after the Commencement Date, employ those of Licensee's employees as Programmer may elect on terms and conditions determined by Programmer in Programmer's sole discretion. Licensee shall remain solely responsible for all severance pay, accrued vacation time and sick leave of those of Licensee's employees who do not enter into Programmer's employ after the Commencement Date.

Section 4.
Compliance with Regulations

4.1.   Licensee Authority. Nothing in this Agreement shall abrogate the unrestricted authority of the Licensee to discharge its obligations to the public and to comply with the law, and the rules and policies of the FCC. Without limiting the generality of the foregoing, Programmer recognizes that Licensee will have certain obligations to broadcast programming which covers issues of public importance in the service area of Station. The parties intend that Licensee may use a substantial portion of the air time reserved to it under Section 1. I above to satisfy its programming obligations.

4.2.   Station's Identification Announcements/EAS Tests/Duty Operators. During all hours when Programmer is delivering the programming for broadcast over the Station, Programmer shall include in its programming, at the appropriate times, the hourly station identification announcement required to be broadcast over the Station. During all hours when Programmer's programming is being broadcast over the Station, Programmer shall maintain at the location from which the programming is being originated a receiver capable of receiving test messages and alerts over the Emergency Alert System, which EAS receiver shall be either continuously monitored or compliance with FCC EAS rules shall be had in any other legal manner. if an EAS test or alert is received during the hours when Programmer is delivering its programming for broadcast over the Station, Programmer shall cause the appropriate EAS test or alert message to be transmitted over the Station and shall, in the event of an actual activation of the Emergency Alert System, cause all steps that the Station is required to take in such an event to be taken, and shall be responsible for assuring that the receipt and broadcast of all EAS tests and alerts are properly recorded in the station log. The failure of Programmer to perform its obligations pursuant to this Section shall not constitute a basis for termination of this Agreement, unless such failures shall persist after repeated warnings by Licensee.

4.3.   Additional Licensee Obligations. Licensee retains the right to cut into Programmer's programming in case of an emergency, although both parties shall cooperate in the broadcast of emergency information over the Station. Licensee shall coordinate with Programmer the Station's hourly station identification announcements so that such announcements are aired in accord with FCC rules. In addition, Licensee and Programmer shall coordinate the broadcast of such sponsorship identification announcements as are necessary and appropriate concerning the programming supplied by Programmer hereunder. Licensee shall maintain a main studio within the principal community contour of the Station or at such other location as complies with FCC rules, and shall also maintain the Station's local public file in a location compliant with FCC rules.

4.4. **Access to Programmer Materials.** Licensee, solely for the purpose of ensuring Programmer's compliance with the law, FCC rules, and the Station's policies, shall be entitled to review on a confidential basis any of Programmer's programming material. Programmer shall provide Licensee with copies of all correspondence relating to the Station's broadcasts and all complaints received from the public.

4.5. **Regulatory Changes.** In the event of any order or decree of an administrative agency or court of competent jurisdiction, including without limitation any material change or clarification in FCC rules, policies, or precedent, that would cause this Agreement to be invalid or violate any applicable law, and such order or decree has become effective and has not yet been stayed, the parties will use their respective best efforts and negotiate in good faith to modify this Agreement to the minimum extent necessary so as to comply with such order or decree without material economic detriment to either party, and this Agreement, as so modified, shall then continue in full force and effect.

4.6. **Compliance with Laws.** Licensee and Programmer shall comply in all material respects with all applicable federal, state and local laws, rules and regulations at all times during the term of this Agreement, and shall hold the other party harmless for any noncompliance. Programmer covenants that it shall do nothing in the conduct of its operation of the Station to jeopardize Licensee's FCC license.

Section 5.
Station Broadcasts

5.1. **Station Broadcast Guidelines.** Licensee has adopted and will enforce certain guidelines ("Guidelines"), a copy of which appears as Attachment A hereto. Programmer agrees and covenants to comply in all material respects with the Guidelines and to all rules and policies of the FCC with respect to the programming supplied to the Station by Progranuner.

5.2. **Licensee Control of Programming.** Programmer recognizes that the Licensee has full authority to control the operation of the Station. The parties agree that Licensee's authority includes, but is not limited to, the right to reject or refuse such portions of Programmer's programming which Licensee reasonably believes to be contrary to the public interest; provided, however, that Licensee shall use its best efforts to give Programmer prior notice of Licensee's objection to Programmer's proposed programming, including the basis for such objection, and a reasonable opportunity to substitute acceptable programming.

