

LOCAL MARKETING AGREEMENT

This Local Marketing Agreement (“Agreement”) is effective as of September 1, 2007 by and among Hilo Broadcasting LLC, an Hawaii Limited Liability Corporation (“HBL” or “Licensee”), and Parrott Broadcasting Limited Partnership, a Hawaii Limited Partnership (“Broker”), and shall be effective as of September 1, 2007 (the “Effective Date”).

WITNESSETH:

WHEREAS, Licensee owns and operates radio station KHBC (AM), licensed to Hilo, Hawaii (“the Station”);

WHEREAS, Licensee and Broker are entering into an Asset Purchase Agreement (the “Purchase Agreement”) simultaneous with this Agreement, whereby Licensee has agreed to sell and assign to Broker, and Broker has agreed to purchase and assume from Seller, the Station and the licenses issued by the Federal Communications Commission (“FCC” or the “Commission”) that are associated with the Station (the “FCC Licenses”);

WHEREAS, Broker wishes to broadcast on the Station, prior to the Closing, programming and advertisements provided by Broker (the “Broker Programs”) and;

WHEREAS, Licensee wishes to air Broker Programs on the Station.

NOW, THEREFORE, the parties agree as follows:

1. Agreement Term. The term of this Agreement (“the Term”) will begin on the Effective Date and will terminate, subject to earlier termination as set forth herein, upon the earlier of (a) the consummation of the transaction contemplated by the Purchase Agreement; pursuant to FCC consent, or (b) the termination of the Purchase Agreement, pursuant to the terms of that Purchase Agreement.

2. Waiver. Broker acknowledges that it has been provided the opportunity to examine and investigate the condition of the real property and transmission facilities used in conjunction with the Station prior to the commencement of its use of those facilities pursuant to this Agreement. As an element of consideration for being permitted to use such facilities and to air the Broker Programs over the Station, Broker hereby waives any claims it may have against Licensee, pursuant to this Agreement, by virtue of the condition of the real or personal property used in conjunction with the Station or with respect to the compliance of the Station or the Station Assets (as that term is defined in the Purchase Agreement) with all laws, regulations and governmental orders applicable to the business and operations of the Station.

3. Purchase of Air Time and Broadcast of the Broker Programs. Subject to the terms and conditions set forth in this Agreement, Licensee agrees to make the broadcast

transmission facilities of the Station available to Broker and to broadcast on the Station, or cause to be broadcast on the Station, the Broker Programs, for up to 24 hours per day, seven days per week except for that time reserved by Licensee for the airing of its public affairs programming as set forth in Exhibit A or that time necessary to perform reasonable and customary maintenance (the "Broadcasting Period"). Broker shall produce and deliver Broker programs to Licensee at Licensee's transmitter facility solely at Broker's own cost. Licensee will ensure that its broadcasting transmission facilities remain available for the broadcast of the Broker Programs. The Station transmitter will remain under Licensee's control. Responsibility for maintaining the transmitter will reside with Licensee. Licensee will pay for any expenditures for monitoring equipment required by FCC rules. Licensee will produce the daily logs for the Station, and perform the required transmitter readings. Broker will air, under Licensee's direction, the station identification required under Section 73.1201 of the FCC's rules. Broker and Licensee each represents and warrants that it has, and will have during the Term, the technical capabilities necessary to fulfill all obligations imposed under this Agreement.

