

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): SEPTEMBER 30, 1996

GRAY COMMUNICATIONS SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

GEORGIA

(State or other
jurisdiction of
incorporation)

1-13796

(Commission
File Number)

58-0285030

(IRS Employer
Identification
Number)

126 N. WASHINGTON STREET, ALBANY, GA

(Address of principal
Executive offices)

31701

(Zip Code)

Registrant's telephone number, including area code (912) 888-9390

Item 2. Acquisition or Disposition of Assets

(a) On September 30, 1996, Gray Communications Systems, Inc. (the "Company") purchased from First American Media, Inc. substantially all of the assets used in the operation of television stations WCTV-TV, Channel 6, the CBS affiliate in Tallahassee, Florida/Thomasville, Georgia, and WKXT-TV, Channel 8, the CBS affiliate in Knoxville, Tennessee, as well as those assets used in the operations of a satellite production services business and a communications and paging business. The consideration paid at closing was approximately \$182.6 million, consisting of \$175.5 million cash and the assumption of approximately \$7.1 million of liabilities. The transaction was recorded on September 30, 1996 and the results of operations of the acquired businesses will be included in the Company's financial statements beginning October 1, 1996.

The terms of the acquisition, including the consideration paid by the Company therefor, were determined in arms-length negotiations between the Company and the seller. The source of funds for the transaction was: net proceeds of \$67.1 million from the sale of 3,500,000 shares of Class B Common Stock of the Company; net proceeds of \$155.2 million from the sale of \$160 million principal amount of the Company's 10 5/8% Senior Subordinated Notes due 2006; \$16.9 million drawn down under a senior credit facility with KeyBank National Association, NationsBank, N.A. (South), CIBC, Inc., CoreStates Bank, N.A., and the Bank of New York; and \$10 million net proceeds from the sale of 1,000 shares of the Company's Series B Preferred Stock and warrants to purchase 500,000 shares of the Company's Class A Common Stock at \$24 per share. Such shares of Series B Preferred Stock were issued to Bull Run Corporation, a principal shareholder of the Company, and to J. Mack Robinson, Chairman of the Board of Bull Run Corporation and Interim President of the Company, and certain of his affiliates. The Robinson-Humphrey Company, Inc. provided an opinion as to the fairness of the terms of the sale of such Series B Preferred Stock and warrants.

For additional information with respect to the foregoing acquisition, offerings, bank credit facility and related matters, including the repayment by the Company of certain of its indebtedness, reference is made to the Company's prospectus, dated September 24, 1996, relating to the public offering by the Company of its Class B Common Stock (the "Equity Prospectus"), as filed with the Securities and Exchange Commission pursuant to Rule 424(b) under the Securities Act of 1933, particularly under the caption, "The Phipps Acquisition, the KTVE Sale and the Financing," which is incorporated herein by reference.

Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits

FINANCIAL STATEMENTS OF BUSINESS ACQUIRED AND PRO FORMA FINANCIAL INFORMATION

The financial statements and pro forma financial information required by this item are set forth under "Pro Forma Financial Data" and "Consolidated Financial Statements" in the Equity Prospectus and are incorporated herein by reference.

Exhibits:

- (4)(i) Loan Agreement dated September 23, 1996 by and among Gray Communications Systems, Inc., as the borrower, KeyBank National Association as agent, NationsBank, N.A. (South) as CO-Agent and CIBC, Inc., CoreStates Bank, N.A., and the Bank of New York.
- (ii) Borrower Security Agreement dated September 30, 1996 by and between Gray Communications Systems, Inc., and KeyBank National Association.
- (iii) Subsidiary Security Agreement dated September 30, 1996 between Gray Communications Systems, Inc., its subsidiaries and Keybank National Association.
- (iv) Borrower Pledge Agreement dated September 30, 1996 between Gray Communications Systems, Inc., and Keybank National Association.
- (v) Subsidiary Pledge Agreement dated September 30, 1996 by and among WRDW-TV, Inc., WJHG-TV, Inc., WALB-TV, Inc., Gray Kentucky Television, Inc. and Keybank National Association.
- (vi) Subsidiary Guarantee dated September 30, 1996 between Gray Communications Systems, Inc., its subsidiaries and Keybank National Association.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GRAY COMMUNICATIONS SYSTEMS, INC.

Date: October 15, 1996

By: /s/ William A. Fielder, III

WILLIAM A. FIELDER, III
Vice President and Chief Financial Officer

LOAN AGREEMENT

by and among

GRAY COMMUNICATIONS SYSTEMS, INC.,

as the Borrower,

KEYBANK NATIONAL ASSOCIATION,
as Agent,

NATIONSBANK, N.A. (SOUTH),
as Co-Agent,

and

THE FINANCIAL INSTITUTIONS LISTED HEREIN

AS OF SEPTEMBER 23, 1996

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made and entered into as of September 23, 1996, by and among GRAY COMMUNICATIONS SYSTEMS, INC., a Georgia corporation (the "Borrower"), the FINANCIAL INSTITUTIONS listed on the signature pages hereof, NATIONSBANK, N.A. (SOUTH), as co-agent (the "Co-Agent"), and KEYBANK NATIONAL ASSOCIATION, as agent (the "Agent").

RECITALS:

The Borrower desires to borrow from the Banks (as that term is defined below) up to \$53,500,000 on a reducing revolving credit basis and up to \$71,500,000 on a revolving credit converting to a term loan basis, the proceeds of which will be used to fund certain acquisitions, for the repayment of certain existing indebtedness, for capital expenditures and working capital purposes in the operations of the Borrower and its Subsidiaries and to provide standby letters of credit.

AGREEMENTS:

Accordingly, the Borrower, the Banks and the Agent agree as follows:

SECTION 1. DEFINITIONS.

1.1 DEFINITIONS. All terms typed with leading capitals are terms defined in this Agreement. For the purposes of this Agreement, the terms defined in this Section 1 shall have the meanings set out below.

"AFFILIATE" means, with respect to any Person (a) any other Person which is directly or indirectly controlled by, under common control with or controlling the first specified Person; (b) a Person owning beneficially or controlling 10% or more of the equity interest in such other Person; (c) any officer, director or partner of such other Person; or (d) any spouse or relative (by blood, adoption or marriage) of any such individual Person. The term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, partnership interests, by contract or otherwise.

"APPLICABLE MARGIN" means, as of any date of determination, the percentage determined from the following table based upon the Leverage Ratio:

Leverage Ratio: - - - - -	Applicable Margin for Base Rate Loans: -----	Applicable Margin for LIBOR Loans: -----
Greater than 6.5:1.0 but less than or equal to 6.75:1.0	1.0%	3.25%
Greater than 6.25:1.0 but less than or equal to 6.50:1.0	0.75%	3.00%
Greater than 6.00:1.0 but less than or equal to 6.25:1.0	0.50%	2.75%
Greater than 5.50:1.0 but less than or equal to 6.00:1.0	0.25%	2.50%
Greater than 5.00:1.0 but less than or equal to 5.50:1.0	0.00%	2.25%
Greater than 4.50:1.0 but less than or equal to 5:00:1.0	0.00%	2.00%
Greater than 4.00:1.0 but less than or equal to 4.50:1.0	0.00%	1.75%
Less than or equal to 4.0:1.0	0.00%	1.50%

"APPLICABLE PERCENTAGE" means, as of any date of determination, the percentage determined from the following table based upon the Leverage Ratio:

Leverage Ratio:	Applicable Percentage:
- - - - -	- - - - -
Greater than 4.5:1.0	50%
Less than or equal to 4.5:1.0	0%;

PROVIDED, HOWEVER, that the Applicable Percentage shall be 100% if at the time of determination a Possible Default or Event of Default exists.

"ASSET SALE" means the sale by the Borrower or any of its Subsidiaries to any Person of any of the stock, partnership interests or other equity interests of any Subsidiary or any other assets of the Borrower or any Subsidiary, other than (a) the sale of assets in one transaction or a series of transactions with an aggregate value which does not exceed in any fiscal year an amount equal to \$300,000 and (b) the sale in the ordinary course of business of assets held for resale in the ordinary course of business or the trade in or replacement of assets in the ordinary course of business; PROVIDED, HOWEVER, that the transfer of all or substantially all of the assets of WALB-TV or WJHG-TV to a trust of which the Borrower and/or its Subsidiaries are the sole beneficiaries shall not constitute an Asset Sale (except that any subsequent sale or transfer by such trust to any third party shall constitute an Asset Sale).

"BANKING DAY" means a day on which the main office of the Agent is open to the public for the transaction of business, and on which, with respect to any LIBOR Loan, banks are open for business in London, England, and quoting deposit rates for dollar deposits.

"BANKS" means the financial institutions listed on the signature pages of this Agreement and their respective successors and assigns; the term "Banks" shall include the Issuing Bank.

"BASE RATE" means the rate of interest determined and publicly announced by the Agent from time to time as its prime rate at its main office in Cleveland, Ohio. The prime rate functions as a reference rate index, and the Agent may charge borrowers more or less than the prime rate. The Base Rate will automatically change as and when such prime rate changes.

"BASE RATE LOANS" means those Loans described in Sections 2.1 and 2.2 on which the Borrower shall pay interest at a rate based on the Base Rate.

"BENEFIT ARRANGEMENT" means any pension, profit-sharing, thrift or other retirement plan, medical, hospitalization, vision, dental, life, disability or other insurance or benefit plan, deferred compensation, stock

ownership, stock purchase, stock option, performance share, bonus, fringe benefit, savings or other incentive plan, severance plan or other similar plan, agreement, arrangement or understanding, to which the Borrower or any member of the Controlled Group is, or in the preceding six years was, required to contribute on behalf of its employees or directors, whether or not such plan, agreement, arrangement or understanding is subject to ERISA.

"BORROWER PLEDGE AGREEMENT" has the meaning assigned to it in Section 6.3(a).

"BORROWER SECURITY AGREEMENT" has the meaning assigned to it in Section 6.2(a).

"CAPITAL DISTRIBUTION" means any dividend, payment or distribution made, liability incurred or other consideration given for the purchase, acquisition, redemption or retirement of any stock, partnership interest or other equity interest of the Borrower or any of its Subsidiaries or as a dividend, return of capital or other payment or distribution of any kind to a shareholder or partner of the Borrower or any of its Subsidiaries in respect of the Borrower's or such Subsidiary's stock or partnership interests; PROVIDED, HOWEVER, that any dividend or other distribution with respect to any class of capital stock paid or made in such class of capital stock shall not constitute a Capital Distribution for purposes of this Agreement.

"CAPITAL EXPENDITURES" means any payments by the Borrower or any of its Subsidiaries for or in connection with the rental, lease, purchase, construction or use of any real or personal property the value or cost of which, under GAAP, should be capitalized and appear on the Borrower's or such Subsidiary's balance sheet in the category of property, plant or equipment, without regard to the manner in which such payments or the instrument pursuant to which they are made are characterized by the Borrower or such Subsidiary or any other Person; PROVIDED, HOWEVER, that neither (a) the capitalized portion of the purchase price payable in connection with the Phipps Purchase Agreement or a Permitted Acquisition, nor (b) expenditures of proceeds of casualty insurance policies reasonably and promptly applied to replace insured assets, shall constitute a Capital Expenditure for purposes of this Agreement.

"CAPITALIZED LEASE OBLIGATIONS" means the obligations of the Borrower or any of its Subsidiaries to pay rent or other amounts under leases of, or other agreements conveying the right to use real or personal property, which obligations are required to be classified and accounted for as capital leases on a balance sheet of the Borrower or such Subsidiary, prepared in accordance with GAAP.

"CLOSING" and "CLOSING DATE" have the meanings assigned to them in Section 4.

"CODE" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"COLLATERAL DOCUMENTS" means all promissory notes, letters of credit, agreements, assignments, guaranties, mortgages, financing statements, certificates and other agreements, instruments and documents which are required by or executed in connection with or contemplated by this Agreement or any other Collateral Document to be executed or delivered by or on behalf of the Borrower, any of its Subsidiaries or any other Person.

"COMMITMENTS" means Revolving Commitment and the Term Commitment, and "COMMITMENT" means either of them.

"CONTROLLED GROUP" means a controlled group of entities which are treated as a single employer under Sections 414(b), 414(c) or 414(m) of the Code of which the Borrower or any of its Subsidiaries is a part.

"CONVERSION DATE" means December 31, 1998.

"DEFAULT INTEREST RATE" means a rate of interest equal to the sum of the Base Rate plus 3.0% per annum.

"DISCOUNT RATE" means, with respect to a prepayment or conversion of a LIBOR Loan on a date other than the last day of its Interest Period, a rate equal to the interest rate (as of the date of prepayment or conversion) on United States Treasury obligations in a like amount as such Loan and with a maturity approximately equal to the period between the prepayment or conversion date and the last day of the Interest Period of such Loan, as determined by the Agent.

"ENVIRONMENTAL CLAIM" means, with respect to any Person, any written or oral notice, claim, demand, request for information, citation, summons, order or other communication (each, a "CLAIM") by any other Person alleging or asserting the liability of the recipient of such claim for investigatory costs, cleanup costs, governmental response costs, damages to natural resources or other property or health, personal injuries, fines or penalties arising out of, based on or resulting from (a) the presence, or Release, of any Hazardous Material at or from any location, whether or not owned by such Person, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law. The term "Environmental Claim" shall include, without limitation, any claim by any governmental authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any

applicable Environmental Law, and any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence or Release of Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"ENVIRONMENTAL LAWS" means all provisions of law, statutes, ordinances, rules, regulations, permits, licenses, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by the government of the United States of America or by any state or municipality thereof or by any court, agency, instrumentality, regulatory authority or commission of any of the foregoing concerning health, safety and protection of, or regulation of the emission, release or discharge of substances into, the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"EVENT OF DEFAULT" means any of the events specified in Section 9.

"EXCESS CASH FLOW" for any fiscal year of the Borrower means Operating Cash Flow for such fiscal year, PLUS the decrease, if any, in Working Capital as of the end of such fiscal year over Working Capital as of the end of the prior fiscal year, minus the sum of the following without duplication: (a) all principal payments required to be made on the Loans pursuant to Sections 2.1, 2.2 and 2.7(b)(i) during such fiscal year, PLUS (b) all principal payments required to be made by the Borrower and its Subsidiaries on Total Debt (other than the Loans) during such fiscal year, PLUS (c) all cash Interest Expense of the Borrower and its Subsidiaries during such fiscal year, PLUS (d) all Capital Distributions made during such fiscal year in accordance with this Agreement (other than Capital Distributions made pursuant to Section 8.9(a)(iii)), PLUS (e) all Capital Expenditures made by the Borrower and its Subsidiaries during such fiscal year in accordance with this Agreement, PLUS (f) federal, state and local income taxes paid or accrued during such fiscal year, PLUS (g) the increase, if any, in Working Capital as of the end of such fiscal year over Working Capital as of the end of the prior fiscal year, PLUS (h) \$1,000,000.

"FCC" means the Federal Communications Commission or any governmental authority at any time substituted therefor.

"FEE LETTER" means the letter agreement dated as of the date hereof between the Agent and the Borrower relating to certain fees payable by the Borrower.

"FINAL ORDER" means an action or order issued by the FCC (a) which has not been reversed, stayed, enjoined, set aside,

annulled or suspended, and (b) with respect to which (i) no requests or petitions have been filed for administrative or judicial review, reconsideration, rehearing, appeal or stay, and the time for filing any such requests or petitions and for the FCC to set aside the action on its own motion has expired, (ii) in the event of review, reconsideration or appeal, the time for further review, reconsideration or appeal has expired, and (iii) no appeal to a court or request for stay by a court of such action is pending or in effect, and, if any deadline for filing any such appeal or request is designated by statute or rule, it has passed.

"FIXED CHARGE COVERAGE RATIO" means, as of the end of any fiscal quarter, the ratio of Operating Cash Flow for the four quarter period then ended to the sum of (a) all Interest Expense for such four quarter period, PLUS (b) all scheduled Revolving Commitment reductions pursuant to Section 2.1 during such four quarter period, PLUS (c) all required principal payments due on the Term Loans during such four quarter period, PLUS (d) all principal payments required to be made by the Borrower and its Subsidiaries on Total Debt (other than the Loans) during such four quarter period, PLUS (e) Capital Expenditures made by the Borrower and its Subsidiaries during such four quarter period, PLUS (f) any federal, state or local income taxes accrued by the Borrower or any of its Subsidiaries during such four quarter period, PLUS (g) any Capital Distributions made by the Borrower in such four quarter period.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, consistently applied.

"GUARANTOR" means one who pledges its credit or property in any manner, or otherwise becomes responsible for the payment or other performance of the indebtedness, contract or other obligation of another Person and includes (without limitation) any guarantor (whether of payment or of collection), surety, co-maker, endorser or one who agrees conditionally or otherwise to make any purchase, loan or investment in order thereby to enable another to prevent or correct a default of any kind and one who has endorsed (otherwise than for collection or deposit in the ordinary course of business), or has discounted with recourse or agreed (contingently or otherwise) to purchase or repurchase or otherwise acquire or become liable for, any Indebtedness.

"GUARANTY" shall have the meaning assigned to it in Section 6.6.

"HAZARDOUS MATERIAL" means, collectively, (a) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam

insulation, and transformers or other equipment that contain polychlorinated biphenyls ("PCBS"), (b) any chemicals or other materials or substances that are now or hereafter become defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "contaminants", "pollutants" or words of similar import under any Environmental Law and (c) any other chemical or other material or substance, exposure to which is now or hereafter prohibited, limited or regulated under any Environmental Law.

