

## **LOCAL MARKETING AGREEMENT**

This Local Marketing Agreement ("Agreement") is made and entered into as of April 11, 2003, by and between Tele-Media Company of High Desert, L.L.C., a Delaware limited liability company ("Licensee"), and Dos Costas Communication Corporation, a Florida Corporation ("Broker").

### **W I T N E S S E T H**

**WHEREAS**, Licensee is the licensee of radio stations KSZL-AM, KXXZ-FM, KDUC-FM, licensed to Barstow, California, and KDUQ-FM, licensed to Ludlow, California (the "Stations")

**WHEREAS**, the Licensee has agreed to sell the Stations, and the Broker has agreed to purchase the Stations, pursuant to that certain Asset Purchase Agreement dated April 11, 2003 (the "Purchase Agreement"), by and between the Licensee and the Broker;

**WHEREAS**, Licensee has broadcast time available for sale on the Stations and desires that Broker provide radio programming responsive to the needs, interests, issues and desires of the Stations' community of license and service area;

**WHEREAS**, Broker has experience in radio programming;

**WHEREAS**, Broker desires to purchase time on the Stations to present its programming on the Stations and to sell advertising time for inclusion in said programming, and is willing to purchase that broadcast time, subject to the limitations set forth herein.

**NOW, THEREFORE**, for and in consideration of the mutual covenants herein contained, the parties hereto have agreed and do agree as follows:

1. **Term.** Commencing on April 14, 2003 (the "Commencement Date"), Licensee agrees to make its broadcasting transmission facilities available to Broker and to broadcast on the Stations, or cause to be broadcast, Broker's radio programs. The term of this Agreement (the "Term") shall terminate upon consummation of the sale of the Stations pursuant to the Purchase Agreement upon termination of the Purchase Agreement or six months from the date hereof. Broker shall have the option to extend this LMA for an additional six month period.

2. **Consideration.** As consideration for the air time made available hereunder, Broker shall make payment to the Licensee as set forth in Attachment I.

### **3. Station Facilities.**

**3.1. Program Time.** Throughout the term of this Agreement, Licensee shall make available to Broker the facilities of the Stations for the maximum time authorized up to one hundred sixty-eight (168) hours per week, Sunday through Saturday, except for downtime occasioned by routine maintenance. Licensee may reserve such time as Licensee deems necessary to broadcast public affairs programming produced or acquired by Licensee. Licensee shall use its best efforts to provide at least seven (7) days notice to Broker in advance of the desired date of such broadcast. Broker shall make available to Licensee its programming during a sufficient number of hours to enable the Stations to meet the minimum hours of operation required under the Commission's Rules.

**3.2. Use of Station Facilities.** To facilitate delivery of programming by Broker to Licensee hereunder, Licensee hereby grants to Broker the non-exclusive right for the term of this Agreement to use the equipment located in the studio for the Stations and currently used by Licensee for broadcasting programs on the Stations pursuant to this Agreement (the "Broadcast Equipment"). In addition, Broker shall have, and Licensee hereby grants to Broker, a nonexclusive license to enter on the premises currently occupied by the Stations for purposes of producing its programming hereunder. Such licenses shall apply only to the Stations and may not be assigned by Broker to any other person or entity. Broker shall maintain the Broadcast Equipment free and clear of liens, claims or encumbrances of any third party claiming by, through or under Broker.

**3.3. Maintenance; Interruption of Normal Operations.** Licensee shall use its best efforts to provide at least forty-eight (48) hours prior notice to Broker in advance of any maintenance work affecting the operation of the Stations, and to schedule any such maintenance work at times other than the hours of 7:00 a.m. to 9:00 a.m. or 5:00 p.m. to 7:00 p.m. on weekdays. If the Stations suffer any loss or damage of any nature to its transmission facilities which results in the interruption of service or the inability of the Stations to operate with its maximum authorized facilities, Licensee shall immediately notify Broker and shall undertake such repairs as are necessary to restore full-time operation of the Stations with its maximum authorized facilities within seven (7) days from the occurrence of any such loss or damage.

**3.4. Force Majeure.** Any failure or impairment of 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 a cause beyond the control of Licensee, shall not constitute a breach of this Agreement.

### **4. Station Programming Policies.**

**4.1 Broadcast Station Programming Policy Statement.** Licensee has adopted and will enforce a Broadcast Station Programming Policy Statement (the "Policy

Statement”), a copy of which appears as Attachment II hereto and which may be amended in a reasonable manner from time to time by Licensee upon notice to Broker. Broker agrees and covenants that all programming, advertising spots, promotional material and announcements that it provides for broadcast on the Station shall comply in all material respects with: (i) the Policy Statement; (ii) all applicable federal, state and local laws and regulations, including the rules and regulations of the Federal Communications Commission (“Commission” and/or “FCC”) and the Federal Trade Commission (“FTC”), and the Communications Act of 1934, as amended (“Act”); and (iii) all subsequent changes to the Policy Statement, such rules and regulations, and the Act. Broker acknowledges that Licensee has not urged, counseled or advised the use of any unfair business practice. If Licensee determines that a program supplied by Broker, within Licensee’s sole discretion, does not comply with the Policy Statement or the law it may, upon prior written notice to Broker (to the extent time permits such notice), suspend or cancel such program without liability to Broker, subject to proration of the monthly LMA Fee pursuant to Attachment I. Licensee will use reasonable efforts to provide such written notice to Broker prior to the suspension or cancellation of such program.

