

**JOINT SALES AGREEMENT**

This JOINT SALES AGREEMENT (the "Agreement") dated as of March 27<sup>th</sup>, 2001 is made and entered into by and between Horizon Broadcasting Group LLC ("Horizon"), a Washington limited liability company and Thunderegg Wireless, LLC , a Washington limited liability company ("Permittee") (Horizon and Permittee sometimes referred to individually as a "Party" and, collectively, as the "Parties").

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

**WHEREAS**, Permittee is the owner and permittee of an FM radio station allocated to Sisters, Oregon, bearing the call sign KPXA (FM) (the "Station")[104.1 MHz, Channel 281], under a construction permit issued on September 20, 2000, by the Federal Communications Commission ("FCC") under File No. BMPH-20000518ABV;

**WHEREAS**, Horizon and Permittee are parties to an Option Agreement of even date (the "Option Agreement");

**WHEREAS**, if such option (the "Option") is exercised, the Grantor and Grantee of the Option will be obligated to execute the Asset Purchase Agreement (the "Purchase Agreement"), which is "Exhibit A" to such Option Agreement; and

**WHEREAS**, Horizon wishes to provide to Permittee sales, marketing, and certain other services to be used in conjunction with the Station, and to receive the sole and exclusive right to sell advertising time, including local, regional, and national advertising time, on the Station.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the Parties agree as follows:

Section 1. Purchase and Sale of Advertising Time. Commencing at 12:01 a.m. on the date that the Station commences Program Tests pursuant to Section 73.1620 of the FCC's Rules (the "Effective Date"), subject to the terms and conditions set forth in this Agreement, (a) Permittee agrees to sell to Horizon and Horizon agrees to purchase, all advertising time to be broadcast on the Station, and (b) Permittee agrees to broadcast, all advertising and promotional spots which are presented to it by Horizon (collectively, the "Spots"). Horizon will deliver the Spots to Permittee's studio or transmitter site by means reasonably acceptable to Permittee, which acceptable means shall include, but not be limited to, prerecorded tapes or cartridges, or in the case of "live" spots or promotional references, written advertising copy and directions, along with daily logs. Horizon shall not and shall have no obligation to supply programming for broadcast on the Station.

Section 2. Exclusivity. No commercial messages or "plugs", other than Spots and promotional references designated or approved by Horizon hereunder, shall be made in programming presented over the Station provided by Permittee to or for the benefit of any

business venture or profit-making activity. Non-commercial announcements (which shall only be for bona fide charities, church activities, or other nationally recognized public service organizations) may be broadcast by Permittee, provided that in no event shall such non-commercial messages exceed the amount or frequency of such messages broadcast by stations of similar size and located in similarly-sized markets, without the same having been approved in advance by Horizon.

Section 3. Compensation and Payments.

(a) As consideration for the rights granted hereunder, Horizon hereby agrees to pay to Permittee the Joint Sales Fee as set forth on Attachment A hereto on the dates specified therein.

(b) Horizon shall be responsible for the billing and collection for Horizon's account of all Accounts Receivable attributable to the Spots. Except as is otherwise set forth in Attachment A, during this Agreement, Horizon shall be entitled to all advertising and other revenues of the business of the Station generated after the Effective Date.

Section 4. Term. The term of this Agreement shall commence on the Effective Date and, unless sooner terminated in accordance with the terms hereof, shall terminate on the earlier of the end of the Option Term (as defined in the Option Agreement) or upon the Closing Date of the Purchase Agreement (as defined in the Purchase Agreement).

Section 5. Approval of Spots. At all times during the term of this Agreement Permittee shall retain control, said control to be reasonably exercised, over the decision to accept or reject any Spots, provided that Horizon shall have the right to terminate this Agreement if more than five percent (5%) of the Spots submitted in any month are rejected, and shall be entitled to a pro rata reduction in the compensation paid to Permittee for all Spots that are not broadcast over the Station for any reason other than Horizon's failure to deliver the Spots to the Station. Permittee reserves the right to refuse to broadcast any Spot containing matter which is, in the reasonable opinion of Permittee, or which a third party claims to violate any rights of its or theirs, or which may constitute, a Personal Attack as the term is and has been defined by the FCC.

Section 6. Handling of Mail and Public File. To the extent either Party hereto receives or handles mail, cables, telegraphs, telecopies, or telephone calls in connection with any programs or Spots broadcast on the Station, each Party shall promptly advise the other of any public or FCC complaint or inquiry concerning such programming or Spots and shall give the other Party copies of any letters from the public or the FCC, including complaints, concerning such programming or Spots.

