

FIN: 42-1644820

TIME BROKERAGE AGREEMENT

THIS TIME BROKERAGE AGREEMENT (this "Agreement") is made and entered into as of January 31, 2005, by and between PJ Radio, L.L.C., a Delaware limited liability company ("Licensee"), and Sunrise Broadcasting of New York, Inc., a ~~Del~~ NY corporation ("Programmer").

Recitals

FIN:

A. Licensee owns and operates radio broadcast stations WDLC(AM) and WTSX(FM), both Port Jervis, New York (the "Stations"), pursuant to licenses issued by the Federal Communications Commission ("FCC").

B. Programmer has available and is producing radio programs that it desires to have broadcast on the Stations, and therefore wishes to avail itself of airtime from Licensee for the broadcast of such programs, in accordance with the Communications Act of 1934, as amended (the "Act") and the applicable rules, regulations and published policies of the FCC.

C. Licensee has agreed to make available to Programmer airtime on the Stations and accept for broadcast the programs of Programmer on the terms and conditions set forth in this Agreement and in accordance with the Act and the applicable rules, regulations and published policies of the FCC.

Agreement

NOW, THEREFORE, taking the foregoing recitals into account, and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Agreement Term. The Term (as defined below) of this Agreement will begin effective as of 12:01 AM on January 31, 2005 (the "Commencement Date"), and will continue until the date one (1) year after the Commencement Date (the "Initial Term") or unless earlier terminated pursuant to Section 12 hereof. So long as no Event of Default has occurred and is continuing pursuant to Section 12, Programmer shall have the option (the "Renewal Option") to renew the Term for a renewal term of one (1) year (the "Renewal Term"). So long as no Event of Default has occurred and is continuing pursuant to Section 12 and this Agreement remains in full force and effect, the Renewal Option shall be deemed to have been exercised by Programmer unless Programmer notifies Licensee in writing of its intention not to exercise the Renewal Option at least sixty (60) days prior to the end of the Initial Term, in which event this Agreement shall terminate at the end of the Initial Term. "Term" shall mean the Initial Term and the Renewal Term, if any.

2. Programmer's Provision of Programming. During the Term, Licensee shall make available to Programmer airtime on the Stations on the terms specified below, and Programmer

shall transmit to Licensee programming (the "Program" or "Programs") for broadcast on the Stations one hundred sixty five (165) hours per week (the "Broadcasting Period"). Licensee may use such time as Licensee may require up to three (3) hours per week for the broadcast of its own regularly-scheduled news, public affairs, and other non-entertainment programming on the Stations (the "Discretionary Period"). Programmer will deliver, at its own cost its Programs to a point or location designated by Licensee in its sole discretion in a manner that will ensure that the Programs meet technical and quality standards at least equal to those of the Stations' broadcasts prior to commencement of the Term.

3. Broadcasting Obligations. In return for the consideration set forth in Section 5, during the Term, Licensee shall broadcast the Programs delivered by Programmer during the Broadcasting Period specified in Section 2 above, subject to the provisions of Section 6 below.

4. Advertising Sales; Accounts Receivable. (a) Programmer will be exclusively responsible for the sale of advertising on the Stations and for the collection of accounts receivable arising therefrom, and Programmer shall be entitled to all revenues of the Stations during the Term, except for (i) the trade and barter advertising contracts sold by Licensee consistent with past practices, (ii) any advertising on the Stations broadcast by Licensee during the Discretionary Period and (iii) the accounts receivable of Port Jervis Broadcasting Co., Inc. ("Seller") with respect to the Stations as of the end of the broadcast day immediately preceding the date hereof, which shall be collected by Programmer in accordance with the terms of Section 4(b) (collectively, "Seller's Accounts Receivable"). All contracts for advertising on the Stations which may be entered into by Programmer shall terminate upon the termination of this Agreement.

