

## SHARED SERVICES AGREEMENT

This **SHARED SERVICES AGREEMENT** ("Agreement") entered into as of \_\_\_\_\_, 2012 by and between KUQI Licensee, LLC, a Texas limited liability company ("Owner"), and KIII Services Company, LLC, a Delaware limited liability company ("Services Company"). Owner and Services Company referred to collectively as the "Parties."

**WHEREAS**, Owner owns and operates, and is licensee of, television station KUQI, Corpus Christi, Texas ("KUQI");

**WHEREAS**, an affiliate of Services Company is the owner and licensee of television station KIII, Corpus Christi, Texas ("KIII") and Services Company and its affiliates own and operate other television stations; and

**WHEREAS**, KUQI and KIII are collectively referred to as the "Stations."

**NOW, THEREFORE**, for their mutual benefit and in order to realize cost efficiencies made available through combining certain aspects of their operations, Services Company and Owner agree as follows:

**1. SHARING ARRANGEMENTS GENERALLY.** From time to time, Services Company and Owner may agree to share the costs of certain services and procurements which they individually require in connection with the operation of the Stations. Such sharing arrangements may take the form of the performance of certain functions relating to the operation of one Station by employees of the operator of the other Station (subject in all events to the supervision and control of personnel of the operator of the Station to which such functions relate), or may be otherwise structured, and will be governed by terms and conditions upon which Services Company and Owner may agree from time to time. Such sharing arrangements may include the co-location of the studio, non-managerial administrative and/or master control and technical facilities of the Stations and the sharing of grounds keeping, maintenance, security and other services relating to those facilities. In performing services under any such sharing arrangement (including those described in Section 4), personnel of one Party will be afforded access to, and have the right to utilize, without charge, assets and properties of the other Party to the extent necessary or desirable in the performance of such services.

**2. CERTAIN SERVICES NOT TO BE SHARED.**

(a) **Senior Management and Personnel.** At all times, each Station will retain its own independent management (including general manager). Such personnel will (i) be retained solely by the Party which is, or is affiliated with, the FCC licensee of such Station and will report solely to such Party, and (ii) have no responsibility to the other Party in respect of the operation of the other Station.

(b) **Programming and Sales.** Each Party will maintain for the Station operated by it separate managerial and other personnel to carry out the selection and procurement of programming for such Station, and in no event will the Parties or the Stations share services, personnel, or information pertaining to such matters, except as set forth in Section 4(f) below. In

addition, Owner and Services Company have entered into an Agreement for the Sale of Commercial Time of even date herewith ("TSA") pursuant to which Services Company has the right to sell advertising and commercial time on KUQI.

**3. GENERAL PRINCIPLES GOVERNING SHARING ARRANGEMENTS.**

All arrangements contemplated by this Agreement will be subject to, and are intended to comply in all respects with, the Communications Act of 1934, as amended (the "Act"), the rules, regulations and policies of the Federal Communications Commission (the "FCC"), as in effect from time to time (the "FCC Rules and Regulations"), and all other applicable laws. The arrangements made pursuant to this Agreement will not be deemed to constitute "joint sales," "program services," "time brokerage," "local marketing," or similar arrangements or a partnership, joint venture, or agency relationship between the Parties or the Stations, and no such arrangement will be deemed to give either Party any right to control the policies, operations, management or any other matter relating to the Station operated by the other Party.

**4. CERTAIN SPECIFIC SHARING ARRANGEMENTS.** In furtherance of the general agreements set forth in Sections 1 through 3 above, Services Company and Owner have agreed as follows with respect to the sharing of certain services provided in the ordinary course of business:

(a) **Execution of Promotional Policies.** Subject to direction and control by Owner management personnel, Services Company personnel will implement and execute the promotional policy for KUQI. Such implementation and execution will include such tasks as graphic design, production and media placement.

(b) **Continuity and Traffic Support.** Subject to direction and control by Owner management personnel, Services Company personnel may carry out back-office and non-managerial services and continuity and such other tasks necessary to support traffic functions of KUQI.

