

EXERCISE OF TRUST DIVISION POWER AND SUBCHAPTER S TRUST  
POWER BY TRUSTEES

LILLIAN LINCOLN HOWELL TRUST FBO LINCOLN CLARK HOWELL

THIS EXERCISE OF TRUST DIVISION POWER by LINCOLN CLARK HOWELL, EUGENE V.N. BISSELL and ELAINE P. MROZ, as the Trustees of the LILLIAN LINCOLN HOWELL TRUST FBO LINCOLN CLARK HOWELL (“Trust FBO Linc”) under the LILLIAN LINCOLN HOWELL REVOCABLE TRUST under agreement dated September 6, 1991, is executed on the dates set forth by the signatures included below, to be effective as of December 11, 2018, upon the following terms:

RECITALS:

A. LILLIAN LINCOLN HOWELL, as the Trustor and original Trustee, entered into a Trust Agreement dated September 6, 1991, establishing the LILLIAN LINCOLN HOWELL REVOCABLE TRUST, which Trust Agreement was amended and restated most recently under the terms of the Ninth Amendment on May 2, 2012 (collectively, the “Trust Agreement”);

B. The LILLIAN LINCOLN HOWELL REVOCABLE TRUST constituted a “grantor trust” for federal income tax purposes under the provisions of Section 671 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) vis-à-vis the Trustor during her lifetime;

C. On the death of LILLIAN LINCOLN HOWELL on August 31, 2014, such grantor trust status ceased, and the balance of the trust fund of the LILLIAN LINCOLN HOWELL REVOCABLE TRUST (following the payments described in Article III, paragraph 2 of the Trust Agreement and the distributions described in Article III, paragraphs 3.1 through 3.4 of the Trust Agreement) was, pursuant to Article III, paragraph 3.5(A) of the Trust Agreement, divided and allocated 75% to Trust FBO Linc and 25% to the LILLIAN LINCOLN FOUNDATION, a California nonprofit corporation (the “Foundation”);

D. Immediately following the death of the Trustor, the Trustees of the LILLIAN LINCOLN HOWELL REVOCABLE TRUST were LINCOLN CLARK HOWELL, EUGENE V.N. BISSELL and DAVID LINCOLN HOWELL;

E. On March 16, 2018, DAVID LINCOLN HOWELL died, and on October 25, 2018, pursuant to Article I, paragraph 4.3 of the Trust Agreement requiring three Trustees, ELAINE P. MROZ replaced him as Trustee, and currently acts as Trustee together with LINCOLN CLARK HOWELL and EUGENE V.N. BISSELL;

F. On December 12, 2018, following the approval of the Federal Communications Commission to a change in ownership of certain entities held by the LILLIAN LINCOLN HOWELL REVOCABLE TRUST, the Trustees of the LILLIAN LINCOLN HOWELL REVOCABLE TRUST will distribute to the Trustees of the Trust FBO Linc all of the outstanding shares in LINCOLN TELEVISION, INC., a California corporation taxed as an S corporation for federal income tax purposes (the "Corporation"), and will distribute other assets to Trust FBO Linc and the Foundation, completing (excluding a fiduciary reserve) the post-death administration of the LILLIAN LINCOLN HOWELL REVOCABLE TRUST;

G. Immediately preceding such distribution, in order to ensure the Corporation does not lose its status as an S corporation for federal tax compliance purposes while also ensuring that Trust FBO Linc continues to be administered in an efficient manner for transfer tax and income tax purposes, the Trustees intend to exercise the following powers in contemplation of the filing by LINCOLN CLARK HOWELL (as sole current beneficiary of Trust FBO Linc) of a "qualified subchapter S trust" election under Internal Revenue Code Section 1361(d)(2) and the Treasury Regulations thereunder (to apply to the Lincoln Television Trust (as defined below)) effective as of December 12, 2018 (subject to the Contingency (as herein defined)):

