

## **CLOSING AGREEMENT**

THIS CLOSING AGREEMENT (this “**Agreement**”) is made and entered into as of June 9, 2017, by and between Sinclair Radio of Seattle, LLC, a Delaware limited liability company (f/k/a Fisher Broadcasting-Seattle Radio LLC (“**Option Holder**”), and South Sound Broadcasting L.L.C., a Washington limited liability company (“**Grantor**”).

### **WITNESSETH:**

**WHEREAS**, Grantor is the owner and licensee of radio station KOMO-FM, Oakville, Washington, which operates on frequency 97.7 (the “**Station**”);

**WHEREAS**, Grantor and Fisher Broadcasting-Seattle Radio LLC, a Delaware limited liability company “**Fisher**”) entered into a certain Option Agreement, dated as of June 5, 2012 (the “**Option Agreement**”), whereby Grantor granted to Fisher an option (the “**Option**”) to purchase certain tangible and intangible assets used and useful in connection with the operation of the Station, including the FCC Licenses, on the terms and conditions set forth therein (the “**Optioned Assets**”);

**WHEREAS**, Fisher became a member of Grantor, owning certain Class B Units (the “**Subject Interests**”);

**WHEREAS**, Option Holder has acquired the rights and interests of Fisher with respect to the Option and under the Option Agreement and with respect to the Units; and

**WHEREAS**, Option Holder and Grantor have agreed to an acquisition of certain of the Optioned Assets and to a redemption of the Units upon terms and conditions that vary from the Option Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, the parties, intending to be legally bound, agree as follows:

**1. Purchase; FCC Consent.** Option Holder shall purchase, and Grantor shall sell, the Optioned Assets, as the same are hereinafter described, on the terms and conditions hereinafter described. Any right of withdrawal that Option Holder may have under the Option Agreement is terminated. As soon as reasonably practicable, but in no event later than five (5) business days after the mutual execution of this Agreement, the parties shall file an application (the “**Assignment Application**”) with the Federal Communications Commission (“**FCC**”) requesting the FCC’s written consent to the assignment of the FCC Licenses from Grantor to Option Holder. The parties agree that prior to filing the Assignment Application, Option Holder will assign its rights and obligations under this Agreement to WCGV Licensee, LLC.

**2. Redemption.** Immediately upon the Option Closing, Grantor shall redeem all the Subject Interests for a full Redemption Price of One Dollar (\$1.00). In addition to its other

documents to be delivered at the Option Closing, Option Holder shall deliver or cause to be delivered to Grantor an Assignment in the form attached hereto as *Exhibit E*.

**3. Purchase Price.** The Purchase Price for the Optioned Assets, as the same are hereinafter described, shall be Six Million Seven Hundred Fifty Thousand Dollars (\$6,750,000.00). Option Holder specifically agrees that it shall not be entitled to any distribution, credit, or other payment of, or with respect to, any portion of the Purchase Price as a member or former member of Grantor whether with respect to Subject Interests or otherwise.

**4. Optioned Assets.** For purposes of this Agreement, the Optioned Assets shall consist of those tangible and intangible assets used and useful in the operation of the Station, including the property described in clauses (a), (c), (d), and (e) below (there is no clause (b) below), but specifically excluding the Excluded Assets, as hereafter described:

(a) The licenses, construction permits and other authorizations issued by the Federal Communications Commission (the “*FCC*”) for the operation of the Station listed on attached Revised Schedule 1(a) (Schedule 1(a) to Option Agreement is deleted), including any renewals, extensions, or modifications thereof and additions thereto as of the date hereof and as may be issued between the date hereof and the Option Closing (as hereinafter defined) (collectively, the “*FCC Licenses*”);

(c) Those items of tangible personal property listed on attached Revised Schedule 1(c) (as such schedule may be updated pursuant to Section 11(b)), of the Option Agreement;

(d) Those items of intangible personal property listed on attached Schedule 1(d); and

(e) The real property leases and sublease listed on attached Revised Schedule 1(e).

Clauses (b) of Section 1 of the Option Agreement and related Schedules 1(b) are deleted, as are the Assignment and Assumption Agreement in the form of *Exhibit B* to the Option Agreement and any requirement to execute and deliver it. Clauses (d) and (e) of Section 1 of the Option Agreement are superseded by clauses (d) and (e) above. The aforesaid deleted Exhibit B is replaced by the Assignments of Lease and Assignment of Sublease in the forms of attached *Exhibits B-1, B-2, and B-3*, respectively, to be executed and delivered at the Closing.

Notwithstanding the foregoing, the Optioned Assets, as described herein, shall not include the following (collectively, the “*Excluded Assets*”): (1) All of Grantor’s cash on hand or in bank accounts and any other cash equivalents; (2) all receivables of the Station, except for those to which Option Holder is entitled pursuant to the terms of that certain AMENDED AND RESTATED LOCAL MARKETING AGREEMENT, dated as of June 25, 2012 (the “*LMA*”), by and between Fisher (whose rights and interests thereunder have been acquired by Option Holder) and Grantor; and (3) the assets listed on attached Revised Schedule 1 -- Excluded Assets. it is agreed that Schedule 1 - Excluded Assets to the Option Agreement is deleted.