4. Operation, Ownership, and Control of the Station. Notwithstanding anything to the contrary in this Agreement, as long as Licensee remains the licensee of the Station, it will have ultimate authority, power, and control over the facilities of the Station during the Term, which it will exercise in accordance with this Agreement. Licensee will bear the responsibility for the Station's compliance with all applicable provisions of the rules and policies of the FCC and all other applicable laws. Without limiting the generality of the foregoing, (a) Licensee will employ the Program Director of the Station, who will report and be accountable solely to Licensee and direct the day-to-day operations of the Station, and for one other employee as required by the FCC's policies (the "Station Employees"), (b) Licensee will retain complete control over the programming of the Station, including the right to preempt, as set forth below, any of the Broker Programs, (c) Licensee will maintain responsibility for financial control over the operating and capital expenses of the Station and (d) Licensee will cause the Station to comply with the station identification and main studio rules, provided that Broker's employees shall broadcast station identifications as directed by Licensee. Nothing herein contained shall prevent or hinder Licensee from (x) rejecting or refusing programs which Licensee reasonably believes to be unsatisfactory or unsuitable or contrary to the public interest, or (y) substituting a program which, in Licensee's opinion, is of greater local or national importance or which is specifically designed to address the problems, needs, and interests of the community served by the Station. During the Term of this Agreement, Broker shall deliver to Licensee and Licensee shall maintain such records and information related to Broker Programs, which Licensee is required by the FCC to place in the public inspection files of the Station pertaining to the broadcast of political programming and advertisements, in accordance with the provisions of Sections 73.1943 and 73.3526 of the Commission's rules, and to the broadcast of sponsored programming addressing political issues or controversial subjects of public importance, in accordance with the provisions of Section 73.1212 of the Commission's rules. Broker shall also consult with Licensee concerning, and adhere strictly to, the statutes and the rules, regulations, and policies of the Commission, as announced from time to time, with respect to the carriage of political advertisements and programming and the charges permitted therefor. If necessary to

ensure Licensee's compliance with the FCC's political advertising rules, Broker shall relinquish air time back to the Licensee for the carriage of requisite political advertisements. Broker will provide to Licensee such documentation relating to political advertising and political programming as Licensee shall reasonably request and shall indemnify Licensee for any claim, demand, cost or expense (including reasonable attorneys' fees) arising from the broadcast of any such materials by the Station during the Term of this Agreement. Licensee shall not be required to receive or handle mail, e-mail, cables, telegraph or telephone calls in connection with the Broker Programs but shall be advised promptly by Broker of any public or FCC complaint or inquiry concerning Broker Programs and be given copies of any letters from the public, including complaints, concerning such programming.

5. Insurance. Licensee will maintain in full force and effect, with respect to the properties and employees utilized by it to fulfill its obligations under this Agreement, a general liability policy and worker's compensation insurance policy, and will continue to maintain such insurance coverage in full force and effect throughout the Term, and will cause Broker to be named as an additional insured thereunder. Broker will maintain in full force and effect broadcaster's liability insurance naming Licensee as additional insured, and will continue to maintain such insurance coverage in full force and effect throughout the term. The hazards insured against by such policies, and the amounts thereof, are to be substantially similar to the hazards insured against and the amounts of coverage carried by entities of established reputations engaged in the same or similar business as Licensee or Broker, as the case may be.

6. Programs. All Broker Programs shall be prepared and presented in conformity with the standards set forth in Exhibit B and with all FCC policies and rules.

7. Payment Terms and Conditions.

7.1 Payments. As consideration for the broadcast time made available hereunder to Broker, Broker shall pay to Licensee the sum of Five Thousand Dollars (\$5,000) per month for each month during the Initial Term hereof, except that this payment shall commence after the first four months of the initial term of this Agreement. Payment for Broker Programs shall be due in advance and payable in full on the tenth day of each successive month during which this Agreement is in effect. In addition, Broker shall reimburse Licensee for all costs and expenses of the operation of the Station during the term of this Agreement. The failure of Licensee to demand or insist upon timely payment shall not constitute a waiver of its rights to do so. In the event that, upon termination of this Agreement, this Agreement is in effect for less than a full month, the consideration to be paid shall be prorated such that Licensee shall be compensated for that portion of the month during which the Agreement is in effect. In addition, Broker will receive a pro rata credit against the payments due under this Paragraph 7 for any part of the Broadcasting Period in excess of six hours per broadcast month during which Licensee does not, for any reason other than

Broker's failure or refusal to deliver the Broker Programs to Licensee, broadcast the Broker Programs.

