

Memorandum of Understanding

May 28, 2002

This Memorandum reflects our mutual understanding, on behalf of KHWY, Inc., Highway Radio, Inc., Point Broadcasting Company, Lormat Communications GP, and Todd Robinson dba Rekab Broadcasting (each a "Party") regarding Baker Broadcasting LLC and Lenwood Broadcasting LLC.

KHWY, Point, Lormat and Rekab each consent to the admission of Highway Radio as a new Member of each LLC. Highway Radio joins in the Operating Agreement of each LLC and shall perform the obligations of a Member in each LLC.

Prior to the initiation of operation of KHDR, and subject to the grant of prior Federal Communications Commission ("FCC") consent, if any is required, Lenwood Broadcasting LLC will grant a carried interest of 18.4 percent to Highway Radio (for a net gain of 16.1 percent by Highway Radio) in return for Highway Radio's and KHWY's joint assumption of certain day to day business tasks for Station KHDR (as further described below) subject to the control of the Members by majority vote in percentage interest. This carried interest shall be treated as the grant of a profits interest for tax purposes.

Prior to the initiation of operation of KHRQ, and subject to the grant of prior FCC consent, if any is required, Baker Broadcasting LLC will grant a carried interest of 15.0 percent to Highway Radio (for a net gain of 12.0 percent by Highway Radio) in return for Highway Radio's and KHWY's joint assumption of certain day to day business tasks for Station KHRQ (as further described below) subject to the control of the Members by majority vote in percentage interest. This carried interest shall be treated as the grant of a profits interest for tax purposes.

The Members having capital interests in each company will be entitled to return of their capital, but with no premium or preferred return, prior to distributions of profits or gains to all the members in accordance with their percentage interests. The percentage interests for such distributions include those attributable to profits interests as well as those attributable to capital interests.

Following the grant of the carried interests, it is the intention of the Parties that the Membership Interests in Lenwood Broadcasting will be Highway Radio 28.6%, KHWY 20.4%, Point 30.6%, and Lormat 20.4%.

Following the grant of the carried interests, it is the intention of the Parties that the Membership Interests in Baker Broadcasting will be Highway Radio 32%, KHWY 17%, Point 33%, Lormat 17%, and Rekab 1%.

Following the grant of the carried interests, and subject to the grant of prior FCC consent, if any is required, Lenwood Broadcasting LLC and Baker Broadcasting LLC will effectuate a merger under applicable California law into a Merged Entity Limited Liability Company called, for purposes of this Memorandum, The Drive LLC. The Members may select another name for the Merged Entity, if necessary, by mutual agreement. The Parties intend the merger to be considered a pro-forma license assignment by the FCC. The merger shall value each premerger LLC equally for the purposes of determining the Membership Interests in The Drive LLC. It is the intention of the Parties that immediately following the merger, the Membership Interests in The Drive LLC will be Highway Radio 30.3%, KHWY 18.7%, Point 31.8%, Lormat 18.7%, and Rekab 0.5%.

Within three business days after the date of this Memorandum, the Manager of each premerger LLC shall be changed from Point Broadcasting Company to a board of four Managers appointed by the Members by majority vote in percentage interest, with cumulative voting permitted. The initial Board for each LLC for this purpose shall be Howard Anderson, Kirk Anderson, John Hearne, and Jeff Salkin. The Members of each LLC shall have ultimate control by majority vote in percentage interest over the appointment of the Managers and the management of the Stations for all legal and FCC purposes. Likewise, the Merged Entity, The Drive LLC, shall be managed by a board of four Managers appointed by the Members by majority vote in percentage interest, with cumulative voting permitted. The initial Board of The Drive LLC for this purpose shall be Howard Anderson, Kirk Anderson, John Hearne and Jeff Salkin. The Members of The Drive LLC shall have ultimate control by majority vote in percentage interest over the appointment of the Managers and the management of the Stations for all legal and FCC purposes.

Highway Radio's and KHWY's joint assumption of certain day to day business tasks for KHDR and KHRQ (the "Stations") under this Memorandum, means that Highway Radio and KHWY shall perform such tasks subject, in all instances, to the ultimate control of the Members by majority vote in percentage interest. The assumed day to day business tasks shall include, subject to the ultimate control of the Members by majority vote in percentage interest, payment of all of the Stations' internal operating costs, such as studio space, personnel salaries and benefits (including but not limited to executive management, announcers, other talent, technicians, clerical, reception, and base salaries, if any, of salespersons -- but not their sales commissions), program production, traffic and billing, technical operations, and the like. However, the Drive LLC shall be directly responsible for the salary of its General Manager and his or her Administrative Assistant, the salaries of both shall be reimbursed by Highway Radio and KHWY. The Drive LLC shall be responsible for the capital costs of its Station equipment, commissions -- but not salesperson base salaries (if any) -- on sales of its Station advertising, and for its Station external operating costs, such as transmitter site lease and power, music license fees, advertising, billboards, agency commissions, consulting engineers, legal and outside accounting fees, and the like. If any equipment is shared with Highway Radio or KHWY equipment, such as microwave links for example, the acquisition cost, less past depreciation (if any) of the equipment, shall be allocated among the companies using the equipment in proportion to their relative usage rights.

Each LLC's Operating Agreement will provide that a member may request that its membership interest be bought out by the other members and/or the LLC at the appraised fair market value of the member's interest, subject to the grant of prior FCC consent, if any is required.

Each LLC's Operating Agreement will also provide for a right of first offer by which a member, if it wishes to sell its interest, is obligated to offer to sell the interest to the other members and/or the LLC first, and if the other members and/or the LLC do not buy it, the offering member can then offer to sell it to outsiders for the offer price or higher, subject to the grant of prior FCC consent, if any is required.

In the event there has been any prior inconsistent agreement, understanding, or representation by or among the Parties regarding the matters addressed by this Memorandum, the same is hereby superseded to the extent of the inconsistency, and shall have no further force or effect.


*** Signatures appear on the following page ***

This Memorandum may be signed in counterparts and signatures exchanged by fax.

KHWY, Inc.

Howard Anderson, President

Point Broadcasting Company



John Hearne, President

Highway Radio, Inc.

Kirk Anderson, President

Lormat Communications GP

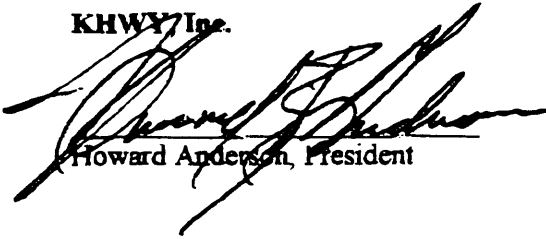
Jeff Salkin, General Partner

Todd Robinson dba Rekab Broadcasting

Todd Robinson

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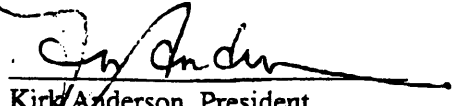
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