"INDEBTEDNESS" of any Person means all liabilities, obligations and reserves, contingent or otherwise, which, in accordance with GAAP, would be reflected as a liability on a balance sheet (excluding trade accounts payable and accrued expenses arising in the ordinary course of business), and (without duplication) (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed by such Person, (g) all obligations or liabilities in respect of which such Person is a Guarantor, (h) all Capitalized Lease Obligations of such Person, (i) all Rate Hedging Obligations, and (j) all obligations of such Person as an account party to reimburse any Person in respect of letters of credit (including the Letters of Credit) or bankers' acceptances. The Indebtedness of any Person shall include any recourse Indebtedness of any partnership in which such Person is a general partner.

"INTEREST EXPENSE" shall mean, for any period, the gross interest expense accrued by the Borrower and its Subsidiaries in respect of their Indebtedness for such period, determined on a consolidated basis, all fees payable under Section 2.6 or the Fee Letter and any other fees, charges, commissions and discounts in respect of Indebtedness, including fees payable in connection with the Letters of Credit. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received by the Borrower with respect to Rate Hedging Obligations.

"INTEREST PERIOD" means, with respect to any LIBOR Loan, the period selected by the Borrower, commencing on the date such Loan is made, continued or converted and ending on the last day of such period as selected by the Borrower. The Interest Period for each LIBOR Loan shall be one, two, three or six months or, if available from all of the Banks, twelve months; PROVIDED, HOWEVER, that whenever the last day of such Interest Period would otherwise occur on a day other than a Banking Day, the last day of such Interest Period shall occur on the next succeeding Banking Day; PROVIDED, FURTHER, that if such extension of time would cause the last day of such Interest Period to occur in the next calendar month, the last day of such Interest Period shall occur on the next preceding Banking Day; and PROVIDED, FURTHER, that if the first day of an Interest Period is the last Banking Day of a month or a day for which there is no numerically corresponding day in the appropriate subsequent calendar month, then such Interest Period shall end on the last Banking Day of the appropriate subsequent calendar month. The Borrower shall not select any Interest Period which extends beyond any date on which a scheduled payment is or may be required to be made pursuant to Sections 2.1(b), 2.2 or 2.7(b)(i) unless the sum of the amount available to be drawn under the Commitments plus the aggregate principal balance of all Base Rate Loans and all LIBOR Loans with Interest Periods ending prior to such date is at least equal to the maximum amount that is, or may be, required to be paid on such date.

"ISSUING BANK" means KeyBank in its capacity as the issuer of the Letters of Credit, or any successor issuer of the Letters of Credit.

"LETTERS OF CREDIT" has the meaning ascribed to it in Section 2.3(a).

"LEVERAGE RATIO", as of any date, means the ratio of Total Debt as of such date to Operating Cash Flow for the four quarter period then ended or most recently ended.

"KEYBANK" means KeyBank National Association.

"LIBOR" means the average (rounded upwards, if necessary, to the nearest 1/16th of 1%) of the per annum rates at which deposits in immediately available funds in United States dollars for the relevant Interest Period and in an amount approximately equal to the Loan to be disbursed or to remain outstanding during such Interest Period, as the case may be, are offered to the Agent by prime banks in the London Eurodollar market, determined as of 11:00 a.m. London time (or as soon thereafter as practicable), two Banking Days prior to the beginning of the relevant Interest Period.

"LIBOR LOANS" means those Loans described in Sections 2.1 and 2.2 on which the Borrower shall pay interest at a rate based on the applicable LIBOR Rate.

"LIBOR RATE" means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the nearest 1/100th of 1%) by dividing (a) the applicable LIBOR by (b) 1.00 minus the LIBOR Reserve Percentage.

"LIBOR RESERVE PERCENTAGE" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, all basic, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) for a member bank of the Federal Reserve System in respect of Eurocurrency Liabilities (as that term is defined in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time). The LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage.

"LICENSE" means any license, authorization, permit, consent, franchise, ordinance, registration, certificate, agreement or other right filed with, granted by, or entered into by a federal, state or local governmental authority which permits or authorizes the acquisition, construction or operation of a television broadcasting station, or any part of a television broadcasting station or which is required for the acquisition, ownership or operation of any Station, any Newspaper, the Porta Phone Business or the Satellite Broadcasting Business.

"LICENSE SUBSIDIARY" means each Subsidiary which has no assets other than Licenses issued by the FCC.

"LICENSING AUTHORITY" means a governmental authority which has granted or issued a License.

"LIEN" as applied to the property of any Person means: (a) any mortgage, lien, pledge, charge, lease constituting a Capitalized Lease Obligation, conditional sale or other title retention agreement, or other security interest or encumbrance of any kind in respect of any property of such Person, or upon the income or profits therefrom; (b) any arrangement, express or implied, under which any property of such Person is transferred, sequestered or otherwise identified for the purpose of subjecting the same to the payment of Indebtedness in priority to the payment of the general, unsecured creditors of such Person; (c) the filing of, or any agreement to give, any financing statement under the Uniform Commercial Code or its equivalent of any jurisdiction in respect of Indebtedness; and (d) in the case of

securities or other equity interests, any purchase option, call or similar right of a third party with respect to such securities or other equity interests.

"LOANS" means the Revolving Loans and the Term Loans.

"MATERIAL ADVERSE EFFECT" means a material adverse effect upon or change in (a) the properties, assets, business, operations, financial condition or prospects of the Borrower or any of its Subsidiaries or on the ability of the Borrower or any such Subsidiary to conduct its business, (b) the ability of the Borrower, any of its Subsidiaries or any other party to a Collateral Document (other than the Agent or any Bank) to perform its obligations hereunder or under any other Collateral Document to which it is a party, (c) the validity or enforceability of this Agreement, the Notes or any other Collateral Document, or (d) the rights or remedies of the Agent or the Banks under this Agreement, the Notes or any other Collateral Document or at law or in equity.

"MORTGAGES" has the meaning assigned to it in Section 6.4(a).

"NET EARNINGS" means, with respect to the Borrower, the consolidated net income (or deficit) of the Borrower and its Subsidiaries for the period involved, after taxes paid or accrued and after all proper charges and reserves (excluding, however, non-recurring special charges and credits), all as determined in accordance with GAAP.

"NEWSPAPERS" means, as of any date, the newspapers owned by the Borrower or any of its Subsidiaries as of such date.

"NOTES" means the Revolving Notes and the Term Notes.

"OBLIGATIONS" means any obligation of the Borrower or any of its Subsidiaries (a) to pay to the Banks the principal of and interest on the Loans in accordance with the terms hereof and of the Notes and the contingent liability of the Borrower under all outstanding Letters of Credit, including, without limitation, any interest accruing after the date of any filing by the Borrower or any Subsidiary of any petition in bankruptcy or the commencing of bankruptcy, insolvency or similar proceedings with respect to the Borrower or any of its Subsidiaries, regardless of whether such interest is allowable as a claim in any such proceeding; (b) in respect of any Rate Hedging Obligations owing to any Bank or any Affiliate of any Bank; (c) to pay, satisfy or perform any other liability or obligation to the Agent or any Bank, arising under this Agreement or any Collateral Document, whether now existing or hereafter incurred by reason of future advances or otherwise, matured or unmatured, direct or contingent, joint or several, including any extensions,

modifications or renewals thereof and substitutions therefor, and including without limitation all fees, indemnification amounts, costs and expenses, including interest thereon and reasonable attorneys' fees, incurred by the Agent or any Bank for the protection, preservation or enforcement of its rights and remedies arising hereunder or under the Collateral Documents; (d) to repay to the Agent or the Banks all amounts advanced at any time by the Agent or the Banks hereunder or under any Collateral Document, including, without limitation, advances for principal or interest payments to prior secured parties, mortgagees, lienors or other Persons, or for taxes, levies, insurance, rent or repairs to, or maintenance or storage of, any of the property of the Borrower or any of its Subsidiaries; (e) to perform any covenant or agreement made with the Banks pursuant to this Agreement or any Collateral Document; or (f) to take any other action in respect of any other liability of any nature of the Borrower or any of its Subsidiaries to the Banks under this Agreement or any Collateral Document.

"OPERATING AGREEMENT" means any programming agreement, time brokerage, local marketing or similar agreement, network affiliation agreement, franchise agreement, lease or other agreement of the Borrower or any of its Subsidiaries relating to the operation of a Station, a Newspaper, the Porta Phone Business or the Satellite Broadcasting Business, the termination or adverse modification of which could reasonably be expected to have a Material Adverse Effect.

"OPERATING CASH FLOW" means, during any period, the consolidated Net Earnings of the Borrower for such period (excluding, to the extent included in Net Earnings, (i) the effect of any exchange of advertising time for non-cash consideration, such as merchandise or services, (ii) any other non-cash income or expense (including the cumulative effect of a change in accounting principles and extraordinary items) and (iii) any gains or losses from sales, exchanges and other dispositions of property not in the ordinary course of business), MINUS any interest income, investment income and other non-operating income, MINUS any cash payments made in respect of Programming Obligations, PLUS the sum of (a) depreciation on or obsolescence of fixed or capital assets and amortization of intangibles and leasehold improvements (including, without limitation, amortization in respect of Programming Obligations) for such period, PLUS (b) Interest Expense accrued in such period, PLUS (c) federal, state and local income taxes accrued in such period (other than any such taxes resulting from any gains from sales and exchanges and other distributions not in the ordinary course of business), all to the extent deducted in calculating Net Earnings in such period and on a consolidated basis and computed on the accrual method. For purposes of calculating Operating Cash Flow in any period (other than for purposes of calculating Excess Cash Flow), any acquisition of any

Station or Newspaper, and any sale or other disposition of any Station, any Newspaper, the Porta Phone Business or the Satellite Broadcasting Business, which occurs during such period shall be deemed to have occurred on the first day of such period.

"PBGC" means the Pension Benefit Guaranty Corporation or any governmental authority at any time substituted therefor.

"PENSION PLAN" means an employee pension benefit plan as defined in Section 3(2) of ERISA which is subject to the provisions of Section 302 or Title IV of ERISA or Section 412 of the Code.

"PERMITTED ACQUISITION" has the meaning assigned to it in Section 8.10(b).

"PERMITTED LIEN" means any of the following Liens:

(a) Liens for taxes or assessments and similar charges, which are either not delinquent or being contested diligently and in good faith by appropriate proceedings, and (i) as to which the Borrower or its affected Subsidiary has set aside adequate reserves in accordance with GAAP on its books and (ii) which do not entail any significant risk of loss, forfeiture, foreclosure or sale of the property subject thereto;

(b) statutory Liens, such as mechanic's, materialman's, warehouseman's, landlord's, artisan's, workman's, contractor's, carrier's or other like Liens, (i) incurred in good faith in the ordinary course of business, (ii) which are either not delinquent or are being contested diligently and in good faith by appropriate proceedings, (iii) as to which the Borrower or its affected Subsidiary has set aside adequate reserves in accordance with GAAP on its books or bonded satisfactorily to the Agent and (iv) which do not entail any significant risk of loss, forfeiture, foreclosure or sale of the property subject thereto;

(c) encumbrances consisting of zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of real property or minor irregularities of title, PROVIDED that none of such encumbrances materially impairs the use or value of any property in the operation of the Borrower's or any of its Subsidiaries' business;

(d) Liens securing conditional sale, rental or purchase money obligations permitted under Section 8.4 and Capitalized Lease Obligations permitted under Section 8.6 (and protective UCC-1 financing statements filed by lessors in connection therewith under leases not intended as security), but only in the property which is the subject of such obligations;

(e) Liens arising under or pursuant to this Agreement or any Collateral Document or otherwise securing any Obligation;

(f) Liens in respect of judgments or awards with respect to which the Borrower or any of its Subsidiaries is, in good faith, prosecuting an appeal or proceeding for review and with respect to which a stay of execution upon such appeal or proceeding for review has been secured, and as to which judgments or awards the Borrower or such Subsidiary has established adequate reserves in accordance with GAAP on its books or has bonded in a manner satisfactory to the Agent;

(g) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs;

(h) Liens granted to secure the performance of bids, tenders, contracts, leases, public or statutory obligations, surety, customs, appeal and performance bonds and other similar obligations and not incurred in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of any property; and

(i) any other Liens listed on EXHIBIT G hereto or to which the Required Banks have consented in writing.

"PERSON" shall include natural persons, corporations, business trusts, associations, companies, limited liability companies, joint ventures and partnerships.

"PHIPPS BUSINESS" means substantially all the assets relating to television stations WCTV-TV, Tallahassee, Florida-Thomasville, Georgia, WKXT-TV, Knoxville, Tennessee, the Satellite Broadcasting Business and the Porta Phone Business, currently owned by John H. Phipps, Inc. and its subsidiaries and to be acquired by the Borrower pursuant to the Phipps Purchase Agreement.

"PHIPPS PURCHASE AGREEMENT" means the Asset Purchase Agreement dated as of March 15, 1996, between the Phipps Seller and the Borrower, as amended on July 5, 1996, pursuant to which the Borrower will purchase the Phipps Business.

"PHIPPS SELLER" means Media Acquisition Partners, L.P., a Delaware limited partnership and its successors or assigns.

"PLAN" means any employee benefit plan, as defined under Section 3(3) of ERISA, established or maintained by the Borrower or any member of the Controlled Group or any such Plan

to which the Borrower or any member of the Controlled Group is, or in the last six years was, required to contribute on behalf of its employees.

"PLEDGE AGREEMENTS" means the Borrower Pledge Agreement and the Subsidiary Pledge Agreement.

"PORTA PHONE BUSINESS" means the Porta Phone paging business currently owned and operated by John H. Phipps, Inc. and to be acquired by the Borrower pursuant to the Phipps Purchase Agreement.

"POSSIBLE DEFAULT" means an event, condition, situation or thing which constitutes, or which with the lapse of any applicable grace period or the giving of notice or both would constitute, an Event of Default.

"PREPAYMENT PREMIUM" means, with respect to the prepayment or conversion of any LIBOR Loan or any other receipt or recovery of any LIBOR Loan prior to the end of the applicable Interest Period, whether by voluntary prepayment, acceleration, conversion to a Base Rate Loan or otherwise, an amount equal to the sum of (a) the present value (discounted at the Discount Rate) of the product of (i) the excess, if any, of the rate of interest applicable to such Loan pursuant to Section 3.1 at the time of such prepayment or conversion on the principal amount so prepaid, converted or accelerated, as the case may be, over the Discount Rate, as determined by the Agent, multiplied by (ii) the principal amount so prepaid, converted or accelerated, as the case may be, multiplied by (iii) a fraction, the numerator of which is the number of days remaining in the related Interest Period and the denominator of which is 360 (taking into consideration the applicable compounding for the frequency of installment payments of the Loans being prepaid), plus (b) reasonable out-of-pocket costs and expenses incurred by the Banks and the Agent with respect to such prepayment.

"PRO FORMA DEBT SERVICE" means, as of the end of any fiscal quarter, the sum of (a) all scheduled Revolving Commitment reductions pursuant to Section 2.1 during the four quarter period following such date, (b) all principal payments required to be made on the Term Loans pursuant to Section 2.2 during such subsequent four quarter period, (c) all principal payments required to be made by the Borrower and its Subsidiaries on Total Debt, other than the Loans, during such subsequent four quarter period, and (d) all Interest Expense during such subsequent four quarter period. In calculating Pro Forma Debt Service, (i) the interest rate in effect in such subsequent period on any Indebtedness which does not bear interest at a rate which is fixed for the entire subsequent period shall be deemed to be the interest rate in effect on such Indebtedness as of the date of determination, and (ii) for the purpose of determining the amount

of principal payments required on the Term Loans pursuant to Section 2.2 in future periods, it shall be assumed that the principal amount of Term Loans outstanding as of the date of determination will be outstanding for the subsequent four quarter period, subject to any required principal payments.

"PROGRAMMING OBLIGATIONS" means all direct or indirect monetary liabilities, contingent or otherwise, with respect to contracts for television broadcast rights relating to television series or other programs produced or distributed for television release.

"QUARTERLY DATE" means the last day of each of the Borrower's fiscal quarters.

"RATABLE SHARE" means, with respect to any Bank, its pro rata share of the Revolving Commitment, the Term Commitment, the Letters of Credit and the Loans. The Ratable Share of each Bank as of the date of this Agreement is as set forth on Schedule 1.1 attached hereto.

"RATE HEDGING OBLIGATIONS" means any and all obligations of the Borrower, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all agreements, devices or arrangements designed to protect the Borrower from the fluctuations of interest rates, including interest rate exchange or swap agreements, reverse swap agreements, interest rate cap or collar protection agreements, and interest rate options, puts and warrants, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any of the foregoing.

"REGULATORY CHANGE" means the adoption of or any change in federal, state or local treaties, laws, rules or regulations or the adoption of or change in any interpretations, guidelines, directives or requests of or under any federal, state or local treaties, laws, rules or regulations (whether or not having the force of law) by any court, governmental authority, central bank or comparable agency charged with the interpretation or administration thereof.

"RELEASE" shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

"REPORTABLE EVENT" means a reportable event as that term is defined in Title IV of ERISA, excluding, however, such

events as to which the PBGC by regulation has waived the requirement of Section 4043(a) of ERISA that it be notified within thirty days of the occurrence of such event (PROVIDED that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waivers in accordance with Section 412(d) of the Code).

"REQUIRED BANKS" means, at any time, the Banks holding at least 66 2/3% of the then aggregate unpaid principal amount of the Notes, or, if no principal amount of the Notes is then outstanding, the Banks having at least 66 2/3% of the Commitments.

"REVOLVING COMMITMENT" has the meaning assigned to it in Section 2.1(a).

"REVOLVING LOAN LETTERS OF CREDIT" has the meaning assigned to it in Section 2.3(a).

"REVOLVING LOANS" has the meaning assigned to it in Section 2.1(a).