**4.2 Broker Compliance with Copyright Act.** Broker represents and warrants to Licensee that Broker has full authority to broadcast its programming on the Stations, and that Broker shall not broadcast any material in violation of the Copyright Act. All music supplied by Broker shall be: (i) licensed by ASCAP, SESAC or BMI; (ii) in the public domain; or (iii) cleared at the source by Broker. The right to use the programming and to authorize its use in any manner shall be and remain vested in Broker. Licensee will maintain ASCAP, BMI and SESAC licenses for any programming that it produces for the Stations pursuant to Section 3.1 above, as may be necessary.

**4.3 Sales.** Broker shall retain all revenues from the sale of advertising time within the programming it provides to the Licensee. Broker shall be responsible for payment of the commissions due to any national sales representative engaged by it for the purpose of selling national advertising which is carried during the programming it provides to Licensee. Unless otherwise agreed between the parties, Licensee shall retain all revenues from the sale of Stations’ advertising during any hours each week in which the Licensee airs its own public affairs programming pursuant to Section 3.1 hereof. Broker shall return all revenues from Accounts Receivable (as defined in the Purchase Agreement) collected during the term of the Agreement, but shall keep a detailed accounting in the event the Purchase Agreement is terminated pursuant to Section 19.

**4.4 Payola.** Broker agrees that it will not accept any consideration, compensation, gift or gratuity of any kind whatsoever, regardless of its value or form, including, but not limited to, a Commission, discount, bonus, material, supplies or other merchandise, services or labor (collectively "Consideration"), whether or not pursuant to written contracts or agreements between Broker and merchants or advertisers, unless the payer is identified in the program for which Consideration was provided as having paid for or furnished such Consideration, in accordance with the Act and FCC requirements. Broker agrees that every six (6) months, or more frequently at the request of the Licensee, it will execute and provide Licensee with a Payola Affidavit from each of its employees involved with the Stations substantially in the form attached hereto as Attachment III.

**4.5 Cooperation on Programming.** Broker and Licensee mutually acknowledge their interest in ensuring that the Stations serve the needs and interests of listeners in and the surrounding service area and agree to cooperate to provide such service. Licensee shall, on a regular basis, assess the issues of concern to residents of and the surrounding area and address those issues in its public service programming. Broker, in cooperation with Licensee, will endeavor to ensure that programming responsive to the needs and interests of the community of license and surrounding area is broadcast, in compliance with applicable FCC requirements. Licensee will describe those issues and the programming that is broadcast in response to those issues and place issues/programs lists in the Stations' public inspection file as required by FCC rules. Further, Broker shall provide information to Licensee concerning such of Broker's programs as are responsive to community issues so as to assist Licensee in the satisfaction of its public service programming obligations. Broker shall provide Licensee upon request such other information necessary to enable Licensee to prepare records and reports required by the Commission or other local, state or federal government entities. Broker shall also promptly provide Licensee with any complaint or comment received regarding any programming broadcast on the Stations.

**4.6 Station Identification and EAS.** Broker shall cooperate with Licensee to ensure compliance with Commission's Rules regarding the broadcast of hourly station identification announcements and Emergency Alert System ("EAS") tests.

**4.7 Political Advertising.** Any qualified political candidate for federal office will have access to the Stations under this Agreement at the rates prescribed by the Stations pursuant to the Act and the rules, regulations and policies of the Commission. Broker shall cooperate with Licensee to assist Licensee in complying with all rules of the FCC regarding political broadcasting. Licensee shall promptly supply to Broker, and Broker shall promptly supply to Licensee, such information, including all inquiries concerning the broadcast of political advertising, as may be necessary to comply with FCC rules and policies, including the lowest unit rate, equal opportunities, reasonable access, political file and related requirements of federal law. Licensee, in consultation with Broker, shall develop a statement which discloses its political broadcasting policies to political candidates, and Broker shall follow those policies and rates in the sale of political programming and

advertising. In the event that Broker fails to satisfy the political broadcasting requirements under the Act and the rules and regulations of the FCC and such failure inhibits Licensee in its compliance with the political broadcasting requirements of the FCC, then to the extent reasonably necessary to assure such compliance, Broker shall either provide rebates to political advertisers or release broadcast time and/or advertising availabilities to Licensee at no cost to Licensee.

**4.8 Licensee Control of Programming.** Licensee shall maintain such rights to suspend or preempt programming as provided in Sections 4.1 and 6.1 herein.

**4.9 Intellectual Property.** Licensee hereby grants to Broker a license to utilize the call signs, slogans and other intellectual property of the Station during the terms of this Agreement, which license may not be further assigned by Broker to any other person or entity.

**5. Responsibility for Employees and Expenses.**

**5.1 Employees.**

(1) Licensee shall provide and be responsible for the Stations' General Manager and such other personnel as shall be necessary to comply with FCC requirements and for the production and transmission of Licensee's own programs, and will be responsible for the salaries, taxes, benefits, insurance and related costs for all Licensee's employees. Licensee shall be solely responsible for the costs of terminating any of its existing employees in connection with the implementation of this Agreement, including any insurance or other benefits due or accrued vacation time.

(2) Broker shall employ and be responsible for the salaries, commissions, taxes, insurance and all other related costs of all personnel and property involved in the production and broadcast of Broker's programming, including air personalities, salespersons, traffic personnel, board operators, technical staff and other programming staff members. Whenever on the Stations' premises, Broker's personnel shall be subject to the supervision and the direction of Licensee.

