

## JOINT SALES AGREEMENT

This JOINT SALES AGREEMENT (“**Agreement**”) is entered into effective as of \_\_\_\_\_, 200\_, by and between Yavapai Broadcasting Corporation, an Arizona corporation located at P.O. Box 187, 2405 East Highway 89-A, Cottonwood, Arizona (“**Yavapai**”) and Rocket Radio Corporation (“**Rocket**”), an Arizona corporation located at P. O. Box 1488, Sedona, Arizona.

### RECITALS

A. Rocket is the licensee of Radio Station KQST(FM), Sedona, Arizona (the “**Station**”);

B. Rocket and Yavapai entered into an Asset Purchase Agreement dated June 23, 2004, by which Rocket wishes to sell Yavapai desires to acquire from Rocket the assets which are owned, leased, or controlled by Rocket and used or intended for use in connection with the operation of the Station (the “**Asset Purchase Agreement**”);

C. Pending consummation of the assignment, Rocket desires to retain Yavapai to sell time on KQST and provide marketing and promotional services for KQST on an exclusive basis, subject to the terms and conditions of this Agreement and subject to the rules and regulations of the Federal Communications Commission (“FCC”).

### AGREEMENTS

THEREFORE, the parties, intending to be bound legally, and in consideration of the above Recitals and the promises and covenants set forth in this Agreement, agree as follows:

#### **Section 1. Sales and Marketing Services**

1.1 **General.** Rocket retains Yavapai on an exclusive basis to sell advertising time on KQST (the “**KQST Advertising**”), and to develop and undertake the promotion and marketing of KQST as a radio advertising outlet in the market. During the term of this Agreement, Rocket will not enter into any agreement with any other party for the provision of services similar to those provided hereunder by Yavapai. Yavapai shall be solely responsible for all costs associated with providing such sales, marketing and promotional services to KQST, including but not limited to sales' commissions and salaries and promotional and marketing expenses directly or indirectly associated with the sale and marketing of advertising time on KQST and the promotion of KQST. Yavapai shall be entitled to retain all of the revenue generated by the sale of the KQST Advertising pursuant to this Agreement.

1.2 **Rates and Terms for KQST Advertising.** Subject to the provisions of Section 1.3 below, Yavapai shall be responsible to establish the rates and terms and conditions for the sale of the KQST Advertising. Yavapai may sell time on KQST individually or in combination with any stations attributable to Yavapai or to W. Grant Hafley that are in the same geographic market as

KQST (the “**Yavapai Stations**”), provided that under no circumstances will advertisers be required either to purchase time on KQST as a condition to purchasing time on any one or more of the Yavapai Stations, or be required to purchase time on any of the Yavapai Stations as a condition to purchasing time on KQST.

1.3 **Control by Rocket.** The sale of advertising time on KQST by Yavapai and all promotional and marketing efforts provided by Yavapai are subject to the approval and ultimate control of Rocket. Without limiting the foregoing, Rocket shall (i) have the right to reject any advertising copy or terminate any advertiser which, in Rocket's commercially reasonable judgment, is inappropriate or inconsistent with the policies and programming of KQST or is for products or services which in Rocket's commercially reasonable judgment are contrary to the public interest; (ii) review and approve in advance all major promotional and marketing plans developed by Yavapai for the sale of advertising time on KQST; (iii) approve the marketing and sale of all advertising time on KQST to legally qualified political candidates, including the creation of a political disclosure statement for KQST; (iv) subject to Section 1.2 above, Rocket shall have the right to require Yavapai to comply with the sale of time on KQST to legally qualified candidates at the lowest unit rate and to comply with the rules and regulations dealing with equal opportunities for legally qualified political candidates; and (v) approve the sale of all advertising time on KQST dealing with ballot issues and issues of a controversial nature.

## **Section 2. Term**

This Agreement shall be effective as of the date hereof and shall remain in effect for a period of One (1) year unless terminated earlier in accordance with the provisions of Section 6 below. Upon mutual agreement between Buyer and Seller the termination date may be extended for additional periods of various lengths, not to exceed a collective total of more than three (3) years. Such extensions shall be agreed on ninety (90) days prior to the expiration of the then current term period.