Section 7. Responsibilities of Permittee. During the term of this Agreement, Permittee shall:

(a) maintain all broadcast equipment and other equipment necessary for the production of Station's programming in good operating condition and repair and in compliance with the Communications Act of 1934, as amended (the "Act"), all other applicable rules,

regulations and technical standards of the FCC, and the terms of the Station's construction permit and, when issued, license. All capital expenditures reasonably required to maintain the technical quality of the broadcast equipment and its compliance with applicable laws and regulations shall be made at the sole expense of Permittee in a timely fashion;

(b) employ a minimum of two full-time employees for the Station, one of whom shall be a manager, both of whom shall report to and be accountable solely to Permittee, and who shall be ultimately responsible for the day-to-day operations of the Station. Permittee may also employ such additional employees as it deems appropriate, however the employment of such additional employees by Permittee shall not be a requirement of this Agreement. Subject to reimbursement as provided in Attachment A, Permittee shall be responsible for paying the salaries, payroll taxes, health insurance and related costs for its employees. Subject to reimbursement as provided in Attachment A, Permittee shall also be responsible for all expenses related to the Station's facilities and for income taxes relating to Permittee's earnings from this arrangement; and

(c) use commercially reasonable efforts to provide programming that maximizes the Station's revenue share.

Section 8. Responsibilities of Horizon. During the term of this Agreement, Horizon shall:

(a) provide Permittee, for inclusion in the Station's public file, information required with respect to the broadcast of political advertisements, in accordance with the provisions of Sections 73.1940 and 73.3526 of the FCC's Rules, and consult with Permittee concerning, and adhere strictly to, applicable statutes, rules, regulations and policies of the FCC, as announced from time to time, with respect to the carriage of political advertisements and the charges permitted therefor;

(b) not hold itself out as the owner of Station, and shall enter into all contracts in its own name, but may bind itself to run Spots on the Station, and use any Station logo in connection with its sales and promotional materials and efforts; and

(c) employ and be responsible for the salaries, taxes, insurance and related costs and expenses for all personnel used in the sales of the Spots and shall be responsible for the payment of all other operating expenses involved in selling and producing the Spots and otherwise in meeting its obligations under this Agreement.

Section 9. Special Events. Permittee has the right, in its sole discretion and without liability, to preempt any Spots in order to broadcast events of special importance. In all such cases Permittee will use its best efforts to give Horizon reasonable notice of its intention to preempt any Spot and, in the event of such preemption, Horizon shall receive a payment credit in an amount to be negotiated in good faith by Horizon and Permittee for the Horizon Spots that were preempted.

Section 10. Control of Station. Notwithstanding anything to the contrary in this Agreement, Permittee shall have full authority, control and power over the operation of the Station during the term of this Agreement. The General Manager shall report solely to, and be accountable solely to, Permittee and shall direct the day-to-day operations of the Station. Permittee shall retain control over the policies, programming and operations of Station, including, without limitation, the right to decide whether to accept or reject any Spots, the right to preempt any Spots in order to broadcast a matter deemed by Permittee to be of greater national, regional, or local interest, and the right to take any other actions necessary for compliance with the laws of the United States, the State of Oregon, the rules, regulations and policies of the FCC, and the rules, regulations and policies of other federal governmental authorities. Permittee shall at all times be solely responsible for meeting all of the FCC's requirements with respect to public service programming, main studio, political rates, public inspection files, and the Station logs, and for the preparation of programs/issues lists and programming specifically intended to meet ascertained interests and needs of the community of license and coverage area. Whenever on the premises of the Station, all Horizon personnel shall be subject to the supervision and the direction of Permittee. Horizon shall, upon request by Permittee, provide Permittee with information to enable Permittee to prepare records, reports and logs required by the FCC or other local, state or federal governmental agencies.

Section 11. Compliance with Law. Horizon and Permittee shall, throughout the term of this Agreement, comply with the Communications Act, the rules, regulations and policies of the FCC, and all laws and regulations applicable to the conduct of their business, including, without limitation, any applicable and enforceable rules and policies of the FCC with respect to equal employment opportunities.