8. Expenses and Taxes; Proceeds. Broker will be responsible for all expenses and taxes incurred or imposed with respect to its property, employees, or operations. Without limiting the generality of the foregoing, Broker will employ and be responsible for the salaries, taxes, insurance, and related costs for all personnel used in the production of the Broker Programs and for delivering the Broker Programs to the Station and shall pay for all costs associated with its program production, and for all fees to ASCAP, BMI, and SESAC and for any other copyright fees attributable to the Broker Programs. Broker shall also pay for all costs associated with Arbitron or any other ratings service to which it may subscribe. Licensee will be responsible for compliance with FCC rules and policies, licensee obligations, and other applicable law. Licensee shall pay all lease expenses for the studio and transmitter site, equipment insurance, electrical expenses for the Station transmitter and studios, costs of maintaining the Station's transmitting facilities, the charges for a phone line to the studio, and similar items, subject to reimbursement by Broker as per Section 7.1 above. Licensee shall prepare an itemized list of operating expenses for reimbursement by Broker. Broker shall retain all revenues from the sale of commercial time on the Station during the Broker Programs.

9. Licenses; Compliance with Law. During the Term, Licensee will operate its properties in material compliance with the rules, regulations, and policies of the FCC and maintain the validity of all of its licenses and other permits and authorizations necessary for the operation of the Station as presently conducted (including FCC licenses, permits, and authorizations).

10. Call Signs. Licensee will continue to use the call sign "KHBC (AM)", or whatever other call sign it obtains from the FCC, and Broker will acquire no rights to such call sign by virtue of this agreement.

11. Default.

11.1 Broker Events of Default. An Event of Default by Broker will be deemed to occur if Broker materially breaches or violates, or fails to observe or perform, any obligation, covenant, condition or agreement imposed upon it under this Agreement, including the failure or refusal to pay the consideration set forth herein.

11.2 Licensee's Events of Default. An Event of Default by Licensee will be deemed to occur if Licensee materially breaches or violates, or fails to observe or perform, any obligation, covenant, condition or agreement imposed upon it under this Agreement, including the failure or refusal to broadcast the Broker Programs other than as permitted by this Agreement.

11.3 Cure Period. Except with respect to a failure to pay the consideration specified in Section 7.1 of this Agreement, for which no cure period shall be provided, an Event of Default will not be deemed to have occurred until ten (10) days after the non-defaulting party has provided the

defaulting party with written notice specifying the event or events that if not cured would constitute an Event of Default under this Agreement and the default has not been cured within such 10-day period.

11.4 Remedies Upon Default. In the event of the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement, and, except as otherwise provided in this Agreement, pursue all remedies available at law or in equity for breach of this Agreement.

11.5 Liabilities Upon Termination. After termination of this Agreement, Broker shall continue to be responsible for all liabilities, debts, and obligations of Broker resulting from the use of air time and transmission facilities including, without limitation, accounts payable, barter agreements, and unaired advertisements, but not for Licensee's federal, state, local, and other tax liabilities associated with Broker's payments to Licensee as provided herein.

12. Authority. Licensee and Broker each represents that it has the power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. Each further represents that it is duly qualified and in good standing in its state of formation and is qualified to do business in any state where such qualification is necessary.

13. Modification and Waiver; Remedies Cumulative. No modification or waiver of any provision of this Agreement will be effective unless in writing and signed by both parties. No failure or delay on the part of either party 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 any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise of 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 rights or remedies, which a party may otherwise have.

14. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of Licensee, Broker and their respective successors and assigns.