(b) Licensee shall deliver to Programmer a complete and detailed statement of all Seller's Accounts Receivable as of the broadcast day immediately preceding the date hereof, showing the name, amount and age of each account. During the period from the date hereof until ninety (90) days after the date hereof (the "Collection Period"), with respect to Seller's Accounts Receivable, (i) Programmer will use reasonable efforts, in accordance with Programmer's customary business practices, to collect Seller's Accounts Receivable, but Programmer shall not be obligated to use any efforts to collect any of Seller's Accounts Receivable that are more extensive than the efforts that Programmer uses to collect its own accounts receivable, (ii) Programmer shall not make any referral or compromise of any of Seller's Accounts Receivable to any collection agency or attorney for collections and shall not settle or adjust the amount of any of Seller's Accounts Receivable without the prior written authorization of Seller, (iii) on or before the fifth business day following the end of each calendar month in the Collection Period, Programmer shall furnish Seller with a list of the amounts collected during such calendar month with respect to Seller's Accounts Receivable, and (iv) Programmer shall remit to Seller, on or before the fifth business day after the end of each successive calendar month during the Collection Period, all amounts collected by Programmer with respect to Seller's Accounts Receivable that have not previously been remitted to Seller, net of any commissions paid or payable with respect thereto. If Programmer receives any payment from an account debtor that is liable under any of Seller's Accounts Receivable and with whom Programmer continues to sell advertising time on the Station, or otherwise maintains a business relationship, Programmer shall first credit the payment in full to any outstanding Seller's Account Receivable balance for such

account unless Seller directs otherwise or unless the account debtor indicates that there is a dispute in which case the payment shall be applied first to undisputed items. Following the expiration of the Collection Period, Programmer shall have no further obligations under this Section 4(b), except that Programmer shall immediately pay over to Seller any amounts subsequently paid to it with respect to any of Seller's Accounts Receivable. Following the Collection Period, Seller may pursue collection of all Seller's Accounts Receivable. Programmer shall have no right to set-off any amounts collected for Seller's Accounts Receivable for any amounts owed to Programmer by Seller. Any notices or remittances to Seller pursuant to this Section 4(b) shall be made to Seller at P.O. Box 11, Port Jervis, NY 12771, attention Robert I. Wein.

(c) Upon termination of this Agreement, to the extent that Programmer is not the owner of the Stations, Licensee shall collect Programmer's accounts receivable with respect to the Stations as of the end of the broadcast day immediately preceding the date of termination of this Agreement (collectively, "Programmer's Accounts Receivable") for a period of [ninety (90) days] after the termination of this Agreement (the "Post-Termination Collection Period"). Within five (5) days after the termination of this Agreement, Programmer shall deliver to Licensee a complete and detailed statement of all Programmer's Accounts Receivable as of the broadcast day immediately preceding the date hereof, showing the name, amount and age of each account. During the Post-Termination Collection Period, with respect to Programmer's Accounts Receivable, (i) Licensee will use reasonable efforts, in accordance with Licensee's customary business practices, to collect Programmer's Accounts Receivable, but Licensee shall not be obligated to use any efforts to collect any of Programmer's Accounts Receivable that are more extensive than the efforts that Licensee uses to collect its own accounts receivable, (ii) Licensee shall not make any referral or compromise of any of Programmer's Accounts Receivable to any collection agency or attorney for collections and shall not settle or adjust the amount of any of Programmer's Accounts Receivable without the prior written authorization of Programmer, (iii) on or before the fifth business day following the end of each calendar month during the Post-Termination Collection Period, Licensee shall furnish Programmer with a list of the amounts collected during such calendar month with respect to Programmer's Accounts Receivable, and (iv) Licensee shall remit to Programmer, on or before the fifth business day after the end of each successive calendar month during the Post-Termination Collection Period, all amounts collected by Licensee with respect to Programmer's Accounts Receivable that have not previously been remitted to Programmer, net of any commissions paid or payable with respect thereto. If Licensee receives any payment from an account debtor that is liable under any of Programmer's Accounts Receivable and with whom Licensee continues to sell advertising time on the Stations, or otherwise maintains a business relationship, Licensee shall first credit the payment in full to any outstanding Programmer's Account Receivable balance for such account unless Programmer directs otherwise or unless the account debtor indicates that there is a dispute in which case the payment shall be applied first to undisputed items. Following the expiration of the Post-Termination Collection Period, Licensee shall have no further obligations under this Section 4(c), except that Licensee shall immediately pay over to Programmer any amounts subsequently paid to it with respect to any of Programmer's Accounts Receivable. Following the Post-Termination Collection Period, Programmer may pursue collection of all Programmer's Accounts Receivable. Licensee shall have no right to set-off any amounts collected for Programmer's Accounts Receivable for any amounts owed to Licensee by Programmer. [This

