

**TIME BROKERAGE AGREEMENT**

**By and Between**

**TWO PETAZ, INC.;**  
**THE CROMWELL GROUP, INC. OF ILLINOIS;**  
**WINSTON COMMUNICATIONS, INC. OF ILLINOIS; and**  
**WFYR, INC.,**  
**"Licensees"**

**and**

**REGENT BROADCASTING, INC.; and**  
**REGENT COMMUNICATIONS, INC.**  
**"Time Brokers"**

**Dated as of May 15, 2001**

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## **TIME BROKERAGE AGREEMENT**

This Time Brokerage Agreement (this "Agreement") is made as of the 15<sup>th</sup> day of May, 2001, by and between TWO PETAZ, INC., an Illinois corporation ("Petaz"), THE CROMWELL GROUP, INC. OF ILLINOIS, an Illinois corporation ("Cromwell"), WINSTON COMMUNICATIONS, INC. OF ILLINOIS, an Illinois corporation ("Winston"), and WFYR, INC., an Illinois corporation ("WFYR, Inc.", together with Petaz, Cromwell, and Winston, each a "Licensee", and collectively, the "Licensees"), and REGENT BROADCASTING, INC., a Delaware corporation ("Time Broker"). Petaz is the licensee of Broadcast Stations WVEL(AM), 1140, kHz, Pekin, Illinois, WGLO(FM), 95.5MHz, Pekin, Illinois, and WPPY(FM), 101.1 MHz, Glasford, Illinois, Cromwell is the licensee of Broadcast Station WRVP(FM), 98.5 MHz, Eureka, Illinois (WVEL(AM), WGLO(FM), WPPY(FM), and WRVP(FM), each, a "Station," and together the "Asset Stations"), Winston is the licensee of Broadcast Station WIXO(FM), 99.9 MHz, Bartonville, Illinois, and WFYR, Inc. is the licensee of Broadcast Station WFYR(FM), 97.3 MHz, Elmwood, Illinois (WIXO(FM) and WFYR(FM), each a "Station," and together the "Reorganization Stations")(the Asset Stations and the reorganization Stations, collectively, the "Stations"). Concurrently with the execution of this Agreement, Petaz and Cromwell, as Sellers, and the Time Broker, as Buyer, are entering into an Asset Purchase Agreement ("Asset Purchase Agreement") providing for the sale of substantially all of the property and assets used or held for use in the operation of the Asset Stations to Buyer upon the terms and conditions set forth therein, Bayard H. Walters, as Stockholder, Winston and WFYR, Inc., as Sellers, and Time Broker, as Buyer, are entering into a Reorganization Agreement ("Reorganization Agreement") providing for the sale of substantially all of the property and assets used or held for use in the operation of the Reorganization Stations to Buyer in exchange for capital stock of Regent Communications, Inc., the parent of Buyer, upon the terms and conditions set forth therein. Time Broker and Licensees desire to enter into an agreement providing for the sale of substantially all of the broadcast time of the Stations to Time Broker, subject to the rules and policies of the Federal Communications Commission (the "FCC").

Accordingly, in consideration of the foregoing and of the mutual promises, covenants, and conditions set forth below, the parties agree as follows:

### **1 SALE OF TIME**

1.1 **Broadcast of Programming.** Effective as of 12:01 a.m. on May 16, 2001, (the "Commencement Date"), Licensees shall broadcast on the Stations, or cause to be broadcast on the Stations, programs which are presented to it by Time Broker as described in greater detail on Schedule 1.1 (the "Programming").

1.2 **Payment.** In exchange for providing substantially all of the broadcast time on the Stations, Time Broker shall pay to Petaz, as authorized agent for all the Licensees, the monthly rate (the "Monthly Payment") of ONE HUNDRED FOURTEEN THOUSAND DOLLARS (\$114,000) and Time Broker shall reimburse Licensees for (the "Reimbursable Payment"), as defined in Section 12.12 hereof. The initial Monthly Payment shall be due on the Commencement Date, and all other

Monthly Payments shall be due and payable on the first (1<sup>st</sup>) business day of each calendar month to which such Monthly Payment pertains. The first and last Monthly Payments shall be prorated, if applicable. The Time Broker shall pay the Reimbursable Payment to Licensees on the fifteenth (15<sup>th</sup>) business day of each calendar month following the delivery to Broker during the preceding calendar month of invoices or evidence of items comprising such Reimbursable Payment.

1.3 Licensees' Programming. Licensees shall present programming responsive to the needs of the Stations' community of license, as set forth on Schedule 1.1.

1.4 Term. This Agreement shall commence on the Commencement Date and shall terminate on the earlier of: (i) 11:59 p.m. on the Closing Date under the Asset Purchase Agreement or the Reorganization Agreement, (ii) the date that the Asset Purchase Agreement or the Reorganization Agreement is terminated, (iii) the date that this Agreement is terminated pursuant to the provisions hereof, or (iv) 11:59 p.m. on December 31, 2001.

## 2 PROGRAMMING AND OPERATING STANDARDS AND PRACTICES.

2.1 Compliance with Standards. All Programming delivered by Time Broker and all programming supplied by Licensees during the term of this Agreement shall be in accordance with applicable statutes, FCC requirements, and the programming policies set forth on Schedule 2.1. Licensees reserves the right to refuse to broadcast any Programming containing matter which a Licensee believes is not in the public interest or may be violative of any right of any third party, or which may constitute a "personal attack" as that term is and has been defined by the FCC or which Licensee reasonably determines is, or in the reasonable opinion of Licensee may be deemed to be, indecent (and not broadcast during the safe harbor for indecent programming established by the FCC) or obscene by the FCC or any court or other regulatory body with authority over Licensee or the Stations. If Time Broker does not adhere to the foregoing requirements, a Licensee may suspend or cancel any specific program not so in compliance, without any reduction or offset in the payments due Licensees under this Agreement.

