SECURITY AGREEMENT

THIS AGREEMENT is made on this __ day of _____, 2003, by and between Appaloosa Broadcasting Company, Inc., a Delaware corporation ("Debtor") and Robert R. Rule d/b/a Rule Communications, a sole proprietorship ("Secured Party").

WHEREAS, Debtor is obligated to Secured Party in the aggregate principal amount of Five Hundred Seventy-five Thousand Dollars ($575,000.00) (the "Loan"), as evidenced by a Secured Promissory Note (the "Note") and a Consulting Agreement (the "Consultancy"), each of even date herewith; and

WHEREAS, in order to secure repayment of the Loan, interest payable, and any other amounts due and owing to Secured Party thereunder, including all costs and expenses incurred with respect to the collection of the Loan or the enforcement of the Note or Consultancy (the "Obligations"), Debtor has agreed to grant a security interest to Secured Party in certain assets of Debtor described below.

NOW, THEREFORE, for valuable consideration, and to secure the payment and performance when due of the Obligations of Debtor to Secured Party, Debtor and Secured Party hereby agree as follows:

1. Debtor hereby grants and conveys to Secured Party a first priority continuing security interest in and lien on the Collateral (as defined below), together with all rights, remedies and privileges pertaining thereto. The "Collateral" means:

(a) all accounts of Debtor, as that term is defined in Article 9 of the Uniform Commercial Code, now existing or hereafter arising, including, without limitation, all present and future rights to payment for goods sold or services rendered by Debtor that are not otherwise evidenced by instruments or chattel paper, whether or not such rights have been earned by performance;

(b) all furniture, fixtures, equipment, inventory, books and records, programming, music libraries, computer hardware and software, auxiliary and translator facilities, transmitting towers, transmitters, antennas, antenna line and other electronic equipment and parts, supplies, and other tangible and intangible personal property of Debtor, purchased from Secured Party and relating to the ownership and operation of Radio Station KHAT(FM), Laramie, Wyoming (the "Station"); and

(c) to the extent permitted by law, any and all construction permits, licenses, and authorizations, including those for the Station (including successor variants of its call sign), issued or granted to Debtor by the Federal Communications Commission ("FCC") or any other governmental entity or otherwise in connection with the operation of the Station and any

auxiliary broadcast or other facility associated with the Station. The parties recognize that as of the date of this Agreement, there is a dispute as to whether the Communications Act of 1934, as amended, and the rules and regulations of the FCC, permit a security interest to extend to a Station's FCC construction permits, licenses, and authorizations, and they recognize that courts have held that security interests are permitted to extend to the proceeds of the sale, transfer, or other disposition of such FCC construction permits, licenses, and authorizations, and the parties agree that if this security interest is not permitted to Debtor's FCC construction permits, licenses, and authorizations, that the security interest shall extend to the proceeds of the sale, transfer, or other disposition of such FCC construction permits, licenses, and authorizations. If the law in this regard is subsequently changed, in whole or in part, then all of the right, title, and interest of Debtor in and to any FCC construction permits, licenses, and authorizations, whether now held or hereafter acquired but related to this facility, shall automatically and immediately become subject to the Secured Party's security interest to the maximum extent permitted by law as then in force and effect.

2. Debtor warrants, covenants and agrees as follows:

(a) Payment. To pay and perform all of the Obligations secured by this Agreement in accordance with their respective terms;

(b) Title and Defense Thereof. That except for the security interest granted hereby Debtor is, or to the extent that Collateral is acquired as replacements thereof after the date hereof will be, the sole owner of the Collateral, free from all liens, encumbrances or security interests of any type, that no financing statement covering said Collateral or any proceeds thereof is on file in any public place; and that Debtor will defend the title to the Collateral against all persons and all claims and demands whatsoever. Debtor agrees not to transfer legal or equitable title to the Collateral to any other party without Secured Party's prior written consent;

(c) Assurance of Perfection. On demand of Secured Party, to do the following: furnish further assurance of title; execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement; execute any instrument or statement required by law or otherwise in order to perfect the security interests granted to Secured Party herein; and continue or terminate the security interest of Secured Party in the Collateral;

(d) Possession, Location, Condition and Use. To retain possession of the Collateral during the existence of this Agreement and not to sell, exchange, assign, deliver, mortgage or otherwise dispose of or change the location of same without the prior written consent of Secured Party; to maintain the Collateral in its present condition, reasonable wear and tear excepted; and to not use the Collateral in violation of any law or regulation, the violation of which could have a material adverse effect upon the Station or the value of the Collateral;

(e) Liens. To keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments; Secured Party has the option, but is not obligated, to pay and discharge any such liens, encumbrances, or security interests upon the Collateral.