5. **Purchase Price Allocation.** The parties have not agreed upon an allocation of the Purchase Price, and each will separately file its own Form 8594 as required.

6. **Like-Kind Exchange.** Each of the Grantor and Option Holder shall have the right to assign its respective rights under this Agreement (but without release of its respective obligations herein and without release of the other party's obligations herein) to a third party who may act as a "qualified intermediary" or an "exchange accommodation titleholder" with respect to this Agreement in accordance with the provisions of Section 1031 of the Internal Revenue Code of 1986, as amended, and the rules, regulations and written policies of the IRS promulgated pursuant thereto ("Code"), the treasury regulations promulgated thereunder, and any corresponding state or local income tax laws (such assignment and related transactions, a "Like-Kind Exchange"). If either party elects to engage in a Like-Kind Exchange, the party so electing (the "Electing Party") shall notify the other party of its election in writing no later than five (5) days prior to the Closing, identifying those Optioned Assets that it intends to qualify as part of the Like-Kind Exchange. The Electing Party shall bear its own expenses in connection with any such election to engage in a Like-Kind Exchange. Each of Grantor and Option Holder, as the case may be, shall cooperate fully with the Electing Party, and take any action reasonably requested in writing by the Electing Party, in connection with enabling the transactions to qualify in whole or in part as a Like-Kind Exchange; *provided, however*, that such actions do not impose any liabilities, including any unreimbursed monetary obligations or costs, on Grantor or Option Holder and does not release Option Holder or Grantor from its obligations under this Agreement, as the case may be, and that the Electing Party shall promptly reimburse the other party for any third-party costs reasonably incurred in connection with such election, including as the result of any subsequent review of such election by any governmental authority or any attendant tax consequences.

7. **Survival; Indemnity Escrow.** In as much as Grantor is retaining the leases and subleases related to the broadcast facilities used for the Station with their associated liabilities and Option Holder has been operating the Station under the LMA (or a predecessor agreement) with its associated liabilities since 2009, the parties agree as follows:

(a) The representations and warranties in the Option Agreement shall survive the Option Closing for a period of twelve (12) months following the Closing Date, whereupon they shall expire and be of no further force or effect, except as otherwise provided in the Option Agreement; and

(b) The Indemnity Escrow under the Option Agreement is revised to reduce the amount held to Two Hundred Thousand Dollars (\$200,000.00) (the "**Escrow Amount**") and the time to be held until the earlier to occur of (x) the date that is twelve (12) months after the Closing Date (except as expressly set forth in the Option Agreement), and (y) the date on which the balance of the Escrow Account is reduced to Five Thousand Dollars (\$5,000.00) because of disbursements therefrom in accordance with Section 5(d) of the Option Agreement and the Escrow Agreement (the "**Escrow Termination Date**").

8. **New Sublease.** In addition to their other respective documents to be delivered at the Option Closing, Grantor as the sublessor and Option Holder as the sublessee shall deliver or cause to be delivered the South Mountain Sublease in the form attached hereto as *Exhibit F* (the "**Sublease**"). The parties agree to cooperate and diligently seek, with Grantor having the lead, in obtaining any and all consents or other approvals from the master landlords to the Sublease with no material changes to the rent or other terms and conditions of the master lease. Obtaining such consent or other approval are additional Grantor and Option Holder conditions to the Option Closing. Notwithstanding anything herein to the contrary, Grantor shall provide Option Holder with use and access to the Tumwater tower site for up to six (6) months after the Closing Date.

9. **Closing Location.** The Option Closing shall take place at the offices of Stokes Lawrence, P.S. 1420 Fifth Avenue, Suite 3000, Seattle, Washington, or such other place as the parties may agree.

10. **Notices.** *Exhibit D* to the Option Agreement is deleted and is replaced by *Revised Exhibit D*, attached hereto.

11. **Capitalized Terms.** Any capitalized terms used in this Agreement that are not defined herein are intended to have their meaning as defined in the Option Agreement.

12. **Counterparts.** This Agreement (and each amendment, modification, and waiver in respect of it) may be executed in any number of counterparts, in the same manner and with the same effect as provided in the Option Agreement.

13. **Amendment of Option Agreement.** This Agreement is intended to supplement, modify, and amend the Option Agreement and, as appropriate, supersede any inconsistent terms or conditions thereof. Otherwise, the parties intend that the provisions of the Option Agreement shall remain in force and effect with respect to the subject transaction and its implementation.

IN WITNESS WHEREOF, the undersigned have executed this Closing Agreement as of the day and year first written above.

[signature page to follow]

**GRANTOR:**

SOUTH SOUND BROADCASTING L.L.C.

By: 

Name: Gregory J. Smith

Title: MANAGER

**OPTION HOLDER:**

SINCLAIR RADIO OF SEATTLE, LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**GRANTOR:**

SOUTH SOUND BROADCASTING L.L.C.

By: 

Name: Gregory J. Smith

Title: MANAGER

**OPTION HOLDER:**

SINCLAIR RADIO OF SEATTLE, LLC

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By: 

Name: Chris Ripley

Title: CEO