2.2 Political Broadcasts. Time Broker shall maintain and deliver to Licensees on request all records and information required by the FCC to be placed in the public inspection file of the Stations pertaining to the broadcast of political programming and advertisements, in accordance with the provisions of Sections 73.1940 and 73.3526 of the FCC's rules. Time Broker shall consult and cooperate with Licensees and adhere to all applicable statutes and the rules, regulations, and policies of the FCC, as announced from time to time, with respect to the carriage of political advertisements and programming (including, without limitation, the rights of candidates and, as appropriate, others to "equal opportunities") and the charges permitted therefor. Time Broker shall promptly provide to Licensees such documentation relating to such programming as Licensees are required to maintain in their public inspection files or Licensees shall reasonably request.

2.3 Handling of Communications. Time Broker and Licensees shall cooperate in promptly responding to all communication of any type, including but not limited to e-mails, correspondence or telephone calls directed to the Stations in connection with the Programming

provided by Time Broker or any other matter pertaining to the Stations or their operation, including but not limited to any public or FCC complaint or inquiry. The parties shall promptly upon receipt provide copies of all such communications to each other. Upon a Licensee's request, Time Broker shall broadcast material responsive to any complaints or inquiries. Notwithstanding the foregoing, Licensees shall handle all matters or inquiries relating to FCC complaints and any other matters required to be handled by Licensees under the rules and regulations of the FCC.

2.4 Preemption. A Licensee may, from time to time, preempt portions of the Programming to broadcast emergency information or programs it deems would better serve the public interest, and may refuse to broadcast any program or announcement of Time Broker should a Licensee deem such program or announcement to be contrary to the public interest. Time Broker shall be notified at least one week in advance of any preemption of any of the Programming for the purpose of broadcasting programs a Licensee deems necessary to serve the public interest unless such advance notice is impossible or impractical, in which case a Licensee shall notify Time Broker promptly upon making such determination. In the event of any such preemption, Time Broker shall be entitled to a credit against any other amounts due Licensees under this Agreement in an amount equal to the product of (a) the Monthly Payment and (b) the result of dividing the number of hours so affected by the aggregate number of hours available for Programming during such month. Licensees represent and covenant that preemption shall only occur to the extent Licensees deem preemption necessary to carry out their obligations as FCC licensees, and expressly agrees that their right of preemption shall not be exercised in an arbitrary manner or for the commercial advantage of a Licensee or others. In the event that a Licensee preempts more than thirty (30) hours of Programming and announcements over any Station during any consecutive thirty (30) day period, then Time Broker shall be entitled at its sole option to terminate this Agreement without further obligation to Licensees except for payments (if any) already due to Licensees, and to pursue all other remedies available to it.

2.5 Rights in Programs. All right, title and interest in and to the Programming, and the right to authorize the use of the Programming in any manner and in any media whatsoever, shall be and remain vested at all times solely in Time Broker.

2.6 "Payola" and "Plugola". Time Broker agrees that it will take steps, including the continuation of Licensee's system for periodic execution of affidavits, reasonably designed to assure that neither it nor its employees or agents will accept any gift, gratuity or other consideration, directly or indirectly, from any person or company for the playing of records, the presentation of any programming or the broadcast of any commercial announcement over the Stations without such broadcast being announced as sponsored. It is further understood and agreed that no commercial message, plugs, or undue reference shall be made in programming presented over the Stations to any business venture, profit-making activity or other interest (other than non-commercial announcements for bona fide charities, church activities or other public service activities) without such broadcast being announced as sponsored.

2.7 Advertising and Programming. Beginning on the Commencement Date, Time Broker shall be solely responsible for any expenses incurred in connection with and shall be entitled to all revenue from the sale of advertising or program time on the Stations broadcast on or after the

Commencement Date. Licensees shall remain entitled to all revenue from the sale of advertising or program time on the Stations broadcast prior to the Commencement Date. Time Broker does not assume any obligation of a Licensee under any contract or advertising arrangement entered into by a Licensee on or after the Commencement Date. Time Broker will advise Licensees of its lowest unit charges for political advertising, and Licensees shall not do anything that would lower Time Broker's lowest unit charges.

2.8 Call Sign Changes. At one or more times during the term of this Agreement, Time Broker may request that a Licensee change the FCC assigned call sign of any of the Stations. Licensees will honor such requests and promptly seek FCC assignment to such Station of the call sign specified by Time Broker, contingent upon the consummation of the transactions contemplated in the Asset Purchase Agreement and the Reorganization Agreement, as appropriate, provided that (i) Licensee determines in good faith that the call sign requested by Time Broker is consistent with that Licensee's obligations under the Communications Act of 1934, as amended (the "Communications Act"), the rules of the FCC and all other applicable laws, and (ii) Time Broker agrees to reimburse that Licensee for its reasonable expenses incurred in connection with requesting and obtaining the change.

2.9 Compliance with Laws. At all times during the term of this Agreement, Time Broker and Licensees shall comply in all material respects with all applicable federal, state and local laws, rules and regulations.

2.10 Certifications. Pursuant to Section 73.3555(a)(2)(ii) of the FCC's rules, Licensees certify that they maintain ultimate control over the Stations' facilities, including specifically control over station finances, personnel, and programming, and Time Broker certifies that this Agreement complies with the provisions of Sections 73.3555(a)(1) and (e)(1) of the FCC's rules.

### 3 RESPONSIBILITY FOR EMPLOYEES AND EXPENSES.

3.1 Time Broker's Employees. Time Broker shall employ and be responsible for the payment of salaries, taxes, insurance and all other costs related to all personnel used in the production of the Programming. Time Broker will not incur any liability on account of Licensees' employees.

#### 3.2 Licensees' Employees.

(a) Licensees shall employ and be responsible for the payment of salaries, taxes, insurance, and all other costs related to all personnel necessary to (i) fulfill its obligations as a Licensee, (ii) transmit the Programming and (iii) deliver any other programming. Licensees will not incur any liability on account of Time Broker's employees.

(b) Time Broker shall have no authority over and shall not supervise persons in the employ of Licensees after the Commencement Date.