(f) Taxes, etc. To pay, when due, all taxes, assessments and license fees and premiums relating to the Collateral;

(g) Name, State of Incorporation, Notice of Changes. Debtor's name as shown above is accurate and complete, Debtor is a corporation organized under the laws of the State of Delaware, and Debtor shall obtain the prior written consent of Secured Party before any change in the name or corporate structure of Debtor;

(h) No Commingling. Unless waived by Secured Party, all proceeds from any disposition of the Collateral shall be held in trust for Secured Party; provided however, this requirement shall not constitute consent by Secured Party to any sale or other disposition;

(i) Account Representations. Each account and each invoice representing any account will (i) cover a bona fide sale or lease and delivery of merchandise sold or leased in the ordinary course of business of the Debtor or cover the rendition by the Debtor of services to customers in the ordinary course of business, (ii) be for a liquidated amount, maturing as stated in the invoice covering said sale, and (iii) other than Secured Party's security interest therein, not be subject to any other lien or to any offset, deduction, or counterclaim other than those asserted by the applicable customer in the ordinary course of business or those created by law; and

(j) Full Performance. To perform and comply in all material respects with all obligations in respect of the accounts and under all other contracts and agreements to which Debtor is a party or by which it is bound relating to the Collateral where failure to so comply would result in a material adverse effect on the Collateral, unless the validity thereof is being contested in good faith by appropriate proceedings and such proceedings do not involve the material danger of the sale, forfeiture, or loss of the Collateral which is the subject of such proceedings or the priority of the lien in favor of Secured Party thereon.

(k) Insurance. Debtor shall keep the Collateral insured with a reputable insurance company satisfactory to Secured Party against physical damage for not less than the full insurable value thereof. The Secured Party shall be named as additional insured in each such insurance policy or policies. If Debtor fails to procure insurance, Secured Party has the option, but is not obligated, to do so at Debtor's expense.

(l) Taxes. Debtor shall promptly pay when due all taxes and assessments that may be levied against the Collateral. If Debtor fails to do so, Secured Party has the option, but is not obligated, to make payments at Debtor's expense.

(m) Maintenance and Access to Records. Debtor shall keep true and accurate records concerning the Station and the Collateral, including accounts relating thereto, at its office or at such other place of business of which Secured Party shall have been advised in writing, and shall afford Secured Party reasonable access to examine and copy such records or provide Secured Party with such information concerning the Station and the Collateral as Secured Party may reasonably request from time to time.

3. GENERAL PROVISIONS:

(a) Financing Statement Filing. Debtor hereby authorizes Secured Party to file at Debtor's expense, without a signature of Debtor, a financing statement with any governmental authority, to perfect or continue the security interest granted by Debtor to Secured Party under this Agreement.

(b) Non-Waiver. Waiver of or acquiescence in any default by the Debtor, or failure of the Secured Party to insist upon strict performance by the Debtor of any warranties or agreements in this Agreement, shall not constitute a waiver of any subsequent or other default or failure.

(c) Notices. Notices to any party shall be in writing and shall be delivered personally or by mail, postage prepaid, addressed to the party at the address set forth below or otherwise designated in writing:

Address of Debtor:

228 South River Road
Bedford, New Hampshire 03110
Attn: Steven A. Silberberg

Address of Secured Party:

Rule Communications
Suite 103
2232 Dell Range Boulevard
Cheyenne, Wyoming 82009
Attn: Robert R. Rule

(d) Law Applicable. The laws of the State of Wyoming shall govern the rights, duties and remedies of the parties and enforcement of this Agreement. Any actions brought under this Agreement shall be brought in either the federal or state courts of Wyoming. Any provisions herein declared invalid under any law shall not invalidate any other provision of this Agreement.

(e) Default. The following shall constitute an Event of Default by Debtor:

(i) Non-Payment. Failure of Debtor to make any payment when due and payable under the Obligations, within ten (10) days after receipt from Secured Party of notice of non-compliance, provided, however, that Secured Party shall be obligated to provide only one such notice in any twelve-month period, so that any second failure to make full and timely payment within any such twelve-month period shall constitute an immediate default hereunder;

(ii) Violation. Failure of Debtor, within twenty-one (21) days after receipt from Secured Party of notice of non-compliance for matters other than nonpayment, to comply with or perform any provision of this Agreement or any other documents evidencing the Obligations, including but not limited to any event of default in or breach of the Note or the Consultancy or of the Stock Pledge Agreements between Secured Party and each of Debtor's stockholders of even date herewith (the "Pledges");

(iii) Misrepresentation. False or misleading representations or warranties made or given by Debtor in connection with this Agreement or the Pledges;

(iv) Levy. Subjection of the Collateral to levy of execution or other judicial process;

(v) Insolvency. Commencement of any insolvency proceeding by or against Debtor;

(vi) Station Sale or Transfer. Any sale of the Station, or transfer control of the licensee entity of the Station, under which an FCC Form 314 or 315 application must be filed with the Federal Communications Commission without consent of Secured Party;

(vii) Termination of Business Activities. The cession by Debtor of its business activities; or

(viii) Impairment of Security. Any waiver made by Debtor that materially impairs the collectability of an account, or any action taken or not taken by Debtor that, individually or in the aggregate, would impair the value of the Collateral or the Station as a going

business, including but not limited to any loss or theft or any substantial damage or destruction of any substantial part of the Collateral which is not repaired or replaced promptly.