**5.2 Expenses and Liabilities.**

(1) Except as provided in Attachment I, Licensee shall be responsible for payment of the costs associated with the day-to-day operation of the Stations, including lease payments; insurance payments; electric and other utility payments; maintenance of and repairs to the station in the ordinary course, any federal, state and local taxes levied upon the station, its real estate and the Licensee's own payroll; and the fees of its consulting engineer. Licensee shall also be solely responsible for any costs or penalties associated with the termination of Licensee's existing programming pursuant to the implementation of this Agreement.

(2) Broker shall be responsible for all liabilities, debts and obligations of Broker based upon the purchase of air time and use of Licensee's transmission facilities including, without limitation, accounts payable, barter agreements and unaired advertisements. Broker shall pay for all telephone calls associated with program production and listener responses, for the fees to ASCAP, BMI and SESAC related to Broker's programming, for any other copyright fees attributable to its programming broadcast on the Stations pursuant to this Agreement.

6. **Operation of Stations.** Notwithstanding any other provision of this Agreement, Licensee shall have full authority and power over the operation of the Stations during the period of this Agreement.

6.1 **Licensee Control of Stations Operations.** Licensee shall retain control over the policies, programming and operations of the Stations; including, without limitation: (i) the right to decide whether to accept or reject any programming or advertisements pursuant to Section 4.1 herein, (ii) the right to preempt any programs not in the public interest or in order to broadcast a program deemed by Licensee to be of greater national, regional or local interest, and (iii) the right to take any other actions necessary for compliance with federal, state and local laws, the Act and the rules, regulations and policies of other federal government entities, including the FTC and the Department of Justice. Licensee will use its best efforts to give Broker reasonable notice in writing of its intention to preempt Broker's programs, and, in the event of such preemption, Broker shall receive a pro rata payment credit for the programs preempted pursuant to Attachment I hereto. Licensee also shall retain the right to break into Broker's programming in case of an emergency. Licensee represents and covenants that any preemption or rejection of programming, or such other action taken, pursuant to this Section shall only occur to the extent licensee deems necessary to carry out its obligations as an FCC licensee, and expressly agrees that its rights under this section shall not be exercised in an arbitrary manner or primarily for the commercial advantage of Licensee or others.

6.2 **Licensee Responsibility For FCC Compliance.** Licensee shall at all times be solely responsible for meeting all of the Commission's requirements with respect to public service programming, for maintaining the political and public inspection files and the Station logs, for the preparation of issues/programs lists, and for retaining and supervising an engineer to ensure compliance with the Commission's rules and regulations governing the technical operation of the Stations. Broker shall maintain all necessary records to permit Licensee to meet its obligations under this paragraph. Licensee shall continue to maintain and staff a main studio, as that term is defined by the FCC, in compliance with the Commission's main studio requirements. 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 on the station.

6.3 Depiction of Licensee. Broker agrees that, during the term of this Agreement, it shall not represent itself to be the FCC licensee of the Stations to any party.

## 7. Indemnification.

7.1. Broker shall indemnify and hold Licensee and its officers, directors, members, agents, and employees harmless against any and all claims, damages, liabilities, costs, and expenses (including by way of example and without limitation, reasonable attorneys' fees) (individually or collectively "Damages") arising out of: (a) libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights or proprietary rights and any other violations of the rights of any third party, resulting from the broadcast of the Broker's programs; or (b) any action taken by Broker or its employees or agents with respect to the Stations, or any failure by Broker or its employees or agents to take any action with respect to the Stations, including but not limited to Broker's payment and performance of obligations and liabilities, unless resulting from a failure by Licensee to perform hereunder; or (c) Broker's breach of any of its representations, warranties or covenants set forth in this Agreement. Without limitation upon the foregoing, should Broker or any of its agents or employees cause any damages to any of Licensee's facilities, Broker shall promptly pay or reimburse Licensee for any such damages. Broker's obligation to hold Licensee harmless under this Section shall survive a termination of this Agreement until the expiration of all applicable statutes of limitations.

7.2. Licensee shall indemnify and hold Broker and its officers, directors, shareholders, {members, partners}, agents and employees harmless against any and all Damages arising out of: (a) libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights or proprietary rights and any other violations of the rights of any third party, resulting from Licensee's broadcast of programs other than the Broker's programs; or (b) any activities of Licensee or its employees or agents with respect to the Stations, or any failure by Licensee or its employees or agents to take any action with respect to the Stations, including but not limited to Licensee's payment and performance obligations and liabilities, unless resulting from a failure by Broker to perform hereunder; or (c) Licensee's breach of any of its representations, warranties or covenants set forth in this Agreement. Without limitation upon the foregoing, should Licensee or any of its agents or employees cause any damages to Broker's equipment, Licensee shall promptly pay or reimburse Broker for any such damages. Licensee's obligation to hold Broker harmless under this Agreement shall survive any termination of this Agreement until the expiration of all applicable statutes of limitations.