3.3 Time Broker's Expenses. Time Broker shall pay for all costs associated with the production and delivery of the Programming, including but not limited to, (i) all ASCAP, BMI,



SESAC and other copyright fees associated with delivery of the Programming, (ii) any expenses incurred in connection with its sale of advertising time hereunder (including without limitation sales commissions) in connection with the Programming, and (iii) the salaries, taxes, insurance, and related costs for all personnel used in the production of the Programming and all sales personnel (including salespeople, traffic personnel, and programming staff).

3.4 Operating Expenses. Licensees shall be responsible for the payment when due of all fees and expenses relating to the operation and maintenance of the Stations as necessary for each Licensee to maintain the licensed transmitting capability of the Stations and to fulfill its obligations as FCC licensees, including, but not limited to, (i) all ASCAP, BMI, SESAC and other copyright fees associated with the delivery of programming by Licensees, (ii) any expenses incurred in connection with its sale of advertising time hereunder (including without limitation sales commissions) in connection with the delivery of programming by the Licensee, (iii) the salaries, taxes, insurance and related costs for the General Manager of the Stations (Jerald L. Scott) and the part time employees (Matt Bahan, Jennifer Alfrey-Schrader, and Denise Galesky), (iv) rent and utility payments for the towers and transmitters used in the operation of the Stations, (v) rent and utility payments for equipment used by the Licensee in the operation of the Stations, (vi) rent and utility payments for studio space used by the Licensee, (vii) insurance on the Stations' equipment, and (viii) its federal, state and local taxes (the "Operating Expenses").

#### 4 ASSIGNMENT OF CERTAIN AGREEMENTS AND RIGHTS.

4.1 Assignment. On the Commencement Date, Licensees shall assign to Time Broker all contracts for the sale of time on the Stations (the "Time Sales Agreements") together with those contracts, leases and other agreements identified on Schedule 4.1 (collectively, the "Contracts"). Time Broker shall, on and as of the Commencement Date, assume and become fully liable and responsible for all liabilities and obligations of Licensees under the Contracts, subject to the terms and conditions of the Asset Purchase Agreement or the Reorganization Agreement, as appropriate, in respect of the period from the Commencement Date until termination hereof. Licensees have provided Time Broker with true and complete copies, including amendments, of the Contracts (other than the Time Sales Agreements). The Contracts are freely assignable, or, if consent of the other contracting party to the assignment is required, Licensees shall use their reasonable efforts to obtain such consent as promptly as practicable. If Licensees are unable to obtain any consent necessary to permit the valid assignment of a Contract, Licensees shall act as Time Broker's agent in connection with such Contract and the parties shall cooperate to cause Time Broker to receive the benefit of the Contract in exchange for performance by Time Broker of all of Licensees' obligations under such Contract (including but not limited to the payment to Licensees of all amounts due under the Contract on or after the Commencement Date for services provided by Licensees).

4.2 Proration. All expenses and income arising under the Contracts shall be prorated between Licensees and Time Broker as of the Commencement Date in a manner such that the costs and benefits in respect of the period prior to the Commencement Date shall be for the account of Licensees, and those in respect of the period thereafter, during the term of this Agreement, for the account of Time Broker. Such proration shall include an adjustment for the Time Sales Agreements for

consideration other than cash (“Trade Agreements”) only to the extent of any Net Negative Trade Balance (as defined below) and only to the extent that the Net Negative Trade Balance exceeds Forty-five Thousand Dollars (\$45,000) in the aggregate for the Stations. “Net Negative Trade Balance” means the extent, if any, to which the value (at current rates for time on the Stations as of the Commencement Date) of unfulfilled obligations of the Stations under Trade Agreements exceed the reasonable fair market value of any consideration yet to be received by the Stations pursuant to such Trade Agreements. Such prorations shall be completed and any necessary payments on account of such prorations paid within sixty (60) days of the Commencement Date. With respect to the preceding, Licensees shall be responsible for paying their employees’ sales commissions arising and accruing prior to the Commencement Date, but Time Broker shall reimburse Licensees for such sales commissions to the extent that the revenue from such sales relates to advertising or programming broadcast on or after the Commencement Date. If any disagreement with respect to the proration of such income and expenses cannot be resolved by the parties, Licensees and Time Broker will select a certified public accountant knowledgeable in the broadcast industry to resolve the dispute. The parties will use their best efforts in good faith to cause to occur as expeditiously as possible the appointment of the certified public accountant, and once appointed, the resolution of the dispute. The resolution of such accountant shall be binding on the parties and subject to judicial enforcement. One-half of the cost of the accountant shall be paid by each party.

4.3 Accounts Receivable. On the Commencement Date, Licensees will deliver to Time Broker a list of Licensees’ accounts receivable arising from the operation of the Stations prior to the Commencement Date (the “Receivables”). Time Broker shall diligently collect the Receivables after the Commencement Date for a period of one hundred twenty (120) days from the Commencement Date or, if this Agreement is terminated for any reason other than as a result of the consummation of the transactions contemplated in the Asset Purchase Agreement and the Reorganization Agreement (the “Closing”), until the termination date of this Agreement (the “Collection Period”). All payments received from account debtors shall be applied on a “first in, first out” basis, except to the extent an account is disputed by the account debtor as properly due, in which case Time Broker shall promptly notify Licensees of such dispute and Time Broker and Licensees shall reasonably agree on an appropriate allocation of the payments. All amounts received by Time Broker from payers with accounts included among the Receivables shall be applied first to the Receivables. On or before the twenty-fifth (25<sup>th</sup>) day following the end of each calendar month during the Collection Period, Time Broker will deliver to Licensees a monthly accounting of collections made during the preceding calendar month with respect to the Receivables and remit to Licensees all amounts collected by Time Broker on account of the receivables during such preceding calendar month. At the conclusion of the Collection Period, any remaining Receivables shall be reassigned to Licensees and Time Broker shall have no further obligation with respect to any remaining Receivables. If during the Collection Period a dispute arises between Time Broker and an account debtor included among the Receivables, Time Broker shall promptly return that account to Licensees and collect from such account debtor the amounts owed to Time Broker for services provided after the Commencement Date.

