

TRANSACTION AGREEMENT

THIS TRANSACTION AGREEMENT (this "**Agreement**") is made and entered into as of October [], 2015, by and among HIC Broadcast, Inc., a California corporation ("**HIC**"), Bertha A. Hernandez as Trustee of the Survivor's Trust ("**B. Hernandez**") created under Article VII of the Hernandez Family Trust under a declaration of trust dated 12/21/88, as amended and restated (the "**Survivor's Trust**"). Enrique Hernandez, Jr. ("**E. Hernandez**"), Yvonne Hernandez Slaughter ("**Slaughter**" and together with HIC, the Survivor Trust and E. Hernandez, the "**Parties**").

WHEREAS, HIC is the licensee of commercial broadcast station KFWD, Fort Worth, Texas, facility ID number 29015 (the "**Station**"); and

WHEREAS, E. Hernandez issued that certain Promissory Note, dated as of December 31, 2010, to HIC in the amount of \$1,202,060.12, together with interest on the unpaid principal amount payable at the rate of 1.53% per annum, compounded annually, the balance of which, including all accrued but unpaid interest, as of October 5, 2015 is \$1,031,540.15 (the "**E Hernandez Note**"); and

WHEREAS, E. Hernandez is the holder of 333.33 shares of HIC's Common Stock (such shares, the "**EH Shares**"); and

WHEREAS, Slaughter issued that certain Limited Recourse Seller's Note, dated as of December 31, 2012, to B. Hernandez, as Trustee of the Survivor's Trust, in the amount of \$996,480.00, together with interest on the unpaid principal amount payable at the rate of 1% per annum, compounded daily, the balance of which, including all accrued but unpaid interest, as of October 5, 2015 is \$1,024,274.25 (the "**Slaughter Note**"); and

WHEREAS, Slaughter is the holder of 333.33 shares of HIC's Common Stock (such shares, the "**Slaughter Shares**"); and

WHEREAS, B. Hernandez, in her capacity as Trustee of the Survivor's Trust, and E. Hernandez have agreed that the Survivor's Trust shall purchase the EH Shares in consideration for (a) the Survivor's Trust's assumption of all obligations and liabilities arising under the E Hernandez Note and (b) the Survivor's Trust's issuance to E. Hernandez of the promissory note described herein and in the form of Exhibit A attached hereto; and

WHEREAS, B. Hernandez, in her capacity as Trustee of the Survivor's Trust, and Slaughter have agreed that the Survivor's Trust shall purchase the Slaughter Shares in consideration for (a) the Survivor's Trust's cancellation in full of the Slaughter Note and (b) the Survivor's Trust's issuance to Slaughter of the promissory note described herein and in the form of Exhibit A attached hereto; and

WHEREAS, in connection with the execution of this Agreement and in order to consummate the transactions contemplated by this Agreement, the Parties shall file an application with the Federal Communications Commission (the "**FCC**") requesting FCC consent to the transfer of control of HIC to the Survivor's Trust (the "**FCC Application**").



NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

TRANSACTIONS

Section 1.1 FCC Application. Promptly following the date hereof, but in no event later than five (5) business days from the date hereof, HIC shall file the FCC Application.

Section 1.2 Purchase Price. The Parties hereby agree that the purchase price of each of the EH Shares and the Slaughter Shares shall be an amount equal to the fair market value of such shares as of the date hereof as finally determined for Federal estate and gift tax purposes within the meaning of Treasury Regulation § 20.2001-1(c), and any amendment thereto or successor or corresponding provision thereof (the "**Purchase Price**"), using the valuation methodology for determining the fair market value of property under Chapter 12 of the Internal Revenue Code of 1986, as amended, and based on the valuation analysis conducted by an independent appraiser, Valuation Services, Inc., which valuation, and the methodology therefor, will be described in a written report to be provided by Valuation Services, Inc.

Section 1.3 Transactions.

(a) As a condition precedent to consummation of the transactions contemplated by this Agreement, effective upon the later of (1) the issuance of the initial consent of the FCC (including the FCC staff acting pursuant to delegated authority) to the FCC Application and (2) the satisfaction of the other terms and conditions of this Agreement, and subject at all times to Section 1.4 of this Article:

(i) E. Hernandez shall sell, assign and transfer to the Survivor's Trust, and the Survivor's Trust shall become the owner of, all of E. Hernandez's right, title and interest in and to the EH Shares; and as payment of the Purchase Price therefor, the Survivor's Trust (x) shall assume all obligations and liabilities arising under the E Hernandez Note, and E Hernandez shall be fully discharged and released for such obligations and liabilities, and (y) shall issue to E. Hernandez a promissory note in the form of Exhibit A attached hereto in the original principal amount of \$532,001.60, with interest thereon (the "**EH Sale Note**") (the Survivor's Trust's aforesaid assumption, release and discharge together with the amount of the EH Sale Note, the "**EH Expected Purchase Price**"); and

(ii) Slaughter shall sell, assign and transfer to the Survivor's Trust, and the Survivor's Trust shall become the owner of, all of Slaughter's right, title and interest in and to the Slaughter Shares, and as payment of the Purchase Price therefor, the Survivor's Trust (x) shall assume all obligations and liabilities arising under the Slaughter Note, and Slaughter shall be fully discharged and released for such obligations and liabilities, and (y) shall issue to Slaughter a promissory note in the form of Exhibit A attached hereto in the original principal amount of \$539,078.80 with interest thereon (the "**Slaughter Sale Note**"; the Survivor's Trust's aforesaid assumption, release and discharge together with the amount of the Slaughter Sale Note, the



“**Slaught Expected Purchase Price**”; and the exchanges set forth in this Subparagraph (i) and Subparagraph (ii) of this Paragraph (a) collectively, the “**Transactions**”).