(c) **Master Control.** Master control operators and related employees of Services Company may carry out master control functions for KUQI subject to the direction and control of Owner.

(d) **Technical Facilities Maintenance.** Subject to direction and control by Owner management personnel, Services Company personnel will maintain and provide routine repair (as needed) of the technical facilities of KUQI.

(e) **Office and Studio Space.** Services Company will provide office and studio space for KUQI pursuant to a separate Studio and Office Lease Agreement executed by the Parties as of the date hereof in customary form, and otherwise in form and substance reasonably satisfactory to the Parties (the "Lease").

(f) **Newscast Production.** Subject to the supervision and control of Owner, Services Company will, utilizing both its personnel and facilities, provide regular live-feed, newscasts for broadcast on KUQI; provided, however, that such newscasts shall not comprise more than fifteen percent (15%) (by duration) of the programming broadcast on KUQI during any broadcast week. Services Company shall use reasonable efforts to provide such newscasts

that are of a quality appropriate to KUQI's market. Such newscasts shall be produced exclusively for broadcast on KUQI, but may include non-exclusive videotape, graphics, news stories, field reports and other material. Notwithstanding the foregoing, Services Company expressly acknowledges and agrees that Owner, as licensee of KUQI, retains the right to interrupt, preempt or delete all or any portion of the newscasts to be provided by Services Company.

(g) **Retransmission Consent Negotiation.** Services Company may assist Owner with the negotiation, maintenance and enforcement of retransmission consent agreements with cable, satellite, and other multichannel video programming distributors, as defined in the FCC Rules and Regulations (each, a "MVPD"), including, without limitation, coordination of elections as to mandatory carriage or retransmission consent status under Part 76 of the FCC Rules and Regulations; provided, however, Owner shall pay Services Company an Additional Services Fee (defined below) for any such negotiations, maintenance and/or enforcement services.

(h) **Services Fee.**

(i) In consideration for the specific services to be provided to Owner by Services Company as set forth in this Section 4 in the ordinary course of business, Owner will pay to Services Company the following:

- A. an amount (the "Monthly Services Fee") equal to \$12,500 per month;
- B. the cost of providing any additional services or extraordinary services outside the ordinary course of business as requested by Owner, plus a markup of 20% for administrative costs (the "Additional Services Fee"); provided that the Additional Services Fee for services provided pursuant to Section 4(g) shall be a portion of any fees paid to Owner by any MVPD involved in any such services in consideration for the right to retransmit the signal or signals of KUQI equal to thirty percent (30%) of such fees; and
- C. any out of pocket expenses (or pro ration thereof) for (x) equipment dedicated primarily to the use of, or procured on behalf of, Owner or (y) third party services procured on behalf of Owner, each to the extent requested by Owner and pre-approved by Owner in writing, in connection with the services provided pursuant to this Agreement (the "Expenses," and together with the Monthly Services Fee and Additional Services Fee, the "Fee").

(ii) Notwithstanding anything to the contrary in Section 4(h)(i), the payment of any Fees in any month shall not exceed the amount by which the sum of (A) Owner's cash on hand at the beginning of each month and (B) the cash flow generated by KUQI during

such month (including all amounts received under the TSA) exceeds Owner's Priority Obligations (defined below) for such month, provided further, that, the payment of the Fee in any month shall be subject to the constraints on Owner to make such payment under the terms of the Acquisition Financing Arrangement (as defined in the Option Agreement).

(iii) To the extent that the Fee for a month is not paid in full under this Section 4(h)(ii), the unpaid amount of the Fee shall accrue (the "Accrued Fee"), and Owner shall pay any such Accrued Fee to Services Company as it has the cash available in the order of priority set forth in the definition of Priority Obligations below.

(iv) The term "Priority Obligations" means, for any period, in order of priority, (i) amounts necessary for Owner to pay its expenses, if any, incurred in exercising its duties with respect to KUQI, including without limitation, costs of insurance, programming, bookkeeping, FCC compliance and property maintenance, cash payments due for Priority Capital Expenditures, or any other matters that Owner and Services Company may agree to in writing, (ii) payment obligations then due and payable under the Acquisition Financing Arrangement (as defined in the Option Agreement), less any payments or distributions made by Owner on account of such obligations, and (iii) such reasonable reserves as Owner shall establish in accordance with the Acquisition Financing Arrangement (as defined in the Option Agreement) or that Owner and Services Company may agree to in writing.