Section 4(c) shall survive the termination of this Agreement and shall remain in full force and effect until such time as the parties shall have performed their obligations under this Section 4(c).]

5. Consideration. For the broadcast of the Programs and the other benefits made available to Programmer pursuant to this Agreement, during the Term, Programmer will pay Licensee as set forth on Schedule A attached hereto.

6. Operation, Ownership and Control of the Stations. Notwithstanding anything to the contrary in this Agreement, as long as Licensee remains the licensee of the Stations, it will have full authority, power and control over the operation of the Stations and over all persons working at the Stations during the Term. Licensee will bear the responsibility for the Stations' compliance with all applicable provisions of the Act and the rules and policies of the FCC and all other applicable laws. Without limiting the generality of the foregoing, Licensee will: (a) employ a minimum of two full-time employees which shall include one management employee for the Stations, who will report to Licensee and will direct the day-to-day operations of the Stations, and another employee for the Stations, and (b) retain control over the policies, programming and finances of the Stations. Licensee shall, with respect to its employees, have sole responsibility for (i) assignment and reassignment of general duties of employment, (ii) establishment and modification of all wage levels, salary levels and any incentives, (iii) establishment of personnel policies, (iv) decision-making regarding discipline, termination, hiring and replacement, (v) workers' compensation insurance (if subscribed) and (vi) processing and administration of payroll, including social security, unemployment and other applicable payroll taxes. Nothing contained herein shall prevent Licensee from rejecting or refusing to broadcast any of the Programs which Licensee believes to be contrary to the public interest, or substituting programs which Licensee believes to be of greater local or national importance or which Licensee in its good faith judgment has determined are reasonably necessary under the Act and the rules and published Policies of the FCC to address the problems, needs and interests of the local community. If in any month Licensee preempts any Programs, Licensee shall refund to Programmer such portion of the monthly payment made to Licensee pursuant to Section 5 hereof as the total time preempted bears to the total amount of time in the Broadcasting Period for such month. Licensee reserves the right to refuse to broadcast any Program containing matter which violates any right of any third party or which does not meet the requirements of the Act or the rules, regulations, and policies of the FCC or the regulations and restrictions set forth in Section 9. Licensee further reserves the right to preempt any Program in the event of a local or national emergency. Programmer agrees to cooperate with Licensee to ensure that EAS transmissions are properly performed in accordance with Licensee's instructions. Licensee reserves the right to delete any commercial announcements that do not comply with the requirements of the FCC's sponsorship identification policy. Programmer will immediately serve Licensee with notice and a copy of any letters of complaint it receives concerning any Program for Licensee review and inclusion in its public inspection file.

7. Maintenance of Signal. Licensee shall maintain the operating power of the Stations at the level authorized by the FCC for the Stations throughout the Term and shall repair and maintain the Stations' towers and transmitter sites and equipment in good working order; provided, however, that Licensee shall have the right in its sole discretion to undertake in good faith a modification of the signal of either Station.