Section 12. Indemnification; Warranty. Each Party (as the case may be, the "Indemnitor") shall indemnify and hold harmless the other Party (as the case may be, the "Indemnitee"), its members, officers, directors, employees, agents and affiliates, from and against any and all liability, including without limitation all consequential damages and attorneys fees, arising out of or incident to the programming or Spots furnished by the Indemnitor, any breach of this Agreement by the Indemnitor or the conduct of the Indemnitor, its *members*, officers, employees, contractors, agents or affiliates. Without limiting the generality of the foregoing, Indemnitor shall indemnify and hold and save the Indemnitee, its *members*, officers, employees, agents and affiliates, harmless against liability for libel, slander, infringement of trademarks, trade names, or program titles, violation of rights of privacy, rights of publicity, and infringement of copyrights and proprietary rights resulting from the programming or Spots furnished by the Indemnitor. Each Party will maintain customary amounts of libel and slander insurance, name the other Party hereto as an additional insured, and provide evidence of such insurance to such Party. Each Party's obligation to hold the other harmless against the liabilities specified above shall survive any termination of this Agreement.

Section 13. Representations and Warranties.

(a) Mutual Representations and Warranties. Permittee and Horizon represent that they are legally qualified, empowered, and able to enter into this Agreement.

(b) Permittee's Representations, Warranties and Covenants. Permittee makes the following further representations, warranties and covenants:

(i) Authorizations. At the Effective Date, Permittee will hold all licenses and other permits and authorizations necessary for the operation of the Station as presently authorized (including licenses, permits and authorizations issued by the FCC), and such licenses permits and authorizations will be in full force and effect for the entire term, unimpaired by any acts or omissions of Permittee, its principals, employees or agents. There is not now pending or, to Permittee's best knowledge, threatened, any action by the FCC to revoke, cancel, suspend, refuse to renew or modify adversely any of such licenses, permits or authorizations, and, to Permittee's best knowledge, no event has occurred that allows or, after notice or lapse of time or both, would allow, the relocation or termination of such licenses, permits or authorizations or the imposition of any restriction thereon of such a nature that may limit the operation of the Station as presently authorized. Permittee has no reason to believe that any license, permit or authorization will not be renewed in its ordinary course. Permittee is not in violation of any statute, ordinance, rule, regulation, order or decree of any federal, state, or local governmental agency, court or authority having jurisdiction over it or over any part of its operations or assets, which default or violation would have a material adverse effect on the Station, the Permittee or its assets or on its ability to perform this Agreement.

(ii) Filings. All reports and applications required to be filed by Permittee with the FCC or any other governmental agency, department or body with respect to the Station have been, and in the future will be, filed in a timely manner and are and will be true and complete and accurately present the information contained therein. All such reports and documents, to the extent required to be kept in the public file of the Station, are and will be kept in such file.

(iii) Facilities. The Station's facilities (a) will be maintained at the expense of Permittee and will comply and be operated in accordance with the maximum facilities permitted by the FCC authorizations for the Station and with all applicable laws and regulations (including the requirements of the Communications Act); (b) will be kept in good operating condition and repair, and (c) will be maintained so as to deliver a high quality technical signal to the area served by the Station.

(iv) Insurance. Permittee will maintain in full and effect throughout the term of this Agreement insurance with responsible and reputable insurance companies or associations covering such risks (including fire and other risks insured against by extended coverage, public liability insurance, insurance for claims against personal injury or death or property damage and such other insurance as may be required by law) and in such amounts and on such terms as is conventionally carried by broadcasters operating radio stations with facilities comparable to those of the Station. Any insurance proceeds received by Permittee in respect of damaged property will be used to repair or replace such property so that the operation of the Station conforms to this Agreement.

Section 14. 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.

Section 15. Delay in Exercise of Remedies; Remedies Cumulative. No failure or delay on the part of Permittee or Horizon in exercising any right or power hereunder shall operate as a waiver thereof, nor shall 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, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Permittee and Horizon hereunder are cumulative and are not exclusive of any right or remedies that they may otherwise have.

Section 16. Construction. This Agreement shall be construed in accordance with the internal substantive laws of the State of Oregon (that is, without reference to Oregon's laws concerning conflict of laws) 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 and policies of the FCC and all other governmental bodies or authorities presently or hereafter duly constituted. The parties agree that this agreement does not involve "time brokerage" as that term is defined by the FCC in its rules, and agree that they shall negotiate in good faith to meet any FCC concern with respect to this agreement or, at Horizon's election, apply for waiver relief if they are incorrectly interpreting any current FCC policy or if FCC policy as hereafter modified so requires. The Parties further agree that they shall file this Agreement with the FCC if such is required by the FCC's Rules and comply with the FCC's Rules relating to public inspection files.

