

LOCAL MARKETING AGREEMENT

THIS LOCAL MARKETING AGREEMENT ("Agreement") is made and entered into this 20th day of July, 2004, by and between Warrior Broadcasting, Inc., an Alabama corporation (the "Licensee"), and Apex Broadcasting, Inc., an Alabama corporation (the "Programmer") to be effective August 1, 2004.

WITNESSETH:

WHEREAS, Licensee operates FM Broadcast Station WDGM—FM, Greensboro, Alabama (the "Station") pursuant to licenses issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, Licensee recognizes that Programmer will undertake reasonable substantial efforts to promote the Station and enhance the Station's value in connection with such programming; and

WHEREAS, Programmer is willing to produce radio programs in conformity with this Agreement and all rules, regulations, and policies of the FCC and provide those programs to Licensee for broadcast on the Station;

NOW, THEREFORE, in consideration of the above recitals and mutual promises and covenants contained herein, the parties, intending to be legally bound, agree as follows:

1. AGREEMENT

1.1 Scope. License shall make available to Programmer substantially all the Station's air time, subject to the terms and conditions set forth in this Agreement, for broadcast of the programs produced by Programmer. Programmer may provide entertainment programming of its selection, complete with commercial matter, news, public service announcements, and other suitable programming for broadcast on the Station. Notwithstanding the foregoing, Licensee retains the right to reserve time and/or preempt Programmer programming for the broadcast of Licensee's own regularly scheduled and special news, public affairs, and other programming which Licensee in good faith deems to be of greater national, regional, or local importance than Programmer's programming; provided, however, that Licensee shall cooperate with Programmer in good faith to coordinate scheduling with, and to minimize the disruption of, Programmer's programming. Programmer shall be responsible for broadcasting Licensee's trade credit air time.

1.2 Term. This Agreement shall commence on August 1, 2004 ("Commencement Date"). Unless sooner terminated in accordance with the terms hereof, this Agreement shall continue for a term of 1 year from the commencement date renewable for one year by consent of Licensee and Programmer.

1.3 Consideration. In consideration for the air time made available by Licensee and for the performance of Licensee's other obligations hereunder, Programmer shall, subject to the terms and conditions hereof, pay all monthly operating

expenses directly or indirectly incurred by Licensee for the operation of the station and Programmer shall pay \$3,000 (Three Thousand Dollars) per month to Licensee.

1.4 Authorization. Licensee and Programmer each represent to the other that is legally qualified, empowered, and able to enter into this Agreement and that this Agreement shall not constitute a breach or default of any agreement to which it is a party. The parties recognize, however, that the Licensee is subject to the jurisdiction of the FCC and that it may be necessary to modify or terminate the Agreement to bring it into compliance with applicable orders of the FCC.

1.5 Programs. Programmer shall furnish or cause to be furnished the artistic personnel and materials for the programs which shall be in good taste and in accordance with the rules, regulations and policies of the Federal Communications Commission ("Commission" and/or "FCC") and the Communications Act of 1934, as amended ("Act"). Programmer shall make available to Licensee its programming during a sufficient number of hours to enable the Station to meet the minimum hours of operation required under the Commission's Rules. All advertising messages and promotional material or announcements shall comply with all applicable federal, state and local laws, regulations and policies.

1.6 Station Facilities

A. Operation of Station. The Station operates in accordance with the authorizations issued to it by the Commission. Throughout the term of this Agreement, Licensee shall make available to Programmer for the maximum authorized facilities of the Station up to one hundred sixty-five (165) hours per week, Sunday through Saturday, except for downtime occasioned by routine maintenance. Any maintenance work affecting the operation of the Station at full power shall be scheduled with the approval of Programmer, which shall not be unreasonably withheld, upon at least forty-eight (48) hours prior to Programmer.

B. Studio Location. Licensee shall maintain a main studio within the Station's principal community of license.

1.7 Handling of Mail. Except as required to comply with Commission Rules and policies, including those regarding the maintenance of the public inspection file (which shall at all times remain the responsibility of the Licensee), Licensee shall not be required to receive or handle mail, cables, or telegraph messages in connection with programs broadcast hereunder unless Licensee, at the request of Programmer, has agreed in writing to do so.