5.2.1. **Consent to suppliers of program material.** Subject to the rights and obligations of Section 5.2, Licensee agrees to sign a consent and/or acknowledgment document for third party suppliers of program material if Programmer requests it to do so. No liability is to be assumed by Licensee by such agreement.

5.3.   Preemption of Programming. In the event Licensee preempts programming from the Programmer pursuant to the terms of this Agreement, then Programmer shall be entitled to deduct from the Monthly Fee a fee of $100.00 for each hour (not including time set aside for Licensee pursuant to Section 1. 1) that is preempted by Licensee, provided, however, that the total deduction shall not exceed the Monthly Fee for any given month. Programmer may elect to terminate this Agreement at any time during the term hereof in the event that Licensee preempts Programmers programs during fifteen percent (15%) or more of the total hours of operation of the Station during any calendar month. In the event Programmer elects to terminate this Agreement pursuant to this provision, it shall give Licensee notice of such election at least thirty
(30) days prior to the termination date.

5.4.   Failures to Broadcast. If the broadcasts of the Station are interrupted or discontinued after the Commencement Date, other than as a result of circumstances or events attributable to Programmer or a force majeure, Programmer shall be entitled to deduct from the
Monthly Fee $500 for each day in which broadcasting is interrupted on either Station for four (4) or more hours, not to exceed the Monthly Fee for that month. In the event that the broadcast operations are interrupted on either station is less than four (4) hours, then Programmer shall be entitled to deduct from the Monthly Fee a fee of $100.00 for each hour that the broadcast operations are interrupted, up to four (4) hours, provided, however, that the aggregated of the total deductions shall not exceed the Monthly Fee for any given month. Notwithstanding the foregoing, Licensee shall have the right to take the Station off the air for up to four hours per week for regular maintenance, during the hours of 1:00 a.m. to 5:00 a.m. Monday through Sunday, without reduction of the Monthly Fee.

5.5.   Interruption of Normal Operations. Programmer shall notify Licensee if either of the following (a "Specified Event") shall occur: (i) the regular broadcast transmissions of either Station in the normal and usual manner is interrupted or discontinued (except for regular maintenance pursuant to Section 4.4); or (ii) either Station is operated at less than seventy percent (70%) of its authorized effective radiated power. If Specified Events persist for more than seventy-two (72) hours (or, in the event of force majeure or utility failure affecting generally the market served by the Station, ninety-six (96) hours), whether or not consecutive, during any period of thirty (30) consecutive days, then Programmer may, at its option, terminate this Agreement by written notice given to Licensee not more than ten (10) days after the expiration of such @ (30) day period, Provided, however, that if Licensee is making good faith efforts to correct promptly such Specified Event, Programmer may not terminate this Agreement if the Specified Event is corrected to the reasonable satisfaction of Programmer within forty (40) days after the expiration of the thirty (30) day period noted above. In the event of termination of this Agreement by Programmer pursuant to this Section, the parties shall be released and discharged from any ftirther obligation hereunder.

Section 6.
Termination

6.1.   Circumstances Permitting Termination. In addition to other remedies available at law or equity, the time brokerage aspects of this Agreement may be terminated as set forth below by either Licensee or Programmer by written notice to the other, if the party seeking to terminate is not then in material default or breach hereof, upon the occurrence of any of the following:

(a)   This Agreement is declared invalid or illegal in whole or substantial part by an order or decree of an administrative agency or court of competent jurisdiction, if such order or decree has gone into effect and has not been stayed, and if the parties are unable, after negotiating in good faith pursuant to Section 4.5 for a period of at least (30) days, to modify this Agreement to comply with applicable law.

(b)   The other party is in material breach of its obligations hereunder and has failed to cure such breach (i) within five (5) business days after receipt of written notice from Licensee of Programmer's failure to pay any amount due pursuant to the provisions hereof, or Programmer's breach of the Guidelines or any FCC rule or policy concerning the material broadcast by Programmer over the Station; or (ii) within ten (10) days after receiving written notice thereof from the non-breaching party in the case of any other breach; provided, however, that, with respect to clause (ii), if the breach is one that cannot be cured with reasonable diligence within ten (10) days, but could be cured within an additional thirty (30) days and the breaching party is diligently attempting to cure the breach, then the non-breaching party may not terminate this Agreement on account of such breach until such additional thirty (30) day period has elapsed without a cure; provided further that with respect to the interruption of normal operations, Section 5.5. shall apply and not this Section 6. I (b).

(c)   As provided in Sections 5.3. and 5.5.

(d)   The sale of the Station to Programmer.

(e)   By the mutual consent of both par-ties.