"REVOLVING NOTES" has the meaning assigned to it in Section 2.5.

"SATELLITE BROADCASTING BUSINESS" means the satellite broadcasting business currently owned and operated by John H. Phipps, Inc. and to be acquired by the Borrower pursuant to the Phipps Purchase Agreement.

"SECURITY AGREEMENTS" means the Borrower Security Agreement and the Subsidiary Security Agreement.

"STATIONS" means, as of any date, the television broadcasting stations owned by the Borrower or any of its Subsidiaries as of such date; all television translators, all auxiliary stations and all low power television stations owned or operated in connection with the foregoing or any other communications station owned or operated at such time by the Borrower or any of its Subsidiaries.

"SUBORDINATED DEBT" means all Indebtedness of the Borrower and its Subsidiaries under the Subordinated Note Indenture or any agreements, notes, instruments or documents executed or delivered in connection therewith and all other Indebtedness of the Borrower the repayment of which is subordinated in right of payment to the Obligations pursuant to a subordination agreement in form and substance satisfactory to all of the Banks.

"SUBORDINATED NOTE INDENTURE" means the Indenture to be dated as of September 25, 1996, among the Borrower, all of its Subsidiaries and Bankers Trust Company in respect of the Borrower's 10-5/8% Senior Subordinated Notes due 2006, as the same may be amended to the extent permitted in Section 8.19.

"SUBSIDIARY" means each partnership or corporation, the majority of the outstanding partnership interests, capital stock or voting power of which is (or upon the exercise of all outstanding warrants, options and other rights would be) owned, directly or indirectly, at the time in question by the Borrower.

"SUBSIDIARY PLEDGE AGREEMENT" has the meaning assigned to it in Section 6.3(b).

"SUBSIDIARY SECURITY AGREEMENT" has the meaning assigned to it in Section 6.2(b).

"TERM COMMITMENT" has the meaning assigned to it in Section 2.2(a).

"TERM LOAN LETTERS OF CREDIT" has the meaning assigned to it in Section 2.3(a).

"TERM LOANS" has the meaning assigned to it in Section 2.2(a).

"TERM NOTES" has the meaning assigned to it in Section 2.5.

"TERMINATION DATE" means June 30, 2003.

"TOTAL DEBT" means (a) all Indebtedness of the Borrower and its Subsidiaries for borrowed money, including, without limitation, the Loans, (b) all Capitalized Lease Obligations of the Borrower and its Subsidiaries, (c) all other Indebtedness of the Borrower or any of its Subsidiaries represented by notes or drafts representing extensions of credit or on which interest is typically charged, (d) all obligations of the Borrower or any of its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments (including all such obligations to which any property or asset owned by the Borrower or any of its Subsidiaries is subject, whether or not the obligation secured thereby shall have been assumed), (e) all obligations of the Borrower or any of its Subsidiaries under conditional sale or other title retention agreements relating to purchased assets, (f) all obligations of the Borrower or any of its Subsidiaries which are incurred, issued or assumed as the deferred purchase price of property or services and which are payable over a period in excess of one year, (g) all obligations or liabilities in respect of which the Borrower or any of its Subsidiaries is a

Guarantor, (h) at any time after the occurrence and during the continuance of an event of default under any agreement of the Borrower or any of its Subsidiaries governing Rate Hedging Obligations, the aggregate amount payable by the Borrower or such Subsidiary under such agreement, and (i) all obligations of the Borrower or any of its Subsidiaries as an account party to reimburse any Person in respect of letters of credit (including the stated amount of all Letters of Credit) or bankers' acceptances.

"WORKING CAPITAL" means, as of any date, the excess of the consolidated current assets, other than cash, of the Borrower and its Subsidiaries over their consolidated current liabilities, other than the current portion of long term debt, as of such date.

1.2 OTHER TERMS. Except as otherwise specifically provided in this Agreement, each term not otherwise expressly defined herein which is defined in the Uniform Commercial Code, as amended (the "UCC") as adopted in any applicable jurisdiction shall have the meaning assigned to it in the UCC in effect in such jurisdiction. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. All references herein to Sections, Schedules or Exhibits shall be deemed to be references to Sections of, and Schedules and Exhibits to, this Agreement unless the context shall otherwise require. Whenever any agreement, promissory note or other instrument or document is defined in this Agreement, such definition shall be deemed to mean and include, from and after the date of any amendment, restatement or modification thereof, such agreement, promissory note or other instrument or document as so amended, restated or modified. All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural and vice versa. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

1.3 ACCOUNTING PROVISIONS. All accounting terms used in this Agreement which are not expressly defined herein shall have the respective meanings given to them in accordance with GAAP, all computations shall be made in accordance with GAAP, and all balance sheets and other financial statements shall be prepared in accordance with GAAP. All financial or accounting calculations or determinations required pursuant to this Agreement unless otherwise expressly provided shall be made on a consolidated basis for the Borrower and its Subsidiaries.

SECTION 2. THE LOANS AND THE LETTERS OF CREDIT.

2.1 THE REVOLVING COMMITMENT AND THE REVOLVING LOANS.

(a) Subject to the terms and conditions hereof, during the period from the Closing Date up to but not including the Termination Date, the Banks severally, but not jointly, shall make loans to the Borrower in such amounts as the Borrower may from time to time request but not exceeding in aggregate principal amount at any one time outstanding \$53,500,000 (as such amount may be reduced from time to time, the "Revolving Commitment"); PROVIDED, HOWEVER, that in no event shall the aggregate principal amount of such loans plus the aggregate stated amount of the Revolving Loan Letters of Credit exceed the Revolving Commitment. All amounts borrowed by the Borrower pursuant to this Section 2.1(a) and all amounts drawn under any Revolving Loan Letter of Credit and not repaid may be referred to hereinafter collectively as the "Revolving Loans." Each Revolving Loan requested by the Borrower shall be funded by the Banks in accordance with their Ratable Shares of the requested Revolving Loan. A Bank shall not be obligated hereunder to make any additional Revolving Loan if immediately after making such Revolving Loan, the aggregate principal balance of all Revolving Loans made by such Bank plus such Bank's Ratable Share of any outstanding Revolving Loan Letters of Credit would exceed such Bank's Ratable Share of the Revolving Commitment. The Revolving Loans may be comprised of Base Rate Loans or LIBOR Loans, as provided in Section 2.4.

(b) On each date set forth in the table below, the Revolving Commitment shall automatically reduce by the amount set forth for such date in such table:

Calendar Year	March 31	June 30	September 30	December 31
1997	\$1,839,062	\$1,839,062	\$1,839,063	\$1,839,063
1998	\$2,006,250	\$2,006,250	\$2,006,250	\$2,006,250
1999	\$2,006,250	\$2,006,250	\$2,006,250	\$2,006,250
2000	\$2,006,250	\$2,006,250	\$2,006,250	\$2,006,250
2001	\$2,006,250	\$2,006,250	\$2,006,250	\$2,006,250
2002	\$2,340,625	\$2,340,625	\$2,340,625	\$2,340,625
2003	\$2,340,625	\$2,340,625		

(c) Prior to the Termination Date, the Borrower may, at its option, from time to time prepay all or any portion of the Revolving Loans, subject to the provisions of Section 2.7, and the Borrower may reborrow from time to time hereunder amounts so paid up to the amount of the Revolving Commitment in effect at the time of reborrowing.

(d) At any time prior to the Termination Date, by written notice to the Agent no later than 11:00 A.M. Cleveland, Ohio time five Banking Days prior to such termination or reduction, the Borrower may permanently terminate, or from time to time permanently reduce, the Revolving Commitment. Such notice shall be in writing or by telephonic communication confirmed by telecopy or other facsimile transmission on the same day as such telephone notice. Any such partial reduction hereunder shall be in an amount which is not less than \$250,000 or an integral multiple of \$100,000 in excess thereof. The Agent shall notify the Banks of any such reduction or termination of the Revolving Commitment.

(e) All Revolving Loans, together with all interest accrued thereon, shall be paid in full no later than the Termination Date.

2.2 THE TERM COMMITMENT AND THE TERM LOANS.

(a) Subject to the terms and conditions hereof, during the period from the Closing Date up to but not including the Conversion Date, the Banks severally, but not jointly, shall make loans to the Borrower in such amounts as the Borrower may from time to time request but not exceeding in aggregate principal amount at any one time outstanding \$71,500,000 (as such amount may be reduced from time to time, the "Term Commitment"); PROVIDED, HOWEVER that in no event shall the aggregate principal amount of such loans plus the aggregate face value of the Term Loan Letters of Credit exceed the Term Commitment. All amounts borrowed by the Borrower pursuant to this Section 2.2(a) and all amounts drawn under any Term Loan Letter of Credit and not repaid may be referred to hereinafter collectively as the "Term Loans". Each Term Loan requested by the Borrower shall be funded by the Banks in accordance with their Ratable Shares of the requested Term Loan. A Bank shall not be obligated hereunder to make any additional Term Loan if immediately after making such Loan, the aggregate principal balance of all Term Loans made by such Bank plus such Bank's Ratable Share of any outstanding Term Loan Letters of Credit would exceed such Bank's Ratable Share of the Term Commitment. The Term Loans may be comprised of Base Rate Loans or LIBOR Loans, as provided in Section 2.4.

(b) Prior to the Conversion Date, the Borrower may, at its option, from time to time prepay all or any portion of the Term Loans, subject to the provisions of Section 2.7, and the Borrower may reborrow from time to time hereunder amounts so paid up to the amount of the Term Commitment in effect at the time of reborrowing. On the Conversion Date, the Term Commitment shall terminate, and no new Term Loans shall be made.

(c) At any time prior to the Conversion Date, by written notice to the Agent no later than 11:00 A.M. Cleveland,

Ohio time five Banking Days prior to such termination or reduction, the Borrower may permanently terminate, or from time to time permanently reduce, the Term Commitment. Such notice shall be in writing or by telephonic communication confirmed by telecopy or other facsimile transmission on the same day as such telephone notice. Any such partial reduction hereunder shall be in an amount which is not less than \$250,000 or an integral multiple of \$100,000 in excess thereof. The Agent shall notify the Banks of any such reduction or termination of the Term Commitment.

(d) On the Conversion Date each then outstanding Term Loan shall automatically be converted into, and continued and extended as, a four and one-half year term loan. The aggregate principal of the Term Loans shall be repaid in nineteen consecutive quarterly installments commencing on the Conversion Date. The installments shall be due on each date set forth in the following table, with each installment being in an amount equal to that percentage set forth in such table for such date of the principal amount of the Term Loans outstanding on the Conversion Date (before giving effect to the payment due on the Conversion Date), with the final installment of all then outstanding principal, together with all accrued interest, due no later than the Termination Date:

Calendar Year	March 31	June 30	September 30	December 31
1998	0.0%	0.0%	0.0%	2.5%
1999	2.5%	2.5%	2.5%	2.5%
2000	3.75%	3.75%	3.75%	3.75%
2001	3.75%	3.75%	3.75%	3.75%
2002	3.75%	3.75%	3.75%	3.75%
2003	3.75%	all remaining principal		

No amount so paid may be reborrowed.

2.3 LETTERS OF CREDIT.

(a) ISSUANCE. Subject to the terms and conditions hereof, including the provisions of Section 6, the Borrower may request that the Issuing Bank issue, from time to time on and after the Closing Date, and the Issuing Bank agrees to issue, from time to time on and after the Closing Date, letters of credit in an aggregate stated amount not exceeding

\$15,000,000 (the "Letters of Credit"). At the time of requesting any Letter of Credit, the Borrower shall notify the Issuing Bank as to whether the requested Letter of Credit is to be issued under the Revolving Commitment or the Term Commitment. Letters of Credit issued under the Revolving Commitment may be referred to herein as "Revolving Loan Letters of Credit," and Letters of Credit issued under the Term Commitment may be referred to herein as "Term Loan Letters of Credit." No Letter of Credit shall be issued for a term of more than three hundred sixty-four days, no Revolving Loan Letter of Credit shall have an expiration date which is later than the Termination Date, and no Term Loan Letter of Credit shall have an expiration date which is later than the Conversion Date. No Revolving Loan Letter of Credit shall be issued if after giving effect to such issuance, the sum of the outstanding principal balance of the Revolving Loans (including amounts drawn on Revolving Loan Letters of Credit and not repaid), plus the aggregate stated amount of outstanding Revolving Loan Letters of Credit, would exceed the Revolving Commitment, and no Term Loan Letter of Credit shall be issued if after giving effect to such issuance the sum of the outstanding principal balance of the Term Loans (including amounts drawn on Term Loan Letters of Credit and not repaid) plus the aggregate stated amount of the outstanding Term Letters of Credit would exceed the Term Commitment. Each Letter of Credit shall be issued in the manner and on the conditions set forth in this Section 2.3 and Section 6. Each Letter of Credit shall be in the Issuing Bank's standard form for letters of credit or in such other form as is acceptable to the Issuing Bank in form and substance.

(b) APPLICATION. Each request for a Letter of Credit shall be made to the Issuing Bank by an application on the Issuing Bank's standard form or in such other manner as the Issuing Bank may approve. Promptly following the issuance of any Letter of Credit, the Issuing Bank shall notify the Agent and the Banks of such issuance.

(c) PARTICIPATION BY THE BANKS.

(i) By the issuance of a Letter of Credit and without any further action on the part of the Issuing Bank or the other Banks in respect thereof, the Issuing Bank hereby grants to each other Bank, and each other Bank hereby agrees to acquire from the Issuing Bank, a participation in such Letter of Credit equal to such Bank's Ratable Share of the stated amount of such Letter of Credit, effective upon the issuance of such Letter of Credit; PROVIDED, HOWEVER, that no Bank shall be required to acquire participations in any Revolving Loan Letter of Credit that would result in its Ratable Share of the sum of outstanding Revolving Loans plus the stated amount of all outstanding Revolving Loan Letters of Credit to be greater than its Ratable Share of the Revolving Commitment or to acquire participations in

any Term Loan Letters of Credit that would result in its Ratable Share of the sum of the outstanding Term Loans plus the stated amount of all outstanding Term Loan Letters of Credit to be greater than its Ratable Share of the Term Commitment. In consideration and in furtherance of the foregoing, each Bank hereby absolutely and unconditionally agrees to pay to the Agent, for the account of the Issuing Bank, in accordance with Section 2.3(d), such Bank's Ratable Share of each amount disbursed pursuant to a Letter of Credit; PROVIDED, that payment by the Issuing Bank under such Letter of Credit against presentation of such draft or document shall not have constituted gross negligence or willful misconduct of the Issuing Bank.

(ii) Each Bank acknowledges and agrees that its obligation to acquire participations pursuant to paragraph (i) above in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstances whatsoever, including the occurrence and continuance of an Event of Default or Possible Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(d) LETTER OF CREDIT DISBURSEMENTS.

(i) If the Agent has not received from the Borrower the payment permitted pursuant to paragraph (ii) of this Section 2.3(d) by 11:00 a.m., Cleveland time, on the date on which the Issuing Bank has notified the Borrower that payment of a draft presented under any Letter of Credit will be made, as provided in such paragraph (ii), the Agent shall promptly notify the Issuing Bank and each other Bank of the disbursement to be made under such Letter of Credit and, in the case of each Bank, its Ratable Share of such disbursement. Each Bank shall pay to the Agent, not later than 1:00 P.M., Cleveland time, on such date (or, if the Issuing Bank shall elect to defer reimbursement from the Banks hereunder, such later date as the Issuing Bank shall specify by notice to the Agent and the Banks), such Bank's Ratable Share of such disbursement, which the Agent shall promptly pay to the Issuing Bank. The Agent will promptly remit to each Bank its share of any amount subsequently received by the Agent from the Borrower in respect of such disbursement; PROVIDED that amounts so received for the account of any Bank prior to payment by such Bank of amounts required to be paid by it hereunder in respect of any disbursement shall be remitted to the Issuing Bank.

(ii) If the Issuing Bank shall receive any draft presented under any Letter of Credit, the Issuing Bank shall give notice thereof as provided in paragraph (iii) below. If the Issuing Bank shall pay any draft presented under a Letter of Credit, the Borrower may (but shall not be required to) pay to the Agent, for the account of the Issuing Bank, an amount equal

to the amount of such draft before 11:00 A.M., Cleveland time, on the Banking Day on which the Issuing Bank shall have notified the Borrower that payment of such draft will be made. The Agent will promptly pay any such amounts received by it to the Issuing Bank.

(iii) The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit to ascertain that the same appear on their face to be in substantial conformity with the terms and conditions of such Letter of Credit. The Issuing Bank shall as promptly as reasonably practicable give oral notification, confirmed in writing, to the Agent and the Borrower of such demand for payment and the determination by the Issuing Bank as to whether such demand for payment was in accordance with the terms and conditions of such Letter of Credit and whether the Issuing Bank has made or will make a disbursement thereunder, provided that the failure to give such notice shall not relieve the Borrower of its obligation to reimburse such disbursement, and the Agent shall promptly give each Bank notice thereof.

(e) OBLIGATION TO REPAY LETTER OF CREDIT DISBURSEMENTS, ETC. The Borrower assumes all risks in connection with the Letters of Credit and the Borrower's obligation to repay each disbursement under a Letter of Credit shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit;

(ii) the existence of any claim, setoff, defense or other right which the Borrower or any other person may at any time have against the beneficiary under any Letter of Credit, the Agent, the Issuing Bank or any other Bank (other than the defense of payment in accordance with the terms of this Agreement or a defense based on the gross negligence or willful misconduct of the Issuing Bank) or any other Person in connection with this Agreement or any other agreement or transaction;

(iii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; PROVIDED that payment by the Issuing Bank under such Letter of Credit against presentation of such draft or document shall not have constituted gross negligence or willful misconduct of the Issuing Bank; and

(iv) any other circumstance or event whatsoever, whether or not similar to any of the foregoing; PROVIDED that such other circumstance or event shall not have

been the result of gross negligence or willful misconduct of the Issuing Bank.