(v) The term "Priority Capital Expenditures" means, with respect to KUQI, the budgeted capital expenditures of KUQI which Services Company has agreed, in writing, are "Priority Capital Expenditures."

(i) **Extraordinary Services.** Owner may from time to time request that Services Company provide services similar to those set forth in Sections 4(a) through 4(f) outside the ordinary course of business (including without limitation unexpected or non-routine maintenance; replacement and procurement of Owner equipment; production of additional newscasts or other non-recurring programming; upgrades of technical, master control or studio facilities; etc.); additional tower, transmitter facility, office or studio space; or other services; provided, however, that all such services provided shall at all times conform with the terms and conditions of this Agreement, including without limitation Sections 1 through 3.

(j) **Service Standards.** Services Company shall perform the services required hereunder in a manner that complies in all material respects with the Act, all other applicable laws and regulations and generally accepted broadcast industry standards.

## **5. INDEMNIFICATION; INSURANCE.**

(a) **By Services Company.** Services Company shall indemnify and hold Owner and its officers, members, managers, agents, and employees harmless against any claim, loss, cost, damages or liability (each, a "Loss"), including without limitation for libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights, resulting from or relating in any manner to this Agreement or the services or other material furnished by Services Company, including without limitation for any fine or forfeiture imposed by the FCC

relating to any content or material furnished by Services Company or any conduct of Services Company (including omissions); provided that such Loss was not the result of direction provided by Owner.

(b) **By Owner.** Owner shall indemnify and hold Services Company and its officers, directors, stockholders, agents and employees harmless against any Loss for libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from or relating to programming or other material furnished by Owner for broadcast on KUQI, along with any fine or forfeiture imposed by the FCC because of the content of such material or the conduct of Owner or its employees, and any breach of this Agreement by Owner.

(c) **General.** Indemnification shall include all liability, costs, and expenses, including reasonable counsel fees (at trial and on appeal). The indemnification obligations under this Section shall survive any termination of this Agreement. Each party shall give the other reasonably prompt notice of any matter subject to indemnification under this paragraph, provided that no failure to give any such notice as set forth in this sentence shall limit the obligation of the indemnifying party, except to the extent such failure results in prejudice to the indemnifying party. The obligation of each party to indemnify is conditioned upon the reasonable cooperation of the claiming party in defending against the claim. The party responsible for indemnification shall select counsel and control the defense, subject to the indemnified party's reasonable approval, provided, however, that no claim may be settled by an indemnifying party without the consent of the indemnified party, and provided further, that if an indemnifying party and a claimant agree on a settlement and the indemnified party rejects the settlement unreasonably, the indemnifying party's liability will be limited to the amounts the claimant agreed to accept in settlement.

(d) **Insurance.** Services Company and Owner shall each carry (i) comprehensive general liability insurance with reputable companies covering their activities under this Agreement, in an amount not less than Two Million Dollars (\$2,000,000.00); (ii) worker's compensation and/or disability insurance; and (iii) libel/defamation/First Amendment liability insurance, with a deductible of no more than Ten Thousand Dollars (\$10,000). Each Party will name the other party as an additional insured on these policies.

(e) **Representation and Warranty.** Services Company and Owner each represent and warrant to the other that it has the power and authority to enter into this Agreement and to engage in the transactions contemplated by this Agreement. Owner is a limited liability company and Services Company is a limited liability company, each of which is in good standing in the state of its formation and qualified to do business in the State of Texas. The signatures appearing for Services Company and Owner, respectively, at the end of this Agreement have been affixed pursuant to such specific authority as, under applicable law, is required to bind them. Neither the execution, delivery, nor performance by Owner or Services Company of this Agreement conflicts with, results in a breach of, or constitutes a default or ground for termination under any agreement or judicial or governmental order or decree to which Owner or Services Company, respectively, is a party or by which it is bound.