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

16. Notice. Any notice required under this Agreement must be given in writing. Any payment, notice or other communication will be deemed given when delivered personally, or mailed by certified mail or recognized overnight courier, postage prepaid, addressed as follows (or to such other address designated in writing upon due notice to the other party):

To Licensee:

Hilo Broadcasting LLC
688 Kino'ole Drive, Suite 112
Hilo, HI 96720
Fax No. (808) 959-5800
Attention: Hugh "Buddy" Gordon

Copy (which shall not constitute notice) to:

Booth, Freret, Imlay & Teeper, P.C.
14356 Cape May Road
Silver Spring, MD 20904-6001
Fax No. (301) 384-6384
Attention: Christopher D. Imlay, Esq.

To Broker:

Parrott Broadcasting Limited Partnership
P.O. Box 2936
Sun Valley, ID 83353
Fax No. (208) 837-4124
Attention: Scott D. Parker

Copy (which shall not constitute notice) to:

Cohn and Marks LLP
1920 N Street N.W.
Washington, DC 20036-1622
Fax No. (202) 293-4827
Attention: Richard A. Helmick, Esquire

17. Entire Agreement. This Agreement and its attachments embody the entire understanding between the parties with respect to the subject matter of this Agreement. This Agreement amends the Purchase Agreement to the extent specified in Paragraph 4, above.

18. Relationship of Parties. Neither Licensee nor Broker 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.

19. Force Majeure. The failure of either party to comply with its obligations under this Agreement due to acts of God, strikes or force majeure or due to causes beyond such party's control will not constitute a default under this Agreement and neither party will be liable to the other party therefore, except that any failure of Licensee to broadcast the Broker Programs due to such causes shall entitle Broker to pro rata reduction, as set forth in paragraph 7.1, in the payment required under paragraph 7.1 of this Agreement with respect to periods during which such failure continues. In no event shall Licensee be

liable for any consequential or incidental damages relating to its failure or inability to air scheduled programming due to circumstances beyond its control.

20. Indemnification.

20.1 Indemnification by Broker. Broker will indemnify and hold harmless Licensee, its members, managers, officers, employees, agents, and affiliates from and against all liability, including without limitation all reasonable attorneys fees, arising out of or incident to the Broker Programs or the conduct of Broker, its employees, contractors or agents. Without limiting the generality of the foregoing, Broker will indemnify and hold and save Licensee, its members, managers, officers, employees, agents, and affiliates harmless against liability for libel, slander, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from the Broker Programs. Licensee reserves the right to refuse to broadcast any program or programs containing matter which is, or in the reasonable opinion of Licensee may be, or which a third party claims to be, in violation of any right of theirs or which may constitute a personal attack as the term is and has been defined by the FCC. Broker's obligation to hold Licensee harmless against the liabilities specified above shall survive any termination of this Agreement.

20.2 Indemnification by Licensee. Licensee will indemnify and hold harmless Broker, its officers, directors, shareholders, employees, agents, and affiliates from and against all liability, including without limitation all reasonable attorneys fees, arising out of or incident to any programming broadcast by Licensee or the conduct of Licensee, its employees, contractors, or agents. Without limiting the generality of the foregoing, Licensee will indemnify and hold and save Broker, its officers, directors, shareholders, employees, agents, and affiliates harmless against liability for libel, slander, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from such programming broadcast by Licensee. Licensee's obligation to hold Broker harmless against the liabilities specified above shall survive any termination of this Agreement.

21. Construction. This Agreement shall be construed in accordance with the internal laws of the State of Hawaii and the obligations of the parties hereto are subject to all federal, state, or municipal laws or regulations now or hereafter in force and to the regulations of the FCC and all other governmental bodies or authorities presently or hereafter duly constituted. The parties believe that the terms of this Agreement meet all of the requirements of current FCC policy for time brokerage agreements and agree that they shall negotiate in good faith to meet any FCC concern if they are incorrectly interpreting current FCC policy or that policy is subsequently modified. If the parties cannot agree to a modification or modifications deemed necessary by either party to meet FCC requirements, either party may terminate this Agreement. The parties further agree that they will file a copy of this Agreement with the FCC.