It is understood that in making any payment under a Letter of Credit (A) the Issuing Bank's exclusive reliance as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary equals the amount of such draft and whether or not any documents presented pursuant to such Letter of Credit prove to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (B) any noncompliance in any immaterial respect of the documents presented under a Letter of Credit with the terms thereof, shall, in each case, not be deemed willful misconduct or gross negligence of the Issuing Bank.

(f) INDEMNIFICATION. The Borrower shall: (i) indemnify and hold each Bank (including the Issuing Bank) harmless from any loss resulting from any claim, demand or liability which may be asserted against such Bank in connection with actions taken under any Letter of Credit, and (ii) reimburse such Bank for any fees or other reasonable expenses paid or incurred by such Bank in connection with any Letter of Credit, other than any loss or expense resulting from such Bank's willful misconduct or gross negligence. Any amounts paid by the Issuing Bank on any Letter of Credit shall be deemed to be a Revolving Loan (in the case of a Revolving Loan Letter of Credit) or a Term Loan (in the case of a Term Loan Letter of Credit) for all purposes of this Agreement and shall bear interest from the date of payment by the Issuing Bank at the rates provided in Section 3.1 until paid in full.

(g) SECURITY. Upon the occurrence of any Event of Default, the Borrower shall, upon demand, pay to the Issuing Bank the stated amount of all outstanding Letters of Credit, which amount the Issuing Bank shall hold as security for the obligations incurred under such Letter of Credit, this Agreement or the Notes. The payment by the Borrower of such security shall not terminate the obligations of the Borrower under this Section 2.3.

(h) ADDITIONAL COSTS. If any Regulatory Change shall either (i) impose upon, modify, require, make or deem applicable to any Bank (or its holding company) any reserve requirement, special deposit requirement, insurance assessment or similar requirement against or affecting any Letter of Credit issued or to be issued hereunder, or (ii) subject any Bank to any tax, charge, fee, deduction or withholding of any kind whatsoever, or (iii) impose any condition upon or cause in any manner the addition of any supplement to or increase of any kind

to any Bank's (or its holding company's) capital or cost base for issuing such Letter of Credit which results in an increase in the capital requirement supporting such Letter of Credit, or (iv) impose upon, modify, require, make or deem applicable to any Bank (or its holding company) any capital requirement, increased capital requirement or similar requirement such as the deeming of such Letters of Credit to be assets held by such Bank (or its holding company) for capital calculation or other purposes and the result of any events referred to in (i), (ii), (iii) or (iv) above shall be to increase the costs or decrease the benefit in any way to a Bank (or its holding company) of issuing, maintaining or participating in such Letters of Credit, then and in such event the Borrower shall, within ten days after the mailing of written notice of such increased costs and/or decreased benefits to the Agent and the Borrower by any Bank, pay to such Bank all such additional amounts which in such Bank's sole good faith calculation as allocated to such Letters of Credit, shall be sufficient to compensate it (or its holding company) for all such increased costs and/or decreased benefits. Such Bank's calculation shall be conclusive absent manifest error.

(i) FEES. The Letters of Credit shall be issued for a fee of 1.125% per annum of the stated amount thereof, payable upon issuance. The fee shall be payable to the Agent for the benefit of the Banks in accordance with their Ratable Shares. If any Letter of Credit is drawn upon prior to its expiration date, the Banks shall reimburse to the Borrower that portion of the fee allocable to the period from the date of the draw to the expiration date, calculated in accordance with the Issuing Bank's standard letter of credit procedures. In addition, the Borrower shall pay to the Issuing Bank for its own account its standard charges for the issuance of letters of credit and for draws upon letters of credit, which charges, as of the date hereof, are as follows: (i) \$200 per Letter of Credit, payable upon issuance and (ii) \$100 per Letter of Credit, payable upon a draw under such Letter of Credit.

2.4 MAKING AND CONTINUATION/CONVERSION OF THE LOANS.

(a) MAKING OF THE LOANS.

(i) Each Revolving Loan or Term Loan, as the case may be, shall be made by the Banks in such amount as the Borrower shall request, PROVIDED that each borrowing shall be in an amount which is a minimum of (A), with respect to any LIBOR Loan, \$1,000,000, and integral multiples of \$200,000 in excess thereof, and (B) with respect to any Base Rate Loan, \$500,000 and integral multiples of \$200,000 in excess thereof or such lesser amount as may be equal to the then unused portion of the Revolving Commitment or Term Commitment, as the case may be. The obligation of the Banks to make any Loan is conditioned upon the

fact that (x) no Possible Default or Event of Default shall then exist or immediately after the Loan would exist; (y) all of the Collateral Documents shall still be in full force and effect; and (z) the representations and warranties contained herein and in the Collateral Documents shall be true and correct in all material respects as if made on and as of the date of such borrowing, except to the extent that any thereof expressly relate to an earlier date.

(ii) Loans shall be effected at the principal banking office of the Agent in Cleveland, Ohio, and shall be made at such times as the Borrower may request by notice to the Agent no later than 11:00 A.M. Cleveland, Ohio time (A) three Banking Days prior to the date of a requested LIBOR Loan and (B) one Banking Day prior to the date of a requested Base Rate Loan. Such notices shall be in writing, or by telephonic communication confirmed by telecopy or other facsimile transmission on the same day as the telephone request, and shall specify the proposed date and the amount of the requested Loan, whether it is to bear interest initially based upon the Base Rate or the LIBOR Rate, and the Interest Period thereof, if applicable.

(iii) Upon receipt of each borrowing notice for a Loan, the Agent shall promptly notify each Bank of the type, Interest Period, if applicable, amount and date of the proposed borrowing. Not later than 11:00 A.M. Cleveland time, on the date of a proposed borrowing, each Bank shall provide the Agent at its address specified in Section 12.4 with immediately available funds covering such Bank's Ratable Share of the borrowing, and the Agent shall pay over such immediately available funds to the Borrower.

(b) CONVERSION/CONTINUATION OF THE LOANS. At the Borrower's election pursuant to notice given to the Agent not later than 11:00 A.M. Cleveland, Ohio time three Banking Days prior to such conversion or continuation, any Base Rate Loan may be converted to, or any LIBOR Loan may be continued as, a LIBOR Loan as requested by the Borrower; PROVIDED, HOWEVER, that each conversion shall be in an amount which is a minimum of \$1,000,000, and integral multiples of \$200,000 in excess thereof; and PROVIDED, FURTHER, that no Loan may be continued as or converted to a LIBOR Loan at any time that an Event of Default or Possible Default exists. If the Borrower has not delivered to the Agent such notice with respect to any terminating Interest Period at least three Banking Days prior to the end of such Interest Period, the affected LIBOR Loan shall convert to a Base Rate Loan at the end of such Interest Period.

(c) NUMBER OF INTEREST RATE OPTIONS. In no event shall the Borrower have more than five LIBOR Loans outstanding at any time.

2.5 THE NOTES. All Revolving Loans shall be evidenced by separate promissory notes payable to the Banks substantially in the form attached hereto as EXHIBIT A to be duly executed and delivered by the Borrower at or prior to the Closing in the aggregate principal amount of the Revolving Commitment (the "Revolving Notes"). All Term Loans shall be evidenced by separate promissory notes payable to the Banks substantially in the form attached hereto as EXHIBIT B to be duly executed and delivered by the Borrower at or prior to the Closing in the aggregate principal amount of the Term Commitment (the "Term Notes"). The Banks may, and are hereby authorized by the Borrower to, set forth on the grids attached to the Notes, or in other comparable records maintained by them, the amount of each Loan, all payments and prepayments of principal and interest received, the current outstanding principal balance, and other appropriate information. The aggregate unpaid amount of any Loan set forth in any records maintained by a Bank with respect to a Note shall be presumptive evidence of the principal amount owing and unpaid on such Note. Failure of a Bank to record the principal amount of any Loan on the grid(s) attached to a Note shall not limit or otherwise affect the obligation of the Borrower hereunder or under such Note to repay the principal amount of such Loan and all interest accruing thereon.

2.6 FEES.

(a) COMMITMENT FEES. The Borrower shall pay to the Agent for the benefit of the Banks a non-refundable commitment fee of 1/2% per annum (based on a year having 360 days and actual days elapsed) on the excess of the aggregate average daily undisbursed amount of each Commitment over the aggregate stated amount of the Letters of Credit then outstanding issued under such Commitment; PROVIDED, HOWEVER, that the commitment fee shall be 1/4% per annum for any day on which the Leverage Ratio is less than or equal to 4.5 to 1.0. Such commitment fee shall (i) commence to accrue as of the date hereof and continue for each day to and including the Termination Date, with respect to the Revolving Commitment, and to and including the Conversion Date, with respect to the Term Commitment, (ii) be in addition to any other fee required by the terms and conditions of this Agreement, (iii) be payable quarterly in arrears on each Quarterly Date and, with respect to the Revolving Commitment, on the date the Revolving Commitment is terminated, and, with respect to the Term Commitment, on the date the Term Commitment is terminated, and (iv) be shared by the Banks in accordance with their Ratable Shares.

(b) OTHER FEES. The Borrower shall pay to the Agent such other fees as are set forth in the Fee Letter.

2.7 PREPAYMENT.

(a) VOLUNTARY PREPAYMENTS. By notice to the Agent (which shall be in writing or by telephonic communication confirmed by telecopy or other facsimile transmission on the same day as such telephone notice) no later than 11:00 A.M. Cleveland, Ohio time on the Banking Day prior to such prepayment (with respect to any Base Rate Loan) or on the third Banking Day prior to such prepayment (with respect to any LIBOR Loan), the Borrower may, at its option, prepay the Loans in whole at any time or in part from time to time without penalty or premium (except that any such prepayment of any LIBOR Loan shall be made together with the applicable Prepayment Premium); PROVIDED, HOWEVER, that each partial prepayment shall be in the aggregate principal amount of not less than \$1,000,000 or an integral multiple of \$500,000 in excess thereof. Each voluntary prepayment of the Term Loans made after the Conversion Date shall be applied to the principal installments due pursuant to Section 2.2 in the inverse order of maturity, and no amount so prepaid may be reborrowed.

(b) MANDATORY PREPAYMENTS.

(i) REDUCTION OF COMMITMENTS. If at any time the outstanding principal amount of the Revolving Loans plus the aggregate stated amount of all Revolving Loan Letters of Credit exceeds the Revolving Commitment, as the Revolving Commitment may be reduced pursuant to the terms hereof, or if at any time prior to the Conversion Date the outstanding principal amount of the Term Loans plus the aggregate stated amount of all Term Loan Letters of Credit exceeds the Term Commitment, the Borrower shall immediately prepay the Revolving Notes or the Term Notes, as the case may be, without penalty or premium (except that any such prepayment of any LIBOR Loan shall be made together with the applicable Prepayment Premium), in an amount necessary to cause the outstanding principal amount of the Revolving Loans plus the aggregated stated amount of all Revolving Loan Letters of Credit not to exceed the Revolving Commitment, as so reduced, or to cause the outstanding principal amount of the Term Loans plus the aggregate stated amount of all Term Loan Letters of Credit not to exceed the Term Commitment, as the case may be.

(ii) EXCESS CASH FLOW. Within one hundred twenty days after the end of each fiscal year of the Borrower, commencing with the fiscal year ending on December 31, 1997, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the Applicable Percentage of Excess Cash Flow, if any, for such fiscal year. Mandatory prepayments made pursuant to this Section 2.7(b)(ii) shall be determined from the annual financial statements for such fiscal year delivered by the Borrower pursuant to Section 7.5(a) and shall be accompanied by a certificate signed by the Borrower's chief financial officer

setting forth the calculations from which the amount of such prepayment was determined.

(iii) PROCEEDS OF ASSET SALES. The Borrower shall make a mandatory prepayment of the Loans in an amount equal to the cash proceeds of any Asset Sale (including any sale permitted pursuant to Section 8.10(c)), net of any reasonable costs directly incurred in connection with such Asset Sale and any taxes payable by the Borrower or the selling Subsidiary in connection with such Asset Sale; PROVIDED that the Borrower shall not be required to make such a mandatory prepayment of the Loans in respect of any sale of substantially all the assets of the Porta Phone Business, so long as (A) no Event of Default or Possible Default exists as of the date of such Asset Sale or at the date of the reinvestment of such proceeds and (B) the Borrower reinvests such proceeds by making a Permitted Acquisition within nine months of the date of consummation of such Asset Sale. If any such Event of Default or Possible Default exists or if such proceeds are not so reinvested within such nine month period, or used to pay such purchase price, then the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the cash proceeds of such Asset Sale, net of any reasonable costs directly incurred in connection with such Asset Sale and any taxes payable by the Borrower or the selling Subsidiary in connection with such Asset Sale. Together with any prepayment required by this Section 2.7(b)(iii), the Borrower shall deliver to the Agent a certificate executed by the Borrower's chief financial officer setting forth the calculation of the net cash proceeds of such Asset Sale, including a calculation of the taxes payable by the Borrower or the selling Subsidiary in respect of such sale. Such prepayment shall be made simultaneously with the consummation of such Asset Sale.

(iv) INSURANCE PROCEEDS. Within 90 days after the date of receipt of any cash payments under any insurance policy maintained by the Borrower or any of its Subsidiaries which have not been reinvested in assets of a kind then used or usable in the business of the Borrower or such Subsidiary or used to maintain the business of the Borrower and its Subsidiaries as going concerns as a consequence of any business interruption, the Borrower shall make a mandatory prepayment of the Loans in the amount of such unreinvested or unused proceeds; PROVIDED, HOWEVER, that notwithstanding any of the foregoing to the contrary, upon and during the continuance of any Event of Default or Possible Default, all such insurance proceeds, regardless of reinvestment or other use, received by the Borrower or any Subsidiary shall be applied as a prepayment of the Loans.

(v) NET EQUITY PROCEEDS. If the Borrower issues or sells any shares of its capital stock or other equity interests or securities convertible into or exercisable for any

shares of its capital stock or other equity interests, it shall, within five days of such sale or issuance, make a mandatory prepayment of the Loans in an amount (not to exceed 100% of the net cash proceeds of such issuance or sale) equal to that amount which, had it been paid on the last day of the most recently ended quarter, would have caused the Leverage Ratio to equal 4.5 to 1.0; PROVIDED, HOWEVER, that if, as of the date of such equity issuance, the Borrower is a party to a legally binding acquisition agreement for a Permitted Acquisition permitted pursuant to Section 8.10(b), the Borrower may use the proceeds of such issuance or sale to pay the purchase price of such Permitted Acquisition; PROVIDED, FURTHER, that no such mandatory prepayment shall be required in respect of (A) the first \$1,000,000 in proceeds in each fiscal year arising from the issuance of shares or other equity interests to employees of the Borrower or its Subsidiaries pursuant to any employee stock option plan or (B) the proceeds of shares of capital stock issued in order to satisfy an over-allotment of shares issued pursuant to the Registration Statement for the issuance of Class B Common Stock referred to in Section 5.27.

(c) APPLICATION OF PREPAYMENTS; REDUCTION OF COMMITMENTS.

(i) APPLICATION TO PREPAYMENT PREMIUM, ACCRUED INTEREST AND PRINCIPAL. All prepayments made pursuant to this Section 2.7 shall be applied first to any Prepayment Premium then due, then to accrued interest in accordance with the Agent's standard operating procedures and then to the principal outstanding under the Loans. For purposes of the calculation of interest and the determination of whether any Prepayment Premium is due in connection with any such prepayment, such principal prepayments shall be applied first to the Base Rate Loans and then to the LIBOR Loans with the shortest remaining Interest Periods.

(ii) APPLICATION TO LOANS. All mandatory prepayments of principal required to be made pursuant to Section 2.7(b)(ii), (iii), (iv) or (v) prior to the Conversion Date shall be applied first to the Revolving Loans and then, after the Revolving Loans and the Revolving Commitment have been reduced to zero, to the Term Loans. All mandatory prepayments of principal required to be made pursuant to Section 2.7(b)(ii), (iii), (iv) or (v) on or after the Conversion Date shall be applied first to the Term Loans and then, after the Term Loans have been paid in full, to the Revolving Loans.

(iii) APPLICATION TO REVOLVING LOANS AND REVOLVING COMMITMENT. Any mandatory prepayment which, pursuant to Section 2.7(c)(ii), is to be applied to the Revolving Loans shall cause the Revolving Commitment to be immediately, automatically and permanently reduced by the amount of such

prepayment. No amount so prepaid may be reborrowed. Each such mandatory prepayment of the Revolving Loans shall be applied to the subsequent Revolving Commitment reductions set forth in Section 2.1(b) pro rata.

(iv) APPLICATION TO TERM LOANS AND TERM COMMITMENT. Any mandatory prepayment prior to the Conversion Date which, pursuant to Section 2.7(c)(ii), is to be applied to the Term Loans shall cause the Term Commitment to be immediately, automatically and permanently reduced by the amount of such prepayment. Any mandatory prepayment on or after the Conversion Date which, pursuant to Section 2.7(c)(ii), is to be applied to the Term Loans shall be applied to the principal installments due pursuant to Section 2.2 in the inverse order of maturity. No amount so prepaid may be reborrowed.

(d) PREPAYMENT PREMIUM. The Borrower shall pay to the Agent, for the benefit of the Banks, the applicable Prepayment Premium upon any prepayment or conversion (whether voluntary or involuntary) of any LIBOR Loan not made on the last day of the applicable Interest Period.