1.8 Programming and Operations Standards. Programmer agrees to cooperate with Licensee in the broadcast of programs of the highest possible standards of excellence. Programmer further agrees that if, in the sole judgment of Licensee, Programmer does not comply with said standards, Licensee may suspend or cancel any programs not in compliance.

1.9 Accounts Receivable Programmer shall retain all revenues from the sale of advertising time on the programs it delivers to the Station. Licensee shall retain the revenue from the sale of any advertising on the Station on programs not produced or delivered to it by Programmer. All accounts receivable before August 1, 2004 are the property of the licensee.

2. OPERATION.

2.1 Licensee Responsibility. Licensee represents that it now holds (or has applied for and expects to receive) all licenses and other permits and authorizations necessary for the operation of the Station as presently conducted (including all FCC licenses, permits, and authorizations), and that it will maintain such licenses, permits, and authorizations in full force and effect for the term of this Agreement, unimpaired by any acts or omissions of Licensee. Licensee represents that there is not now pending or to Licensee's best knowledge, threatened, any action by the FCC or other party to revoke, cancel, suspend, refuse to renew, or modify adversely any of the licenses, permits, or authorizations necessary to the operation of the Station and, to Licensee's best knowledge, no event has occurred that allows or, after notice or lapse of time or both, would allow, the revocation or termination of such licenses, permits or authorizations or any restrictions thereon of such a nature that may limit the operation of the Station as presently conducted. Licensee has no reason to believe that any such license, permit, or authorization will not be renewed in the ordinary course.

2.2 Programmer Responsibility. Programmer shall employ and be responsible for the salaries, taxes, insurance, and related costs for all personnel used in the production of the programs supplied to the Station hereunder, and all other costs incurred by Programmer for the production of such programs. Programmer shall be responsible for all expenses incurred in the origination and/or delivery of Programmer's programming from any remote location to the Station's transmitter site and for any publicity or promotional expenses incurred by Programmer.

2.3 Insurance. Licensee will maintain in full force and effect throughout the term of this Agreement insurance with responsible and reputable insurance companies or associations covering such risks (including fire and other risks insured against by extended coverage, public liability insurance, insurance for claims against personal injury or death or property damage and such other insurance as may be required by law) and in such amounts and on such terms as is conventionally carried by broadcasters operating radio stations with facilities comparable to those of the Station. Any insurance proceeds received by Licensee in respect of damaged property will be used to repair or replace such property so that the operation of the Station conforms to this Agreement.

2.4 Broadcast Output. Licensee represents that the Station's transmitting equipment has been maintained in accordance with good engineering standards necessary to deliver a high-quality technical signal, complies with all applicable laws and regulations (including the requirements of the Communications Act and rules, regulations, policies, and procedures of the FCC), and is operating the facilities as authorized by the FCC. Licensee is not in material violation of any statute, ordinance, rule, regulation, order or decree of the FCC or any other federal, state, local, or foreign governmental agency, court or authority having jurisdiction over it or over any part of its operations or assets, which default or violation would have a material adverse effect of Licensee or its assets or on its ability to perform this Agreement. During the term of this Agreement, Licensee agrees to maintain the Station's transmission facility and broadcast output in at least the same condition as they are in now, normal wear and tear in ordinary usage excepted.

2.5 License to Use Station Facilities. Effective as of the Commencement Date, Licensee grants Programmer a license to access and use all of the Station's studio and office space and other facilities ("Station Facilities") and all equipment and furnishings contained therein ("Station Equipment") in the production and broadcasting of the Programming and sales and

administration relating thereto, in accordance with the terms set forth in this Section 2 (the "Programmer License"). The Programmer License shall have a term beginning on the Commencement Date and ending upon the termination of this Agreement. Programmer shall not remove from the Station Facilities or modify and Station Equipment in the Station Facilities owned by or leased or licensed to Licensee without licensee's prior written consent, such consent not to be unreasonably withheld. Licensee shall not license the use of the Station Facilities to any other party during the term of the Programmer License; and Programmer's use of the Station Facilities shall be exclusive except for Licensee's right to use such facilities for production of programming for which Licensee is responsible. Programmer shall use due care in the use of any property of Licensee. Programmer shall indemnify Licensee for any damage (normal wear and tear excepted) to Licensee's property caused by Programmer or any employee, contractor, agent or quest of Programmer.