**6. TERM OF SHARING ARRANGEMENTS.** The term of this Agreement shall commence on the date of execution of this Agreement. The initial term of this Agreement is eight (8) years. Unless otherwise terminated by either Party, the term of this Agreement shall be extended for an additional eight (8) year term. Either Party may terminate this Agreement at the end of the initial eight year term by six months prior written notice to the other. Notwithstanding the foregoing, the sharing arrangements contemplated by this Agreement will terminate (i) upon the consummation of the sale of assets of Owner relating to KUQI to Services Company, or an assignee of Services Company, under the terms of a certain Option Agreement (the "Option Agreement") entered into by Owner and Services Company or an affiliate of Services Company (the "Optionee"), or (ii) if the assets of Owner relating to KUQI are sold to a party other than Optionee (in any case, the date upon which such termination occurs being the "Cessation Date"). No termination of this Agreement pursuant to this Section 6 will affect Owner's duty to pay any Services Fee accrued prior to the effective date of that termination.

**7. Events of Default.** The following shall, after the expiration of the applicable cure periods, constitute events of default under this Agreement (each, an "Event of Default"):

(a) Non-Payment. Owner's failure to remit to Services Company any payment described in Section 4 above in a timely manner.

(b) Default in Covenants. The default by either Party in the material observance or performance of any material covenant, condition, or agreement contained herein or in the Lease, or if any material representation or warranty herein made by such Party to the other herein or in the Lease shall prove to have been false or misleading as of the time made.

(c) Event of Default under TSA. An Event of Default under the TSA that has not been cured within the time period stated therein.

(d) Option Default. A default of obligations under the Option Agreement that has not been cured within the time period stated therein.

**8. Cure Period and Termination upon Default.** An Event of Default shall not be deemed to have occurred until ten (10) business days after the nondefaulting party has provided the defaulting party with written notice specifying the event or events which if not cured would constitute an Event of Default and specifying the actions necessary to cure within such ten-day period. Either Party may terminate this Agreement upon notice to the other Party in the event the other Party is responsible for an Event of Default; provided that no such termination shall relieve any Party of its obligations arising prior to such termination.

**9. POST-TERMINATION SERVICES.** Upon the termination of this Agreement for any reason, if requested by Owner in writing, Services Company agrees to continue for a period of six (6) months following such termination to provide Owner with office and studio space as set forth in Section 4(e) above. Furthermore, Services Company agrees to continue to provide Owner with such office and studio space at all times during the term of this Agreement, even if there are disputes between the parties regarding compliance with the terms of this Agreement.

**10. FORCE MAJEURE.** If a *force majeure* event such as a strike, labor dispute, fire, flood or other act of God, failure or delay of technical equipment, war, public disaster, or

other reason beyond the cause or control of Services Company or Owner prevents such Party or its personnel from performing tasks which it is required to perform under this Agreement during any period of time, then such failure will not be a breach of this Agreement and such Party will be excused from such performance during that time.

**11. SEVERABILITY.** If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law, except that if such invalidity or unenforceability should change the basic economic positions of the Parties, they shall negotiate in good faith such changes in other terms as shall be practicable in order to restore them to their prior positions. In the event that the FCC alters or modifies its rules or policies in a fashion which would raise substantial and material questions as to (i) the validity of any provision of this Agreement or (ii) whether or not a Party would be in violation of any FCC rule or policy as a result of such Party's compliance with any provision of this Agreement, the Parties shall negotiate in good faith to revise any such provision of this Agreement in an effort to comply with all applicable FCC Rules and Regulations, while attempting to preserve the intent of the Parties as embodied in the provisions of this Agreement. The Parties agree that, upon the request of either of them, they will join in requesting the view of the staff of the FCC, to the extent necessary, with respect to the revision of any provision of this Agreement in accordance with the foregoing. If the Parties are unable to negotiate a mutually acceptable modified agreement, then either party may terminate this Agreement upon written notice to the other. Upon such termination, Owner shall pay to Services Company all accrued and unpaid Fees and each Party shall be relieved of any further obligations, one to the other, provided that no such termination shall in any way limit or otherwise affect the Lease, which shall remain in full force and effect pursuant to their terms despite such termination.

