

## OPTION AGREEMENT

This OPTION AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, 2013, by and between K4 MEDIA HOLDINGS LLC, a Delaware limited liability company (the "Company"), and GOCOM BROADCASTING OF NORTHERN CALIFORNIA LLC, a Delaware limited liability company ("GMNC").

WHEREAS, the Company and Evans Broadcasting of Chico, LLC and its subsidiaries Chico Operating, L.L.C. and Chico License L.L.C. (collectively, "Evans Broadcasting") have entered into an Asset Purchase Agreement dated as of January 31, 2013 (such agreement, as amended, the "Purchase Agreement"), pursuant to which the Company, subject to terms and conditions thereof, has agreed to purchase from Evans Broadcasting the licenses issued by the Federal Communications Commission (the "FCC") in respect of television broadcast station KNVN(TV) and its associated facilities, Chico, California (the "Station") and certain related assets (collectively, the "Purchased Assets");

WHEREAS, GMNC has agreed to guarantee the Company's senior loan from Illinois National Bank (such senior loan as the same may from time to time be amended, restated, modified, supplemented or extended, and any loan refinancing such senior loan, the "Senior Loan"), which will be used by the Company to fund the acquisition of the Purchased Assets pursuant to the Purchase Agreement; and

WHEREAS, in consideration of the guaranty described above and for One Hundred Dollars (\$100) paid by GMNC to the Company, the Company has agreed to issue to GMNC an Option, as hereinafter described (the "Option"), to purchase an Interest (as defined in Section 8 below) in the Company having a Percentage Interest (as defined in Section 8 below), and otherwise entitling the holder thereof to a corresponding percentage of the capital and profits of the Company, equal to the percentage of the total outstanding Percentage Interests of the Company at the time of exercise of the Option as set forth in Section 8 hereof (such Interest and Percentage Interest issued at the time of exercise are sometimes herein referred to collectively as the "Option Interest");

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

**SECTION 1. Option Certificate.** On the date hereof, the Company shall issue and deliver to GMNC a certificate, dated as of the hereof, evidencing the Option (the "Option Certificate") pursuant to the terms hereof. Such certificate shall be substantially in the form set forth as Exhibit A attached hereto.

**SECTION 2. Execution of Option Certificate.** The execution of this Agreement and the issuance of the Option Certificate hereunder have been authorized by the Company, its Manager and the Pre-Exercise Member (as such terms are defined in Section 8 below) in the Limited Liability Company Agreement of the Company dated as of the date hereof (such limited liability agreement, as may be hereinafter amended, the "LLC Agreement"). The Option Certificate shall be signed on behalf of the Company by its duly authorized Manager.

### **SECTION 3. Restrictions on Transfer; Registration of Transfers and Exchanges.**

(a) Prior to any proposed transfer of the Option or the Option Interest, the transferring Holder (as hereinafter defined) shall, if requested by the Company, deliver to the Company an opinion of counsel, reasonably satisfactory in form and substance to the Company, to the effect that the Option or Option Interest, as applicable, may be sold or otherwise transferred without registration under an exemption from the Securities Act of 1933, as amended (the “Securities Act”). Upon original issuance thereof, the Option Certificate shall bear the legend included on the first page of Exhibit A, unless in the opinion of counsel, such legend is no longer required by the Securities Act. GMNC and any subsequent permitted holder or holders of the Option in whole or in part are sometimes hereinafter referred to individually as the “Holder” or collectively as the “Holders.”

(b) Subject to the terms and conditions of transfer contained herein, including the terms of Section 19 below, the Company shall from time to time register the transfer of any outstanding Option Certificate in the Option Register to be maintained by the Company upon surrender of such Option Certificate accompanied by a written instrument or instruments of transfer in form reasonably satisfactory to the Company, duly executed by the registered Holder or Holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of transfer, a new Option Certificate(s) shall be issued to the transferee Holder(s) and the surrendered Option Certificate shall be canceled and disposed of by the Company. If there are multiple Option Certificates outstanding at any time, none of the Exercise Price (as hereinafter defined) or the other payments to be made hereunder shall be pro-rated or otherwise adjusted to reflect the portion of the Option Interest to be acquired by each such Holder (or such Person’s designee) (*i.e.*, the full amount of the Exercise Price, as defined below, shall be payable upon each exercise pursuant to the Option for all or any portion of the Option Interest). Any extension of the term of the Option exercised pursuant to Section 4 hereof shall be made by each Holder only with respect to the portion of the Option represented by such Holder’s Option Certificate.