G.1. Under the terms of paragraph 16 of Article IV of the Trust Agreement, the Trustees possesses the discretionary power to "divide the trust into

two or more separate trusts for any lawful purpose consistent with the Trustor's intentions, including, without limitation, creating a separate trust . . . that will be eligible to hold stock of an S Corporation . . . .”;

G.2. Under the terms of paragraph 4 of Article IV of the Trust Agreement, “[i]n the event that any trust created under this Trust Agreement holds stock in an ‘S corporation,’ and in the further event that the Trustee deems it advisable for that trust to qualify as a permitted shareholder of an ‘S corporation’ as a ‘grantor’ trust under Section 1361(c)(2)(A)(i) of the Internal Revenue Code (rather than as an ‘electing small business trust’ under Section 1361(c)(2)(A)(v) of the Internal Revenue Code), then separate trusts shall be created for the individual benefit of each of the then current income beneficiaries of that trust, such that each such trust shall constitute a separate and independent trust share for the benefit of the particular individual beneficiary of that share. The provisions for administration of each such independent trust share shall be the same as those provisions that would have applied to the subject corporate stock had no separate trust been required, except as otherwise required herein. It is the intent of the Trustor that each such share be treated as a separate trust for purposes of Sections 663(c) and 1361(d)(3) of the Internal Revenue Code, and that each such trust share qualify as a ‘Qualified Subchapter S Trust,’ as such term is defined in Section 1361(d)(3) of the Internal Revenue Code. For this purpose, and notwithstanding any other provision of this Trust Agreement to the contrary, (i) during the life of any particular income beneficiary of any such trust, there shall be only one (1) income beneficiary of such trust, (ii) any principal distributed from such trust during the life of the current income beneficiary of such trust shall be distributable solely to such beneficiary, (iii) the income interest of any current income beneficiary of such trust shall terminate upon the earlier of the death of such income beneficiary or the termination of such trust, (iv) upon termination of any such trust during the life of the current income beneficiary thereof, the Trustee shall distribute all of the assets of such trust to such beneficiary, and (v) all of the income of such trust shall be distributed, or

required to be distributed, currently to one individual who is a citizen or resident of the United States.”; and

G.3. Under the terms of paragraph 16 of Article IV of the Trust Agreement, “the Trustee may modify the terms of the trust as required to qualify the trust as an eligible shareholder of S Corporation stock . . . provided, however, that if the Trustee is also a beneficiary of the trust, any such modification shall require the approval of a court having jurisdiction over the trust”;

G.4. Under the terms of paragraph 1.15 of Article IV of the Trust Agreement, the Trustee may “take any action and make any election to minimize the tax liabilities of the trust and the beneficiaries of the trust . . . .”;

H. The Trustees acknowledge that the exercise of the powers noted will require the approval of the Federal Communications Commission (FCC). Therefore, while retaining the effective dates otherwise noted herein, the actions memorialized herein shall be effective upon receipt of all relevant FCC approvals (the “Contingency”).

NOW, THEREFORE, subject to the Contingency, acting pursuant to the power to divide the trust reserved to the Trustees under the terms of paragraph 16 of Article IV, the power to modify the trust to be eligible to be a qualified subchapter S trust pursuant to paragraph 4 of Article IV (but not the similar power to modify the trust provided by paragraph 16 of Article IV), and the power to make beneficial tax elections pursuant to the terms of paragraph 1.15 of Article IV of the Trust Agreement, the Trustees hereby take the following actions:

ACTIONS AND AGREEMENT:

1. Acting pursuant to the terms of paragraph 16 of Article IV of the Trust Agreement, and subject to the Contingency, the Trustees hereby divide Trust FBO Linc, into two (2) separate trusts, namely Trust FBO Linc and the Lincoln Television Trust, as hereinafter set forth.

2. Subject to the Contingency, all shares in the Corporation shall be allocated to the Lincoln Television Trust, to continue to be held and administered by the Trustees under the Trust Agreement upon terms identical to the terms of

Trust FBO Linc except for the requirement that the Trustees distribute all of the net income of the Lincoln Television Trust at least annually to the sole current beneficiary, LINCOLN CLARK HOWELL. The purpose of the Lincoln Television Trust is to satisfy the requirements applicable to a “Qualified Subchapter S Trust” (QSST) under applicable law (including without limitation the terms of the Internal Revenue Code of 1986, as amended).