4.4 Payment of Station Obligations. Licensees shall promptly pay when due and satisfy all obligations owing to, or reach a settlement with, all third parties with respect to the operation

of the Stations prior to the Commencement Date, to the extent required to grant Time Broker the full enjoyment of its rights hereunder.

## 5 OPERATION OF STATIONS.

Notwithstanding any provision of this Agreement to the contrary, Licensees shall retain full authority and power with respect to the operation of the Stations during the term of this Agreement. The parties agree and acknowledge that Licensees' continued control of the Stations is an essential element of the continuing validity and legality of this Agreement. Accordingly, Licensees shall employ the general managers of the Stations and such other personnel as Licensees determine may be necessary to fulfill their obligations as licensees under the Communications Act and their obligations in accordance with Section 3.2 hereof. Licensees shall retain full authority and control over the policies, programming, and operations of the Stations, including, without limitation, the decision whether to preempt programming in accordance with Section 2.4 hereof. Licensees shall have full responsibility to effectuate compliance with the Communications Act and with FCC rules, regulations and policies. Licensees shall be responsible for maintaining the Stations' public inspection files.

## 6 GRANT OF LICENSES.

6.1 License to Use Station Facilities. Effective as of the Commencement Date, Licensees grant to the Time Broker a license to access and use all of the Stations' studio and office space and other facilities except for the space described on Exhibit A hereto, which shall be reserved exclusively for Licensees' use ("Station Facilities") and all equipment and furnishings contained therein except for the equipment and furnishings owned by Jerald L. Scott d/b/a Rainbow Radio of Livingston County in connection with the broadcast of WBZM(FM) , 107.7 MHz, Fairbury, Illinois ("WBZM(FM)") from the Station Facilities ("Station Equipment") in the production and broadcasting of the Programming and sales and administration relating thereto, in accordance with the terms set forth in this Section 6 (the "Time Broker License"). The Time Broker License shall have a term beginning on the Commencement Date and ending upon the earlier of (i) termination of this Agreement, or (ii) the Closing (as defined in the Asset Purchase Agreement and the Reorganization Agreement). Except for the continued use of the Station Facilities for the broadcast of WBZM(FM) (as more fully described below), Licensees shall not license the use of the Station Facilities to any other party during the term of the Time Broker License; and Time Broker's use of the Station Facilities shall be exclusive except for the continued use for the broadcast of WBZM(FM) and Licensees' right to use such facilities as it deems appropriate in its sole discretion in connection with the satisfaction of its obligations as the Licensees of the Stations, including the use of such facilities and adequate office space for the employees of Licensees that are required for Licensees to comply with its obligations under Sections 3.2 and 5 hereof. Time Broker acknowledges and agrees that WBZM(FM) will continue to be broadcast from the Station Facilities during the term of this Agreement. The Licensees shall cause the broadcast of WBZM(FM) from the Station Facilities to cease no later than the Closing Date (as defined in the Asset Purchase Agreement and the Reorganization Agreement). Time Broker shall use due care in the use of and assume full responsibility for maintenance, damage or replacement of, any property of Licensees and shall not remove any property from Licensees' premises.

6.2 License of Intellectual Property. Effective as of the Commencement Date, Licensees license to Time Broker the exclusive right to use (or, to the extent Licensees do not hold exclusive rights, the non-exclusive right to use) all intellectual property owned by or licensed to Licensees and used in the operation of the Stations (including, but not limited to call signs and goodwill) (the “IP License”). In the event of termination of this Agreement, the IP License shall terminate; *provided, however*, that Time Broker shall own all trademarks, service marks, trade names, characters, formats, jingles, promotional materials, logos, and positioning statements that Time Broker develops primarily for the Programming and uses in the broadcast of such Programming during the term of the Agreement, and Licensees shall not make use of any such materials without the prior written consent of Time Broker.

## 7 INDEMNIFICATION.

7.1 Indemnification Rights. Licensees and Time Broker will indemnify and hold harmless the other party, and the partners, employees, agents, and affiliates of such other party, from and against any and all liability, including, without limitation, reasonable attorneys’ fees arising out of or incident to (i) any breach by such party of a representation, warranty, or covenant made herein, (ii) the programming produced or furnished by such party hereunder, or (iii) the conduct of such party, its employees, contractors, or agents (including negligence) in performing its or their obligations hereunder.

Without limiting the generality of the foregoing, Licensees and Time Broker will indemnify and hold harmless the other party, and the partners, employees, agents, and affiliates of such other party, from and against any and all 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 programming produced or furnished by it hereunder. The parties’ indemnification obligations hereunder shall survive any termination or expiration of this Agreement for a period of one year; *provided, however*, that if this Agreement terminates pursuant to an Event of Default as described in Section 8.1(d) of this Agreement, the indemnification rights provided in this Section 7 shall terminate, whereupon the indemnification rights set forth in the Asset Purchase Agreement and the Reorganization Agreement, as appropriate, shall control.

7.2 Procedures. If any claim (or proceeding relating thereto) by a person or entity not a party to this Agreement that is covered by the foregoing agreements to indemnify and hold harmless shall arise, the party who seeks indemnification (the “Indemnified Party”) shall give written notice thereof to the other party (or parties) (the “Indemnitor”) pursuant to the notice provisions set forth in Section 12.10 promptly after the Indemnified Party learns of the existence of such claim or proceeding; *provided, however*, that the Indemnified Party’s failure to give the Indemnitor prompt notice shall not bar the Indemnified Party’s right to indemnification unless such failure has materially prejudiced the Indemnitor’s ability to defend the claim or proceeding. The Indemnitor shall have the right to employ counsel reasonably acceptable to the Indemnified Party to defend against any such claim or proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor; provided that the Indemnitor shall not have the right to control the defense of any such claim or proceeding unless it has acknowledged in writing its obligation to indemnify the Indemnified Party fully from all liabilities incurred as a result of such claim or

proceeding; further provided that (i) the Indemnitor shall not effect any settlement relating to any such claim or proceeding unless such settlement includes an unconditional release of such Indemnified Party from all liability on any claims that are the subject of such claim or proceeding and (ii) the Indemnitor may not contractually bind any Indemnified Party without the written consent of the Indemnified Party. The parties will fully cooperate in any such action, and shall make available to each other any books or records useful for the defense of any such claim or proceeding. If the Indemnitor fails to acknowledge in writing its obligation to defend against or settle such claim or proceeding within twenty (20) days after receiving notice thereof from the Indemnified Party (or such shorter time specified in the notice as the circumstances of the matter may dictate), the Indemnified Party shall be free to dispose of the matter, at the expense of the Indemnitor, in any way in which the Indemnified Party deems to be in its best interest.