8. Music Licenses. During the Term, Programmer will obtain and maintain in full force and effect in its own name all music licenses ("Music Licenses") as are currently operative with respect to the Stations and as will be required by the licensor of those Music Licenses. Notwithstanding anything in this Agreement to the contrary, Licensee and Programmer hereby acknowledge and agree that the music licenses granted by ASCAP and BMI shall be the only Music Licenses required to be maintained by Programmer during the Term. All Music Licenses fees during the Term shall be paid by Programmer.

9. Programs.

9.1 Production of the Programs. Programmer agrees that it will consult with Licensee in the selection of the Programs it transmits to Licensee to ensure that the Programs' content contains matters responsive to issues of public concern in the local community, as those issues are made known to Programmer by Licensee. Licensee acknowledges that its right to broadcast the Programs is non-exclusive and that ownership of the Programs, and all parts thereof, and the right to authorize their use in any manner and in any media whatsoever, shall be and remain vested in Programmer.

9.2 Political Time. Licensee shall oversee and take ultimate responsibility with respect to the provision of equal opportunities, lowest unit charge, and reasonable access to political candidates, and compliance with the political broadcast rules of the FCC. During the Term, Programmer shall cooperate with Licensee as Licensee complies with its political broadcast responsibilities, and shall supply such information promptly to Licensee as may be necessary to comply with the political time record keeping and lowest unit charge requirements of federal law. Programmer shall release advertising availabilities to Licensee during the Broadcasting Period as necessary to permit Licensee to comply with the political broadcast rules of the FCC; provided, however, that revenues received by Licensee as a result of any such release of advertising time shall promptly be remitted to Programmer.

10. Expenses. During the Term, Programmer will be responsible for (a) the salaries, taxes, insurance and related costs for all personnel used in the acquisition or production and delivery of the Programs supplied to Licensee, other than any employee of Licensee used in the production of the Programs, and (b) the costs of delivering the Programs to Licensee. Licensee shall provide Programmer, for no additional consideration, access to and use of the Stations' studios to produce and deliver the Programs and otherwise to perform under this Agreement. Licensee will pay for the maintenance of all existing transmitter equipment and all other operating costs required to be paid to maintain the Stations' broadcast operations in accordance with FCC rules and policies and applicable law. Licensee will also pay for all utilities supplied to its transmitter sites. Licensee will be responsible for the salaries or fees, taxes, insurance and related costs for the employees of Licensee described in Section 6. Programmer shall maintain the studio equipment in adequate repair and condition in accordance with prudent broadcast engineering practices; provided, that, Programmer shall not be required to make any capital improvements with respect to the studio equipment.

11. Call Signs. During the Term, Licensee will retain all rights to the call letters of the Stations or any other call letters which may be assigned by the FCC for use by the Stations, and will ensure that proper station identification announcements are made with such call letters in accordance with FCC rules and regulations. Programmer shall include in the Programs it delivers for broadcast an announcement at the beginning of each hour of such Programs to identify such call letters, as well as any other announcements required by the rules and regulations of the FCC. Programmer is specifically authorized to use such call letters in its Programs and in any promotional material, in any media, used in connection with the Programs.

12. Events of Default; Termination.

12.1 Programmer's Events of Default. The occurrence of any of the following will be deemed an Event of Default by Programmer under this Agreement: (a) Programmer fails to make timely payments as provided for in Section 5 of this Agreement within ten (10) days after the date due; (b) Programmer fails to observe or perform its other obligations contained in this Agreement in any material respect; or (c) Programmer breaches the representations and warranties made by it under this Agreement in any material respect.

12.2 Licensee Events of Default. The occurrence of the following will be deemed an Event of Default by Licensee under this Agreement: (a) Licensee fails to observe or perform its obligations contained in this Agreement in any material respect; or (b) Licensee breaches the representations and warranties made by it under this Agreement in any material respect.

12.3 Cure Period. Notwithstanding the foregoing, except for payment obligations under Section 12.1(a) above, an Event of Default will not be deemed to have occurred until thirty (30) days after the non-defaulting party has provided the defaulting party with written notice specifying the Event of Default and such Event of Default remains uncured.