## **8. Default.**

**8.1. Events of Default.** The following shall, after the expiration of the applicable cure periods, constitute Events of Default:

(1) Broker's failure to timely pay the LMA Fee and expenses as provided in herein. An Event of Default under this paragraph shall be deemed to have occurred automatically ten (10) days after the day that the consideration provided for herein is due to be paid to Licensee, but has not been paid, unless the Licensee provides an extension of time for such payment;

(2) the default by either party hereto in the material observance or performance of any material covenant, condition or agreement contained herein;

(3) if either party (i) shall make general assignment for the benefit of creditors, or (ii) files or has filed against it a petition for bankruptcy, reorganization or an arrangement for the benefit of creditors, or for the appointment of a receiver, trustee or creditor representative for the property or assets of such party under any federal or state insolvency law, which, if filed against such party, has not been dismissed or discharged within sixty (60) days; or

(4) if any material representation or warranty herein made by either party hereto, or in any certificate or document furnished by either party to the other pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made or furnished.

**8.2. Cure Periods.** An Event of Default shall not be deemed to have occurred until ten (10) business 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 and specifying the action necessary to cure the default within such period. This period may be extended for a reasonable period of time, if the defaulting party is acting in good faith to cure the default and such default is not materially adverse to the other party.

## **9. Termination**

**9.1** This Agreement shall terminate six months from the date hereof, unless terminated sooner pursuant to the consummation of the sale of the Stations to Broker pursuant to the Purchase Agreement or otherwise pursuant to the terms of this Agreement.

**9.2 Termination Upon Default.** Upon the occurrence of an Event of Default, the non-defaulting party may terminate this Agreement provided that it is not also in material default hereunder. Notwithstanding the foregoing, nor any provision of this



Agreement, any termination of this Agreement: (a) shall not constitute an election of remedies with regard to such default or such termination; and (b) shall not affect, or limit, the ability of the non-defaulting party to avail itself of any and all remedies which otherwise would have been available to it, at law or in equity.

**9.3 Termination Upon Certain Failures to Effect Closing Under the Purchase Agreement.** This Agreement may be terminated immediately after termination of the Purchase Agreement and any time thereafter: (a) in either Licensee's or Broker's discretion, as provided in written notice to the other party, in the event that the application for assignment of licenses for the Stations is denied by the Commission by a final order that is no longer subject to stay, reconsideration, review or appeal, including such actions by the Commission on its own motion; (b) in Licensee's discretion, as provided in written notice to Broker by Licensee, in the event that the Purchase Agreement shall have terminated by reason of the default by Broker (as Buyer thereunder) and Licensee shall not be in default (as the Seller thereunder); or (c) in Broker's discretion, as provided in written notice to Licensee by Broker, in the event that the Purchase Agreement shall have terminated by reason of the default by Licensee (as the Seller thereunder) and Broker shall not be in default (as Buyer thereunder). Notwithstanding the foregoing, however, any exercise by Broker (as Buyer thereunder) of its right, if any, to seek specific performance to purchase the Stations shall not constitute a termination of this Agreement.

**9.4 Non-Default Termination.** 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 Broker notice of such election at least thirty (30) days prior to the termination date, unless a shorter period of time is required to comply with FCC rules or directives. Upon termination, all sums owing to Licensee shall be paid.

**9.5 Termination Upon Order of Governmental Authority.** If this Agreement is challenged at the FCC, whether or not in connection with the Stations' license renewal applications, counsel for the Licensee and counsel for the Broker shall jointly defend the Agreement and the parties' performance thereunder throughout all FCC proceedings at the sole expense of the Broker. If portions of this Agreement do not receive the approval of the FCC Staff, then the parties shall reform the Agreement as necessary to satisfy the FCC Staff's concerns. If the parties are unable to reform the Agreement as necessary to satisfy such concerns, this Agreement shall terminate. In the event that the Commission or another government authority designates a hearing with respect to the continuation, renewal or revocation of any authorization held by Licensee for the operation of the Stations or initiates any revocation or other proceeding with respect to the authorizations issued to the Licensee for the operation of the Stations, and Licensee elects to contest the action, then Licensee shall be responsible for its expenses incurred as a consequence of the Commission proceeding; provided, however, that Broker shall at its own expense cooperate and comply with any reasonable request of Licensee to assemble and provide to the Commission information relating to Broker's performance under this Agreement.

**9.6 Cooperation Upon Termination.** If this Agreement is terminated, for whatever reason other than closing upon Broker's purchase of the Stations under the Purchase Agreement, the parties agree to reasonably cooperate with one another. Without limiting the foregoing:

(a) Broker shall return to Licensee any equipment or property owned by Licensee and used by Broker, its employees or agents, in substantially the same condition as such equipment was on the Commencement Date of this Agreement, ordinary wear and tear excepted, provided that Broker shall have no liability to Licensee for any property which through ordinary use becomes obsolete or unusable. Any equipment purchased by Broker in replacement of any obsolete or unusable equipment of Licensee shall become the property of Licensee, and any other equipment purchased by Broker shall remain the property of Broker.

(b) Licensee shall cooperate reasonably with Broker to the extent permitted to enable Broker to fulfill advertising or other programming contracts then outstanding, in which event Licensee shall receive as compensation for the carriage of such programming that which otherwise would have been paid to Broker hereunder.

(c) Licensee may rehire any of its previous employees.

**1. Licensee's Representation Warranties and Covenants.** Licensee makes the following representations, warranties and covenants:

(a) **Authorizations.** On the Commencement Date, Licensee will own and hold all licenses and other permits and authorizations necessary for the operation of the Stations as presently conducted (including licenses, permits and authorizations issued by the Commission), and such licenses, permits and authorizations will be in full force and effect for the entire term hereof, unimpaired by any acts or omissions of Licensee, its principals, employees or agents. Licensee will not be in any material violation of any statutes, ordinance, rule, regulations, policy, order or decree of any federal, state, local or foreign government entity, court or authority having jurisdiction over it or over any part of its operations or assets, which default or violation would have an adverse effect on Licensee or its assets or on its ability to perform this Agreement.