2.6 License of Intellectual Property. Effective as of the Commencement Date, Licensee licenses to Programmer the exclusive right to use (or, to the extent Licensee does not hold exclusive rights, the non-exclusive right to use) all intellectual property owned by or licensed to Licensee and used in the operation of the Station (including, but no limited to logos, jingles and promotional materials) (the "IP Licensee") In the event of termination of this Agreement, the IP Licensee shall terminate; provided, however, that Programmer shall own all trademarks, service marks, trade names, characters, formats, logos and positioning statements which t develops for the Programming during the term of this Agreement, and Licensee may not make use of nay such materials without the prior written consent of Programmer.

2.7 Programmer's Employees.

- (a) Programmer shall employ and be responsible for the payment of salaries, taxes, insurance and all other costs related to all personnel used in the production of the Programming. Programmer will not incur any liability on account of Licensee's employees in connection with the transactions contemplated by this Agreement including, without limitation, any liability on account of unemployment insurance contributions, termination payments, accrued sick leave or accrued vacation. It is expressly understood That Programmer is not obligated to employ or to pay, and has no authority over, any of Licensee's employees.
- (b) In no event shall Programmer or its employees represent, depict, describe or portray Programmer as the licensee of the Station.

2.8 Licensee's Employees. License will not incur any liability on account of Programmer's employees in connection with the transactions contemplated by this Agreement including, without limitation, any liability on account of unemployment insurance contributions, termination payments, accrued sick leave or accrued vacation. Licensee agrees to maintain a General Manager and Office Manager.

2.9 Additional Licensee Obligations. Licensee shall take all steps necessary to preserve and enhance the Station's license, including, but not limited to, the following:

- (a) Licensee shall coordinate with Programmer the Station's hourly station identification announcements to be aired in accordance with FCC rules.

(b) Licensee shall maintain the main studio within the Station's principal community contour and maintain its local public inspection file in its community of license.

(c) Licensee confirms that all reports and applications required to be filed with the FCC (including ownership reports and renewal applications) or any other governmental agency, department or body, regarding the Station have been, and in the future will be, filed in a timely manner and are and will be true and complete and accurately represent the information contained therein and, to the extent required to be kept in the local public inspection file of the Station, are and will be kept in such file.

(d) Licensee shall monitor the programming broadcast over the Station by Programmer.

(e) Licensee shall prepare up to three hours per week of programming material which is responsive to meet the needs and interests of the public in the area and submit such material to Programmer for broadcast. Programmer shall then broadcast it.

(f) Licensee shall cause the preparation of the quarterly issues programs reports for the Station within ten (10) days after the close of each quarter.

(g) Licensee shall ensure the provision of reasonable access to federal candidates to use the Station and provide equal opportunities to all political candidates in accordance with Communications Act and FCC rules and coordinate such access with Programmer.

(h) Access to Programmer Materials. Licensee, solely for the purpose of ensuring Programmer's compliance with the law, FCC rules, and Station policies, shall be entitled to review on a confidential basis any programming material relating to Station broadcasts as it may reasonably request. Programmer shall provide Licensee with copies of all correspondence received by Programmer relating to the Station's broadcast, including without limitation all complaints received from the public. Nothing in this Section shall entitle Licensee to review Programmer's internal corporate or financial records. Programmer shall, upon Licensee's reasonable request, advise and consult with Licensee about the programs, commercials, and other matter that Programmer intends to broadcast on the Station.

2.10 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 in violation of any applicable law, and such order or decree is no longer subject to administrative or judicial reconsideration, review, or appeal, 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.