### **SECTION 4. Option; Exercise of Option.**

(a) Subject to the terms and conditions of this Agreement, including any necessary approval of the Federal Communications Commission (the “FCC”) as described in Section 19 below, the Holder shall have the right, which may be exercised at any time on or following the occurrence of an Exercise Event (as hereinafter defined) and during the period commencing on the date hereof and ending at 5:00 p.m., Chico, California time, on December 31, 2020 (the “Initial Expiration Date”) (subject to extension as provided in the Section 4(b)), to receive (or have its designee receive) from the Company the fully paid and nonassessable Option Interest (or portion thereof) that the Holder may at the time be entitled to receive pursuant to Section 8 below, upon exercise of the Option and payment of the Exercise Price (as hereinafter defined) for such Option Interest..

(b) If the Option is not exercised prior to 5:00 p.m., Chico, California time, on the Initial Expiration Date or the Renewal Expiration Date (as hereinafter defined), as applicable, then it shall terminate and become void, and all rights thereunder, and all rights in respect thereof under this Agreement, shall cease as of such time. The term of the Option and the expiration date thereof shall be extended automatically for up to three (3) additional periods of five (5) years each (*i.e.*, for the first extension, to December 31, 2025, the second extension to December 31, 2030, and

the third extension to December 31, 2035 (each such date, a “Renewal Expiration Date”), unless either the Company or Holder provides to the other written notice of termination of the term of the Option at least one hundred eighty (180) days prior to the Initial Expiration Date or the Renewal Expiration Date, as applicable.. On or prior to any extension of the term of this Option, the Company shall pay to Holder One Thousand Dollars (\$1000) in cash or other immediately available funds.

(c) The Holder shall be entitled to exercise this Option, in whole or in part, only upon, or at any time after, the occurrence of either of (i) any Company Sale (as defined in Section 18 below), or (ii) the liquidation, voluntary or involuntary dissolution, or winding up of the Company; (each of the foregoing events, an “Exercise Event”). Notwithstanding the foregoing, no exercise of the Option upon or at any time after the occurrence of an Exercise Event shall be permitted unless the FCC approves in advance or otherwise permits such exercise or such exercise is otherwise permitted or not prohibited under the Communications Act of 1934, as amended, including any successor act or acts and statutory provisions thereto, and the rules, regulations and published policies of the FCC (collectively, the “Communications Laws”). The occurrence of any Exercise Event or any other action by the Company shall not cause this Option to terminate prior to such time unless it has been exercised in full or has expired in accordance with this Section 4 above.

(d) The price at which the Option shall be exercisable (the “Exercise Price”) shall be equal to One Thousand Dollars (\$1,000). The Option may be exercised upon surrender to the Company at its office designated for such purpose of the Option Certificate(s) to be exercised with the form of election to purchase attached thereto duly filled in and signed, and upon payment to the Company of the Exercise Price for the Option Interest subject to the Option. Payment of the full Exercise Price shall be made, at the election of the Holder, in cash or other immediately available funds to the order of the Company.

(e) Subject to the provisions of Section 5 hereof, upon (i) the surrender of the Option Certificate, (ii) payment of the Exercise Price, and (iii) delivery by the Holder’s designee of an executed letter of acceptance of, and agreement to be bound by, all of the terms and conditions of the Company’s LLC Agreement (the “Acceptance Letter”), the Company agrees to issue and cause to be delivered, as promptly as practicable, to or upon the written order of the Holder and in such name or names as the Holder may designate the number or amount of Option Interest (including a certificate or certificates therefor, to the extent that Interests of the Company are certificated) issuable upon the exercise of the Option, and such designee shall become a Member of the Company having the Interest and Percentage Interest determined under Section 8 hereof without further action by the Company, its Manager and Members. In connection with the exercise of the Option, the LLC Agreement shall be amended to reflect the designee’s admission as a Member of the Company and the provisions described in Section 18 hereof (regarding proceeds from dispositions of Interests or Company assets).

(f) The designee shall be admitted only as a Non-Voting Member (as such term is defined in Section 8 below), except to the extent that the designee may be permitted to be a Voting Member (as such term is defined in Section 8 below) under the Communications Laws. In the making of any determination as to whether any Holder or any Member whose Interest was issued pursuant to exercise of the Option may have the rights of a Voting Member or other rights pursuant to the LLC Agreement, the Company shall be entitled to rely on the advice of counsel that is reasonably satisfactory, both in scope as well as in identity of counsel, to the Manager (it being acknowledged and agreed that Fletcher, Heald & Hildredth shall be deemed satisfactory to the Manager and shall be used for this purpose, if possible), and such advice may, but need not be, in the