Provided, further, that in the event this Agreement is terminated by the either party and that party is not in default under this Agreement, notice of termination shall be accompanied by a payment from the terminating party to the other party, by certified check or wire, in the amount of $25,000, not as a penalty or forfeiture, but as reasonable and adequate liquidated damages.

6.2.   Liabilities Upon Termination. Upon any termination of this Agreement, Licensee shall cooperate reasonably with Programmer to the extent permitted to enable Programmer to fulfill advertising or other programming contracts then outstanding upon

termination of this Agreement. Thereafter, neither party shall have any liability to the other except as provided by this Agreement and the Asset Purchase Agreement.

Section 7.
Indemnification

7.1. **Programmer's Indemnification.** Programmer shall indemnify, defend, and hold harmless Licensee from and against any and all claims, losses, costs, liabilities, damages, FCC forfeitures, and expenses (including reasonable legal fees and other expenses incidental thereto) or every kind, nature, and description, arising out of (i) Programmer's broadcasts under this Agreement; (ii) Programmer's use of Licensee's equipment or other property; (iii) any misrepresentation or breach of any warranty of Programmer contained in this Agreement; and (iv) any breach of any covenant, agreement, or obligation of Programmer contained in this Agreement.

7.2. **Licensee's Indenmiflcation.** Licensee shall indemnify, defend, and hold harmless Programmer from and against any and all claims, losses, costs, liabilities, damages, FCC forfeitures, and expenses (including reasonable legal fees and other expenses incidental thereto) of every kind, nature and description, arising out of (i) Licensee's broadcasts under this Agreement; (ii) any misrepresentation or breach of any warranty of Licensee contained in this Agreement; and (iii) any breach of any covenant, agreement or obligation of Licensee contained in this Agreement.

7.3. **Procedure for Indemnification.** The party seeking indemnification under this Section ("Indemnitee") shall give the party from whom it seeks indemnification ("Indemnitor") prompt notice, pursuant to Section 7.6, of the assertion of any such claim, provided, however, that the failure to give notice of a claim within a reasonable time shall only relieve the Indemnitor of liability to the extent it is materially prejudiced thereby. Promptly after receipt of written notice, as provided herein, of a claim by a person or entity not a party to this Agreement, the Indemnitor shall assume the defense of such claim; provided, however, that if the Indemnitor fails, within a reasonable time after receipt of written notice of such claim, to assume the defense, compromise, and settlement of such claim on behalf of and for the account and risk of the Indernnitor, the Indemtee shall have the right to undertake the defense, compromise and settlement of such claim on behalf of and for the account and risk of Indemnitor.

7.4. **Dispute over Indemnification.** If upon presentation of a claim for indemnity hereunder, the Indemriitor does not agree that all, or part, of such claim is subject to the indemnification obligations imposed upon it pursuant to this Agreement, it shall promptly so notify the Indemnitee. Thereupon, the parties shall attempt to resolve their dispute, including where appropriate, reaching an agreement as to that portion of the claim, if any, which both concede is subject to indemnification. To the extent that the parties are unable to reach some compromise, the parties agree to submit the matter for binding arbitration pursuant to the rules and procedures of the American Arbitration Association and to share equally in the costs of such arbitration.

Section 8.
Miscellaneous

8.1.   Assignment. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld.

8.2.   Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

8.3.   Entire Agreement. This Agreement and the Attachments hereto, when read with the Purchase Agreement and the ancillary agreements thereto, embody the entire agreement and understanding of the parties and supersede any and all prior agreements, arrangements, and understandings relating to the matters provided for herein. No amendment, waiver of compliance with any provision or conditions hereof, or consent pursuant to this Agreement, will be effective unless evidenced by an instrument in writing signed by the party to be charged therewith.

8.4.   Headings. The headings are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

8.5.   Governing Law. The obligations of Licensee and Programmer are subject to applicable federal, state and local law, rules and regulations, including, but not limited to, the Communications Act of 1934, as amended (the "Act"), and the rules and regulations of the FCC. The construction and performance of the Agreement will be governed by the laws of the State of California except for the choice of law rules used in that jurisdiction.

8.6.   Notices. All notices, requests, demands, and other communications pertaining to this Agreement shall be in writing and shall be deemed duly given when delivered personally or mailed by certified mail, return receipt requested, postage prepaid, or by an overnight carrier that provides a written confirmation of delivery, addressed as follows:

(a)   If to Licensee:
      Mr. Michael A. Spencer, Member
      Radio Millennium L L C
      1100 B Hastings Road
      Ukiah, CA 95482