## **Section 3. Consideration**

**Consideration to Rocket.** As consideration for the exclusive right to sell the KQST Advertising and the right to retain all of the revenues generated by the sale of the KQST Advertising, Yavapai shall pay to Rocket the amounts set forth in **Schedule 3** attached hereto.

## **Section 4. Accounts Receivable**

**Accounts Receivable.** Rocket shall be entitled to all Accounts Receivable collected by the effective date of this Agreement. Yavapai shall be entitled to collect and retain all revenues generated by Rocket that were not collected by the effective date of this Agreement, with the exception of the Westwood One Account in which Rocket reserves the right to receive collections up to three (3) months following the effective date of this Agreement for the sale of Westwood One Advertising aired up to the effective date of this Agreement.

## **Section 5. Obligations of Rocket and Yavapai**

5.1 **Obligations of Rocket.** As licensee of KQST, Rocket shall be solely responsible for the development of a programming format for KQST, and the acquisition of programming material consistent with such format, including but not limited to appropriate licensing agreements with music licensing organizations, and maintaining in effect appropriate insurance for liability arising from material broadcast on KQST, except for the KQST Advertising, for which Yavapai shall be solely liable. Rocket shall provide Yavapai the details of any programming changes 90 days prior to the time such change takes place and shall assist and cooperate in maintaining existing programs and format. Rocket shall be responsible to ensure that the program material broadcast on KQST is in compliance with FCC rules and regulations and responsive to the needs and interests of the area served by the Rocket Station. Rocket shall also be responsible for the technical operation of KQST. Rocket shall be solely responsible for the payment of (i) all direct and indirect costs for his own employees engaged in the operation of KQST, and (ii) all costs incurred in the acquisition of programming material to be broadcast on KQST, including but not limited to the costs of acquiring programs, the costs of delivering the KQST programming to its transmitter site ready for broadcast. Rocket shall provide Yavapai and its representative's access to the financial records relating solely to the expenses of the technical operation of KQST as indicated above.

5.2 **Obligations of Yavapai.** Yavapai shall use its reasonable business judgment and experience in the development of marketing plans for KQST, and shall devote resources to the promotion of KQST on a basis that is consistent with the resources used to promote the Yavapai Stations. Yavapai shall apply the same commercial standards it uses in the sale of time on the Yavapai Stations in the sale of the KQST Advertisements. Yavapai shall perform its duties under this Agreement in full cooperation with Rocket, shall use reasonable diligence to keep Rocket informed as to the planned major promotional campaigns and marketing plans for KQST, and shall timely seek the prior approval of Rocket to the extent such approval is expressly required under the terms of this Agreement. In all printed material used by Yavapai in performing its duties under this Agreement, Yavapai shall make clear that Rocket is the licensee of KQST, and that Yavapai is acting as sales agent for KQST, and shall instruct all of its employees performing duties under this Agreement not to represent to third parties or advertisers that Yavapai is the licensee of the Station. Yavapai shall provide Rocket and its representative's access to the sales records relating solely to the sale of the KQST Advertising, including all advertising contracts and customer information. Yavapai shall provide Rocket with any inquiries, complaints, comments and other information received from members of the public concerning all material broadcast on KQST, including the KQST Advertising.

## **Section 6. Termination and Remedies**

6.1 **Termination by Rocket.** Rocket shall have the right to terminate this Agreement upon any of the following circumstances, provided that Rocket is not then in material breach or default of the performance of his obligations under this Agreement.

- (a) The FCC or any other administrative or judicial entity has declared this Agreement to be invalid or illegal in whole or in part, and the parties are unable to amend or revise the Agreement to cure the invalid provision(s) in a manner that is mutually acceptable to all parties;
- (b) Yavapai is in material breach or default of its obligations and duties under this Agreement and has failed to cure such breach within 30 days of receipt of written notice from Rocket specifying the nature of such breach or default; or
- (c) On 90 days prior written notice to Yavapai.

6.2 **Termination by Yavapai.** Yavapai shall have the right to terminate this Agreement upon any of the following circumstances, provided that Yavapai is not then in material breach or default of the performance of its obligations under this Agreement.

- (a) The FCC or any other administrative or judicial entity has declared this Agreement to be invalid or illegal in whole or in part, and the parties are unable to amend or revise the Agreement to cure the invalid provision(s) in a manner that is mutually acceptable to all parties;
- (b) Rocket is in material breach or default of his obligations and duties under this Agreement and has failed to cure such breach within 30 days of receipt of written notice from Yavapai specifying the nature of such breach or default; or
- (c) On 90 days prior written notice to Rocket.