form of an opinion of counsel if and as determined by the Manager. To the extent that an designee is admitted as a Non-Voting Member, upon the request of such Non-Voting Member (or any subsequent holder of such Person's Interest in the Company), the Company, at such Non-Voting Member's expense, agrees to file or cause to be filed such applications and take such other actions as the Non-Voting Member may reasonably request in order to obtain the approval of the FCC to permit the Non-Voting Member to become a Voting Member. The Option Interest shall be deemed to have been issued and the Person(s) so designated by the Holder as the designee(s) shall be deemed to have become a holder of record of such Option Interest as of the date of the surrender of the Option Certificate, payment of the Exercise Price, delivery of the executed Acceptance Letter and compliance with any other applicable terms and conditions hereunder, irrespective of the date of delivery of any certificate or certificates for the Option Interest.

(g) The Option Certificate or Certificates surrendered to the Company upon exercise of the Option shall be marked canceled by the Company. In the event that the Option is exercised for less than the entire Option Interest subject to the Option, the Company shall issue to the Holder a new Option Certificate representing the remaining Option Interest subject to the Option. The Company agrees to keep copies of this Agreement and any notices given or received hereunder available for inspection by the Holder during normal business hours at its office.

**SECTION 5. Payment of Taxes; Section 754 Election.** The Holder agrees to pay and indemnify the Company and its Members for all documentary stamp taxes and any and all other governmental charges and taxes, including without limitation all federal and state income taxes, imposed in connection with or attributable to the issuance, delivery or transfer of the Option hereunder, as well as any and all such taxes imposed in connection with or attributable to the issuance or delivery of the Option Interest upon the exercise of the Option and payment of the Exercise Price. Prior to expiration or cancellation of the Option, the Company hereby agrees that no election shall be made on the Company's behalf pursuant to section 754 of the Internal Revenue Code of 1986, as amended (including any successor provision(s) thereto), unless the making of such election is requested or approved by the Holder (or in the event there is more than one Holder, by the Holder(s) that, assuming the full and complete exercise of the Option by all Holders at such time, would hold a Majority (as such term is defined in Section 8 below) of the total Percentage Interests issued or issuable pursuant to exercise of the Option).

**SECTION 6. Mutilated or Missing Option Certificates.** If an Option Certificate is surrendered to the Company in a mutilated condition, or if the Holder of the Option Certificate claims and submits an affidavit or other evidence reasonably satisfactory to the Company to the effect that the Option Certificate has been lost, destroyed or wrongfully taken, then the Company shall issue a replacement Option Certificate. If reasonably required by the Company, the Holder must provide an indemnity bond or other form of indemnity that is sufficient in the reasonable judgment of the Company to protect the Company from any loss which it may suffer if an Option Certificate is replaced. If GMNC is the owner of any such lost, stolen or destroyed Option Certificate, then the affidavit, in form and substance reasonably satisfactory to the Company, of an authorized officer or manager of GMNC, setting forth the fact of loss, theft or destruction and of its ownership of the Option Certificate at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof, and no further indemnity shall be required as a condition to the execution and delivery of a new Option Certificate to GMNC other than the unsecured written agreement of GMNC, in form and substance reasonably satisfactory to the Company, to indemnify the Company.

## SECTION 7. Reservation of Option Interest.

(a) The Company agrees at all times to maintain and keep available, free from preemptive rights, for the purpose of enabling it to satisfy any obligation to issue the Option Interest upon exercise of the Option, the maximum number of Option Interests that may then be deliverable upon the exercise of the Option. The Company agrees to take any limited liability company action as may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue the fully paid and nonassessable Option Interest at the Exercise Price.

(b) The Company covenants and agrees that the Option Interest issued upon exercise of the Option will, upon payment of the Exercise Price therefor and the issuance thereof, be validly authorized and issued, fully paid, nonassessable, free of preemptive rights and free, subject to Section 5 hereof, from all liens and security interests with respect to the issuance thereof (other than those related to or securing the Senior Loan, if applicable).