2.8 RESERVES OR DEPOSIT REQUIREMENTS, ETC. If at any time any Regulatory Change (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) shall impose any reserve and/or special deposit requirement (other than reserves included in the LIBOR Reserve Percentage, the effect of which is reflected in the interest rate of any LIBOR Loan) against assets held by, or deposits in or for the amount of any loans by, any Bank, and the result of the foregoing is to increase the cost (whether by incurring a cost or adding to a cost) to such Bank of taking or maintaining hereunder any LIBOR Loan or to reduce the amount of principal, interest or fees received by such Bank with respect to any such Loan, then such Bank shall notify the Agent and the Borrower of such occurrence. Thereafter, upon demand by such Bank the Borrower shall pay to such Bank additional amounts sufficient to compensate and indemnify such Bank for such increased cost or reduced amount. A statement as to the increased cost or reduced amount as a result of any event mentioned in this Section shall be submitted by such Bank to the Agent and the Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

2.9 TAX LAW, INCREASED COSTS, ETC. In the event that by reason of any Regulatory Change, any Bank shall, with respect to this Agreement or any transaction under this Agreement, be subjected to any tax, levy, impost, charge, fee, duty, deduction or withholding of any kind whatsoever (other than any tax imposed upon the net income of such Bank and other than changes in franchise taxes), and if any such measure or any other similar measure shall result in an increase in the costs to such Bank of

making or maintaining any LIBOR Loan or in a reduction in the amount of principal or interest ultimately receivable by such Bank in respect of such Loan, then such Bank shall notify the Agent and the Borrower stating the reasons therefor. The Borrower shall thereafter pay to such Bank within ten days after written demand such additional amounts as will compensate such Bank for such increased cost or reduced amount. A statement as to any such increased cost or reduced amount shall be submitted by such Bank to the Agent and the Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

2.10 EURODOLLAR DEPOSITS UNAVAILABLE OR INTEREST RATE UNASCERTAINABLE. If any Bank determines that dollar deposits of the relevant amount for the relevant Interest Period are not available to it in the applicable Eurodollar market or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate applicable to such Interest Period, or that the LIBOR Rate does not adequately reflect the cost to such Bank of making such Loan, as the case may be, such Bank shall promptly give notice of such determination to the Agent and the Borrower, and any request for a new LIBOR Loan or notice of conversion of an existing Loan to a LIBOR Loan given thereafter or previously given by the Borrower and not yet made or converted shall be deemed a notice to make a Base Rate Loan.

2.11 CHANGES IN LAW RENDERING LIBOR LOANS UNLAWFUL. If at any time any Regulatory Change shall make it unlawful for any Bank to fund any LIBOR Loan which it has committed to make hereunder with moneys obtained in the applicable Eurodollar market, such Bank shall notify the Agent and the Borrower, and the obligation of the Banks to fund such Loan shall, upon the happening of such event, forthwith be suspended for the duration of such illegality. If any such change makes it unlawful for any Bank to continue in effect the funding in the applicable Eurodollar market of any LIBOR Loan previously made by it hereunder, such Bank shall, upon the happening of such event, notify the Agent and the Borrower thereof in writing stating the reasons therefor, and the Borrower shall, on the earlier of (a) the last day of the then current Interest Period or (b) if required by such Regulatory Change on such date as shall be specified in such notice, either convert all such Loans to Base Rate Loans or prepay all such Loans in full.

2.12 FUNDING. Any Bank may, but shall not be required to, make LIBOR Loans hereunder with funds obtained outside the United States.

2.13 INDEMNITY. Without prejudice to any other provisions of Sections 2.8 through Section 2.12 or to the obligation of the Borrower to pay the Prepayment Premium pursuant

to Section 2.7(d), but without duplication, the Borrower hereby agrees to indemnify each Bank against any loss or expense which it may sustain or incur as a consequence of the Borrower's failure to borrow any LIBOR Loan requested pursuant to this Agreement, or the Borrower's failure to continue any LIBOR Loan or convert any Base Rate Loan to a LIBOR Loan, in either case after notice of such continuation or conversion shall have been given to the Agent pursuant to Section 2.4(b), or any default by the Borrower in payment when due of any amount due hereunder in respect of any LIBOR Loan, including, but not limited to, any premium or penalty actually incurred by such Bank in respect of funds borrowed by it for the purpose of making or maintaining such Loan, as determined by such Bank. A statement as to any such loss or expense shall be submitted by such Bank to the Borrower for payment under the aforesaid indemnification, with a copy to the Agent, which statement shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

2.14 CAPITAL ADEQUACY. If any Bank shall determine that any Regulatory Change regarding capital adequacy or compliance by such Bank (or its lending office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any governmental authority, central bank or comparable agency has the effect of reducing the rate of return on such Bank's capital (or on the capital of such Bank's holding company) as a consequence of its obligations hereunder to a level below that which such Bank (or its holding company) could have achieved but for such Regulatory Change or compliance (taking into consideration such Bank's policies or the policies of its holding company with respect to capital adequacy) by an amount which such Bank deems to be material, then from time to time, within ten days after demand by such Bank, the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its holding company) for such reduction. Such Bank will designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of such Bank claiming compensation under this Section and setting forth the additional amount to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods. Failure on the part of any Bank to demand compensation for any reduction in return on capital with respect to any period shall not constitute a waiver of such Bank's rights to demand compensation for any reduction in return on capital in such period or in any other period. The protection of this Section shall be available to each Bank regardless of any possible contention of the invalidity or inapplicability of the law, regulation or other condition which shall have been imposed.

2.15 TAXES. Without duplication of any other Section of this Agreement, including, without limitation Section 2.9, all sums payable by the Borrower hereunder or under the Notes or in respect of the Letters of Credit, whether of principal, interest, fees, expenses or otherwise, shall be paid in full, free of any deductions or withholdings for any and all present and future taxes, levies, imposts, stamps, duties, fees, assessments, deductions, withholdings, and other governmental charges and all liabilities with respect thereto (collectively referred to as "TAXES"). If the Borrower is prohibited by law from making payments hereunder or under the Notes or in respect of the Letters of Credit free of such deductions or withholdings, then the Borrower shall pay such additional amount as may be necessary in order that the actual amount received by the Banks after such deduction or withholding shall equal the full amount stated to be payable hereunder or under the Notes or in respect of the Letters of Credit. The Borrower shall pay directly to all appropriate taxing authorities any and all present and future Taxes, and all liabilities with respect thereto imposed by law or by any taxing authority on or with regard to any aspect of the transactions contemplated by this Agreement or the execution and delivery of this Agreement or the Notes or the issuance of the Letters of Credit, except for any Taxes or other liabilities that the Borrower is contesting in good faith by appropriate proceedings, PROVIDED that the Borrower hereby indemnifies the Agent and the Banks and holds them harmless from and against any and all liabilities, fees or additional expense with respect to or resulting from any delay in paying, or omission to pay, Taxes. Within thirty days after the payment by the Borrower of any Taxes, upon request of the Agent, the Borrower shall furnish the Agent with the original or a certified copy of the receipt evidencing payment thereof, together with any other information the Agent may require to establish to its satisfaction that full and timely payment of such Taxes has been made. Each Bank shall notify the Borrower and the Agent of any payment of Taxes required or requested of it and shall give due consideration to any advice or recommendation given in response thereto by the Borrower, and upon notice from such Bank that Taxes or any liability relating thereto (including penalties and interest) have been paid, the Borrower shall pay or reimburse such Bank therefor within ten days of such notice. The foregoing to the contrary notwithstanding, in no event shall any Bank receive any amount pursuant to this Section in excess of the amount required to be paid by it in respect of any Taxes. Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the payment in full of principal and interest hereunder and under the Notes.

2.16 INCREMENTAL COMMITMENT. At any time prior to December 31, 1997, the Borrower may, with the consent of the Required Banks, solicit from the Banks an incremental commitment

of up to \$50,000,000 in the form of a senior secured reducing revolving credit in form and substance similar to the existing credit facilities hereunder; PROVIDED, HOWEVER, that any such incremental commitment shall be discretionary on the part of the Banks, and no Bank shall be obligated to increase its Commitments beyond the amount it has agreed to as of the Closing Date. Any such increase shall be on terms and conditions, such as the applicable interest rate and amortization, as may be negotiated between the Borrower and the consenting Banks. If any such increase is approved by the Required Banks, then the Borrower shall enter into any amendments and modifications to this Agreement and the Collateral Documents as the Agent may request to reflect such increase and such additional terms and conditions.

SECTION 3. INTEREST; PAYMENTS.

3.1 INTEREST.

(a) Subject to Section 3.1(c), prior to maturity, LIBOR Loans shall bear interest at the LIBOR Rate plus the Applicable Margin and Base Rate Loans shall bear interest at the Base Rate plus the Applicable Margin.

(b) The Applicable Margin shall be determined by the Agent quarterly, and upon the making of each Loan in an amount in excess of \$5,000,000 and the issuance of each Letter of Credit with a stated amount in excess of \$5,000,000, based on the financial statements and the Compliance Certificate delivered to the Banks pursuant to Sections 7.5(b) and (d) (in the case of a quarterly determination) and the compliance certificate delivered pursuant to Section 6.13(c) (in the case of the determination of the Applicable Margin upon the making of a Loan or the issuance of a Letter of Credit). Any change in the interest rate on the Loans due to a change in the Applicable Margin shall be effective on the fifth Banking Day after delivery of such financial statements or compliance certificate; PROVIDED, HOWEVER, that if any such quarterly financial statements and Compliance Certificate indicate an increase in the Applicable Margin and such financial statements and certificate are not provided within the time period required in Section 7.5(b), the increase in the interest rate due to such increase in the Applicable Margin shall be effective retroactively as of the fifth Banking Day after the date on which such financial statements and certificate were due. Until delivery of financial statements for the first fiscal quarter of the Borrower ending after the Closing, for purposes of calculating the Applicable Margin, the Leverage Ratio shall be determined, after giving effect to the Loans made on and after the Closing Date, from the certificate delivered to the Agent pursuant to Section 6.13(b). The Borrower shall deliver to the Banks with each set of quarterly financial statements which

indicate a change in the Applicable Margin a notice with respect to such change, which notice shall set forth the calculation of, and the supporting evidence for, such change.

(c) Upon the occurrence of any Event of Default, the entire outstanding principal amount of each Loan and (to the extent permitted by law) unpaid interest thereon and all other amounts due hereunder shall bear interest, from the date of occurrence of such Event of Default until the earlier of the date such Loan is paid in full and the date on which such Event of Default is cured or waived in writing, at the Default Interest Rate which shall be payable upon demand.

(d) Interest shall be computed on a Three Hundred Sixty day year basis calculated for the actual number of days elapsed. Interest accrued on each Base Rate Loan shall be paid quarterly in arrears on each Quarterly Date after the date hereof until such Loan is paid in full and on the date such Loan is paid in full, and interest accrued on each LIBOR Loan shall be paid on the last day of the Interest Period thereof and on the date such Loan is paid in full and, in addition, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period that is three, six or nine months from the first day of such Interest Period.

(e) The rate of interest payable on any Note from time to time shall in no event exceed the maximum rate, if any, permissible under applicable law. If the rate of interest payable on any Note is ever reduced as a result of the preceding sentence and any time thereafter the maximum rate permitted by applicable law shall exceed the rate of interest provided for on such Note, then the rate provided for on such Note shall be increased to the maximum rate permitted by applicable law for such period as is required so that the total amount of interest received by the holder of such Note is that which would have been received by such holder but for the operation of the preceding sentence.

3.2 MANNER OF PAYMENTS.

(a) Prior to each Quarterly Date and the end of each Interest Period, the Agent shall render a statement to the Borrower of all amounts due to the Banks for principal, interest and fees hereunder. All amounts listed on each such statement shall be due and payable on the Quarterly Date or, for LIBOR Loans, the last day of such Interest Period, in respect of which such statement was sent. As to all other Obligations which become due and payable other than on a fixed date by their terms, the Agent shall advise the Borrower by a written statement that they are due and payable, and the Borrower shall pay the same within five days of receipt of such statement. Any failure by the Agent to render any such statement or give any such advice

shall in no way relieve the Borrower of any liability for or obligation to pay any amount due and payable hereunder.

(b) Whenever any payment to be made hereunder, including without limitation any payment to be made on a Note, shall be stated to be due on a day which is not a Banking Day, such payment may be made on the next succeeding Banking Day, and such extension of time shall in each case be included in the computation of the interest payable on such Note; PROVIDED, HOWEVER, that if such extension of time would cause payment of interest on or principal of a LIBOR Loan to be made in the next calendar month, such payment shall be made on the next preceding Banking Day.

(c) Unless otherwise provided in this Agreement, all payments or prepayments made or due hereunder or under the Notes shall be made in immediately available funds by federal funds wire transfer, and without setoff, deduction or counterclaim, to the Agent prior to 11:00 A.M., Cleveland time, on the date when due, at its offices at 127 Public Square, Cleveland, Ohio 44114, or at such other place as may be designated by the Agent. Funds received after 1:00 P.M., Cleveland time, shall be deemed to have been received on the next Banking Day. To the extent any such payment is made for the ratable benefit of the Banks, the Agent shall promptly distribute such payment to the Banks in accordance with their respective Ratable Shares.

SECTION 4. CLOSING.

The closing of the first Loan to be made hereunder and the other transactions contemplated hereby shall take place at the offices of Dow, Lohnes & Albertson at 1200 New Hampshire Avenue, N.W., Washington, D.C. on a date set forth in a notice delivered by the Borrower to the Agent at least ten days before such date or at such other date and place as to which the parties may agree (the "Closing" and the "Closing Date"). Subject to the terms and conditions hereof, upon the fulfillment or waiver in writing of all the conditions precedent set out in Section 6 below, and the delivery to the Agent of the Notes, the Banks shall make such Revolving Loans and Term Loans and issue such Letters of Credit as the Borrower may request.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE BORROWER.

To induce the Banks to enter into this Agreement and to make the Loans and issue the Letters of Credit, the Borrower represents and warrants as follows:

5.1 ORGANIZATION AND POWERS.

(a) The Borrower is a corporation, duly organized, validly existing and in good standing under the laws of the State of Georgia. The Borrower is duly qualified or registered to conduct business and in good standing under the laws of each other jurisdiction in which the character of its business or the ownership of its assets makes such qualification or registration necessary, except where failure to so qualify or register could not reasonably be expected to have a Material Adverse Effect. The Borrower has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into and perform the Phipps Purchase Agreement, this Agreement, the Collateral Documents to which it is a party and all other documents to be executed by it in connection with the transactions contemplated hereby and thereby, to acquire the additional Stations and Newspapers and the Porta Phone Business and the Satellite Broadcasting Business pursuant to the Phipps Purchase Agreement and to carry out the terms hereof and thereof.

(b) As of the date hereof, the Borrower has no Subsidiaries other than the Subsidiaries listed on EXHIBIT E attached hereto. Each Subsidiary is a corporation, duly organized, validly existing and in good standing under the laws of its State of incorporation and is duly qualified and in good standing under the laws of each other jurisdiction in which the character of its business or the ownership of its assets makes such qualification or registration necessary, except where failure to so qualify or register could not reasonably be expected to have a Material Adverse Effect. Each Subsidiary is a direct or indirect, wholly owned Subsidiary of the Borrower. Each Subsidiary has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into and perform the Collateral Documents to which it is a party and all other documents to be executed by it in connection with the transactions contemplated hereby and thereby and to carry out the terms hereof and thereof.

5.2 AUTHORIZATION. All necessary corporate, shareholder or other actions on the part of the Borrower and its Subsidiaries to authorize the execution and delivery of the Phipps Purchase Agreement, this Agreement and the Collateral Documents and the performance of the respective obligations of the Borrower and its Subsidiaries herein and therein have been taken. The Phipps Purchase Agreement, this Agreement and each Collateral Document have been duly authorized, executed and delivered by each of the Borrower and its Subsidiaries and are valid and legally binding upon each of the Borrower and its Subsidiaries, to the extent it is a party thereto, and enforceable in accordance with their respective terms, except to

the extent that the enforceability hereof and thereof may be limited by bankruptcy, insolvency or like laws affecting creditors rights generally and by the application of general equitable principles.

5.3 FINANCIAL STATEMENTS. EXHIBIT C attached hereto contains (a) the audited consolidated financial statements of the Borrower and its Subsidiaries for the fiscal years ended December 31, 1995, and December 31, 1994, (b) the audited financial statements of WRDW-TV, for the fiscal years ended December 31, 1995, and December 31, 1994, (c) the audited financial statements of the broadcasting and paging operations of John H. Phipps, Inc. for the fiscal years ended December 31, 1995 and December 31, 1994, (d) the unaudited consolidated financial statements of the Borrower and its Subsidiaries as of June 30, 1996, and for the six month period then ended, and (e) the unaudited financial statements of the broadcasting and paging operations of John H. Phipps, Inc. as of June 30, 1996, and for the six month period then ended (the "Financial Statements"). The Financial Statements are true and complete in all material respects (including, without limitation, a disclosure of all material contingent liabilities) and present fairly the financial condition and results of operations of the Borrower and its Subsidiaries, WRDW-TV or John H. Phipps, Inc., as the case may be, as of the dates and for the periods indicated and have been prepared in accordance with GAAP, subject in the case of statements for interim periods to normal year-end adjustments and the absence of footnotes.

5.4 PROJECTIONS. EXHIBIT D attached hereto contains the Borrower's projections for the fiscal years 1996 through 2003. Such projections assume the consummation of the transactions contemplated in the Registration Statements referenced in Section 5.27(c) and the Phipps Purchase Agreement and the sale of KTVE-TV, were prepared by the Borrower in good faith on the basis of assumptions the Borrower believes were reasonable in light of the conditions existing at the time of preparation thereof and remain reasonable as of the date hereof, and as of the date hereof there are no facts which are known to the Borrower which the Borrower believes would cause a material adverse change in such projections.