6.3 **Termination on Sale.** This Agreement shall terminate automatically as of the closing on the sale of KQST from Rocket to Yavapai.

6.4 **Force Majeure.** Any failure or impairment of KQST's facilities or any delay or interruption in the broadcast of programs, or failure at any time to furnish facilities, in whole or in part, for broadcast, due to Acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, floods and any other cause not reasonably within the control of Yavapai or Rocket shall not constitute a breach of this Agreement or create liability to the other party. Notwithstanding the foregoing, in the event a Force Majeure causes the material failure of the performance of the parties' obligations under this Agreement, and such failure continues for a period of 30 days, then either party may elect to terminate this Agreement without liability, except for any preexisting breaches by providing thirty (30) days prior written notice to the other party of such termination.

6.5 **Accounts Receivable.** Upon termination of this Agreement for any reason,

Yavapai shall be entitled to collect and retain all revenues generated by the sale of Advertising that was broadcast on KQST prior to the effective termination of this Agreement.

## **Section 7. Indemnification**

7.1 **Rocket's Indemnification.** Rocket shall indemnify and hold harmless Yavapai from and against any and all claims, losses, costs, liabilities, damages, expenses, including any FCC fines or forfeitures, of every kind, nature and description, including but not limited to slander, defamation, copyright infringement or otherwise (hereinafter "**Claims**"), arising out of programming material broadcast by Rocket on KQST, and the actions and conduct of Rocket's employees. Rocket covenants that during the term of this Agreement it will maintain libel insurance in amounts consistent with amounts in place for the Yavapai Stations.

7.2 **Yavapai's Indemnification.** Yavapai shall indemnify and hold harmless Rocket from and against any Claims arising out of the broadcast of the KQST Advertising pursuant to this Agreement, and for the actions and conduct of Yavapai's employees.

7.3 **Agreement Challenge.** If this Agreement is challenged at the FCC or in another administrative or judicial forum counsel for Rocket and Yavapai shall jointly defend the Agreement and the parties' performance hereunder throughout all such proceedings. If portions of this Agreement do not receive the approval of the FCC, then the Parties shall reform the Agreement, consistent with the provisions of Section 8.6 below, as necessary to satisfy the FCC's concerns.

## **Section 8. Miscellaneous**

8.1 **Assignment.** Neither Yavapai nor Rocket may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, and any attempt to do so without such consent shall be null and void.

8.2 **Entire Agreement.** This Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes any and all prior agreements and discussions relating to matters provided for herein. No amendment to this Agreement will be effective unless evidenced by an instrument in writing signed by the parties.

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

8.4 **Governing Law.** The obligations of Rocket and Yavapai are subject to applicable federal, state and local law, rules and regulations, including, but not limited to, the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC. The construction and performance of this Agreement will be governed by the laws of, and the

forum for the judicial resolution of any dispute arising under this Agreement shall be in Maricopa County Superior Court, State of Arizona.

8.5 **Notices.** Except as otherwise provided herein, all notices or other documents which are required or contemplated by this Agreement shall be in writing, and shall be either: (i) personally served effective as of the date of such personal service; (ii) mailed, postage prepaid, by certified or registered mail, return receipt requested, effective as of the date of receipt, or the date of refusal to accept delivery; or (iii) sent by overnight courier service, effective as of the day after the date of delivery to such courier service; and sent to the addresses set forth below:

**To Rocket:** c/o Federal Express  
John Low, President  
Rocket Radio Corporation  
3000 El Camino Real  
Palo Alto, CA 94306  
PHONE: 650-520-6002  
FAX: 650-494-8164

Copy to: Arthur Bourque, Esq.  
Stewart & Bourque, P.C.  
1643 East Bethany Home Road  
Phoenix, Arizona 85016  
FAX: 602-266-7744

Erwin Krasnow, Esq.  
Garvey Schubert Barer  
1000 Potomac Street, NW  
5<sup>th</sup> Floor, Flour Mill Building  
Washington, DC 20007  
FAX: 202-965-1729

**To Yavapai:** W. Grant Hafley, President  
Yavapai Broadcasting Corporation  
2405 East Highway 89A  
Cottonwood, Arizona 86326  
PHONE: 928-639-0033  
FAX: 928-639-2233

Copy to: Alan C. Campbell, Esquire  
Irwin, Campbell & Tannenwald, P.C.  
1730 Rhode Island Ave., N.W.  
Suite 200  
Washington, D.C. 20036  
FAX: 202-728-0354

Any party may change the address and/or addressee by providing the other parties with written notice of such change in accordance with this Section 8.5.