## SECTION 8. Option Interest.

(a) At all times the Option shall be exercisable for an Interest in the Company possessing the Percentage Interest in the Company (and a corresponding percentage of the total profits and capital interests in the Company immediately after the exercise of the Option) as determined in accordance with the formula set forth below. (For purposes of this Agreement, the terms “Interest”, “Majority”, “Manager”, “Member”, “Non-Voting Member”, “Percentage Interest”, “Person”, “Pre-Exercise Member”, “Tax Draws” and “Voting Member” shall each have the respective meanings ascribed to each such term in the LLC Agreement.) The Exercise Price shall in no event be subject to adjustment hereunder, unless agreed to in writing by all parties hereto.

$$M = 98 - Z - T$$

where:

“**M**” = the Percentage Interest of the Company for which the Option may be exercised;

“**T**” = an amount as set forth below:

- if Net Fair Market Value of the Company is less than \$1,500,000, then T=0;
- if Net Fair Market Value of the Company is equal to or greater than \$1,500,000 but less than \$2,000,000, then T=0.25;
- if Net Fair Market Value of the Company is equal to or greater than \$2,000,000 but less than \$2,500,000, then T=0.50;
- if Net Fair Market Value of the Company is equal to or greater than \$2,500,000 but less than \$3,000,000, then T=0.75; and
- if Net Fair Market Value of the Company is equal to or greater than \$3,000,000, then T=1.00;

“**Z**” = the aggregate portion of the Percentage Interest in the Company that has already been acquired by the Holder(s) or its designee pursuant to previous partial exercises of the Option.

For example, if after the date of this Agreement, at a time when “Z” = 0, the Company is being sold for a net purchase price (after payment of all of its liabilities including its Senior Loan) of \$2,250,000, then the Percentage Interest in the Company that the Holder would receive upon the exercise of the Option would equal:

$$M = 98 - 0 - 0.50 = 97.50\%$$

Therefore, based on the foregoing example, upon exercise the Holder or its designee would have, a 97.50% Percentage Interest in the Company, and the Company’s other Members would have, on a fully-diluted basis, a combined Percentage Interest in the Company totaling 2.50%.

(b) For purposes of the foregoing, the term “Net Fair Market Value” shall mean (i) the net consideration (*i.e.*, in excess of any liabilities of the Company assumed or satisfied by the buyer) paid to the Company or its Members and Holder upon a Company Sale; or (ii) in any other event, the fair market value of all assets of the Company available for distribution to the Members (after payment of all Company liabilities), as may be agreed upon by the Company and the Holder hereof. In the event that the Holder and the Company disagree upon the Net Fair Market Value, the Holder shall select an appraiser reasonably acceptable to the Company to determine the Net Fair Market Value. In the event that the Holder and the Company cannot agree upon an appraiser, each shall select one appraiser, and each appraiser shall select a third. The determination of the appraiser or appraisers chosen pursuant to this paragraph shall be conclusive and binding upon the Holder and the Company, and the costs of such appraisal shall be borne solely by the Holder.

**SECTION 9. Notices to Option Holder.** As soon as practicable but in any event at least thirty (30) days prior to the earlier of the occurrence of any Exercise Event or the record date (if any) for any Member action with respect to any such event, the Company shall give to the Holder at its address appearing on the Option Register, in accordance with the provisions of Section 11 hereof, a written notice stating, if and as applicable, (i) the record date to determine which holders of record of Interests in the Company shall be entitled to receive any rights, options, warrants or distribution with respect to the transaction pertaining to the Exercise Event, or (ii) the initial expiration date set forth in any tender offer or exchange offer for Interests (or any part thereof), or (iii) the date on which any reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up is expected to become effective or consummated, and the date as of which it is expected that holders of record of Interests shall be entitled to exchange all or part of their Interests for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up. The failure to give any notice required by this Section 9 shall render any such Exercise Event null and void (*i.e.*, no merger, asset sale or other transaction constituting an Exercise Event can be consummated without the notice provided for in this Section 9 having been given).

**SECTION 10. No Prior Interest or Control; Protective Provisions.**

(a) Nothing contained in this Agreement or in the Option Certificate shall confer or be construed as conferring upon the Holder (prior to the exercise of the Option) the right to vote or to consent to or to receive notice as a Member of the Company in respect of the meetings of Members or the election of the Manager(s) of the Company or any other matter, or any rights whatsoever as a Member or Manager of the Company; provided, however, that nothing in the foregoing provision is intended to, nor shall it, detract from, diminish or otherwise affect any rights explicitly granted to the Holder hereunder, including without limitation the rights granted to Holder

under the following provisions of this Section 10. Furthermore, nothing in this Agreement or in the Option Certificate shall be construed as conferring upon the Holder (prior to the exercise of the Option) any right to any share of the cash, revenues, profits, property or assets of the Company, whether by dividend, distribution or otherwise. Prior to exercise, the Option shall confer no right, directly or indirectly, to the Holder to (i) serve on any management committee or attend or participate in any management meeting of the Company or (ii) restrict or control in any fashion the personnel, programming or finances of the Company.