(b) **Filings.** All reports and applications required to be filed with the Commission (including ownership reports and renewal applications) or any other government entity, department or body in respect of the Stations have been, and in the future will be, filed in a timely manner and are and will be true and complete and do and will accurately present the information contained and required thereby. All such reports and documents, to the extent required to be kept in the public inspection files of the Stations, are and will be kept in such files.

(c) **Facilities.** The Stations' facilities will comply in all material respects with the maximum facilities permitted by the Commission's authorizations and will be operated in all material respects, in accordance with good engineering standards necessary to deliver a high quality technical signal to the area served by the Stations and with all applicable laws and regulations (including the requirements of the Act and the rules, regulations, policies and procedures of the Commission promulgated thereunder).

(d) **Insurance.** Licensee will maintain in full force and effect throughout the term of this Agreement such insurance as is required in the Purchase Agreement.

2. **Mutual Representations, Warranties and Covenants.** Both Licensee and Broker represent that they are legally qualified, empowered and able to enter into this Agreement, and that the execution, delivery and performance hereof shall not constitute a breach or violation of any agreement, contract or other obligation to which either party is subject or by which it is bound. Without limiting the foregoing:

(a) Broker certifies that this Agreement complies with the Commission's multiple ownership rules, 47 CFR §73.3555; and

(b) Licensee certifies that it maintains ultimate control of the Stations' facilities, including control over Stations' finances, personnel and programming.

3. **Notices.** All necessary notices and requests permitted or required under this Agreement shall be in writing and shall be sent (i) by facsimile transmission to the telecopy numbers listed herein, (ii) mailed by certified mail, return receipt requested, postage prepaid, to the addresses listed herein, or (iii) sent for overnight delivery via a nationally-recognized overnight delivery service to the addresses listed herein. Such notices and requests shall be deemed to have been given (i) if sent by facsimile, upon sender's receipt of a facsimile confirmation sheet, (ii) if mailed, three (3) days after being sent, or (iii) if sent for overnight delivery, one (1) day after being sent.

If to Broker: Dos Costas Communications Corporation  
1818 S. Australian Avenue, Suite 102  
West Palm Beach, Florida 33409  
Attention: Roland Anthony Ulloa  
Fax: (561) 682-3555

With copy to: Erwin G. Krasnow, Esq.  
Shook Hardy & Bacon  
600 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005  
Fax: (202) 783-4211

If to Licensee: Tele-Media Company of High Desert, L.L.C.  
320 West College Avenue  
P.O. Box 5301  
Pleasant Gap, PA 16823  
Attn: Ira D. Rosenblatt  
Fax: (814) 359-5390

With copy to: Tele-Media Corporation of Delaware  
320 West College Avenue  
P.O. Box 5301  
Pleasant Gap, PA 16823  
Attn: Jonathan P. Young  
Fax: (814) 359-5390

4. **Modification and Waiver.** No modification of any provision of this Agreement shall in any event be effective unless it is in writing and then such modification shall be effective only in the specific instance and for the purpose for which given.

5. **Construction.** This Agreement shall be construed in accordance with the Communications Act of 1934, as amended, the laws of the State of California and the rules, regulations and policies of the Commission.

6. **Assignment.** This Agreement may not be assigned by Broker without the approval of Licensee, except to an entity under common control.

7. **Counterpart Signatures.** This Agreement may be signed in one or more counterparts, each of which shall be deemed a duplicate original, binding on the parties hereto notwithstanding that the parties are not signatory to the original or the same counterpart. This Agreement shall be effective as of the date first above written.

8. **Entire Agreement.** This Agreement, read together with the Purchase Agreement, constitutes the entire agreement between the parties, and there are no other agreements, representations, warranties or understanding, oral or written, between them with respect to the subject matter hereof. No alteration, modification or change of this Agreement shall be valid unless by like written instrument executed by an authorized principal.

9. **No Partnership or Joint Venture Created.** Nothing in this

9. **No Partnership or Joint Venture Created.** Nothing in this Agreement shall be construed to make Licensee and Broker partners or joint venturers or to afford any rights to any third party other than as expressly provided herein.

10. **Severability.** Subject to the provisions hereof, in the event any provision contained in this Agreement is held to be invalid, illegal or unenforceable, such holding shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

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

**FOR LICENSEE:**

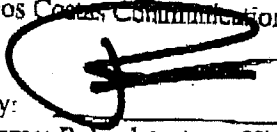
Tele-Media Company of High Desert, L.L.C.

By: Tele-Media Corporation of Delaware, as Manager

By: \_\_\_\_\_

**BROKER:**

Dos Cores Communications Corporation

By:  \_\_\_\_\_

Name: Roland Anthony Ulloa

Title: President

Agreement shall be construed to make Licensee and Broker partners or joint venturers or to afford any rights to any third party other than as expressly provided herein.

**10. Severability.** Subject to the provisions hereof, in the event any provision contained in this Agreement is held to be invalid, illegal or unenforceable, such holding shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

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

**FOR LICENSEE:**

Tele-Media Company of High Desert, L.L.C.