(f) Remedies on Default. Upon the happening of any Event of Default, at the sole option of Secured Party, Secured Party shall, upon giving notice to Debtor and without further notice or demand, declare any or all of the Obligations immediately due and payable including all payments due at any time in the future which shall be accelerated, and have all the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and disposition of the proceeds as are accorded to a secured party by the applicable sections of the Uniform Commercial Code respecting "Default" in effect in the State of Wyoming as of the date of this Agreement. Time is of the essence in the performance of all obligations hereunder.

(g) Deficiency. Debtor shall remain liable for any deficiency resulting from a sale of the Collateral for less than the value of the Obligations and shall pay any such deficiency forthwith to Secured Party upon demand.

(i) Possession of Collateral. Upon the happening of any Event of Default, the Secured Party, in its sole discretion, may: (1) enter upon Debtor's premises peaceably, by the Secured Party's own means or with legal process, and take possession of the Collateral, or dispose of the Collateral on Debtor's premises and Debtor agrees not to resist or interfere; (2) require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party reasonably convenient to both parties (Debtor agrees that Secured Party's address as set forth herein is a place reasonably convenient for such assembling); (3) unless the Collateral is likely to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to the address of Debtor shown herein, at least three (3) days before the time of sale or disposition.

(j) Assignment. Secured Party may assign this Agreement to any person to whom the Obligations are validly assigned, and if assigned the assignee shall be entitled, upon notifying Debtor, to all of the rights and remedies of Secured Party hereunder.

(k) Captions. The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement nor the intent of any provision thereof.

(l) Books and Records. Debtor shall at all times maintain proper books of record and account and will permit Secured Party or its authorized officers or agents to have access to such books and records at all reasonable times.

(m) Possession of Collateral by Secured Party. If Secured Party at any time has possession of any Collateral, whether before or after an Event of Default, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Secured Party takes such action for that purpose as Debtor shall request or as Secured Party, in Secured Party's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Debtor shall not of itself be deemed to be a failure to exercise reasonable care.

(n) Successors and Assigns. The terms, warranties and agreements herein contained shall be jointly and severally binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(o) Gender and Number. The gender and number used in this Agreement are used as a reference term only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

(p) No Oral Change; Waiver. This Agreement may not be changed orally. No default shall be waived by Secured party except in writing and no waiver of any default shall operate as a waiver of any other default or of a similar default on a future occasion.

(q) FCC Compliance. Notwithstanding any other provisions of this Agreement, any foreclosure on, sale, transfer or other disposition of, or the exercise of any right to vote or consent with respect to, any of the Collateral as provided herein or any other action taken or proposed to be taken hereunder which would affect the operational, voting or other control of any entity holding a license issued by the FCC shall be made in accordance with the Communications Act of 1934, as amended, the terms of such license, and any applicable rules and regulations of the FCC, including, to the extent applicable under the rules and regulations of the FCC in effect at the time of an Event of Default, any requirement that there be a public or private sale. Notwithstanding anything to the contrary contained in this Agreement, the Secured Party shall not, without first obtaining the consent or approval of the FCC, take any action pursuant to this Agreement which would constitute or result in any change of control of the licensee of a license issued by the FCC if any such change in control would require, under then existing law, the prior consent or approval of the FCC. In the event of a sale of the Collateral as provided for herein, Debtor will without compensation cooperate with the purchaser of the Collateral in promptly preparing and filing and diligently prosecuting all necessary applications before the FCC for the assignment of the Station's FCC authorizations to the purchaser of the Collateral, it being acknowledged and agreed that the FCC authorizations are a material part of the Station in the absence of which the value of the Collateral would be significantly reduced. In the case of Debtor's non-performance or breach of the agreements contained in this paragraph,

Debtor shall be subject to a decree of specific performance in addition to a judgment for money damages.

(r) Termination. This Security Agreement shall terminate, and the obligations evidenced hereby shall be released, only upon full payment by Debtor of all Obligations secured hereby.

IN WITNESS WHEREOF, the parties hereto have respectively signed and sealed these presents, all on the day and year first above written.

DEBTOR:

APPALOOSA BROADCASTING COMPANY, INC.

By: _____ (SEAL)
Steven A. Silberberg
President

SECURED PARTY:

ROBERT R. RULE D.B.A. RULE COMMUNICATIONS

_____ (SEAL)
Robert R. Rule

STATE OF WYOMING
County of _____, ss.

The foregoing Security Agreement was acknowledged before me by Steven A. Silberberg, President, Appaloosa Broadcasting Company, Inc., this ___ day of _____, 200_. Witness my hand and official seal.

_____

[AFFIX SEAL]
My commission expires: _____

STATE OF WYOMING
County of _____, ss.

The foregoing instrument was acknowledged before me by Robert R. Rule, this ___ day of _____, 200_. Witness my hand and official seal.

_____

[AFFIX SEAL]

My commission expires: _____