2.11 Certifications. Pursuant to Section 73.3555(a) (3) (ii) of the FCC's rules, Licensee certifies that it maintains ultimate control over the Station's facilities, including specifically control over station finances, personnel and programming, and Programmer certifies that this Agreement complies with the provisions of Section 73.3555 of FCC's rules.

3. STATION BROADCASTS.

3.1 Compliance of Station Broadcasts. Programmer agrees and covenants to comply in all material respects with all rules, regulations and policies of the FCC that pertain to Programmer's programming.

3.2 Licensee Control of Programming. Programmer recognizes that 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 believes to be contrary to the public interest; provided, however, that Licensee shall use its best efforts to give Programmer prior notice of its objections to Programmer's proposed programs, including the basis for such objections, and a reasonable opportunity to substitute acceptable programming. Licensee represents and covenants that rejection, refusal or preemption of programming shall only occur to the extent Licensee deems necessary to carry out its obligations as an FCC licensee and expressly agrees that its rights of rejection, refusal or preemption shall not be exercised in an arbitrary manner or for the commercial advantage of Licensee or others. In accordance with FCC rules, regulations and policies, Licensee and Programmer will cooperate in an effort to avoid conflicts regarding programming on the Station.

3.3 Rejection of Programming. In the event that Licensee rejects, refuses or preempts programming of Programmer that conforms to FCC rules, regulations or policies, Programmer shall be entitled to deduct from the monthly payment the percentage of the total programming hours per month brokered to Programmer which were rejected, refused or preempted during such month times (ii) the said monthly payment. In the event Licensee rejects programming from Programmer that conforms to FCC rules, regulations and policies, then the consideration to be paid by Programmer by Licensee shall be reduced on account of any interruptions of Programmer's programming which is caused by such rejection.

4. TERMINATION AND PENALTIES UPON DEFAULT

4.1 Termination.

(a) This Agreement shall terminate automatically upon the Closing of the purchase and sale of the assets of the Station as set forth in the Asset Purchase Agreement with Apex Broadcasting, Inc. and Warrior Broadcasting, Inc.

(b) Provided the party seeking to terminate is not then in material breach or default hereof, this Agreement may be terminated by either Licensee or Programmer by written notice to the other upon the occurrence of any of the following:

(c) By Programmer within thirty (30) days if the Asset Purchase Agreement is terminated pursuant to its terms or if said Asset Purchase 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 and such order or decree has become final and no longer subject to further administrative or judicial reconsideration, review or appeal;

(d) Licensee shall have the right, at its option, to terminate the Agreement. In the event the Licensee elects to terminate the Agreement, it shall give Programmer notice of such election at least ninety days prior to the termination date. Upon termination, all sums owing to Licensee shall be paid and neither party shall have any further liability to the other except as may be provided by the Agreement;

5. INDEMNIFICATION.

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

6. MISCELLANEOUS.

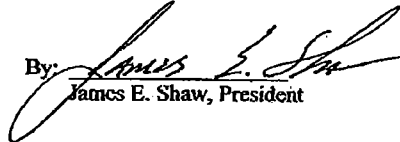
- 6.1 Assignment. Except as expressly provided herein, neither party may assign its rights or obligations to a third party without the express written consent of the other party.
- 6.2 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.
- 6.3 Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties and supersedes any and all prior agreements, and arrangements.
- 6.4 Headings. The headings are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.
- 6.5 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 1924, as amended, and the rules, regulations and policies of the FCC. The construction and performance of the Agreement will be governed by the laws of the State of Alabama. The parties agree that all actions or proceedings arising directly or indirectly from this Agreement shall be litigated in the Circuit Court of Tuscaloosa County, Alabama, and the parties hereby consent to the venue and jurisdiction of said court.

IN WITNESS WHEREOF, of the parties hereto have executed this Agreement the day and year first written above.

LICENSEE:

Warrior Broadcasting, Inc.

By:


James E. Shaw, President

PROGRAMMER:

Apex Broadcasting, Inc.

By:


Voncile Pearce, President