## 8 DEFAULT.

8.1 Events of Default. The following, after the expiration of the applicable cure periods specified in Section 8.2, shall constitute Events of Default under this Agreement:

(a) Non-Payment. Time Broker's failure to timely pay the consideration provided in Section 1.2;

(b) Default in Covenants. Time Broker's or a Licensee's material default in the observance or performance of any material covenant, condition, or agreement contained herein;

(c) Breach of Representation or Warranty. Time Broker's or a Licensee's material breach of any representation or warranty made by it herein, or in any certificate or document furnished pursuant to the provisions hereof, which shall prove to have been false or misleading in any material respect as of the time made or furnished;

(d) Adverse Legal Action. The occurrence of a Bankruptcy Event with respect to any party, if such party shall (a) make a general assignment for the benefit of creditors, or (b) file or have filed against it a petition for bankruptcy, for reorganization or an arrangement, or for the appointment of a receiver, trustee or similar creditors' 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 60 days thereof; or

(e) Default under the Asset Purchase Agreement or the Reorganization Agreement. At any period during the term of this Agreement in which the Asset Purchase Agreement or the Reorganization Agreement is in effect, the material breach by any party hereto of any representation, warranty, covenant, condition, or agreement in the Asset Purchase Agreement or the Reorganization Agreement that is not cured within any time period provided for such cure in the Asset Purchase Agreement or Reorganization Agreement, *provided*, that no party may use its own breach under the Asset Purchase Agreement or Reorganization Agreement as grounds to terminate this Agreement.

8.2 Cure Periods. Except for a default for non-payment under Section 8.1(a) of this Agreement or unless provided otherwise in this Agreement, an Event of Default shall not be deemed

to have occurred until thirty (30) days after the non-defaulting party has provided the defaulting party with written notice specifying the event or events that if not cured would constitute an Event of Default, and such event has not been cured within such time period. A Section 8.1(a) Event of Default shall be deemed to have occurred on the second (2nd) business day after the due date of a payment.

## 9 TERMINATION.

This Agreement shall automatically terminate upon the expiration of the term of this Agreement as set forth in Section 1.4. In addition, this Agreement shall terminate as provided below.

9.1 Termination Upon Default or Change in FCC Rules or Policies. In addition to other remedies available to the parties hereto at law or equity, and in addition to other provisions providing for termination herein, this Agreement may be terminated as set forth below by either a Licensee or Time Broker by written notice to the other if the party seeking to terminate is not then in material default or breach hereof, upon either:

(a) an uncured Event of Default; or

(b) a change in FCC rules, policies or precedent that would cause this Agreement to be in violation thereof and such change is final, in effect and has not been stayed, and the parties are unable, after negotiating in good faith for at least thirty (30) days, to modify this Agreement to comply with the change in FCC rules, policies or precedent.

## 9.2 Certain Matters Upon Termination.

(a) Upon any termination of this Agreement, Licensees shall have no further obligation to provide to Time Broker any broadcast time or broadcast transmission facilities. Upon any termination, Time Broker shall be responsible for all debts and obligations of Time Broker to third parties based upon the purchase of air time on the Stations and the use of Licensees' transmission facilities relating to the Stations, including, without limitation, accounts payable and net trade balances to the extent the value (at current rates for time on the Stations as of the date of such termination or expiration) of unfilled obligations of the Time Broker under any Trade Agreements entered into by Time Broker on or after the Commencement Date exceeds in the aggregate the reasonable fair market value of any consideration yet to be received in exchange for the provision of time on the Stations.

(b) If this Agreement terminates other than as a result of the Closing (as defined in the Asset Purchase Agreement and the Reorganization Agreement), Time Broker shall (i) assign to Licensees and Licensees shall assume all contracts for the sale of time on the Stations together with all other contracts and other agreements that Time Broker has entered with respect to the Stations that are in effect on the date of such termination or expiration (collectively, the "Contracts"); (ii) be responsible for only those obligations under the Contracts arising on or after the Commencement Date and prior to the termination of this Agreement; and (iii) be responsible for collecting the accounts receivable arising from Time Broker's operation of the Stations on or after the Commencement Date and prior to the termination of this Agreement. In addition, if this Agreement terminates other than as a result of the

Closing, Licensees shall reimburse Time Broker for sales commissions paid by Time Broker for sales relating to the Contracts to the extent that the revenue from such sales relates to commercial announcements to be broadcast after the termination of this Agreement.

(c) Notwithstanding anything in Section 7.1 to the contrary, no expiration or termination of this Agreement shall terminate the obligation of each party to indemnify the other for claims under Section 7 hereof or limit or impair any party's rights to receive payments due and owing hereunder on or before the date of such termination.

10 REMEDIES. In addition to a party's rights of termination hereunder (and in addition to any other remedies available to it or provided under law), in the event of an uncured Event of Default with respect to either party, the other may seek specific performance of this Agreement, in which case the defaulting party shall waive the defense in any such suit that the other party has an adequate remedy at law and interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy hereunder.

## 11 CERTAIN REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

11.1 Representations and Warranties of Time Broker. Time Broker hereby represents and warrants to Licensee as follows:

11.1.1 Organization. Time Broker is a corporation duly organized, validly existing and in good standing under the laws of the Delaware, is duly qualified to conduct business in the State of Illinois and has full power and authority to conduct its business as currently conducted.