5.5 CAPITALIZATION OF THE BORROWER AND ITS SUBSIDIARIES. The capitalization of the Borrower and the Subsidiaries as of the Closing Date is as set forth on EXHIBIT E attached hereto and all of the issued and outstanding shares of capital stock of the Subsidiaries are owned as set forth on EXHIBIT E. EXHIBIT E identifies each License Subsidiary and, with respect to each other Subsidiary, the Stations, Newspapers or other business owned and operated by such Subsidiary. All of the issued and outstanding capital stock of the Borrower and of each Subsidiary has been duly and validly issued and is fully

paid and nonassessable. All of the issued and outstanding capital stock of each Subsidiary is free and clear of any Lien, charge, encumbrance or right or option to purchase except for the Liens granted pursuant to the Subsidiary Pledge Agreement and except for Liens that will be released on the Closing Date. None of the capital stock of the Borrower or of any Subsidiary has been issued in violation of the Securities Act of 1933, as amended, or the securities or "Blue Sky" or any other applicable laws, rules or regulations of any applicable jurisdiction. Except as set forth on EXHIBIT E, as of the Closing Date, neither the Borrower nor any of its Subsidiaries has any commitment or obligation, either firm or conditional, to issue, deliver, purchase or sell, under any offer, option agreement, bonus agreement, purchase plan, incentive plan, compensation plan, warrant, conversion rights, contingent share agreement, shareholders agreement, partnership agreement or otherwise, any shares of its capital stock, partnership interests or other equity securities or securities convertible into shares of capital stock, partnership interests or other equity securities.

5.6 TITLE TO PROPERTIES; PATENTS, TRADEMARKS, ETC. The Borrower and each of its Subsidiaries have, and will have after giving effect to the closings under the Phipps Purchase Agreement, good and marketable title to all of their assets, whether real or personal, tangible or intangible, free and clear of any Liens or adverse claims, except Permitted Liens. The Borrower and each of its Subsidiaries own or possess, and will own or possess after giving effect to the closing under the Phipps Purchase Agreement, the valid right to use all the patents, patent applications, patent and know-how licenses, inventions, technology, permits, trademark registrations and applications, trademarks, service marks, trade names, copyrights, product designs, applications, formulae, processes, circulation, and other subscriber lists, industrial property rights and licenses and rights in respect of the foregoing used or necessary for the conduct of its business (collectively, "proprietary rights"). The Borrower is not aware of any existing or threatened infringement or misappropriation of (a) any such proprietary rights of others by the Borrower or any of its Subsidiaries or (b) any proprietary rights of the Borrower or any of its Subsidiaries by others.

5.7 LITIGATION; PROCEEDINGS. Except as disclosed on EXHIBIT F attached hereto, there is no action, suit, complaint, proceeding, inquiry or investigation at law or in equity, or by or before any court or governmental instrumentality or agency, nor any order (including, without limitation, any order to show cause or order of forfeiture), decree or judgment in effect, pending or, to the best of the Borrower's knowledge, threatened against or affecting the Borrower, any of its Subsidiaries, any Station, any Newspaper, the Porta Phone Business or the Satellite Broadcasting Business or any of the properties or rights relating

to any Station, any Newspaper, the Porta Phone Business or the Satellite Broadcasting Business. None of such actions, suits, complaints, proceedings, inquiries or investigations, orders, decrees or judgments could reasonably be expected to have a Material Adverse Effect. No Person has filed or, to the best of the Borrower's knowledge, threatened to file, any material competing application, petition to deny or other opposition against any application, including any renewal application, filed or to be filed by the Borrower or any of its Subsidiaries.

5.8 TAXES. All Federal, state and local tax returns, reports and statements (including, without limitation, those relating to income taxes, withholding, social security and unemployment taxes, sales and use taxes, and franchise taxes) required to be filed by the Borrower or any of its Subsidiaries have been properly filed with the appropriate governmental agencies in all jurisdictions in which such returns, reports and statements are required to be filed, which returns, reports and statements are complete and accurate, and all taxes and other impositions due and payable have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof except where contested in good faith and by appropriate proceedings. As of the Closing Date, neither the Borrower nor any of its Subsidiaries has filed with the Internal Revenue Service or any other governmental authority any agreement or other document extending or having the effect of extending the period for assessment or collection of any Federal, state, local or foreign taxes or other impositions. All tax deficiencies asserted or assessments made as a result of any examinations conducted by the Internal Revenue Service or any other governmental authority relating to the Borrower or any of its Subsidiaries have been fully paid or are being contested in accordance with the provisions of Section 7.4. Proper and accurate amounts have been withheld by the Borrower and its Subsidiaries from its employees for all periods to fully comply with the tax, social security and unemployment withholding provisions of applicable Federal, state, local and foreign law. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.9 ABSENCE OF CONFLICTS. The execution, delivery and performance of the Phipps Purchase Agreement, this Agreement and the Collateral Documents and all actions and transactions contemplated hereby and thereby will not (a) violate, be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under (i) any provision of the Articles or Certificate of Incorporation or By-Laws or any shareholders agreement or other organizational document of the Borrower or any of its Subsidiaries, (ii) any arbitration award or any order of any court or of any other governmental agency or authority binding on the Borrower or any

of its Subsidiaries, (iii) any License of the Borrower or of any of its Subsidiaries or under which the Borrower or any of its Subsidiaries operates or will operate after giving effect to the closing under the Phipps Purchase Agreement, (iv) any applicable law, rule, order or regulation (including without limitation, (A) the Communications Act of 1934, as amended, (B) any law, rule, regulation or policy of the FCC or any other Licensing Authority or (C) regulations G, T, U or X of the Board of Governors of the Federal Reserve System) or (v) any Operating Agreement, the Subordinated Note Indenture or other material agreement, instrument or document relating to a Station, a Newspaper, the Porta Phone Business or the Satellite Broadcasting Business or to which the Borrower or any of its Subsidiaries is a party, or by which the Borrower or any of its Subsidiaries or any of their properties is bound, or (b) result in the creation or imposition of any Lien of any nature whatsoever, other than those Liens arising hereunder or under the Collateral Documents, upon any of the properties of the Borrower or any of its Subsidiaries.

5.10 INDEBTEDNESS. As of the Closing Date, the Borrower has no Indebtedness of any nature, whether due or to become due, absolute, contingent or otherwise, including Indebtedness for taxes and any interest or penalties relating thereto, which exceeds in the aggregate, \$150,000, except (a) the liability to pay legal and accounting fees and reasonable closing expenses in connection with this Agreement and the Phipps Purchase Agreement, (b) the Obligations, (c) Indebtedness under the Subordinated Note Indenture and the notes issued pursuant thereto, (d) Indebtedness incurred in the ordinary course of business since June 30, 1996, (e) as disclosed in the Financial Statements, and (f) as disclosed on EXHIBIT G attached hereto.

5.11 COMPLIANCE. Except as disclosed in EXHIBIT F attached hereto, neither the Borrower nor any of its Subsidiaries nor the ownership, construction or operation of any Station, Newspaper, the Porta Phone Business or the Satellite Broadcasting Business is in material violation of its Articles or Certificate of Incorporation, its By-laws, any License or any statute, ordinance, law, rule, regulation or order of the United States of America or the FCC (including, without limitation, applicable federal laws and the rules, regulation, policies and orders of the FCC relating to foreign ownership restrictions or to limitations on the nature and number of media outlets that may be held under common ownership or control), the Federal Aviation Administration or any other federal, state, county, municipal or other governmental agency or authority applicable to the Borrower or any of its Subsidiaries, their properties, the ownership, construction or operation of any Station, Newspaper, the Porta Phone Business or the Satellite Broadcasting Business or the conduct of their business. Neither the Borrower nor any of its Subsidiaries nor the ownership, construction or operation of any Station, any Newspaper, the Porta Phone Business or the Satellite

Broadcasting Business is in violation or has breached in any material respect the provisions of the Subordinated Note Indenture or any indenture, License, Operating Agreement, note, lease or other agreement, instrument or document to which it is a party or by which it is bound, nor does there exist any material default, or any event or condition which, upon notice or lapse of time, or both, would become a material default, under the Subordinated Note Indenture or any such indenture, License, Operating Agreement, note, lease, or other agreement, instrument or document. The Borrower and each of its Subsidiaries have the legal right and authority to conduct their respective businesses as now conducted or proposed to be conducted.

5.12 STATEMENTS NOT MISLEADING. No statement, representation or warranty made by the Borrower or any of its Subsidiaries in or pursuant to this Agreement or the Schedules or Exhibits attached hereto or any of the Collateral Documents contains any untrue statement of a material fact, nor omits to state a material fact necessary to make such statement not misleading in light of the circumstances under which such statement was made, or otherwise violates any federal or state securities laws, rules or regulations. There is no fact known to the Borrower (other than matters of a general economic nature or relating to the broadcasting and newspaper industries generally) that has had or could reasonably be expected to have a Material Adverse Effect.

5.13 CONSENTS OR APPROVALS. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority or any other Person (including, without limitation, the FCC and any other Licensing Authority) is required to be obtained by the Borrower or any of its Subsidiaries in connection with the execution, delivery or performance of the Subordinated Note Indenture, the Phipps Purchase Agreement or this Agreement or any of the Collateral Documents, including without limitation, in connection with the granting of Liens in the assets of the Borrower or in the capital stock and the assets of its Subsidiaries, which has not already been obtained or completed, except for (a) the filing with the FCC of this Agreement and certain of the Collateral Documents pursuant to FCC rules, which shall be accomplished within the required time period after the Closing, (b) the filing of financing statements, the Mortgages and other actions expressly required to be taken pursuant to the Collateral Documents, and (c) the consent of the FCC to the extent required in connection with the exercise by the Agent or the Banks of their rights and remedies hereunder or under the Collateral Documents.

5.14 MATERIAL CONTRACTS AND COMMITMENTS. EXHIBIT H attached hereto contains a true and complete description of all material contracts and commitments of the Borrower or any of its Subsidiaries or which relate to a Station, a Newspaper, the Porta

Phone Business or the Satellite Broadcasting Business as of the Closing Date, after giving effect to the closing under the Phipps Purchase Agreement, whether oral or written, including, without limitation, (a) any security agreement, pledge agreement, mortgage or guaranty; (b) any material management, construction supervision, service or employment agreements, conditional sale contract or lease of personal property; (c) any collective bargaining agreement; (d) any material contract or commitment for the future purchase or sale of goods in excess of \$200,000 in any single case; (e) any contract or commitment which involves a material Capital Expenditure in excess of \$200,000 in any single case; (f) all Licenses; and (g) all Operating Agreements. To the best of the Borrower's knowledge, except as disclosed on EXHIBIT H, as of the Closing Date, all of the items listed on EXHIBIT H are in full force and effect without material default. EXHIBIT H further identifies each such contract which requires consent to the granting of a Lien in favor of the Agent for the benefit of the Banks on the rights of the Borrower or its Subsidiaries under such contract. The Borrower has made available to the Agent true and complete copies of each of the above.

5.15 EMPLOYEE BENEFIT PLANS. EXHIBIT I contains a true and complete list of all Plans maintained by the Borrower or any member of the Controlled Group. Neither the Borrower nor any member of the Controlled Group has or will have, after giving effect to the closing under the Phipps Purchase Agreement, any liability, or reasonably anticipates any liability, of any kind (including any withdrawal liability under Section 4201 of ERISA) which is in excess, in the aggregate, of \$250,000 and which is more than one hundred twenty days past due, to or in respect of any Plan or Benefit Arrangement. With respect to the Plans and Benefit Arrangements maintained by the Borrower or any member of the Controlled Group: (a) each Plan that is intended to be qualified under Code Section 401(a) is so qualified and has been so qualified since its adoption, and each trust forming a part thereof is exempt from tax under Code Section 501(a); (b) each Plan complies in all material respects with all applicable requirements of law, has been administered in accordance with its terms and all required contributions have been made; (c) neither the Borrower nor any member of the Controlled Group knows or has reason to know that the Borrower or any member of the Controlled Group has engaged in a transaction which would subject it to any material tax, penalty or liability under ERISA or the Code for any prohibited transaction; (d) no Plan is subject to the minimum funding requirements under ERISA Section 302 or Code Section 412, is a multiemployer plan (as defined in ERISA Section 4001(a)(3)), is a defined benefit plan (as defined under ERISA Section 3(35) or Code Section 414(j)), or is a multiple employer plan (as defined in ERISA Section 4063). No Plan or Benefit Arrangement maintained by the Borrower or any member of the Controlled Group

is a multiple employer welfare arrangement (as defined in ERISA Section 3(40)).

5.16 LICENSES AND OPERATING AGREEMENTS. The Licenses and Operating Agreements shown on EXHIBIT H constitute all of the Licenses and Operating Agreements which, as of the Closing Date, are necessary for the lawful ownership, construction or operation of the Stations (including the Stations being acquired pursuant to the Phipps Purchase Agreement), the Newspapers, the Porta Phone Business and the Satellite Broadcasting Business and of the other businesses of the Borrower and its Subsidiaries in the manner and to the full extent they are currently owned, constructed or operated. EXHIBIT H sets forth a correct and complete list, as of the Closing Date, of the expiration date of each License and of each pending application for a License. Except as specified on EXHIBIT H, all of the Licenses relating to the Stations, the Newspapers, the Porta Phone Business or the Satellite Broadcasting Business and all other Licenses of the Borrower and its Subsidiaries have been duly and validly issued or assigned to and are legally held by the Borrower or one of its Subsidiaries and are in full force and effect without condition except those of general application. All such Licenses have been issued in compliance with all applicable laws and regulations, are legally binding and enforceable in accordance with their terms and are in good standing. The Borrower knows of no facts or conditions which would constitute grounds for any Licensing Authority to deny any pending application for a License, to suspend, revoke, materially adversely modify, designate for a hearing, annul, fail to renew on or before its renewal date, or renew for less than a full license period any License or to impose a material financial penalty on the Borrower or any of its Subsidiaries.

5.17 MATERIAL RESTRICTIONS. Neither the Borrower nor any of its Subsidiaries is a party to any agreement or other instrument or subject to any other restriction which has had or could reasonably be expected to have a Material Adverse Effect.

5.18 INVESTMENT COMPANY ACT. Neither the Borrower nor any of its Subsidiaries (a) is an investment company as that term is defined in the Investment Company Act of 1940, as amended, (b) directly or indirectly controls, or is directly or indirectly controlled by, a company which is an investment company as that term is defined in such act or (c) is otherwise subject to regulation under such act.

5.19 ABSENCE OF MATERIAL ADVERSE EFFECT. No Material Adverse Effect has occurred since December 31, 1995.

5.20 DEFAULTS. No Possible Default or Event of Default now exists or will exist upon the making of any Loan.

5.21 REAL ESTATE. EXHIBIT J attached hereto lists all real estate owned as of the Closing Date by the Borrower or any of its Subsidiaries and all real estate which the Borrower or any Subsidiary will acquire pursuant to the Phipps Purchase Agreement and all leases pursuant to which the Borrower or any of its Subsidiaries has acquired, as of the Closing Date, or will acquire pursuant to the Phipps Purchase Agreement, a leasehold interest in real estate. EXHIBIT J lists the use of such owned and leased property in the Borrower's or its Subsidiary's operations and the Borrower's good faith estimate of the fair market value of each such parcel of owned real estate.

5.22 SECURITIES LAWS. No proceeds of any Loan will be used by the Borrower or any of its Subsidiaries to acquire any security in any transaction which is subject to Section 13 or 14 of the Securities Exchange Act of 1934, as amended. Neither the registration of any security under the Securities Act of 1933, as amended, or the securities laws of any state, nor the qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended, is required in connection with the consummation of this Agreement or the Phipps Purchase Agreement or the execution and delivery of the Notes.

5.23 INSURANCE. All policies of insurance of any kind or nature owned by or issued to the Borrower or any of its Subsidiaries are in compliance with the requirements of Section 7.3 and are in full force and effect. In the past three years neither the Borrower nor any of its Subsidiaries has been refused insurance for which it applied or had any policy of insurance terminated (except at its own request).

5.24 LABOR MATTERS. There are no material strikes, unfair labor practice charges or other material labor disputes or grievances pending or, to the best of the Borrower's knowledge, threatened against the Borrower, any of its Subsidiaries or any Station, any Newspaper, the Porta Phone Business or the Satellite Broadcasting Business. The Borrower has not received any written complaints or knowledge of any threatened complaints, nor to the best of the Borrower's knowledge, are any such complaints on file with any Federal, state or local governmental agency, alleging employment discrimination by the Borrower or any of its Subsidiaries or in connection with any Station, any Newspaper, the Porta Phone Business or the Satellite Broadcasting Business. All payments due under any collective bargaining agreement to which the Borrower or any of its Subsidiaries is a party have been paid or accrued as a liability on the books of the Borrower or such Subsidiary.

5.25 ENVIRONMENTAL COMPLIANCE.

Except as set forth in EXHIBIT K attached hereto and after giving effect to the consummation of the Phipps Purchase Agreement:

(a) The Borrower and each of its Subsidiaries have obtained all material permits, licenses and other authorizations which are required under all Environmental Laws. The Borrower and each of its Subsidiaries are in material compliance with all terms and conditions of all such permits, licenses and authorizations and are also in material compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, including, without limitation, all Environmental Laws in all jurisdictions in which the Borrower or such Subsidiary owns or operates a Station, a Newspaper, a facility or site, arranges or has arranged for disposal or treatment of Hazardous Materials, solid waste or other wastes, accepts or has accepted for transport any Hazardous Materials, solid waste or other wastes or holds or has held any interest in real property or otherwise.