By: Tele-Media Corporation of Delaware, as Manager

By: \_\_\_\_\_

**BROKER:**

Dos Costas Communications Corporation

By: \_\_\_\_\_

Name: Roland Anthony Ulloa

Title: President

## **ATTACHMENT 1**

### **Compensation and Reimbursement Schedule**

Broker shall reimburse Licensee for minimum operating expenses associated with the Stations, including interest payments on existing debt related to acquisition or financing of the Stations. Additionally, Buyer shall make “Monthly LMA Payments” of One Dollar (\$1.00) for each month the LMA remains in effect.

A detailed illustration of expenses is in the Cash Flow Statements attached as Schedule 2.1.

## **ATTACHMENT II**

### **Broadcasts Station Programming Policy Statement**

The following sets forth the policies generally applicable to the presentation of programming and advertising over Radio Stations KZSL-AM, KXXZ-FM, KDUC-FM and KDUQ-FM . All programming and advertising broadcast by the station must conform to these policies and to the provisions of the Communications Act of 1934, as amended [the "Act"], and the Rules and Regulations of the Federal Communications Commission ["FCC"].

#### **Station Identification**

The station must broadcast a station identification announcement once an hour as close to the hour as feasible in a natural break in the programming. The announcement must include (1) the station's call letters (currently, KSZL, KXXZ, KDUQ); followed immediately by (2) the station's community of license Barstow, California and KDUQ, Ludlow, California.

#### **Broadcast of Telephone Conversations**

Before recording a telephone conversation for broadcast or broadcasting such a conversation simultaneously with its occurrence, any party to the call must be informed that the call will be broadcast or will be recorded for later broadcast, and the party's consent to such broadcast must be obtained. This requirement does not apply to calls initiated by the other party which are made in a context in which it is customary for the station to broadcast telephone calls.

#### **Sponsorship Identification**

When money, service, or other valuable consideration is either directly or indirectly paid or promised as part of an arrangement to transmit any programming, the station at the time of broadcast shall announce (1) that the matter is sponsored, either in whole or in part; and (2) by whom or on whose behalf the matter is sponsored. Products or services furnished to the station in consideration for an identification of any person, product, service, trademark or brand name shall be identified in this manner.

In the case of any political or controversial issue broadcast for which any material or service is furnished as an inducement for its transmission, an announcement shall be made at the beginning and conclusion of the broadcast stating (1) the material or service that has been furnished; and (2) the person(s) or association(s) on whose behalf the programming is transmitted. However, if the broadcast is 5 minutes duration or less, the required announcement need only be made either at its beginning or end.

Prior to any sponsored broadcast involving political matters or controversial issues, the station shall obtain a list of the chief executive officers, members of the executive



committee or board of directors of the sponsoring organization and shall place this list in the station's public inspection file.

### **Payola/Plugola**

The station, its personnel, or its programmers shall not accept or agree to accept from any person any money, service, or other valuable consideration for the broadcast of any matter unless such fact is disclosed to the station so that all required station identification announcements can be made. All persons responsible for station programming must, from time to time, execute such documents as may be required by station management to confirm their understanding of and compliance with the FCC's sponsorship identification requirements.

### **Rebroadcasts**

The station shall not rebroadcast the signal of any other broadcast station without first obtaining such station's prior written consent to such rebroadcast.

### **Fairness**

Station shall seek to afford coverage to contrasting viewpoints concerning controversial issues of public importance.

### **Personal Attacks**

The station shall not air attacks upon the honesty, character, integrity or like personal qualities of any identified person or group. If such an attack should nonetheless occur during the presentation of views on a controversial issue of public importance, those responsible for programming shall submit a tape or transcript of the broadcast to station management and to the person attacked within 48 hours, and shall offer the person attacked a reasonable opportunity to respond.

### **Political Editorials**

Unless specifically authorized by Licensee, Broker shall not air any editorial which either endorses or opposes a legally qualified candidate for public office.

### **Political Broadcasting**

All "uses" of the station by legally qualified candidates for elective office shall be in accordance with the Act and the FCC's Rules and policies, including without limitation, equal opportunities requirements, reasonable access requirements, lowest unit charge requirements and similar rules and regulations.

### **Obscenity and Indecency**

The Station shall not broadcast any obscene material. Material is deemed to be obscene if the average person, applying contemporary community standards in the local community, would find that the material, taken as a whole, appeals to the prurient interest; depicts or describes in a patently offensive way sexual conduct specifically defined by applicable state law; and taken as a whole, lacks serious literary artistic, political or scientific value.

The Station shall not broadcast any indecent material outside of the periods of time prescribed by the Commission. Material is deemed to be indecent if it includes language or material that, in context, depicts or describes, in terms patently offensive as measured by contemporary community standards for the broadcast medium, sexual or excretory activities or organs.

### **Billing**

No entity which sells advertising for airing on the station shall knowingly issue any bill, invoice or other document which contains false information concerning the amount charged or the broadcast of advertising which is the subject of the bill or invoice. No entity which sells advertising for airing on the station shall misrepresent the nature or content of aired advertising, nor the quantity, time of day, or day on which such advertising was broadcast.

### **Contests**

Any contests conducted on the station shall be conducted substantially as announced or advertised. Advertisements or announcements concerning such contests shall fully and accurately disclose the contest's material terms. No contest description shall be false, misleading or deceptive with respect to any material term.

### **Hoaxes**

The station shall not knowingly broadcast false information concerning a crime or catastrophe.