12.4 Termination in the Event of Default. Upon the occurrence of an Event of Default, and in the absence of a timely cure pursuant to Section 12.3, the non-defaulting party may terminate this Agreement, effective immediately upon written notice to the defaulting party.

13. Indemnification. Programmer shall indemnify and hold Licensee harmless against any and all liability for libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from the broadcast of the Programs on the Stations. Licensee shall indemnify and hold Programmer harmless against any and all liability for libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from the broadcast of its programming on the Stations. The obligations under this Section shall survive any termination of this Agreement.

14. Right of Negotiation.

(a) During the Term, Licensee shall have the right to negotiate with any third party with respect to a sale of all or substantially all of the assets of the Stations (the "Sale"). If at any time during the Renewal Term, (i) Licensee has engaged in good faith negotiations with a third party (the "First Buyer") for the Sale of the Stations, which negotiation results in the consummation of the Sale of the Stations to such First Buyer, and (ii) thereafter, during the Renewal Term, First Buyer enters into good faith negotiations with another third party for the Sale of the Stations (the "Second Proposed Buyer"), First Buyer shall, prior to any such proposed Sale, promptly give written notice (the "Sale Notice") to Programmer. The Sale Notice shall describe in reasonable detail the proposed Sale to the Second Proposed Buyer including, without limitation, the assets of the Stations proposed to be sold, the nature of such Sale, the name and address of the Second Proposed Buyer and the purchase price and other terms of the Sale.

(b) For a period of twenty (20) days following receipt of any Sale Notice described in Section 14(a), Programmer shall have the right to purchase all but not less than all of the assets of the Stations subject to such Sale Notice on the same terms and conditions as set forth therein. Programmer's purchase right shall be exercised by written notice (the "Programmer Notice") delivered to First Buyer.

(c) First Buyer and Programmer shall use commercially reasonable efforts to negotiate and execute definitive documentation with respect to such Sale no later than thirty (30) days after Programmer shall have delivered the Programmer Notice to First Buyer.

(d) Should Programmer fail to exercise its rights to purchase all of the assets of the Stations which are the subject of the Sale Notice pursuant to Section 14(b) following the exercise or expiration of the rights of purchase described in Section 14(b), then all options of Programmer to purchase the assets of the Stations which are the subject of the Sale Notice, whether exercised or not, shall terminate.

15. Performance Payment. In the event that the Stations are sold to any person, including to Programmer, but other than to the First Proposed Buyer, during the Renewal Term, for a purchase price greater than Three Million Dollars (\$3,000,000), Programmer shall be entitled to receive an amount equal to twenty five percent (25%) of the Annualized Revenue (as defined below) of the Stations (the "Performance Payment"); provided, however, that in no event shall any Performance Payment exceed Two Hundred Fifty Thousand Dollars (\$250,000). "Annualized Revenue" shall mean the product of the (x) average of the revenue of the Stations determined in accordance with generally accepted accounting principles for the three (3) consecutive months prior to the termination of this Agreement pursuant to Section 1 and (y) twelve (12).

16. Authority. Programmer and Licensee each represents and warrants to the other that (a) it has the power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, (b) it is in good standing in the jurisdiction of its organization and is qualified to do business in all jurisdictions where the nature of its business requires such qualification, (c) it has duly authorized this Agreement, and this Agreement is binding upon it, and (d) the execution, delivery, and performance by it of this Agreement does not conflict with, result in a breach of, or constitute a default or ground for termination under any agreement to which it is a party or by which it is bound.

17. Modification and Waiver; Remedies Cumulative. No modification of any provision of this Agreement will be effective unless in writing and signed by all parties. No failure or delay on the part of Programmer or Licensee in exercising any right or power under this Agreement will operate as a waiver of such right or power, nor will any single or partial exercise of any such right or power or the exercise of any other right or power. Except as otherwise provided in this Agreement, the rights and remedies provided in this Agreement are cumulative and are not exclusive of any other rights or remedies which a party may otherwise have.