8.6 **Invalidity.** If any provision of this Agreement or the application thereof to any person or circumstances shall be held valid or unenforceable to any extent, the parties shall negotiate in good faith and attempt to agree on an amendment to this Agreement that will provide the parties with substantially the same rights, economic benefits and obligations, to the greatest extent possible, as the original Agreement in valid, binding and enforceable form.

8.7 **Counterparts and Facsimile Signatures.** 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. This Agreement shall be effective and legally binding upon the exchange and delivery of signatures by facsimile transmission.

IN WITNESS WHEREOF, the parties have executed this Joint Sales Agreement for KQST (FM), Sedona effective as of the date first written above.

YAVAPAI BROADCASTING CORPORATION

By: \_\_\_\_\_  
W. Grant Hafley, President

ROCKET RADIO CORPORATION

By: \_\_\_\_\_  
John Low, President

**Schedule 3**  
**to Joint Sales Agreement**  
**Monthly Operational Cost and Net Revenue Distribution**

In consideration for the exclusive right to sell advertising time on Station KQST(FM), Sedona, Arizona, in accordance with the terms of the Joint Sales Agreement (the "**JSA Agreement**") to which this Schedule is attached, Yavapai Broadcasting Corporation ("**Yavapai**") agrees to pay to Rocket Radio Corporation ("**Rocket**"), an amount equal to the sum of the operational costs as described below for the term of the JSA (the "Monthly Operational Cost"). The Monthly Operational Cost payment shall be delivered by company check on the last business day of each calendar month for each preceding month. Such check shall be paid to Rocket at such address designated by Rocket in accordance with Section 8.5 of the JSA.

**Net Revenue Distribution.** In addition to the Monthly Operational Cost payment, Yavapai and Rocket shall split the net advertising revenues from the sale of KQST Advertising by the following formula. The Gross monthly advertising sales income that was collected for the month minus the Monthly Operational Costs for the month, minus Sales Commissions (15% of the Gross Sales) of advertising sales income that was collected for the month, and minus the costs associated with providing such sales, marketing and promotional services to KQST, equals the Net Advertising Revenue for the month. 5% of the Net Advertising Revenue (the "Net Revenue Distribution") shall be delivered to Rocket on a monthly basis to such address as designated by Rocket in accordance with Section 8.5 of the JSA. Rocket shall determine the amount of the Monthly Operational Costs for the month (subject to Yavapai's right of access and inspection of Rocket's financial records under Section 5.1 of the JSA) by the 15<sup>th</sup> day of the following calendar month. Yavapai shall determine the amount of the Net Revenue Distribution (subject to Rocket's right of access and inspection of Yavapai's sales records under Section 5.2 of the JSA) on or before the 25th day of the following calendar month, and shall provide Rocket with its share of such Net Revenue Distribution at the same time as the Monthly Operational Cost payment is delivered to Rocket for the previous month. In the event the revenues for the sale of KQST Advertising for a particular month are less than the amount of the Operational Monthly Cost payment for the same month, Rocket shall not be required to make up any such deficiency at any later time.

**Monthly Operational Cost.** Monthly Operational Costs shall include the following expenses: office rent, tower rent, utilities at the office and tower site, employee salary and payroll expenses for one management and one non-management employee, insurance, music service and performance licensing fees, programming costs, traffic expenses, audio, main transmitter and diplexing equipment repair (to the extent necessary to put such equipment in the same operable state as of the effective date of the JSA Agreement), auxiliary transmitter and relay site expenses. Monthly Operational Costs shall NOT include: Corporate expenses such as professional services, litigation expenses, equipment replacement costs, sales' commissions and salaries, promotional and marketing expenses directly or indirectly associated with the sale and marketing of advertising time on KQST and the promotion of KQST.