(b) Except for (i) the encumbrance and financing of the Company's assets pursuant to the Senior Loan Documents (as such term is defined in the LLC Agreement) or otherwise in connection with the Senior Loan (as such term is defined in the LLC Agreement and is specifically authorized pursuant to Section 2.8 thereof) or (ii) the Company's execution of this Agreement and issuance of the Option, the Company shall not encumber, refinance, sell or otherwise dispose of all or substantially all of the Company's assets or any of its material assets (including, without limitation, any of the Station's licenses or authorizations issued by the FCC or the Station's transmitter) or engage in, authorize or take any action in respect of, any Exercise Event without the prior written approval by a "Majority of the Voting Members", as the meaning of such term is defined in the LLC Agreement, as adjusted below for purposes of this Section 10(b). In computing the approval of a sufficient number of persons to constitute a "Majority of the Voting Members" for the purposes of this Section 10(b), the Holder(s) and any Members whose Interest was initially issued pursuant to an exercise under the Option shall be treated as Voting Members and shall be treated as possessing the Percentage Interests each such Holder and Member would have if there were a full and complete exercise of the Option by all Holders at such time; provided, however, to the extent any Holder(s) or Member(s) whose Interest was initially issued pursuant to an exercise under the Option is not in fact a Voting Member as of the date of a determination to be made pursuant to this Section regarding the Company's assets, each such Holder's or Member's approval rights and Percentage Interest or as-if-exercised Percentage Interest shall be taken into account only if, and to the extent, permitted in compliance with the Communications Laws.

(c) Notwithstanding anything otherwise provided in this Agreement or the LLC Agreement, however, prior to exercise of the Option, no loans or distributions, other than Tax Draws and payments or distributions of the "Monthly Fee" and "Profit Participation Payment" (both as defined and used in the Shared Services Agreement), shall be made to the Members without the prior written approval of the Holder (or in the event there is more than one Holder, by the Holder(s) that, assuming the full and complete exercise of the Option by all Holders at such time, would hold a Majority of the total Percentage Interests issued or issuable pursuant to exercise of the Option).

(d) Prior to expiration of the Option or its exercise in full, neither a Majority of the Voting Members nor the Company shall have the right to (i) redeem or liquidate the Interest of the Pre-Exercise Member or (ii) exercise any rights under Section 8.4 of the LLC Agreement, except upon the prior written approval of the Holder (or in the event there is more than one Holder, by the Holder(s) that, assuming the full and complete exercise of the Option by all Holders at such time, would hold a Majority of the total Percentage Interests issued or issuable pursuant to exercise of the Option); provided, however, such Holder(s) shall have such a right of prior approval only if and to the extent permitted in compliance with the Communications Laws.

**SECTION 11. Notices.** All notices and other communications provided for or permitted hereunder shall be made by hand-delivery, first class mail, telecopier (with confirmation of delivery) or national overnight air courier guaranteeing next day delivery:

(a) If to GMNC:

GOCOM Media of Northern California LLC  
c/o GOCOM Broadcasting Corporation  
200 Main Street, Suite 201B  
Hilton Head, SC 29926  
Attention: Richard L. Gorman  
Telephone: (843) 342-4405

(b) If to the Company:

K4 Media Holdings LLC  
8 Fox Run Road  
Allendale, NJ 07401  
Attention: Theodore T. Horton, Jr  
Telephone: (201) 825-0211

All such notices and communications shall be deemed to have been duly given: (i) at the time delivered by hand, if personally delivered; (ii) five business days after being deposited in the mail, postage prepaid, if mailed (so long as a fax copy is sent and receipt acknowledged within two business days after mailing); (iii) when receipt acknowledged, if telecopied; and (iv) the next business day after timely delivery to the courier, if sent by a national overnight air courier guaranteeing next day delivery. The parties may change the addresses to which notices are to be given by giving at least five days' prior written notice of such change in accordance herewith.

**SECTION 12. Assignment.** Subject to the provisions of Section 3 above, Holder may freely assign its rights under this Agreement to one or more Persons. The Company may only assign this Agreement with the express consent of Holder in its sole discretion.

**SECTION 13. Termination.** This Agreement shall terminate if the Option has been exercised in full or shall have expired or been canceled in full pursuant to this Agreement.

**SECTION 14. Governing Law; Waiver of Jury Trial.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware. TO THE GREATEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THE SCOPE OF THIS JURY TRIAL WAIVER SHALL BE LIMITED TO DISPUTES BETWEEN THE COMPANY AND GMNC AND SHALL NOT EXTEND TO DISPUTES BETWEEN THE COMPANY AND ANY OTHER PERSON.

