taken of the assets and liabilities of the Company, and the assets of the Company must then be promptly liquidated. The proceeds must first be paid to creditors of the Company in satisfaction of all liabilities and obligations of the Company, including, to the extent permitted by law, liabilities and obligations owed to the Member as a creditor. Any remaining proceeds may then be distributed to the Member. Property of the Company may be distributed in kind in the process of winding up and liquidation with the consent of the Member.

7.3 **Negative Capital Account.** If the Member has a negative balance in the Member's capital account upon liquidation of the Company, the Member will have no obligation to make any contribution to the capital of the Company to make up the deficit, and the deficit will not be considered a debt owed to the Company or any other person for any purpose.

8. INDEMNIFICATION AND LIABILITY LIMITATION

8.1 **Indemnification.** The Company must indemnify each of the Managers to the fullest extent permissible under the law of the state in which the articles of organization of the Company have been filed, as the same exists or may hereafter be amended, against all liability, loss, and costs (including, without limitation, attorneys' fees) incurred or suffered by the Manager by reason of or arising from the fact that the Manager is or was a manager of the Company, or is or was serving at the request of the Company as a manager, member, director, officer, partner, trustee, employee, or agent of another foreign or domestic limited liability company, corporation, partnership, joint venture, trust, benefit plan, or other enterprise. The Company may, by action of the Managers, provide indemnification to employees and agents of the Company who are not managers. The indemnification provided in this section will not be exclusive of any other rights to which any person may be entitled under any statute, agreement, resolution of the Member or the Managers, contract, or

otherwise. But despite any other provision of this agreement, the Company has no obligation to indemnify a Manager for:

8.1.1 Any breach of the Manager's duty of loyalty to the Company;

8.1.2 Acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law;

8.1.3 Any unlawful distribution under the Act; or

8.1.4 Any transaction in which the Manager derives improper personal benefit.

8.2 **Limitation of Liability.** No Manager of the Company is liable to the Company for monetary damages resulting from the Manager's conduct except to the extent that the Act, as it now exists or may be amended in the future, prohibits the elimination or limitation of liability of managers of limited liability companies. No repeal or amendment of this section or of the Act will adversely affect any right or protection of the Managers for actions or omissions prior to the repeal or amendment.

9. MISCELLANEOUS PROVISIONS

9.1 **Amendment.** The Member may amend or repeal all or part of this agreement by written instrument. The Managers may not amend or repeal all or any part of this agreement.

9.2 **Governing Law.** This agreement will be governed by the law of the state in which the articles of organization of the Company have been filed.

9.3 **Severability.** If any provision of this agreement is invalid or unenforceable, it will not affect the remaining provisions.

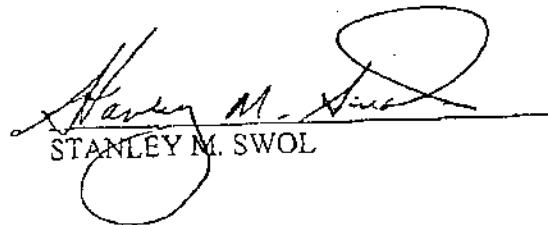

STANLEY M. SWOL

EXHIBIT "A"

The radio broadcast license for KZZR-AM KQHC-FM station, and all receivables, supplies, and inventories of the KZZR-AM KQHC-FM station.

Transfer of the radio broadcast license for KZZR-AM KQHC-FM station, and all receivables, supplies, and inventories of the KZZR-AM KQHC-FM station is subject to FCC approval prior to such transfer.