3. Subject to the Contingency, Lincoln Television Trust’s provisions for administration of shall be the same as those provisions that would have applied to the subject corporate stock had no separate trust been created, except that, consistent with the intent of the Trustor (i.e., that such trust be treated as a separate trust qualifying as a ‘Qualified Subchapter S Trust,’ as such term is defined in Section 1361(d)(3) of the Internal Revenue Code), the following terms shall apply: (i) during the life of any particular income beneficiary of such trust, there shall be only one (1) income beneficiary of such trust, (ii) any principal distributed from such trust during the life of the current income beneficiary of such trust shall be distributable solely to such beneficiary, (iii) the income interest of any current income beneficiary of such trust shall terminate upon the earlier of the death of such income beneficiary or the termination of such trust, (iv) upon termination of any such trust during the life of the current income beneficiary thereof, the Trustees shall distribute all of the assets of such trust to such beneficiary, and (v) all of the income of such trust shall be required to be distributed currently to one individual who is a citizen or resident of the United States.

4. The Trustees have been informed by the sole current income beneficiary of his intention to execute and file a Qualified Subchapter S Trust election with respect to Lincoln Television Trust within the two month and fifteen day period commencing with the date the Trustees of Lincoln Television Trust received stock in the Corporation, and, subject to the Contingency, the Trustees hereby acknowledge and consent to that election.

5. Subject to the Contingency, the Trustee shall execute any and all documents as may be necessary or desirable to implement the foregoing actions.

6. This document may be exercised in several counterparts, each of which shall be an original, but all of such counterparts shall constitute one and the same document.

IN WITNESS WHEREOF the Trustee has executed this Exercise of Trust Division Power and Subchapter S Trust Power on the dates written below.

  
\_\_\_\_\_  
LINCOLN CLARK HOWELL, Trustee

20-February-2019  
\_\_\_\_\_  
Dated

\_\_\_\_\_  
EUGENE V. N. BISSELL, Trustee

\_\_\_\_\_  
Dated

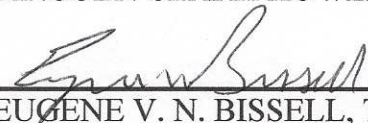
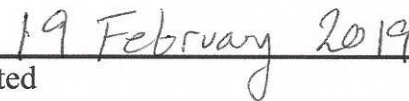
\_\_\_\_\_  
ELAINE P. MROZ, Trustee

\_\_\_\_\_  
Dated

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6. This document may be exercised in several counterparts, each of which shall be an original, but all of such counterparts shall constitute one and the same document.

IN WITNESS WHEREOF the Trustee has executed this Exercise of Trust Division Power and Subchapter S Trust Power on the dates written below.

_____ LINCOLN CLARK HOWELL, Trustee	_____ Dated
 _____ EUGENE V. N. BISSELL, Trustee	 _____ Dated
_____ ELAINE P. MROZ, Trustee	_____ Dated

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6. This document may be exercised in several counterparts, each of which shall be an original, but all of such counterparts shall constitute one and the same document.

IN WITNESS WHEREOF the Trustee has executed this Exercise of Trust Division Power and Subchapter S Trust Power on the dates written below.

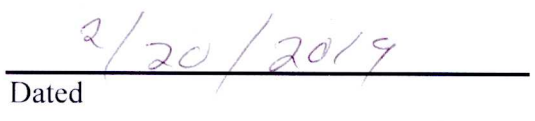
\_\_\_\_\_  
LINCOLN CLARK HOWELL, Trustee

\_\_\_\_\_  
Dated

\_\_\_\_\_  
EUGENE V. N. BISSELL, Trustee

\_\_\_\_\_  
Dated

  
\_\_\_\_\_  
ELAINE P. MROZ, Trustee

  
\_\_\_\_\_  
Dated

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