18. Assignability; No Third Party Rights. The rights and obligations of Licensee and Programmer under this Agreement may not be assigned without the prior written consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, that Licensee may assign this Agreement to the First Buyer pursuant to Section 14(a) without the prior written consent of Programmer. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement.

19. Construction. This Agreement will be construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

20. Counterpart Signatures. This Agreement may be signed in one or more counterparts, each of which will be deemed a duplicate original.

21. Notice. All notices, demands, requests, or other communications which may be or are required to be given or made by any party to any party pursuant to this Agreement shall be in writing and shall be hand delivered, mailed by first-class registered or certified mail, return receipt requested, postage prepaid, delivered by overnight air courier, or transmitted by facsimile transmission and shall be deemed to have been duly delivered and received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery, and on the same day if transmitted by facsimile, addressed as follows:

If to Licensee:

PJ Radio, L.L.C.
54 Huntingtown Road
Newtown, CT 06470
Attention: James Morley
Telecopier No.:(203) 270-9213

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

Hogan & Hartson L.L.P.

8300 Greensboro Drive
Suite 1100
McLean, VA 22102
Attention: Richard T. Horan, Jr., Esq.
Telecopier No.: (703) 610-6200

If to Programmer:

Sunrise Broadcasting of New York, Inc.
P.O. Box 2307
Newburgh, New York
Attention: Joerg Klebe, President
Telecopier No.: (845) 561-2138

22. Entire Agreement. This Agreement embodies the entire agreement, and supersedes all prior oral or written understandings, between the parties with respect to the subject matter of this Agreement.

23. Relationship of Parties. Neither Programmer nor Licensee will be deemed to be the agent, partner, or representative of the other party to this Agreement, and neither party is authorized to bind the other to any contract, agreement, or understanding.

24. Force Majeure. The failure of either party hereto to comply with its obligations under this Agreement due to acts of God, strikes or threats thereof or a force Majeure or due to causes beyond such party's control, will not constitute an Event of Default under Section 12 of this Agreement and neither party will be liable to the other party therefor.

24. Subject to Laws; Partial Invalidity. The obligations of the parties under this Agreement are subject to the rules, regulations and policies of the FCC and all other applicable laws. The parties agree that Licensee may file a copy of this Agreement with the FCC. If any provision in this Agreement is held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if it did not contain such invalid, illegal, or unenforceable provision.

25. Headings. The headings of the various provisions of this Agreement are included for convenience only, and no such heading shall in any way affect or alter the meaning of any provision.

26. Successors and Assigns. Subject to the provisions of Section 18 above, this Agreement shall be binding and inure to the benefit of Licensee's successors and assigns. This Agreement shall also be binding upon and inure to the benefit of Programmer and its successors and assigns.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO TIME BROKERAGE AGREEMENT

IN WITNESS WHEREOF, the parties have duly executed this Time Brokerage Agreement as of the date first above written.

PROGRAMMER: SUNRISE BROADCASTING OF NEW YORK, INC.

By: _____
Name
Title:

LICENSEE:

PJ RADIO, L.L.C.

By: Morley Broadcasting Company, L.L.C.,
its Managing Member

By: James Morley
James Morley
Sole Member

SCHEDULE A

Fee

During the Term, Programmer shall pay to Licensee a monthly fee, payable in arrears commencing on the first month anniversary of the Commencement Date by check to 54 Huntingtown Road, Newtown, CT 06470, attention: James Morley, as follows: (i) on the first, second and third month anniversary of the Commencement Date, Programmer shall pay Fifteen Thousand Dollars (\$15,000) to Licensee, and (ii) on each succeeding monthly anniversary of the Commencement Date, Programmer shall pay Twenty Thousand Dollars (\$20,000) to Licensee. In the event that the final month of the Term shall be less than a full calendar month, the fee for such month shall be pro-rated by the ratio of the number of days of the month falling within the Term divided by the total number of calendar days in that month of the Term.