### **Lottery**

The station shall not advertise or broadcast any information concerning any lottery (except the California State Lottery and any other state lottery), except as permitted by local, state and federal law. Any and all lottery advertising must first be approved by station management.

### **Advertising**

Station shall comply with all federal, state and local laws concerning advertising, including without limitation, all laws concerning misleading advertising, and the advertising of alcoholic beverages.

### **Programming Prohibitions**

Knowing broadcast of the following types of programs and announcements is prohibited:

**False Claims.** False or unwarranted claims for any product or service.

**Unfair Imitation.** Infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy, or any other unfair competition.

**Commercial Disparagement.** Any unfair disparagement of competitors or competitive goods.

**Profanity.** Any programs or announcements that are slanderous, obscene, profane, vulgar, repulsive or offensive, as evaluated by station management.

**Violence.** Any programs which are excessively violent.

**Unauthenticated Testimonials.** Any testimonials which cannot be authenticated.

### Form of Pavola Affidavit

# ANTI-PAYOLA/PLUGOLA AFFIDAVIT

6. Nothing contained herein is intended to, or shall prohibit receipt or acceptance of anything with the expressed knowledge and approval of my employer, but henceforth any such approval must be given in writing by someone expressly authorized to give such approval.

7. He, his spouse and his immediate family do\_\_ do not\_\_ have any present direct or indirect ownership interest in (other than an investment in a corporation whose stock is publicly held), serve as an officer or director of, whether with or without compensation, or serve as an employee of, any person, firm or corporation engaged in:
1. The publishing of music;
  2. The production, distribution (including wholesale and retail sales outlets), manufacture or exploitation of music, films, tapes, recordings or electrical transcriptions of any program material intended for radio broadcast use;
  3. The exploitation, promotion, or management or persons rendering artistic, production and/or other services in the entertainment field;
  4. The ownership or operation of one or more radio or television stations;
  5. The wholesale or retail sale of records intended for public purchase;
  6. Advertising on Station \_\_\_\_\_, or any other station owned by its Licensee (excluding nominal stock holdings in publicly owned companies).

5. The facts and circumstances relating to such interest are none\_\_\_ as follows\_\_\_:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Affiant

Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 2000.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_.  
135126

228010  
KENNEDY

TeleMedia Co of High Desert + So Cal  
CASH FLOW STATEMENT FOR ROLLING 12 MONTH PERIOD

MAR/11/2003  
16:40:56

	12/2001	01/2002	02/2002	03/2002	04/2002	05/2002	06/2002	07/2002	08/2002	09/2002	10/2002	11/2002	12/2002	12 M
<b>GRAND REVENUES</b>														
Local revenue	0	25,996	30,948	38,940	33,983	32,864	40,334	28,613	32,896	35,988	20,881	27,556	31,282	1,200
Political revenue	0	0	0	0	0	0	0	0	42	0	420	1,818	0	0
National revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other income	0	100	30	0	14	30	5	0	1,019	326	1,562	1,876	30	0
TOTAL GRAND REVENUES	0	26,996	30,978	38,940	33,983	32,894	40,339	28,613	33,957	36,314	22,863	30,129	30,212	1,200
<b>COMMISSIONS</b>														
Local agency commission	0	1,723	2,059	2,880	2,343	1,868	2,285	1,782	1,948	2,599	2,342	2,834	1,916	0
National agency commission	0	0	0	0	0	76	75	0	0	0	0	0	0	0
National rep commission	0	202	0	0	0	0	0	0	0	141	0	0	0	0
TOTAL COMMISSIONS	0	2,025	2,059	2,880	2,343	2,043	2,360	1,782	1,948	2,740	2,342	2,834	1,916	0
<b>TECHNICAL EXPENSES</b>														
Technical salaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project engineer	0	1,200	495	0	0	0	0	0	0	0	0	0	0	0
Cellular phone & paging	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Studio repairs	0	33	0	0	0	0	0	0	0	7	0	0	0	0
Transmitter repairs	0	7	7	7	7	34	7	26	7	7	7	7	12	0
Data lines	0	130	31	180	235	142	130	130	176	66	145	119	132	0
Travel expense - eng.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel (meal & eng.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Facility maintenance	0	0	93	0	0	0	0	0	0	0	0	0	0	0
Auto fleet maintenance	279	0	0	0	557	0	0	0	0	0	0	0	0	0
Other technical expense	2,436	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL TECHNICAL EXPENSES	2,715	1,370	693	280	799	176	137	156	183	73	152	126	144	0
<b>PRODUCTION EXPENSES</b>														
Programming salaries	474	2,617	2,346	2,434	2,595	2,345	2,434	2,046	2,324	2,320	2,000	2,803	2,978	137
Part time wages	37	627	1,094	0	0	443	864	1,596	1,591	1,410	1,319	743	687	75
Station voice service	0	150	150	150	300	150	0	150	0	300	150	150	0	0
Music license & fees	312	1,075	1,228	1,474	1,231	1,510	1,622	1,246	1,333	1,421	1,172	1,201	298	0
Studio license fees	0	1,200	1,200	800	1,200	500	1,200	1,500	1,050	600	1,500	600	1,200	0
Satellite format fees	0	0	0	0	0	104	104	104	104	104	104	184	179	0
Production library fees	113	0	0	55	0	0	0	0	27	0	0	150	52	0
Dues & subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local sports production	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production facilities	0	177	0	0	71	580	0	0	0	0	500	0	0	0
Travel expense - prod.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel (meal & prod.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Production consultants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market prog. research	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising - prod.	0	2,588	2,588	2,588	2,588	2,588	2,588	2,588	2,588	2,588	2,588	2,588	2,588	0
Production supplies	0	0	0	0	220	0	0	0	0	0	83	0	0	0
Cellular phone & paging	0	336	78	100	105	0	80	156	0	61	324	98	189	0
Production total repurchase	0	0	0	0	30	0	750	180	279	0	104	109	306	0
Production total	0	134	134	134	134	134	134	134	134	134	134	134	134	0
Software/Computer main	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Automotive lease	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Line charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reins	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other programming exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAMMING EXPENSE	936	8,922	9,818	7,783	8,993	8,774	9,282	9,822	9,772	6,276	6,188	6,873	8,156	100,652