**12. AMENDMENT AND WAIVER.** This Agreement may be amended and any provision of this Agreement may be waived; *provided* that any such amendment or waiver will be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party.

**13. NOTICES.** All notices, demands and other communications given or delivered under this Agreement will be in writing and will be deemed to have been given when personally delivered, delivered by express courier service or delivered by facsimile machine with confirmation of receipt. Notices, demands and communications to Services Company or Owner will, unless specified differently in writing, be sent to as indicated below:

To Owner:     KUQI Licensee, LLC  
                    205 W. College Street  
                    Lake Charles, Louisiana 70605  
                    Attn: Lester Langley  
                    Facsimile: [\_\_\_\_\_]

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

Koerner & Olender, P.C.  
11913 Grey Hollow Court  
North Bethesda, Maryland 20852  
Attn: James A. Koerner  
Facsimile: (301) 468-3343

To Services Company:

KIII Services Company, LLC  
5052 Addison Circle  
Addison, Texas 75001  
Attn: Terry London  
Facsimile: (214) 812-9625

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

Akin Gump Strauss Hauer & Feld LLP  
Attn: James A. Deeken  
1700 Pacific Avenue, Suite 4100  
Dallas, Texas 75201  
Facsimile: 214-969-4343

**14. SUCCESSORS AND ASSIGNS.** Neither party may assign its rights and obligations under this Agreement (by operation of law or otherwise), either in whole or in part, without the prior written consent of the other; however, such consent shall not be unreasonably withheld and any assignment in contravention of the foregoing shall be null and void. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted successors and assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted successors and assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns.

**15. STRICT CONSTRUCTION.** The language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

**16. CAPTIONS.** The captions used in this Agreement are for convenience of reference only, do not constitute a part of this Agreement and will not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement will be enforced and construed as if no caption had been used in this Agreement.



**17. GOVERNING LAW; ENTIRE AGREEMENT.** This Agreement shall be construed in accordance with the laws of the State of Texas without regard to principles of conflict of laws. This Agreement, the TSA, the Lease and the Option Agreement embody the entire agreement between the parties with respect to the subject matter hereof and thereof, and there are not other agreements, representations, or understandings, oral or written, between them with respect thereto.

**18. COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

**19. NO PARTNERSHIP OR JOINT VENTURE.** The Agreement is not intended to be, and shall not be construed as, an agreement to form a partnership, agency relationship, or a joint venture between the parties. Except as otherwise specifically provided in this Agreement, neither party shall be authorized to act as an agent of or otherwise to represent the other party.

**20. WAIVER OF JURY TRIAL.** AS A SPECIFICALLY BARGAINED INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS AGREEMENT (EACH PARTY HAVING HAD OPPORTUNITY TO CONSULT COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN.

**21. OTHER DEFINITIONAL PROVISIONS.** The terms “hereof,” “herein” and “hereunder” and terms of similar import will refer to this Agreement as a whole and not to any particular provision of this Agreement. Section references contained in this Agreement are references to Sections in this Agreement, unless otherwise specified. Each defined term used in this Agreement has a comparable meaning when used in its plural or singular form. Each gender-specific term used in this Agreement has a comparable meaning whether used in a masculine, feminine or gender-neutral form. Whenever the term “including” is used in this Agreement (whether or not that term is followed by the phrase “but not limited to” or “without limitation” or words of similar effect) in connection with a listing of items within a particular classification, that listing will be interpreted to be illustrative only and will not be interpreted as a limitation on, or an exclusive listing of, the items within that classification.

[SIGNATURE PAGE FOLLOWS]

**SIGNATURE PAGE TO SHARED SERVICES AGREEMENT**

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

**KUQI LICENSEE, LLC**

By: \_\_\_\_\_  
Name: Lester Langley  
Title: President

**KIII SERVICES COMPANY, LLC**

By: \_\_\_\_\_  
Name: Terry E. London  
Title: President