**SECTION 15. Benefits of This Agreement.** Nothing in this Agreement shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or claim under this Agreement; this Agreement shall be for the sole and exclusive benefit of the Company and the Holders.

**SECTION 16. Counterparts.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all

such counterparts shall together constitute but one and the same instrument; provided, however, that the foregoing shall not apply to an Option Certificate, as to which only one original shall be executed.

**SECTION 17. Amendments and Waivers.** Any proposed waiver or amendment of any of the provisions of this Agreement or the Option shall require the written consent of both the Company and the Holder.

**SECTION 18. Company Sale.**

(a) In the event that a Company Sale (as hereinafter defined) is contemplated, the Company, the Pre-Exercise Member, and the Holder agree to cooperate and work with each other in good faith to structure and consummate such Company Sale to maximize the parties' after-tax returns, but only to the extent that such structure is not materially detrimental to the Company, Pre-Exercise Member or the Holder. It is understood and agreed that, unless the Company and the Holder otherwise agree, the following structure for a Company Sale shall be utilized and approved by the Company, Pre-Exercise Member and the Holder: The Person or Persons desiring to purchase the Company (or its Interests or assets) shall acquire and purchase separately this Option (without exercise) and the Interests of the Pre-Exercise Member. The total consideration therefrom, after providing for satisfaction of all Company liabilities and debts, shall be allocated to and among the Holder, on one hand, and the Pre-Exercise Member, on the other hand, based on and in proportion to the percentage of Option Interest determined under Section 8 above (denominated as "M" under the formula referenced therein). For example, utilizing the example set forth in such Section 8 in which the Holder would receive a 97.50% Percentage Interest in the Company, upon the closing of the Company Sale, the Holder would receive 97.50% of the net sales proceeds (and would recognize the appropriate income and gain with respect thereto) and the Pre-Exercise Member would receive 2.50% of such net sales proceeds (and would only recognize the appropriate income and gain with respect thereto). The Pre-Exercise Member agrees to and shall, in connection with such Company Sale, (i) sell, assign, transfer and convey all of its or his Interest(s) free and clear of any and all liens and encumbrances and (ii) shall take all necessary or desirable actions in connection with such Company Sale as is reasonably requested by the Holder to effectuate the foregoing (including the making of all required customary representations, warranties, covenants and indemnities).

(b) For purposes of this Agreement, the term "Company Sale" shall mean and include (i) any sale of all or substantially all of the assets of the Company in one transaction or series of related transactions; (ii) any sale of all or substantially all of the Interests (or a transaction having similar effect) in one transaction or series of related transactions; (iii) a merger or consolidation or other transaction that accomplishes one of the foregoing or has a similar economic effect; or (iv) any transaction or series of related transactions resulting in the Company being Controlled (as defined in the LLC Agreement) by any Person or Persons other than the Pre-Exercise Member (excluding any change of Control effected pursuant to the exercise of the Option).

**SECTION 19. FCC Approval.** Notwithstanding any provision to the contrary herein, but without limiting or waiving the Company's obligations hereunder, the Holder's rights under this Agreement are subject to the Communications Laws. The Company, the Pre-Exercise Member and the Holder agree to use their respective commercially reasonable best efforts to obtain any approval required by the FCC for any action or transaction contemplated under this Agreement. Any provisions of this Agreement to the contrary notwithstanding, the Option may not be exercised in whole or in part, nor may this Option be transferred or assigned to the extent that such exercise or

transfer would violate the Communications Laws. In the event any such exercise or transfer requires the prior approval of the FCC, the Company and the Pre-Exercise Member each agree that, upon the request of the Holder and at the expense of the Holder, to the greatest extent permitted by law, it or he will file or cause to be filed and will diligently prosecute such applications and take such other action as such Holder may reasonably request to obtain the approval of the FCC to any such exercise or transfer.

**SECTION 20. Amendments to LLC Agreement.** The Company and the Pre-Exercise Member hereby covenant and agree that for so long as all or any part of the Option remains outstanding, the LLC Agreement may be amended or modified in any material respect only with the prior written consent of the Holder (or in the event there is more than one Holder, by the Holder(s) that, assuming the complete exercise of the Option by all Holders at such time, would hold a Majority of the total Percentage Interests issued or issuable pursuant to exercise of the Option).