22. Payola. Broker agrees that neither it nor its employees will accept any material compensation or any material gift or gratuity of any kind, regardless of its form, including, but not limited to, services or labor, whether or not pursuant to written contracts or agreements between Broker and merchants or advertisers, unless the payer is appropriately identified on the air as having paid for or furnished such consideration in accordance with FCC requirements. Broker agrees to execute and provide Licensee with an annual Payola Affidavit, substantially in the form attached hereto as Exhibit C.

23. Certification. PURSUANT TO SECTION 73.3555(a)(3)(ii) OF THE FCC'S RULES, LICENSEE CERTIFIES THAT IT WILL MAINTAIN ULTIMATE CONTROL OVER THE STATION'S FACILITIES, INCLUDING CONTROL OVER STATION FINANCES, PERSONNEL AND PROGRAMMING, AND BROKER CERTIFIES THAT THE ARRANGEMENT CONTEMPLATED BY THIS AGREEMENT COMPLIES WITH THE PROVISIONS OF SECTION 73.3555(a) OF THE FCC'S RULES.

[Remainder of Page Left Intentionally Blank]

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

HILO BROADCASTING, LLC (Licensee)

By Hugh E. Gordon
Hugh E. Gordon
Title: Managing Member

PARROTT BROADCASTING LIMITED PARTNERSHIP (Broker)

By Scott D. Parker
Scott D. Parker
Title: General Partner

LICENSEE PUBLIC AFFAIRS PROGRAMMING

Licensee may produce or present up to one hour per week of public affairs programming on the Station. Licensee's public affairs programs shall respond to area needs and interests, which it has ascertained and shall be presented at times deemed by Licensee to best meet listening needs. Licensee shall maintain a complete public file (as required by the Federal Communications Commission) and compile and file all required quarterly Issues/Programs lists. Broker shall give Licensee copies of all operating and programming information including, without limitation, EAS announcements and station operating logs, necessary to maintain either such file or those records required to be kept by FCC rule or policy.

**STATEMENT OF STATION POLICIES
OF LICENSEE**

Hilo Broadcasting LLC ("Licensee"), Licensee of Radio Station KHBC (AM) (the "Station"), hereby establishes the following standards, practices, policies and regulations to govern the broadcast of all programming aired over the Station. The following standards, practices and policies are to be adhered to in the preparation, writing, production and broadcasting of all advertisements and programs aired over the Station:

1. No Payola Or "Plugola". The mention of any business activity or "plug" for any commercial, professional or other related endeavor on the Station is prohibited, except where contained in a regular commercial message of a sponsor, and where such commercial message contains a sponsorship identification announcement which meets the requirements of Section 317 of the Communications Act of 1934, as amended (the "Communications Act") and Section 73.1212 of the rules of the Federal Communications Commission ("FCC").

2. No Lotteries. Except as expressly permitted under Section 73.1211 of the FCC's Rules, no announcements, messages or programs may be broadcast over the Station (without the express prior written approval of the Licensee) which give any information about or which promote any lotteries or games of chance, including any bingo parties and the like which are to be held by a local church or other non-profit institution or organization. A lottery, for these purposes, is a game or promotion in which a prize is awarded and where the selection of the winner or the amount or nature of the prize is determined in whole or in part on the basis of chance, and where contestants enter the promotion by paying or giving up any consideration or item of value (e.g., money, substantial time, or substantial energy).

3. Station Identification Announcements Required. A station identification announcement must be broadcast each time the Station goes on the air and when it signs off the air. A station identification announcement must also be broadcast each hour, as close to the top of the hour as feasible, at a natural break in programming, and shall comply with the requirements of Section 73.1201 of the FCC's Rules.

