

PROMISSORY NOTE

\$850,000.00
200_ _____,

FOR VALUE RECEIVED, Track 1 Media of Sterling, LLC (the “**Maker**”), hereby promises to pay to William Arnold (“**Holder**”), in lawful money of the United States of America, the principal sum amount of Eight Hundred Fifty Thousand and no/100 Dollars (\$850,000.00), together with interest on the principal balance outstanding hereunder, at a per annum rate of seven and one-half percent (7 1/2%) in the manner provided below.

This promissory note (the “**Note**”) has been executed and delivered pursuant to that certain Purchase and Sale Agreement dated February __, 2004 by and between Maker and Holder (the “**Agreement**”) as well as that certain Non-competition, Non-Solicitation and Confidentiality Agreement (the “**Noncompete**”) between Maker and Holder, and that certain Consulting Agreement (the “**Consulting Agreement**”) between Maker and Holder, both of which are delivered pursuant to the Agreement. Maker and Holder agree that \$250,000.00 of the principal amount hereof is attributable to the Agreement, \$500,000.00 of the principal amount hereof is attributable to the Noncompete, and \$100,000.00 of the principal amount hereof is attributable to the Consulting Agreement. Capitalized terms used in this Note without definition shall have the respective meanings set forth in the Agreement.

1. **Payments.**

(a) **Principal and Interest.** Payments of principal and interest with respect to this Note shall be made in 204 monthly payments consisting of:

(i) twenty-four (24) monthly payments in the amount of six thousand two hundred twenty-four and 94/100 dollars (\$6,224.94) commencing on the first day of the month following the first full month after the date of this Note and continuing on the first day of each month thereafter for a total of twenty-four (24) payments, and

(ii) one hundred eighty (180) monthly payments in the amount of seven thousand six hundred sixty-one and 32/100 dollars (\$7,661.32), commencing on the first day of the first month following the 24th payment described in (i) above and continuing on the first day of each month thereafter for a total of one hundred eighty (180) payments.

The due date of the 204th payment described above is referred to as the “**Maturity Date**”. In the event that the date of this Note is other than the first day of a month, the first payment hereunder shall also include an amount equal to the amount of interest accrued on the outstanding principal amount hereof for the partial month in which this Note was executed. From and after the Maturity Date or upon the occurrence and during the continuance of an Event of Default, interest shall accrue on the balance of the principal remaining unpaid during such period at an annual rate equal to ten percent (10%).

(b) **Manner of Payment.** All payments of principal and interest on this Note shall be made by check at 14119 U.S. Highway 50 Lamar, CO 81052 or at such other place in the United States of America as Holder shall designate to Maker in writing or by wire transfer of immediately available funds to an account designated by Holder in writing. If any payment of principal or interest on this Note is due on a day that is not a Business Day, such payment shall be due on the next succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday or legal holiday in the State of Colorado.

(c) **Prepayment.** Maker may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment.

2. **Events of Default.** An "Event of Default" shall occur if:

(a) Maker fails to make any payment when due and such failure shall remain unremedied for a period of ten (10) business days; or

(b) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Maker's or of a substantial part of Maker's property or assets, under any Federal or state bankruptcy, insolvency, receivership or similar law (any such law, a "**Bankruptcy Law**") or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for a substantial part of the property or assets of Maker; and such proceeding or petition shall continue undismissed for sixty (60) days, or an order or decree approving or ordering any of the foregoing shall be entered; or

(c) Maker shall (i) voluntarily commence any proceeding or file any petition seeking relief under a Bankruptcy Law, (ii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for a substantial part of the property or assets of Maker, (iii) file an answer admitting the material allegations of a petition filed against him in any such proceeding, (iv) make a general assignment for the benefit of creditors, (v) become unable, admit in writing his inability or fail generally to pay his debts as they become due or (vi) take any action for the purpose of effecting any of the foregoing; or

(d) Maker fails to pay in full the entire unpaid principal balance of this Note, together with all accrued interest thereon, within thirty (30) days after the occurrence of a sale of Maker. A "sale of Maker" occurs if Maker sells all or substantially all of its assets or all or substantially all of the membership interests are sold to persons who are not affiliates of the transferors or Maker immediately prior to such sale; or

(e) Maker shall (i) breach any material representation of this Note, or (ii) fail to comply with any provision or covenant in any material respect of this Note (other than a failure

to make any payment when due) or the Agreement, and such breach or failure to comply shall remain unremedied for a period of thirty (30) days or any applicable cure period, whichever is longer.