**SECTION 21. Further Assurances.** The Company and the Pre-Exercise Member agree, upon the request of Holder, from time to time following the date hereof, to execute and deliver such other documents and instruments and take such other actions as Holder may reasonably require to obtain the full benefits of this Agreement, including, without limitation, the timely exercise of the Option in accordance with this Agreement and the taking of all actions reasonably requested thereof by the Holder to assist, and otherwise using its commercially reasonable best efforts to facilitate, the Holder's obtaining any FCC approval or permission for the Holder's exercise of the Option. The Holder agrees, upon the request of the Company, from time to time following the date hereof, to execute and deliver such other documents and instruments and take such other actions as the Company may reasonably require in connection with this Agreement.

**SECTION 22. Specific Performance.** In the event of a breach of this Agreement, any non-breaching party hereto may maintain an action for specific performance against the party or parties hereto who are alleged to have breached any of the terms, conditions, representations, warranties, provisions, covenants, or agreements herein contained (subject to obtaining any required approval of the FCC), and it is hereby further agreed that no objection to the form of action in any proceeding for specific performance of this Agreement shall be raised by any party hereto so that such specific performance of this Agreement may not be obtained by the aggrieved party. Anything contained herein to the contrary notwithstanding, this Section 22 shall not be construed to limit in any manner whatsoever any other rights and remedies that an aggrieved party may have by virtue of any breach of this Agreement.

**SECTION 23. Miscellaneous.** The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Terms or phrases used in this Agreement with initial capitalized letters and not otherwise defined in this Agreement shall have meanings ascribed to them in the LLC Agreement. To the greatest extent permitted by law, the invalidity or unenforceability of any one or more phrases, sentences, clauses, terms, provisions or sections contained herein in any jurisdiction shall not affect the validity or enforceability of this Agreement or affect the validity or enforceability of such provisions in any other jurisdiction.

\* \* \* \* \*

*[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK; THE NEXT PAGE IS THE SIGNATURE PAGE]*

IN WITNESS WHEREOF, the parties hereto have caused this Option Agreement to be duly executed effective as of the day and year first above written.

COMPANY:

**K4 MEDIA HOLDINGS LLC**

By: \_\_\_\_\_  
Theodore T. Horton, Jr., its Manager and  
President

GMNC:

**GOCOM MEDIA OF NORTHERN CALIFORNIA  
LLC**

By: GOCOM Broadcasting Corporation, its Manager

By: \_\_\_\_\_  
Richard L. Gorman, its President

The Pre-Exercise Member joins in the execution of this Agreement solely to acknowledge and agree specifically to the terms and provisions of Sections 18 through and including Section 22 of this Agreement.

\_\_\_\_\_  
**Theodore T. Horton, Jr.**

[SIGNATURE PAGE TO OPTION AGREEMENT]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON \_\_\_\_\_, 2013, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”). THE SECURITIES MAY NOT BE SOLD OR OFFERED FOR SALE OR OTHERWISE DISTRIBUTED EXCEPT IN CONJUNCTION WITH AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE ACT, OR IN COMPLIANCE WITH RULE 144 PROMULGATED UNDER THE ACT OR PURSUANT TO ANOTHER EXEMPTION THEREFROM. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN OPTION AGREEMENT, DATED AS OF \_\_\_\_\_, 2013, BETWEEN THE ISSUER OF SUCH SECURITIES, K4 MEDIA HOLDINGS LLC (THE “COMPANY”), AND GOCOM MEDIA OF NORTHERN CALIFORNIA LLC (“GMNC”) REFERRED TO THEREIN. THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN SUCH AGREEMENT, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS CERTIFICATE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO SUCH TRANSFER. A COPY OF SUCH AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

THE INTERESTS ISSUABLE UPON EXERCISE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PREFERENCES, POWERS, QUALIFICATIONS AND RIGHTS AS SET FORTH IN THE COMPANY’S CERTIFICATE OF FORMATION AND LIMITED LIABILITY COMPANY AGREEMENT. THE COMPANY WILL FURNISH A COPY OF THE CERTIFICATE OF FORMATION AND LIMITED LIABILITY COMPANY AGREEMENT TO THE HOLDER OF THIS CERTIFICATE UPON WRITTEN REQUEST.

No. 1

\_\_\_\_\_ Option

Option Certificate

K4 MEDIA HOLDINGS LLC

This Option Certificate certifies that GOCOM Media of Northern California LLC, or its registered assigns, is the registered holder of a Option (the “Option”) set forth above to purchase an interest having the percentage of the limited liability company interests (the “Interests”) of K4 Media Holdings LLC, a Delaware limited liability company (the “Company”), as set forth in Section 8 of the Option Agreement referred to hereinafter (the “Option Interest”). The Option entitles the Holder upon exercise to receive from the Company the Option Interest, at an exercise price (the “Exercise Price”) of \$1,000.00 payable in lawful money of the United States of America, upon surrender of this Option Certificate and payment of the Exercise Price at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Option Agreement referred to hereinafter. The Option is exercisable at any time following the occurrence of an Exercise Event (as defined in the Option Agreement referred to hereinafter) during the period commencing on the date hereof and ending at 5:00 p.m., Chico, California time, on December 31, 2020, unless such period is otherwise extended pursuant to the terms of such Option Agreement.