4. Contests and Promotions. In the event that any time broker broadcasts on the Station, or advertises information about, a contest that it conducts, the broker shall comply with Section 73.1216 of the FCC's Rules by fully and accurately disclosing the material terms of the contest and by conducting the contest "substantially as announced or advertised". No contest description by any time broker shall be broadcast on the Station where the broker knows that such description is false, misleading or deceptive with respect to any material terms.

5. Obscenity and Indecency Prohibited. No obscene material may be broadcast over the facilities of the Station. No indecent material may be broadcast on the Station during any time when the airing of such programming would be contrary to law or FCC regulations or policies. For these purposes, "indecent" material is defined as language or material that describes sexual or excretory activities or organs in a patently offensive manner, as measured by contemporary community standards for broadcasting. Material

will be considered obscene if (a) the average person, applying contemporary community standards, would find that the material appeals to the prurient interest, (b) it describes or depicts, in a patently offensive manner, sexual conduct as defined by applicable state law, and (c) taken as a whole, it lacks serious literary, artistic, political or scientific value.

6. False and Misleading Advertising and Programming Prohibited. No advertising or programming which is known to contain false or misleading claims shall be broadcast over the facilities of the Station.

7. Defamatory Statements Prohibited. No statements which are known to be libelous or defamatory may be broadcast over the facilities of the Station. Libel is a false statement of fact about a person, which tends to injure that person's reputation or otherwise cause injury or damages to that person.

8. "Equal Time" For Political Candidates. If a legally qualified candidate for public office is allowed to appear on the Station during his/her campaign in a "use" of the Station's facilities (as defined in Section 73.1941(b) of the FCC's Rules), his/her legally qualified opponents must be afforded equal opportunities to appear on the air.

9. Sponsorship Identification Announcements. All commercial announcements or commercial broadcasts must (a) contain an announcement stating the fact that the matter broadcast was sponsored or paid for and must disclose the true identity of the person or entity on whose behalf payment was made or promised for the broadcast, or (b) otherwise comply with Section 317 of the Communications Act and Section 73.1212 of the FCC's Rules. Whenever such a sponsorship identification announcement is required, the announcement must be made both at the beginning and conclusion of each program of over five minutes in length. However, if a sponsored broadcast is five minutes or less in duration, only one such announcement is required, and it may be made either at the beginning or the conclusion of the broadcast or announcement.

10. Personal Attacks; Political Editorializing. No attacks on the character, honesty, integrity, or like personal qualities of any identified person or group of persons shall be broadcast over the Station during the discussion of any controversial issue of public importance unless the attacked person or group is afforded a reasonable opportunity to respond. During the course of political campaigns, no program broadcast on the Station is to be used as a forum for editorializing in support of or in opposition to any individual candidate, except for editorials by Licensee itself which are identified as such.

10. I, my spouse, and my immediate family do _____ do not _____ (check one) presently own any interest in (except publicly traded stock, held as an investment), or serve as an officer, director, or employee of any other person, firm or corporation engaged in

- a) The publishing of music;
- b) The production, distribution (including wholesale and retail sales outlets), manufacture or exploitation of music, films, tapes, recording, or electrical transcriptions of any program material intended for radio or television broadcast use;
- c) The exploitation, promotion, or management of persons rendering artistic, production and/or other services in the entertainment field;
- d) The ownership or operation of one or more radio television stations;
- e) The wholesale or retail sale of records intended for public purchase;
- f) Advertising on Station KHBC (AM) or any other station owned by its licensee (excluding nominal stockholdings in publicly owned companies).

11. The facts and circumstances relating to any such interest listed in 10 above are none .

as follows :

(Use additional sheet if additional space is necessary)

12. I have read and I understand the foregoing statements, and they are true and correct of my personal knowledge.

(Signature)

Executed on _____

(month/day/year)

STATE OF))

SS.

COUNTY OF)

On this _____ day of _____, 20____, before me personally came _____, known to me to

be the individual described in the foregoing affidavit and who executed the foregoing affidavit in my presence as their voluntary and willful act.

(Notary Public)

My Commission Expires: _____