11.1.2 Authorization; Enforceability. This Agreement has been duly executed and delivered by Time Broker, and is valid, binding, and enforceable against Time Broker in accordance with its terms. Time Broker has full right, power, authority, and legal capacity to enter into and perform its obligations under this Agreement. The execution, delivery, and performance of this Agreement and the consummation of the transactions provided for hereby have been duly authorized by all necessary corporate action on the part of Time Broker, and no other corporate or other proceedings on the part of Time Broker are necessary to authorize the execution or delivery of this Agreement or the transactions contemplated hereby.

11.1.3 No Consent. No consent of any other party and no consent, license, approval, or authorization of, or exemption by, or filing, restriction, or declaration with, any governmental authority, bureau, agency, or regulatory authority, other than the filing of this Agreement with the FCC, is required in connection with the execution, delivery, or performance of this Agreement by Time Broker or will affect the validity or performance of this Agreement.

11.1.4 No Breach. Neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated hereby will constitute or result in the breach of any term, condition, or provision of, or constitute a default under, or result in the creation of any lien, charge, or encumbrance upon any property or assets of Time Broker pursuant to the Articles of Incorporation or

By-laws of Time Broker, any agreement or other instrument to which Time Broker is a party or by which any part of its property is bound, or violate any law, regulation, judgment or order binding upon Time Broker.

11.1.5 Actions and Proceedings. There is no judgment outstanding and no litigation, claim, investigation, or proceeding pending against Time Broker or, to the knowledge of Time Broker, threatened before any court or governmental agency to restrain or prohibit, or to obtain damages, or other relief in connection with, this Agreement, the Asset Purchase Agreement, Reorganization Agreement or the consummation of the transactions contemplated hereby or thereby or that might adversely affect Time Broker's performance under this Agreement.

11.2 Representations, Warranties and Covenants of Licensee. Licensees hereby represent, warrant and covenant to Time Broker as follows:

11.2.1 Organization. Licensees are corporations duly organized, validly existing and in good standing under the laws of Illinois, are duly authorized to conduct business in the State of Illinois, and has full power and authority to conduct its business as currently conducted.

11.2.2 Authorization; Enforceability. This Agreement has been duly executed and delivered by Licensees, and is valid, binding, and enforceable against Licensees in accordance with its terms. Licensees have full right, power, authority, and legal capacity to enter into and perform their obligations under this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions provided for hereby have been duly authorized by all necessary corporate action on the part of Licensees, and no other corporate or other proceedings on the part of Licensees are necessary to authorize the execution or delivery of this Agreement or the transactions contemplated hereby.

11.2.3 No Consent. No consent, license, approval, or authorization of, or exemption by, or filing, restriction, or declaration with, any governmental authority, bureau, agency, or regulatory authority, other than the filing of this Agreement with the FCC, is required in connection with the execution, delivery, or performance of this Agreement or will affect the validity or enforceability of this Agreement.

11.2.4 No Breach. Neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated hereby will constitute or result in the breach of any term, condition, or provision of, or constitute a default under, or result in the creation of any lien, charge, or encumbrance upon any property or assets of Licensees pursuant to the Articles of Incorporation or By-laws of Licensees, any agreement or other instrument to which a Licensee is a party or by which any part of its property is bound, or violate any law, regulation, judgment or order binding upon a Licensee.

11.2.5 Actions and Proceedings. There is no judgment outstanding and no litigation, claim, investigation, or proceeding pending against Licensees or, to the knowledge of Licensees, threatened before any court or governmental agency to restrain or prohibit, or to obtain



damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby.

11.2.6 Maintenance of Current Coverage. During the term hereof, Licensees shall take no action that will have the effect of reducing the effective radiated power and coverage of either of the Stations, except in connection with necessary maintenance on or near the transmission facilities of such Station.

## 12 MISCELLANEOUS.

12.1 Modification and Waiver. No modification or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing signed by the party against whom the waiver is sought to be enforced, and then such waiver and consent shall be effective only in the specific instance and for the purpose for which given.

12.2 No Waiver; Remedies Cumulative. No failure or delay on the part of Licensee or Time Broker in exercising any right or power hereunder shall operate as a waiver thereof, nor 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, shall preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Licensee and Time Broker herein provided are cumulative and are not exclusive of any rights or remedies which they may otherwise have.

12.3 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to the choice of law rules utilized in that jurisdiction, 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.

12.4 Construction. The Section headings of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of the Agreement. As used herein, the neuter gender shall also denote the masculine and feminine, and the masculine gender shall also denote the neuter and feminine, where the context so permits.

12.5 Successors and Assigns. Time Broker may not assign this Agreement without the prior written consent of Licensees, except (i) to any corporation, partnership, or other business entity that controls, is controlled by, or is under common control with Time Broker or (ii) pursuant to a collateral assignment to Time Broker's lenders for the purpose of securing Time Broker's obligations to such lenders; *provided, however*, that no such assignment shall relieve Time Broker of its obligations hereunder. This Agreement may not be assigned by Licensees without the consent of Time Broker. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

12.6 Force Majeure. Each party acknowledges and agrees that a party will not be liable for any failure to timely perform any of its obligations under this Agreement if such failure is due, in

whole or in part, directly or indirectly, to accidents, fires, floods, governmental actions, war, civil disturbances, other causes beyond such party's control or any other occurrence which would generally be considered an event of *force majeure*.

12.7 Counterpart Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

12.8 Notices. All notices, requests, demands, and other communications pertaining to this Agreement shall be in writing and shall be deemed duly given when delivered personally (which shall include delivery by facsimile or by Federal Express or other recognized courier service that issues a receipt or other confirmation of delivery) to the party for whom such communications is intended, or three (3) business days after the date mailed by certified or registered U.S. mail, return receipt requested, postage prepaid, addressed as follows.