The Option evidenced by this Option Certificate is duly authorized and issued pursuant to an Option Agreement dated as of \_\_\_\_\_, 2013 (the “Option Agreement”), duly executed and delivered by the Company, which Option Agreement is hereby incorporated by reference in and made a

part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words “holders” or “holder” meaning the registered holders or registered holder) of the Option. A copy of the Option Agreement may be obtained by the holder hereof upon written request to the Company. Capitalized terms used and not defined herein shall have the meaning ascribed thereto in the Option Agreement.

The holder of the Option evidenced by this Option Certificate may exercise the Option under and pursuant to the terms and conditions of the Option Agreement by surrendering this Option Certificate, with the form of election to purchase set forth hereon (and by this reference made a part hereof) properly completed and executed, together with payment of the Exercise Price made, at the election of the Holder, in cash or immediately available funds and compliance with other terms and conditions set forth in the Option Agreement.

When surrendered at the office of the Company by the registered holder thereof in person or by legal representative or attorney duly authorized in writing, this Option Certificate may be exchanged, in the manner and subject to the conditions and limitations provided in the Option Agreement, but without payment of any service charge, for another Option Certificate of like tenor evidencing the Option.

Subject to the terms and conditions of the Option Agreement, upon due presentation for registration of transfer of this Option Certificate at the office of the Company a new Option Certificate(s) of like tenor and evidencing the Option shall be issued to the transferee(s) in exchange for this Option Certificate, subject to the conditions and limitations provided in the Option Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company may deem and treat the registered holder(s) thereof as the absolute owner(s) of this Option Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Neither the Option nor this Option Certificate entitles any holder hereof to any rights of a Member or Manager of the Company.

IN WITNESS WHEREOF, K4 Media Holdings LLC has caused this Option Certificate to be signed by its Manager.

Dated: \_\_\_\_\_, 2013

**K4 MEDIA HOLDINGS LLC**

By: \_\_\_\_\_  
Theodore T. Horton, Jr., its Manager and President

FORM OF ELECTION TO PURCHASE

(To Be Executed Upon Exercise of Option)

The undersigned hereby irrevocably elects to exercise the right, represented by this Option Certificate, to purchase \_\_\_\_\_ portion of the Interest in the Company having the amount of Percentage Interests of the Company as set forth in Section 8 of the Option Agreement and herewith tenders payment for such Interests to the Company in the form of a check payable to the order of the Company in the amount of \$1,000.00.

The undersigned requests that such Interests be registered in the name of \_\_\_\_\_, whose address is \_\_\_\_\_ and, if Interests of the Company are certificated, that a certificate be made out in such name and delivered to \_\_\_\_\_, whose address is \_\_\_\_\_.

The undersigned further requests that, if the entirety of the undersigned's interest in the Option is not exercised hereby, a new Option Certificate for the remainder of the undersigned's interest in the Option be issued to the undersigned and delivered to the undersigned at the following address \_\_\_\_\_.

Signature(s): \_\_\_\_\_

NOTE: The above signature(s) must correspond with the name written upon the face of this Option Certificate in every particular, without alteration or enlargement or any change whatever. If this Option is held of record by two or more joint owners, all such owners must sign.

Date:

FORM OF ASSIGNMENT

(To be signed only upon assignment of Option Certificate)

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells, assigns and transfers unto \_\_\_\_\_ whose address is \_\_\_\_\_ and whose social security number or other identifying number is \_\_\_\_\_, \_\_\_\_\_ portion of its rights in the within Option Certificate, together with all right, title and interest therein and to a proportionate interest in the Option represented thereby, and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer said Option Certificate on the books of the within-named Company, with full power of substitution in the premises.

The undersigned further requests that, if the entirety of the undersigned's interest in the Option is not transferred hereby, a new Option Certificate for the remainder of the undersigned's interest in the Option be issued to the undersigned and delivered to the undersigned at the following address \_\_\_\_\_.

Signature(s): \_\_\_\_\_

NOTE: The above signature(s) must correspond with the name written upon the face of this Option Certificate in every particular, without alteration or enlargement or any change whatever. If this Option is held of record by two or more joint owners, all such owners must sign.

Date: \_\_\_\_\_