(b) No Environmental Claim has been issued, no complaint has been filed, no penalty has been assessed and no litigation, proceeding, investigation or review is pending or, to the best of the Borrower's knowledge, threatened by any Person with respect to any alleged failure by the Borrower, any of its Subsidiaries or any property owned by the Borrower or any Subsidiary to comply with any Environmental Law or to have any permit, license or authorization required in connection with the conduct of the business of the Borrower or any of its Subsidiaries or with respect to any generation, treatment, storage, recycling, transportation, use, disposal or Release of any Hazardous Materials generated by the Borrower or any of its Subsidiaries or with respect to any real property in which the Borrower or any of its Subsidiaries holds or has held an interest or any past or present operation of the Borrower or any of its Subsidiaries.

(c) There are no Environmental Laws requiring any material work, repairs, construction, Capital Expenditures or other remedial work of any nature whatsoever, with respect to any real property in which the Borrower or any of its Subsidiaries holds or has held an interest or any past or present operation of the Borrower or any Subsidiary.

(d) Neither the Borrower nor any of its Subsidiaries has handled any Hazardous Material, on any property now or previously owned or leased by the Borrower or any of its

Subsidiaries to an extent that it has, or could reasonably be expected to have, a Material Adverse Effect.

(e) To the best of the Borrower's knowledge:

(i) no PCBs or asbestos is present at any property now or previously owned or any premises now or previously leased by the Borrower or any of its Subsidiaries;

(ii) no underground storage tanks for Hazardous Materials, active or abandoned, are now or were previously operated at any property now or previously owned by the Borrower or any of its Subsidiaries, and, with respect to premises now or previously leased by the Borrower or any of its Subsidiaries, no underground storage tanks for Hazardous Materials, active or abandoned, are now or were previously operated by the Borrower or any of its Subsidiaries;

(iii) no Hazardous Materials have been Released, in a reportable quantity, where such a quantity has been established by statute, ordinance, rule, regulation or order, at, on or under any property now or previously owned by the Borrower or any of its Subsidiaries; and

(iv) no Hazardous Materials have been otherwise Released at, on or under any property now or previously owned or any premises now or previously leased by the Borrower or any of its Subsidiaries to an extent that it has, or could reasonably be expected to have, a Material Adverse Effect.

(f) Neither the Borrower nor any of its Subsidiaries has transported or arranged for the transportation of any Hazardous Material to any location that is listed on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), listed for possible inclusion on the NPL by the Environmental Protection Agency in the Comprehensive Environmental Response and Liability Information System, as provided for by 40 C.F.R. Section 300.5 ("CERCLIS"), or on any similar state or local list or that is the subject of Federal, state or local enforcement actions or other investigations that may lead to Environmental Claims against the Borrower or any of its Subsidiaries.

(g) No Hazardous Material generated by the Borrower or any of its Subsidiaries has been recycled, treated, stored, disposed of or Released by the Borrower or any of its Subsidiaries at any location.

(h) No oral or written notification of a Release of a Hazardous Material has been given or filed by or on behalf of the Borrower or any of its Subsidiaries and no property now or

previously owned or premises leased by the Borrower or any of its Subsidiaries is listed or proposed for listing on the National Priorities list promulgated pursuant to CERCLA, on CERCLIS or on any similar state list of sites requiring investigation or clean-up.

(i) There are no Liens arising under or pursuant to any Environmental Laws on any of the property owned or premises leased by the Borrower or any of its Subsidiaries, and no government actions have been taken or are in process which could subject any of such property to such Liens, and neither the Borrower nor any of its Subsidiaries would be required to place any notice or restriction relating to the presence of Hazardous Materials at any property owned by it in any deed to such property.

(j) Neither the Borrower nor any of its Subsidiaries has retained or assumed any liabilities (contingent or otherwise) in respect of any Environmental Claims under the terms of any contract or agreement or by operation of law as a result of the sale of assets or stock.

(k) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or which are in the possession of the Borrower or any of its Subsidiaries in relation to any property or facility now or previously owned or leased by the Borrower or such Subsidiary which have not been made available to the Banks.

5.26 SOLVENCY. The Borrower has received, or has the right hereunder to receive, consideration which is the reasonably equivalent value of the obligations and liabilities that the Borrower has incurred to the Banks. The Borrower is not insolvent as defined in Section 101 of Title 11 of the United States Code or any applicable state insolvency statute, nor, after giving effect to the consummation of the transactions contemplated herein, in the Phipps Purchase Agreement and in the Subordinated Note Indenture, will the Borrower be rendered insolvent by the execution and delivery of this Agreement, the Notes or the Collateral Documents to the Banks. The Borrower is not engaged or about to engage in any business or transaction for which the assets retained by it shall be an unreasonably small capital, taking into consideration the obligations to the Banks incurred hereunder. The Borrower does not intend to, nor does it believe that it will, incur debts beyond its ability to pay them as they mature.

5.27 PHIPPS PURCHASE AGREEMENT, SUBORDINATED NOTE INDENTURE AND REGISTRATION STATEMENTS.

(a) The Borrower has provided to the Agent a complete and correct copy of the Phipps Purchase Agreement. All

of the representations and warranties of the Borrower and, to the best of the Borrower's knowledge, each other party thereto in the Phipps Purchase Agreement are true and correct in all material respects as of the date hereof as if given as of the date hereof and will be true and correct in all material respects as of the Closing Date as if given as of such date. No party to the Phipps Purchase Agreement has given notice of any breach of its representations, warranties or covenants therein. All of the representations and warranties of the Borrower in this Section 5 shall be deemed to be given after giving effect to the consummation of the closing under the Phipps Purchase Agreement, and the television stations being acquired pursuant to the Phipps Purchase Agreement shall be deemed to be Stations for all purposes of these representations and warranties.

(b) The Borrower has provided to the Agent a complete and correct copy of the Subordinated Note Indenture and the notes and other agreements and documents executed and delivered pursuant thereto. All of the representations and warranties of the Borrower in the Subordinated Note Indenture are true and correct in all material respects as of the date hereof as if given as of the date hereof, and will be true and correct in all material respects as of the Closing Date as if given as of such date, and no default or event of default exists thereunder or will exist after giving effect to the making of any Loan or the issuance of any Letter of Credit hereunder. The Subordinated Note Indenture has not been amended or modified, and no provisions thereof have been waived.

(c) The Borrower has provided to the Agent complete and correct copies of (i) the Registration Statement on Form S-1 (Registration No. 333-4338) relating to the notes issued pursuant to the Subordinated Note Indenture and (ii) the Registration Statement on Form S-1 (Registration No. 333-4340) relating to the Borrower's issuance of 3,500,000 shares of its Class B Common Stock. No statement, representation or warranty made in either such Registration Statement (including the prospectus contained therein) contains any untrue statement of a material fact, nor omits to state a material fact necessary to make such statement not misleading in light of the circumstances under which such statement was made, or otherwise violates any federal or state securities laws, rules or regulations.

5.28 LICENSE SUBSIDIARIES. Neither the Borrower nor any of its Subsidiaries (other than License Subsidiaries) holds any License issued by the FCC. No License Subsidiary (a) has any Indebtedness (other than pursuant to the License Subsidiary Guaranty, the License Subsidiary Security Agreement and the subordinated guaranty executed by such License Subsidiary pursuant to the Subordinated Note Indenture), (b) has any assets other than FCC Licenses, (c) is a party to or bound by any contract or agreement, (d) conducts any business or (e) has any

employees, and there are no Liens of any nature whatsoever on any of the property or assets of any License Subsidiary except in favor of the Agent, for the benefit of the Banks. All of the Licenses issued by the FCC in connection with the ownership and operation of the Stations, including the Stations being acquired pursuant to the Phipps Purchase Agreement, the Porta Phone Business and the Satellite Broadcasting Business, have been, or at the closing under the Phipps Purchase Agreement will be, duly assigned to a License Subsidiary.

SECTION 6. CONDITIONS PRECEDENT TO OBLIGATIONS OF THE BANKS.

The obligations of the Banks to make any Loan or to issue or renew any Letter of Credit and the performance by the Banks of the other actions to be taken by them on or after the Closing Date are subject to the fulfillment or waiver in writing of each of the following conditions precedent. The Borrower shall deliver to the Agent copies for each Bank of each document, instrument or other item to be delivered pursuant to this Section 6.

6.1 COMPLIANCE. All of the representations and warranties of the Borrower and its Subsidiaries herein and in the Collateral Documents shall be true and correct on and as of the Closing Date and the date of any subsequent Loan (other than a Loan resulting from the funding of a Letter of Credit) or the issuance or renewal of a Letter of Credit, as if made on and as of such date and time before and after giving effect to the making of the proposed loan or the issuance of the proposed Letter of Credit, except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date. The Borrower and its Subsidiaries shall have performed and shall be in compliance with all the applicable terms and provisions of this Agreement and the Collateral Documents and no Possible Default or Event of Default shall have occurred and be continuing, on and as of the Closing Date and the date of any subsequent Loan (other than a Loan resulting from the funding of a Letter of Credit) or the issuance or renewal of a Letter of Credit, before and after giving effect to the making of the proposed Loan or the issuance of the proposed Letter of Credit. On the Closing Date, the Borrower shall deliver to the Banks a certificate, dated as of the Closing Date and signed by an executive officer of the Borrower certifying compliance with the conditions of this Section 6.1. Each request by the Borrower for a Loan or the issuance of a Letter of Credit shall, in and of itself, constitute a representation and warranty that the Borrower, as of the date of such Loan, is in compliance with this Section.

6.2 SECURITY AGREEMENTS.

(a) The Borrower shall have executed and delivered to the Agent a Security Agreement in form and substance satisfactory to the Agent (the "Borrower Security Agreement"), granting to the Agent, for the benefit of the Banks, a first priority security interest in substantially all of the Borrower's personal property, including, without limitation, the property acquired pursuant to the Phipps Purchase Agreement; and the Borrower Security Agreement, and the security interests granted pursuant thereto, shall be in full force and effect.

(b) Each Subsidiary shall have executed and delivered to the Agent a Security Agreement in form and substance satisfactory to the Agent (the "Subsidiary Security Agreement"), granting to the Agent, for the benefit of the Banks, a first priority security interest in substantially all of each Subsidiary's personal property, including, without limitation, the property acquired pursuant to the Phipps Purchase Agreement; and the Subsidiary Security Agreement, and the security interests granted pursuant thereto, shall be in full force and effect.

6.3 PLEDGE AGREEMENTS.

(a) The Borrower shall have executed and delivered to the Agent a Pledge Agreement in form and substance satisfactory to the Agent (the "Borrower Pledge Agreement"), granting to the Agent, for the benefit of the Banks, a first priority security interest in all of the issued and outstanding capital stock of each of the Borrower's direct Subsidiaries; the Borrower shall have delivered to the Agent stock certificates evidencing all of such capital stock and stock powers, duly endorsed in blank, with respect thereto; the Borrower shall have taken all actions as may be required to effect the grant and perfection of the Agent's security interest in such capital stock; and the Borrower Pledge Agreement, and the security interests granted pursuant thereto, shall be in full force and effect.

(b) Each Subsidiary of the Borrower which has a Subsidiary shall have executed and delivered to the Agent a Pledge Agreement in form and substance satisfactory to the Agent (the "Subsidiary Pledge Agreement"), granting to the Agent, for the benefit of the Banks, a first priority security interest in all of the issued and outstanding capital stock of each Subsidiary owned by such Subsidiary; each such Subsidiary shall have delivered to the Agent stock certificates evidencing all of such capital stock and stock powers, duly endorsed in blank, with respect thereto; each such Subsidiary shall have taken all actions as may be required to effect the grant and perfection of the Agent's security interest in such capital stock; and the Subsidiary Pledge Agreement, and the security interests granted pursuant thereto, shall be in full force and effect.

6.4 REAL ESTATE MATTERS.

(a) With respect to each parcel of real property owned by the Borrower or any of its Subsidiaries, to the extent requested by the Agent, the Borrower or such Subsidiary shall (on or prior to the Closing Date with respect to real property owned or to be acquired as of the Closing Date and, with respect to real property thereafter acquired, promptly after acquisition thereof) have executed and delivered a first priority mortgage or deed of trust, in form and substance satisfactory to the Agent, covering such parcel of real property. With respect to each parcel of real property leased by the Borrower or any of its Subsidiaries, to the extent requested by the Agent, the Borrower or such Subsidiary shall (on or prior to the Closing Date with respect to leases held or to be acquired as of the Closing Date and, with respect to leases thereafter acquired, promptly after acquisition thereof) have executed and delivered a first priority leasehold mortgage or collateral assignment of lease, in form and substance satisfactory to the Agent, covering such leasehold interest. Such mortgages, deeds of trust, leasehold mortgages and collateral assignments of leases may be referred to hereinafter collectively as the "Mortgages". Each Mortgage shall have been duly recorded, and the Borrower shall have paid all taxes, fees or charges incurred in connection with the execution or recording thereof.

(b) The Borrower shall have procured and delivered to the Agent a commitment from a title insurance company satisfactory to the Agent for an ALTA mortgagee's policy of title insurance (Form 1970 if available, or 1984 or 1990 with 1970 Endorsement) covering each parcel of real estate owned by the Borrower or any of its Subsidiaries which is subject to a Mortgage, which policy shall be for the benefit of the Agent on behalf of the Banks and satisfactory to the Agent and shall insure that such Mortgage is a valid first mortgage lien on the property covered thereby. Such policy shall, to the extent available and appropriate: (i) insure title to the real property and all recorded easements benefitting such real property, (ii) contain an "Extended Coverage Endorsement" insuring over the general exceptions contained customarily in such policy, (iii) contain an endorsement insuring that the real property described in the title insurance policy is the same real estate as shown on the survey delivered with respect to such property, (iv) contain an endorsement insuring that each street adjacent to the real property is a public street and that there is direct and unencumbered pedestrian and vehicular access to such street from the real property, (v) if the real property consists of more than one record parcel, contain a "contiguity" endorsement, if applicable, insuring that all of the record parcels are contiguous to one another, (vi) contain appropriate endorsements insuring against encroachments and (vii) contain a commercial revolving line of credit endorsement insuring that advances made

subsequent to the date of the title insurance policy are included in the title coverage, not to exceed the face amount of the title policy. No title indemnities shall be established in connection with the issuance of the aforesaid lender's title insurance policy.

(c) With respect to each parcel of real property owned by the Borrower or any of its Subsidiaries which is subject to a Mortgage, the Borrower shall have procured and delivered to the Agent evidence as to whether such parcel of property is located within a flood hazard area for purposes of the National Flood Insurance Act of 1968, as amended.

(d) The Borrower shall obtain from each lessor under a lease, in respect of which the Borrower or any of its Subsidiaries has granted to the Agent a Mortgage or collateral assignment, written consent to such grant in form and substance satisfactory to the Agent.

(e) The Borrower shall have provided to the Agent copies of (i) Phase I environmental surveys, acceptable to the Agent, conducted by a company acceptable to the Agent, with respect to each parcel of real estate acquired pursuant to the Phipps Purchase Agreement which is subject to a Mortgage, (ii) to the extent available, all environmental surveys or audits performed during the past five years in connection with each of the parcels of real estate which is subject to a Mortgage, and the results of any existing search of the public records of the authorities in the relevant jurisdictions responsible for environmental matters with respect to any proceeding or action affecting any parcel of real estate which is subject to a Mortgage and (iii) such other evidence concerning compliance (both past and present) with Environmental Laws by the Borrower and its Subsidiaries as the Agent may request. The results of each Phase I environmental survey shall be satisfactory to the Agent.

(f) The Agent shall have received a survey (collectively, the "Surveys") of each parcel of real estate acquired pursuant to the Phipps Purchase Agreement which is the subject of a Mortgage, which survey shall be made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" established and adopted by the American Land Title Association and American Congress on Surveying and Mapping in 1992, and meeting the accuracy requirement of an "Urban" survey as defined therein, showing all buildings and other improvements, if any, all encroachments, if any, all set-back lines, if any, and all areas affected by any easements or other instruments of record, if any (the recording data in respect of which shall be marked on the survey), containing metes and bounds description of such parcel, setting forth the flood zone designations, if any, in which such parcel is located.

6.5 FINANCING STATEMENTS. Any financing statements or fixture filings required by the Security Agreements, the Pledge Agreements and the Mortgages shall have been filed for record with the appropriate governmental authorities.

6.6 SUBSIDIARY GUARANTY. Each Subsidiary shall have executed and delivered to the Agent, for the benefit of the Banks, a guaranty (the "Guaranty"), in form and substance satisfactory to the Agent, pursuant to which such Subsidiary shall guarantee the Obligations of the Borrower to the Banks.

6.7 OPINION OF BORROWER'S COUNSEL. On the Closing Date, the Agent shall have received the favorable written opinions of special counsel to the Borrower and the Subsidiaries, of FCC counsel to the Borrower and the Subsidiaries, and of local counsel in the States of Florida and Kentucky, in each case dated the Closing Date, addressed to the Banks and in form and substance satisfactory to the Agent.

6.8 CONSUMMATION OF PHIPPS PURCHASE AGREEMENT.

(a) The transactions contemplated by the Phipps Purchase Agreement shall have been consummated, or shall be consummated simultaneously with the making of the initial Loans hereunder, without the waiver of any material term or condition by any party thereto, and the FCC shall have issued its consent to the assignment of the FCC Licenses relating to Stations WCTV-TV and WKXT-TV to WCTV Licensee Corp. and WKXT Licensee Corp., respectively. Without limiting the foregoing sentence, the Borrower and such License Subsidiaries shall have purchased pursuant to the Phipps Purchase Agreement substantially all of the operating assets of Stations WCTV-TV and WKXT-TV, the Porta Phone Business and the Satellite Broadcasting Business, free and clear of all Liens, except Permitted Liens. The consummation of the transactions contemplated by the Phipps Purchase Agreement shall be completed in a manner satisfactory to the Agent, and the Agent shall have received conformed copies or photocopies of all conveyance and other material documents relating thereto. The Borrower shall use its best efforts to cause all opinions and certificates delivered to the Borrower in connection with such closing to be addressed to the Banks.