Section 17.1 Events of Default. The following shall, after expiration of the applicable cure period, if any, constitute events of default under this Agreement ("Events of Default"):

(a) the default by a Party in the material observance or performance of any material covenants, conditions or agreement contained herein;

(b) a Party shall (i) make a general assignment for the benefit of creditors or (ii) files or has filed against it a petition for bankruptcy, for reorganization or for the appointment of a receiver, trustee or similar creditor's 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 from the date thereof;

(c) the default by a Party in the material observance of any material covenant, condition or agreement contained in the Option Agreement or the Purchase Agreement if such default constitutes an Event of Default thereunder; or

(d) a breach of any representation or warranty herein made by a Party or in any certificate or document furnished by one Party to the other pursuant to the provisions hereof in any material respect as of the time made or furnished.

Section 17.2. Cure Periods. An Event of Default shall not be deemed to have occurred until twenty (20) 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 actions necessary to cure within such period; provided, however, there shall be no cure period with respect to the Events of Default specified under Sections 17.1(b) and 17.1(c) hereof. The Event of Default which is subject to a cure period hereunder shall not be deemed to have occurred if actions necessary and sufficient to cure are taken during the relevant cure period.

Section 17.3. Termination Upon Default. Upon occurrence of an Event of Default, the non-defaulting Party may terminate this Agreement provided that it is not also in material default hereunder, and may seek such remedies at law and/or equity as are available.

Section 18. Headings. The headings contained in this Agreement are included for convenience only and no such heading shall in any way alter the meaning of any provision.

Section 19. Successors and Assigns. Subject to Section 24, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns, including, without limitation, any permitted transferees or assignees of any kind of the FCC licenses for the Station.

Section 20. 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 same original or the same counterpart.

Section 21. Notices. Any notice required hereunder shall be in writing and any payment, notice or other communication shall be deemed given when delivered personally, or one day after deposited with Federal Express or another recognized overnight carrier for overnight delivery, or five (5) days after mailed by certified mail, postage prepaid, with return receipt requested, and addressed as follows:

To Permittee:

THUNDEREGG WIRELESS, LLC  
c/o Bedrock & Associates, LLC  
Rockwood Business Park  
1409 140th Place N.E., Suite 101  
Bellevue, Washington 98007  
Attention: Mr. Lance W. Anderson

with copies (which shall not constitute notice) to:

Mr. George V. Kriste  
20643 Seaboard Road  
Malibu, California 90265

and

Steven T. Seward, Esq.  
Suite 2000  
The Exchange Building  
821 Second Avenue  
Seattle, Washington 98104

To Horizon:

Mr. William Ackerley  
Horizon Broadcasting Group LLC  
PMB-327, 321 High School Road N.E.  
Bainbridge, Island, WA 98110-1697

with a copy (which shall not constitute notice) to:

Henry A. Solomon, Esq.  
Garvey, Schubert & Barer  
1000 Potomac Street, N.W.  
Fifth Floor  
Washington, DC 20007

Section 22. Entire Agreement. This Agreement (together with the Attachments hereto) embodies the entire agreement between the Parties and there are no other agreements, representations, warranties, or understandings, oral or written, between them with respect to the subject matter hereof. No alteration, modification or change of this Agreement shall be valid unless it is embodied in a written instrument signed by the Parties.

Section 23. Severability. Except for the provisions relating to the FCC in Section 16 hereof, if any provision contained in this Agreement is held to be invalid, illegal or unenforceable, such 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.

Section 24. 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.

Section 25. Extended Interruptions. Notwithstanding any other provision hereof, if, during the term of this Agreement, any event occurs which prevents signal transmission by the Station for a period of three (3) or more consecutive days or causes the Station to operate at less than eighty percent (80%) of the power authorized in the Station's construction permit or license, as the case may be, for a period of more than five (5) consecutive days, the Permittee shall give prompt written notice to Horizon and Horizon shall have the right to suspend the operating expense payments set forth in Attachment A, by giving written notice to Permittee, until full authorized power has been restored; provided, however, if authorized power is not restored within thirty (30) days, Horizon may, at its election, terminate this Agreement effective as of the date set forth in a written notice of termination sent to Permittee.

Section 26. Publicity. Horizon and Permittee shall not issue any press release or otherwise make any statement to the general public with respect to the transactions contemplated herein except as may be required by law or regulation or as agreed upon by Permittee and Horizon.

[THIS SPACE INTENTIONALLY LEFT BLANK. SIGNATURE PAGE FOLLOWS]

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

**THUNDEREGG WIRELESS, LLC**

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

Name:

Its:

**HORIZON BROADCASTING  
GROUP LLC**

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

Name: William Ackerley

Its: CEO

JOINT SALES AGREEMENT  
ATTACHMENT A

**[Attachment A contains the financial terms of the transaction and in order to preserve confidentiality has been redacted]**