(b) The Parties hereby agree that, immediately following the consummation of the Transactions, the ownership of all of the outstanding capital stock of HIC shall be as set forth on Annex A.

Section 1.4 - Adjustment of Notes. Any provision of Paragraph (a) of Section 1.3 to the contrary notwithstanding, the Parties hereby agree that if the Internal Revenue Service (“**IRS**”) shall determine that the Purchase Price for the EH Shares exceeds the EH Expected Purchase Price and/or the Purchase Price for the Slaughter Shares exceeds the Slaughter Expected Purchase Price, the Parties hereby agree that:

(a) Within five (5) business days after any Party receives notice from the IRS to the effect that the value as finally determined for Federal estate and gift tax purposes of the EH Shares and/or the Slaughter Shares purchased pursuant to this Agreement has been increased, such party shall notify B. Hernandez, as Trustee of the Survivor’s Trust, regarding such adjustment in value; and

(b) B. Hernandez shall promptly amend and restate both the EH Sale Note and the Slaughter Sale Note and increase the principal amount due thereon accordingly (and make any appropriate adjustments to any compounded interest due thereon) to the end that (i) the amount of the EH Sale Note together with the Survivor’s Trust’s assumption of the B. Hernandez Note shall equal the Purchase Price for the EH Shares, and (ii) the amount of the Slaughter Sale Note together with the Survivor’s Trust’s assumption of the Slaughter Sale Note shall equal the Purchase Price for the Slaughter Shares.

MISCELLANEOUS

Section 2.1 Amendment and Waiver. Except as otherwise provided herein, this Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

Section 2.2 Severability. If any provision of this Agreement shall be declared by any court of competent jurisdiction to be illegal, void or unenforceable, all other provisions of this Agreement shall not be affected and shall remain in full force and effect.

Section 2.3 Governing Law; Consent to Jurisdiction. This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, the Transactions and other transactions contemplated hereby and/or the interpretation and enforcement of the rights and duties of the Parties, shall be governed by and construed in accordance with the law of the State of Delaware without regard to any applicable principles of conflicts of law. Each party to this Agreement agrees that, in connection with any legal suit or proceeding arising with respect to this Agreement, it shall submit to the exclusive jurisdiction of the United States District Court for the District of Delaware or the applicable Delaware state court and agrees to venue in such courts.



Section 2.4 Successors and Assigns. This Agreement will inure to the benefit of, and be binding upon, the Parties and each of their respective permitted successors, assigns, heirs, legal and personal representatives, executors and administrators. This Agreement is for the exclusive benefit of the Parties and each of their respective permitted successors, assigns, heirs, executors and administrators and not for the benefit of any third party.

Section 2.5 Entire Agreement. This Agreement constitutes the final and entire agreement between the Parties respecting the subject matter hereof and any oral or written representation, warranty, course of dealing or trade usage not contained or referenced herein shall not be binding on the Parties.

Section 2.6 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same agreement. To expedite the execution of this Agreement, the Parties agree that executed counterparts may be transmitted electronically, which electronic copies shall be fully binding upon the executing Party.

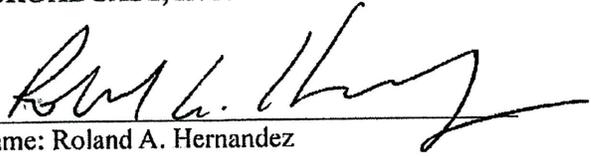
Section 2.7 Control. Notwithstanding any other provision of this Agreement, between the date hereof and consummation of the transactions contemplated by this Agreement, B. Hernandez, as Trustee of the Survivor's Trust, shall not, directly or indirectly, control, supervise or direct, or attempt to control, supervise or direct, the operation of the Station and the conduct of such business operations.

[Signature Pages Follow]



IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

HIC BROADCAST, INC.

By: 
Name: Roland A. Hernandez
Title: President

**Survivor's Trust under Article VII of the
Hernandez Family Trust dated 12/21/88**

By: _____
Name: Bertha A. Hernandez
Title: Trustee

ENRIQUE HERNANDEZ, JR.

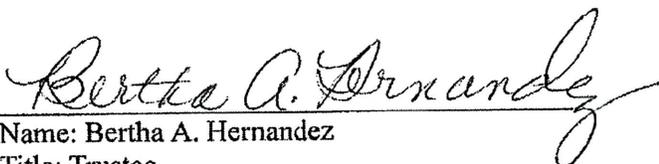
YVONNE HERNANDEZ SLAUGHT

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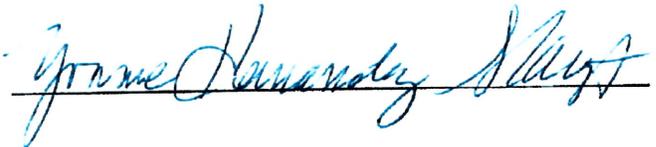
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Annex A

Pro Forma Capitalization

<u>Shareholder</u>	<u>Shares</u>
Survivor's Trust under Article VII of the Hernandez Family Trust Dated 12/21/88	666.66
Roland A. Hernandez	250.00
Roland A. Hernandez Dynasty Trust	83.34

E.N.D