4. Remedies

Upon the occurrence of an Event of Default hereunder (unless all Events of Default have been cured or waived by Holder), Holder may, at his option, (i) declare the entire unpaid principal balance of this Note, together with all accrued interest thereon, immediately due and payable regardless of any prior forbearance, and (ii) exercise any and all rights and remedies available to him under applicable federal and state law. Maker shall pay all reasonable costs and expenses incurred by or on behalf of Holder in connection with Holder's exercise of any or all of his rights and remedies under this Note, including, without limitation, reasonable attorneys' fees.

5. **Right of Set-Off.** Maker shall have the right to withhold and set-off against any amount due hereunder the amount of any claim by Maker against Holder pursuant to Section 11 of the Agreement or against Arnold Broadcasting Co., Inc. pursuant to Article 13 of the Asset Purchase Agreement of even date herewith by and between Maker and Arnold Broadcasting Co., Inc.

6. General Provisions

(a) **Amendments, Etc.** No amendment or waiver of any provision of this Note, nor consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the party against which the enforcement of such amendment or waiver is sought, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) **Assignment.** The terms and provisions hereof shall inure to the benefit of, and shall be binding upon the respective heirs and successors of Maker and the assigns and successors of Holder, except that Maker shall not be permitted to assign this Note except with the written consent of Holder.

(c) **Governing Law.** This Note shall be governed by, and construed and enforced in accordance with, the laws of Colorado, without regard to conflicts of laws principles and the performance of obligations imposed by this Note shall be governed by laws of Colorado applicable to contracts made and wholly to be performed in that state. TO THE EXTENT PERMITTED BY LAW, AND AFTER CONSULTING WITH COUNSEL THE PARTIES (i) WAIVE THEIR RIGHT TO A TRIAL BY JURY OF ANY DISPUTE PURSUANT TO THIS NOTE, (ii) IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN LOGAN COUNTY, COLORADO, OVER ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS NOTE; AND (iii) IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO, THE DEFENSE OF AN

INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING.

(d) **Pronouns.** All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

(e) **Severability.** In case any provision contained herein (or part thereof) shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or other unenforceability shall not affect any other provision (or the remaining part of the affected provision) hereof, but this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein, but only to the extent that such provision is invalid, illegal, or unenforceable.

(f) **Notices.** Any and all notices, requests, consents and demands required or permitted to be given hereunder shall be in writing and shall be deemed given and received upon personal delivery or upon facsimile with confirmation receipt, or three (3) business days after deposit in the United States mail, by certified or registered mail, postage prepaid and addressed as follows:

To Holder: William Arnold
14119 U.S. Highway 50
Lamar, CO 81052
Phone: 719-336-9080
Fax: _____

With a copy to: George McLachlan
3503 First Street South, P.O. Box 1298
Lamar, CO 81052
(p) 719-336-7772
Fax: 719-336-7774

To Maker: Track 1 Media of Sterling, LLC
c/o Larry Levy
980 North Michigan Avenue, Suite 1880
Chicago, Illinois 60611
Fax: (312) 587-9466

With a copy to: Ungaretti & Harris
3500 Three First National Plaza
Chicago, Illinois 60602
Attn: Michael W. Black
Fax: (312) 977-4405

Any party may change, by notice, the address to which notices to him are to be addressed.

7. **Financial Statements.** For so long as this note remains outstanding, Maker shall deliver a copy of its monthly income statement to Holder. Such income statement shall be delivered to Holder not more than 45 days after each month end.

IN WITNESS WHEREOF, Maker has executed this Note as of the date first set forth above.

Maker:

TRACK 1 MEDIA OF STERLING, LLC

By_____