If the notice is to Time Broker:

Regent Broadcasting, Inc.  
100 East River Center Boulevard  
9th Floor  
Covington, KY 41011  
Attn: Anthony A. Vasconcellos  
Fax: 859-292-0352

with a copy to:

Latham & Watkins  
555 Eleventh Street, N.W.  
Suite 1000  
Washington, D.C. 20004  
Attn: Eric L. Bernthal, Esq.  
Fax: (202) 637-2201

If the notice is to any Licensee:

Two Petaz, Inc.  
The Cromwell Group, Inc. of Illinois  
Winston Communications, Inc. of Illinois  
WFYR, Inc.  
1824 Murfreesboro Road  
Nashville, TN 37217  
Attn: Bayard H. Walters  
Fax: (615) 366-4313

with a copy to:

Pepper & Corazzini, L.L.P.  
1776 K Street, N.W.  
Washington, DC 20006  
Attn: John F. Garziglia, Esq.  
Fax: 202-296-5572

Either party may change its address for notices by notice to such effect to the other party.

12.9 Entire Agreement. This Agreement (including all attachments, exhibits and schedules) embody the entire agreement between the parties with respect to the matters contained herein and there are no other agreements, representations, warranties, or understandings, oral or written, between them with respect to the subject matter herein.

12.10 Severability. Except as expressly set forth in Section 12.15, if any provision contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect by any court or other authority, then such provision shall be deemed limited to the extent that such court or other authority deems it reasonable and enforceable, and as so limited shall remain in full force and effect. In the event that such court or other authority shall deem any such provision wholly unenforceable, this shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained herein.

12.11 No Joint Venture. The parties agree that nothing herein shall constitute a joint venture between them. The parties acknowledge that call letters, trademarks and other intellectual property shall at all times remain the property of the respective parties and that neither party shall obtain any ownership interest in the other party's intellectual property by virtue of this Agreement (subject to Section 6.2).

12.12 Damage to Station. During the term hereof, in the event of malfunction, material physical damage to or loss of equipment or other personal property of any Station (other than damage or destruction caused by Licensee), Time Broker shall be responsible for repair, replacement, or restoration of such damaged or lost property. In the event that Time Broker fails to take steps to complete such repair, replacement, or restoration within a reasonable period, and a Licensee is required to complete such repair, replacement, or restoration in order to preserve the operational and technical capabilities of the Station or to ensure compliance with statute or regulation, Time Broker shall be required to reimburse such Licensee for expenses incurred by it in completing such repair, restoration, or replacement to the extent such expenses are not covered by insurance (the "Reimbursable Payment"), which shall be reimbursed pursuant to Section 1.2 of this Agreement; *provided, however*, that any damage to the Stations' transmitters, antennas, structures, and associated transmitter site equipment (other than damage or destruction caused by Time Broker) shall be the responsibility of Licensee.

12.13 Noninterference. During the term of this Agreement, neither Licensees nor any of their employees shall take any actions that might impair the operations of Time Broker conducted hereunder, except to the extent expressly contemplated by this Agreement or as otherwise required by law.

12.14 Regulatory Changes. In the event of any order or decree of an administrative agency or court of competent jurisdiction, including without limitation any material change or clarification in FCC rules, policies, or precedent, that would cause this Agreement to be invalid or violate any applicable law, and such order or decree has become effective and has not been stayed, the parties will use their respective best efforts and negotiate in good faith to modify this Agreement to the minimum extent necessary so as to comply with such order or decree without material economic detriment to either party, and this Agreement, as so modified, shall then continue in full force and effect. In the event that the parties are unable to agree upon a modification of this Agreement so as to cause it to comply with such order or decree without material economic detriment to either party, then this Agreement shall be terminated pursuant to Section 9.1(b) of this Agreement.

12.15 Publicity. Neither Time Broker nor Licensees nor any of their respective affiliates shall issue any press release or make any public statement (oral or written) regarding the transactions contemplated by this Agreement except as required by law or regulation or as agreed to in writing in advance by Licensees and Time Broker.

**[SIGNATURE PAGE FOLLOWS]**

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

**LICENSEES:**

TWO PETAZ, INC.

By: \_\_\_\_\_  
Bayard H. Walters  
President

THE CROMWELL GROUP, INC. OF ILLINOIS

By: \_\_\_\_\_  
Bayard H. Walters  
President

WINSTON COMMUNICATIONS, INC.  
OF ILLINOIS

By: \_\_\_\_\_  
Bayard H. Walters  
President

WFYR, INC.

By: \_\_\_\_\_  
Bayard H. Walters  
President

**TIME BROKER:**

REGENT BROADCASTING, INC.

By: \_\_\_\_\_  
Name:  
Title:



## **SCHEDULE 1.1**

### **Programming**

Time Broker shall have the right to program up to one hundred sixty-six (166) hours per week (the "Programming") on each of the Stations in an entertainment format to be chosen by Time Broker, subject to Section 2 of this Agreement. The Programming shall include (a) news and weather information; (b) public service announcements (including, at Licensee's directive from time to time, a reasonable number of public service announcements of local interest supplied by Licensee or produced by Time Broker under Licensee's supervision); (c) an announcement in form sufficient to meet the station identification requirements of the FCC at the beginning of each hour; (d) an announcement at the beginning of each broadcast day or segment of Programming to indicate that program time has been purchased by Time Broker; and (e) any other announcement that may be required by applicable law or regulation (including but not limited to EAS tests). Time Broker shall maintain and deliver to Licensee copies of all operating and programming information including without limitation information concerning portions of the Programming that are responsive to issues of public importance identified to Time Broker by Licensee, EAS announcements, and station operating logs, necessary for Licensee to maintain its public inspection file, and all other records required to be kept by FCC rule or policy. Time Broker shall have the sole and exclusive right to sell advertising to be included in the Programming and shall be entitled to retain all the revenues derived from the sale thereof, *provided, however*, that Licensee shall be entitled to sell such time as it deems necessary to comply with the political advertising rules of the FCC in the event the Programming does not comply with such rules.