22RD10  
KENNEDY

Tele-Media Co of High Desert + So Cal  
CASH FLOW STATEMENT FOR ROLLING 12 MONTH PERIOD

MAR/11/2003  
16:40:58

	1/3/2003	01/22/02	02/20/02	03/20/02	04/20/02	05/20/02	06/20/02	07/20/02	08/20/02	09/20/02	10/20/02	11/20/02	12/20/02	13/20/02	12/10
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SELLING-EXPENSES

1	Sale mgmt salaries	0	0	0	1,770	3,261	715	913	961	2,118	934	804	1,144	1,049	46
2	Reg/local sales mgr ovr	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Sales staff commissions	1,250	7,950	6,525	9,434	9,101	7,471	3,340	3,405	6,286	7,859	7,039	4,261	2,213	307
4	Sales manager salaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Travel expenses - sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Travel (credits) - sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Incentives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Cellular phone & paging	0	314	78	122	104	0	23	36	0	16	40	170	99	1,002
9	Computer software/print	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Adverence survey	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Advertising - sales	0	0	0	0	0	0	0	105	229	0	0	0	0	560
12	Advertising mgmt/seminars	0	53	0	0	0	0	0	0	0	0	0	0	0	260
13	Mass & subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Promotions	147	0	0	0	173	76	0	275	477	0	1,386	650	344	3,401
15	Mass mail expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	100
16	Other selling expenses	0	0	0	0	42	0	0	0	15	0	200	0	0	290
17	TOTAL-SELLING-EXPENSES	1,103	8,311	6,839	10,266	11,756	6,263	4,643	4,988	9,360	8,843	9,349	6,225	3,708	53,337

GENERAL & ADMINISTRATIVE

18	Administrative salaries	1,009	7,961	6,923	7,501	7,501	7,495	7,501	6,923	7,709	8,554	7,735	8,445	9,456	470
19	Cellular phone & paging	0	787	78	329	296	367	514	1,136	0	762	1,619	507	286	5,851
20	Bad debts	18,46	26	1,402	630	87	881	1,842	1,284	2,788	8,129	2,289	4,112	3,672	22,924
21	Bank services	32	29	33	32	32	30	34	43	0	0	30	0	21	14
22	Facility maintenance	0	113	114	264	464	396	486	719	600	44	237	828	219	4,484
23	Mass & subscriptions	0	175	0	0	0	0	0	0	0	0	0	0	0	175
24	Postage	0	745	704	1,011	244	673	386	1,341	329	479	125	247	242	3,876
25	Travel expenses - G & A	0	0	764	734	0	652	1,301	1,144	480	2,261	878	1,051	278	6,576
26	Office supplies	0	310	59	112	1,204	183	49	582	658	79	960	407	814	5,907
27	Studio/office utilities	0	1,176	1,206	618	1,440	43	1,337	2,316	1,794	1,556	1,414	998	1,079	14,685
28	Telephone long distance	0	498	140	599	692	723	1,275	724	646	687	911	2,480	2,480	33,210
29	Insurance - general	6,757	920	920	920	920	920	920	920	920	920	1,265	920	920	14,538
30	Insurance - health	0	2,999	3,079	2,999	2,780	2,797	2,840	5,419	3,669	3,764	3,979	3,823	2,456	32,761
31	Taxes - payrol	1,577	1,463	1,445	1,502	1,518	2,088	1,245	1,323	1,678	1,666	1,315	1,072	1,357	18,396
32	Taxes - real-estate	3,333	600	620	2,100	1,440	726	400	500	500	500	540	500	500	6,406
33	Rent - studio/office	0	0	0	216	0	0	216	0	0	0	0	0	0	864
34	Rent - tower	1,240	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	19,883
35	Traffic/Government fees	0	2,379	2,379	2,379	2,379	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	28,657
36	Recruitment advertising	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Legal & professional	0	850	850	850	850	1,075	850	1,950	850	850	1,432	650	999	9,756
38	Automotive	0	892	0	1,307	0	519	0	147	0	0	0	0	0	2,321
39	Office equipment leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	Other G&A expenses	1,122	208	205	175	175	175	175	175	241	175	208	205	174	2,674
41	TOTAL G & A EXPENSES	16,487	26,374	23,312	29,335	25,587	24,992	26,912	35,123	29,892	36,365	32,217	32,343	29,545	13,644
42	TOTAL EXPENSES	14,291	47,008	42,311	49,916	49,428	44,243	43,334	51,021	51,055	55,317	50,748	48,401	43,641	65,368
43	CASH FLOW	( 14,291)	21,012	11,133	10,976	15,461	11,152	2,435	23,258	17,438	18,003	27,886	13,272	8,429	166,799