## SCHEDULE 2.1

### Programming Policy

Time Broker and Licensee shall cooperate with each other in the broadcasting and programming of the highest possible standard of excellence. Without limiting the generality of the foregoing, the parties will observe the following policies in the preparation, writing and production of their own (non-syndicated or network) programs:

- I. *Respectful of Faiths.* The subject of religion and references to particular faiths and tenets shall be treated with respect at all times.
- II. *Controversial Issues.* Any discussion of controversial issues of public importance shall be reasonably balanced with the presentation of contrasting viewpoints in the course of overall programming; no attacks on the honesty, integrity, or like personal qualities of any person or group of persons shall be made; and Station programs (other than public forum or talk features) are not to be used as a forum for editorializing about individual candidates. If such events occur, Licensee may require that responsive programming be aired. In the event that a statute, regulation or policy is adopted that requires the airing of responsible programming, Time Broker agrees to comply with such statute, regulation or policy and will prepare such responsible programming.
- III. *Donation Solicitation.* Requests for donations in the form of a specific amount shall not be made if there is any suggestion that such donation will result in miracles, physical cures or life-long prosperity. However, statements generally requesting donations to support a broadcast or church are permitted.
- IV. *Treatment of Parapsychology.* The advertising or promotion of fortune telling, occultism, astrology, phrenology, palm reading, or numerology, mind-reading, character readings, or subjects of the like nature will not be broadcast.
- V. *No Ministerial Solicitations.* No invitations by a minister or other individual appearing on the program to have listeners come and visit him or her for consultation or the like shall be made if such invitation implies that the listeners will receive consideration, monetary gain, or total physical cures for illness.
- VI. *No Vending of Miracles.* Any exhortation to listeners to bring money to a church affair or service shall not contain any suggestion that miracles, physical cures, or prosperity will result.



- VII. *Sale of Religious Artifacts.* The offering for sale of religious artifacts or other items for which listeners would send money is prohibited unless such items are normally available in ordinary commerce or are clearly being sold for proper fund-raising purposes.
- VIII. *No Miracle Solicitation.* Any invitation to listeners to meet at places other than a church and/or to attend other than regular services of a church is prohibited if the invitation, meeting, or service contains any claim that miracles, physical cures or prosperity will result.
- IX. *No Plugola or Payola.* The mention of any business activity or “*plug*” for any commercial, professional, or other related endeavor, except where contained in an actual commercial message of a sponsor, or otherwise lawful, is prohibited.
- X. *No Lotteries.* Announcements giving any information about lotteries or games prohibited by federal or state law or regulations are prohibited.
- XI. *No Gambling.* References to “*dream books*,” the “*straight line*,” or other direct or indirect descriptions or solicitations relative to the “*numbers game*,” or the “*polity game*,” or any other form of gambling are prohibited.
- XII. *No Numbers Games.* References to chapter and verse paragraphs, paragraph numbers, or song numbers, which involve three digits should be avoided and, when used, must reasonably relate to a non-gambling activity.
- XIII. *Election Procedures.* At least fifteen (15) days before the start of any lowest-unit-charge period for any primary or general election, Time Broker will clear with Licensee’s General Manager the rates Time Broker will charge for time to be sold to candidates for public office or to any other party entitled to the lowest unit charge to make certain the rates charged are in conformance with applicable law and station policy. Time Broker shall also clear with Licensee’s General Manager its forms for disclosure of political time sales practices and rates.
- XIV. *Required Announcements.* Time Broker shall broadcast (i) an announcement in form satisfactory to Licensee at the beginning of each hour to identify the Stations, (ii) an announcement at the beginning of each broadcast day or appropriate broadcast period to indicate that program time has been purchased by Time Broker and (iii) any other announcement that may be required by law, regulation or Station policy.
- XV. *Commercial Record Keeping.* No commercial messages or “*plugs*” (other

than references to Time Broker's Denver-area station and its programs and promotion and other activities) shall be made in programming presented over the Stations with reference to any business venture, profit-making activity, or other interest (other than non-commercial announcements for *bona fide* charities, church activities, or other public service activities) in which Time Broker or its employees is or are directly or indirectly interested without the same having been approved in advance by Licensee's General Manager or such broadcast being announced and logged as sponsored.

- XVI. *No Illegal Announcements.* No announcement or promotion prohibited by federal or state law or regulation of any lottery or game shall be made over the Stations.
- XVII. *Licensee Discretion Paramount.* In accordance with Licensee's responsibility under the Communications Act of 1934, as amended, and the rules and regulations of the FCC, Licensee reserves the right to reject or terminate any advertising or programming being presented over the Stations which is in conflict with Station policy or which in Licensee's sole but reasonable judgment would not serve the public interest.
- XVIII. *Programming Prohibitions.* Time Broker shall not knowingly broadcast any of the following programs or announcements:
- A. *False Claims.* False or unwarranted claims for any product or service.
  - B. *Unfair Imitation.* Infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy, or any other unfair competition.
  - C. *Commercial Disparagement.* Any unfair disparagement of competitors or competitive goods.
  - D. *Profanity.* Any programs or announcements that are slanderous, obscene, indecent (except during the safe harbor for indecent programming established by the FCC), profane, vulgar, repulsive or offensive, either in theme or treatment.
  - E. *Unauthenticated Testimonials.* Any testimonials which cannot be authenticated.
  - F. *Descriptions of Bodily Functions.* Any presentation which describes in a repellent manner bodily functions.

- G. *Advertising.* Any advertising matter or announcement which may, in the opinion of Licensee, be injurious or prejudicial to the interests of the public or the Stations, or to honest advertising and reputable business in general.
- H. *Contests.* Any contests or promotions which are in any way misleading or constitute a public nuisance or are likely to lead to injury to persons or property.
- I. *Telephone Conversations.* Any programming in violation of any statute, regulation or policy, including without limitation to, Section 73.1206 of the FCC's rules, or any successor regulation, dealing with the taping and/or broadcast of telephone conversations.

The parties may jointly waive any of the foregoing policies in specific instances if, in their opinion, good broadcasting in the public interest is served.

In any case where obvious questions of policy or interpretation arise, Time Broker will attempt in good faith to submit the same to Licensee for decision before making any commitments in connection therewith.