(b) The Borrower shall have executed and delivered to the Agent a collateral assignment, in form and substance satisfactory to the Agent, of all of its rights under the Phipps Purchase Agreement, and the Phipps Seller shall have acknowledged and consented to such collateral assignment.

(c) The letter of credit delivered to the Phipps Seller pursuant to the Phipps Purchase Agreement shall have terminated and each agreement, document and instrument executed

by the Borrower in connection therewith, and the Borrower's reimbursement obligation thereunder, shall have terminated.

(d) The Borrower shall have delivered to the Agent certified copies of the Phipps Purchase Agreement and of all agreements, documents and instruments entered into in connection therewith.

6.9 SUBORDINATED NOTES. The Borrower shall have delivered to the Agent certified copies of the Subordinated Note Indenture and the notes issued pursuant thereto. The subordinated notes issued under the Subordinated Note Indenture shall have been issued, with total gross proceeds to the Borrower of at least \$150,000,000 and an effective interest rate not exceeding 11.25% per annum, all terms and conditions of such notes, the Subordinated Note Indenture and the other instruments and documents related thereto shall be satisfactory to the Agent and the Banks in their sole discretion, and all amounts held by the trustee under the Subordinated Note Indenture as security for the notes issued pursuant thereto shall have been released to the Borrower. The Borrower shall have delivered evidence satisfactory to the Agent that the requested Loan, or the stated amount of the requested Letter of Credit, constitutes "Senior Debt" for all purposes of the Subordinated Note Indenture.

6.10 CLASS B COMMON STOCK ISSUANCE. The Borrower shall have consummated a public offering of its Class B Common Stock with total gross proceeds payable to the Borrower of at least \$50,000,000, and all of the terms and conditions of such offering and any agreements, instruments and documents related thereto shall be satisfactory to the Agent and the Banks in their sole discretion.

6.11 PREFERRED STOCK. Bull Run Corporation shall have converted its existing \$10,000,000 8% subordinated notes to Series A Preferred Stock of the Borrower with a liquidation value of \$10,000,000, and Bull Run Corporation and J. Mack Robinson or affiliates thereof together shall have purchased Series B Preferred Stock of the Borrower with net proceeds to the Borrower of at least \$10,000,000, and all terms and conditions of such preferred stock, the issuance thereof and the instruments and documents related thereto shall be satisfactory to the Agent and the Banks in their sole discretion.

6.12 PAYMENT OF EXISTING INDEBTEDNESS. The existing senior secured indebtedness of the Borrower shall have been paid in full, the agreements and instruments governing and evidencing such indebtedness shall have been terminated and cancelled, all Liens in connection therewith shall have been released and the instruments and documents related thereto shall be satisfactory to the Agent and the Banks in their sole discretion.

6.13 FINANCIAL INFORMATION.

(a) AUDITS. The Borrower shall have delivered to the Agent on or prior to the Closing Date (i) unaudited consolidated financial statements for the six month period ended June 30, 1996, including consolidated balance sheets and income and expense statements, of the Borrower and its Subsidiaries as of, and for the six month period ended, June 30, 1996, and the results of their operations during such period and (ii) unaudited consolidated financial statements of John H. Phipps, Inc. for the six month period ended June 30, 1996, including consolidated balance sheets and income and expense statements, as of, and for the six month period ended, June 30, 1996, and the results of its operations during such period.

(b) PRO FORMA FINANCIAL STATEMENTS. On the Closing Date, the Borrower shall have delivered to the Agent (i) a consolidated pro forma balance sheet and income statement, for the four-quarter period ended June 30, 1996, after giving effect to the closing under this Agreement and the Phipps Purchase Agreement and the sale of Station KTVE-TV, and (ii) a certificate in form and substance satisfactory to the Agent showing in detail the calculation of the Applicable Margin (using pro forma four quarter trailing cash flow as of June 30, 1996) after giving effect to the closings under this Agreement and the Phipps Purchase Agreement.

(c) COMPLIANCE CERTIFICATE. The Borrower shall have delivered to the Agent a pro forma compliance certificate in form and substance satisfactory to the Agent showing the Leverage Ratio as the date of such borrowing or issuance of a Letter of Credit and the Borrower's compliance with the financial covenants set forth in Section 8.

(d) SOLVENCY CERTIFICATE. On the Closing Date, the Borrower shall have delivered to the Agent a solvency certificate in form and substance satisfactory to the Agent executed by the chief financial officer of the Borrower.

6.14 ENGINEER'S REPORT. On the Closing Date, the Borrower shall have delivered to the Agent a detailed engineering report from the Borrower's engineer, acceptable in form and substance to the Agent, as to the construction, engineering, installation and operation of each of the Stations, including the Stations being acquired pursuant to the Phipps Purchase Agreement, and its facilities and equipment. Such certificate shall also list any material equipment problems at such Station and any material upgrades of equipment which are currently, or which will within six months be, required at such Station.

6.15 DUE DILIGENCE. The Agent and its counsel shall have conducted a due diligence investigation of the Borrower, its

Subsidiaries and the Phipps Business, and the results of such investigation shall have been satisfactory to the Agent in all respects.

6.16 BORROWING REQUEST. On the date of each Loan, the Borrower shall have delivered to the Agent a borrowing request for such Loan in form and substance satisfactory to the Agent, setting forth the application of the proceeds of such Loan, evidence that such application is permitted pursuant to Section 7.1, and showing the recipient, the amount of the payment and the wire transfer instructions.

INSURANCE CERTIFICATES. On the Closing Date, the Borrower shall have furnished to the Agent certificates of insurance together with copies, if requested by the Agent, of all policies or other satisfactory evidence that the insurance required by Section 7.3 is in full force and effect.

6.18 CORPORATE DOCUMENTS. On the Closing Date, the Borrower shall deliver to the Agent the following:

(a) certificates of good standing for each of the Borrower and its Subsidiaries from the Secretary of State of the state of its incorporation and from the Secretary of State of each other state in which the Borrower or such Subsidiary is qualified or registered to do business, in each case dated as of a date as near to the Closing Date as practicable;

(b) a certificate signed by the Secretary or Assistant Secretary of the Borrower, dated as of the Closing Date, certifying that attached thereto are true and complete copies of (i) the Articles or Certificate of Incorporation and By-Laws of the Borrower and each Subsidiary, (ii) resolutions adopted by the respective Boards of Directors of the Borrower and each of its Subsidiaries authorizing the execution, delivery and performance of the Phipps Purchase Agreement, the Subordinated Note Indenture, this Agreement, the Collateral Documents and the Obligations;

(c) incumbency certificates for the Borrower and each Subsidiary;
and

(d) such other documents as any Bank may reasonably request in connection with the proceedings taken by the Borrower or any of its Subsidiaries authorizing this Agreement and the Collateral Documents.

6.19 LIEN SEARCHES, CONSENTS AND RELEASES OF LIENS. The Agent shall have received: (a) certified copies of UCC, judgment and tax lien search reports for each jurisdiction in which the Borrower or any Subsidiary owns any property or conducts any business listing all effective financing statements

and other Liens on any of the property of the Borrower or such Subsidiary, (b) consents to the granting of Liens in all Operating Agreements and other material contracts and leases of the Borrower and each of its Subsidiaries (including any acquired pursuant to the Phipps Purchase Agreement), which by their terms require such consent, and (c) releases of any existing Liens encumbering any assets of the Borrower or any of its Subsidiaries (including assets being acquired pursuant to the Phipps Purchase Agreement), except for Permitted Liens.

6.20 NO ORDER, JUDGMENT OR DECREE. No order, judgment or decree of any court, arbitrator or governmental authority shall purport to enjoin or restrain the Banks from making the Loans.

6.21 NO MATERIAL ADVERSE EFFECT. There shall have occurred no Material Adverse Effect since December 31, 1995. No material disruption of or material adverse change in financial, banking or capital markets shall have occurred since May 10, 1996, and be continuing as of the Closing Date that, in the Agent's reasonable judgment, would have a material adverse effect on any Bank's ability to fund the initial Loans hereunder. No material disruption of or material adverse change in the primary or secondary loan syndication markets, shall have occurred since May 10, 1996, and be continuing as of the Closing Date that, in the Agent's reasonable judgment, would have a material adverse effect on the syndication of the Loans.

6.22 FEE LETTER; FEES AND EXPENSES. The Borrower shall have paid all fees, expenses and other amounts due pursuant hereto and pursuant to the Fee Letter.

6.23 LEGAL APPROVAL. All legal matters incident to this Agreement and the consummation of the transactions contemplated hereby shall be satisfactory to Dow, Lohnes & Albertson, special counsel to the Agent.

6.24 OTHER DOCUMENTS. The Agent shall have received all Collateral Documents duly executed, and each Bank shall have received such other certificates, opinions, agreements and documents, in form and substance satisfactory to it, as it may reasonably request.

SECTION 7. AFFIRMATIVE COVENANTS OF THE BORROWER.

The Borrower agrees with the Banks that so long as this Agreement shall remain in effect or any of the Obligations shall remain unpaid or to be performed or any Letter of Credit shall remain outstanding, it shall perform and comply with the affirmative covenants contained in this Section.

7.1 USE OF PROCEEDS.

(a) The Borrower shall use the proceeds of the Revolving Loans only for the following purposes: (i) to pay a portion of the purchase price under the Phipps Purchase Agreement, (ii) to fund Permitted Acquisitions, (iii) to repay existing Indebtedness, (iv) to fund Capital Expenditures to the extent permitted by Section 8.7, (v) for working capital purposes (including the payment of closing costs in connection with the Phipps Purchase Agreement and this Agreement), and (vi) for the optional redemption of the subordinated notes issued under the Subordinated Note Indenture to the extent permitted by Section 8.24.

(b) The Borrower shall use the proceeds of the Term Loans only for the following purposes: (i) to fund Permitted Acquisitions, (ii) to fund Capital Expenditures associated with Permitted Acquisitions to the extent permitted by Section 8.7, (iii) for working capital purposes, (iv) to repay existing Indebtedness, and (v) for the optional redemption of the subordinated notes issued under the Subordinated Note Indenture to the extent permitted by Section 8.24.

7.2 CONTINUED EXISTENCE; MAINTENANCE OF RIGHTS AND LICENSES; COMPLIANCE WITH LAW. The Borrower shall, and shall cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its corporate existence and its material rights and Licenses. Without limiting the generality of the foregoing, the Borrower shall, and shall cause each of its Subsidiaries to, maintain in full force and effect, until termination in accordance with their respective terms, any and all Licenses, Operating Agreements and other material contracts and other rights necessary to operate the Stations, the Newspapers, the Porta Phone Business and the Satellite Broadcasting Business, not breach or violate the same in any material respect, and take all actions which may be required to comply in all material respects with all applicable laws, statutes, rules, regulations, orders and decrees now in effect or hereafter promulgated by any governmental authority, including without limitation, the FCC. The Borrower shall, and shall cause each of its Subsidiaries to, obtain, renew and extend all of the foregoing rights, Licenses and the like which may be necessary for the continuance of the operation of the Stations, the Newspapers, the Porta Phone Business and the Satellite Broadcasting Business.

7.3 INSURANCE. The Borrower shall, and shall cause each of its Subsidiaries to, keep its insurable properties insured to the full replacement cost thereof at all times by financially sound and reputable insurers reasonably acceptable to the Agent, and maintain such other insurance, to such extent and against such risks, including fire, lightning, vandalism,

malicious mischief, flood (to the extent required by the Agent, if any of the Borrower's or any of its Subsidiaries' property is located in an identified flood hazard area, in which insurance has been made available pursuant to the National Flood Insurance Act of 1968) and other risks insured against by extended coverage, as is customary with companies in the broadcasting and media businesses. All such insurance shall be in amounts sufficient to prevent the Borrower or any of its Subsidiaries from becoming a coinsurer, shall name the Agent, for the benefit of the Banks, as loss payee and may contain loss deductible provisions which shall not exceed \$250,000. The Borrower shall maintain, for itself and its Subsidiaries, in full force and effect liability insurance, business interruption insurance, errors and omissions insurance, general accident and public liability insurance and all other insurance as is usually carried by companies engaged in the same or similar businesses similarly situated against claims for personal or bodily injury, death or property damage occurring upon, in, about or in connection with the use or operation of any property or motor vehicles owned, occupied, controlled or used by the Borrower, its Subsidiaries and their employees or agents, or arising in any other manner out of the business conducted by the Borrower and its Subsidiaries. All of such insurance shall be in amounts reasonably satisfactory to the Agent and shall be obtained and maintained by means of policies with generally recognized, responsible insurance companies authorized to do business in such states as may be necessary depending upon the locations of the Borrower's and its Subsidiaries' assets and shall name the Agent, for the benefit of the Banks, as an additional insured or loss payee, as the case may be. The insurance to be provided may be blanket policies. Each policy of insurance shall be written so as not to be subject to cancellation or substantial modification without not less than thirty days advance written notice to the Agent. The Borrower shall furnish the Agent annually with certificates or other evidence satisfactory to the Agent that the insurance required hereby has been obtained and is in full force and effect and, prior to the expiration of any such insurance, the Borrower shall furnish the Agent with evidence satisfactory to the Agent that such insurance has been renewed or replaced. The Borrower shall, upon request of the Agent, furnish the Agent such information about such insurance as the Agent may from time to time reasonably request.

7.4 OBLIGATIONS AND TAXES. The Borrower shall, and shall cause each of its Subsidiaries to, pay and perform all of its material Indebtedness and other material liabilities and obligations in a timely manner in accordance with normal business practices and with the terms governing the same. The Borrower shall, and shall cause each of its Subsidiaries to, comply with the terms and covenants of all material agreements and all material leases of real or personal property and shall keep them all in full force and effect until termination thereof in

accordance with their respective terms. The Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or in respect of its property before the imposition of any penalty, as well as all lawful claims for labor, materials, supplies or other matters which, if unpaid, might become a Lien or charge upon such properties or any part thereof; PROVIDED, HOWEVER, that neither the Borrower nor any of its Subsidiaries shall be required to pay and discharge any such tax, assessment, charge, levy or claim so long as (a) the validity thereof is being contested diligently and in good faith by appropriate proceedings and the enforcement thereof is stayed, pending the outcome of such proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves in accordance with GAAP with respect thereto, and (c) such contest will not endanger the Lien of the Agent in any of the Borrower's or such Subsidiary's assets.

7.5 FINANCIAL STATEMENTS AND REPORTS. The Borrower shall, and shall cause each of its Subsidiaries to, maintain true and complete books and records of account in accordance with GAAP. The Borrower shall furnish to the Agent, for delivery to the Banks, the following financial statements and projections at the following times:

(a) As soon as available, but in no event later than ninety days after the end of each fiscal year of the Borrower, the Borrower shall furnish (i) audited consolidated financial statements, including audited consolidated balance sheets and income and expense statements, of the Borrower and its Subsidiaries as of the close of such fiscal year and the results of their operations during such fiscal year, and a consolidated statement of cash flows for such fiscal year, together with such additional statements, schedules and footnotes as are customary in a complete accountant's report; such financial statements shall be certified by independent certified public accountants selected by the Borrower and acceptable to the Agent, and the opinion of such accountants shall be unqualified; and (ii) a statement signed by such accountants to the effect that in connection with their examination of such financial statements they have reviewed the provisions of this Agreement and have no knowledge of any event or condition which constitutes an Event of Default or Possible Default or, if they have such knowledge, specifying the nature and period of existence thereof; PROVIDED, HOWEVER, that in issuing such statement, such independent accountants shall not be required to go beyond normal auditing procedures conducted in connection with their opinion referred to above;

(b) As soon as available, but in no event later than forty-five days after the end of each fiscal quarter of the Borrower, the Borrower shall furnish unaudited consolidated and

consolidating financial statements, including consolidated and consolidating balance sheets and income and expense statements, of the Borrower and its Subsidiaries as of the end of such period and the results of their operations during such period and for the then elapsed portion of the fiscal year, and a consolidated statement of cash flows for the portion of the fiscal year ended with the last day of such quarter; all such financial statements shall set forth, in comparative form, corresponding figures for the equivalent period of the prior year and a comparison to budget for the applicable quarter, shall be in form and detail satisfactory to the Agent, and shall be certified as to accuracy and completeness by the chief financial officer of the Borrower;

(c) As soon as available, but in no event later than forty-five days after the end of each month, the Borrower shall furnish unaudited statements of income and expense for each Station, each Newspaper, the Porta Phone Business and the Satellite Broadcasting Business, which shall contain a comparison with the budget or projections for such period and a comparison to the comparable period for the prior year, and which shall be certified by the chief financial officer of the Borrower;

(d) The financial statements required under (a) and (b) above shall be accompanied by a compliance certificate in the form attached hereto as EXHIBIT L of the chief financial officer of the Borrower (i) setting forth the computations showing compliance with the financial covenants set forth in Section 8 below, and (ii) certifying that no Possible Default or Event of Default has occurred, or if any Possible Default or Event of Default has occurred, stating the nature thereof and the actions the Borrower intends to take in connection therewith;

(e) The Borrower shall furnish (i) no later than thirty days after the commencement of each fiscal year, an annual operating budget or fiscal projections for such fiscal year, and (ii) promptly upon preparation thereof, any material revisions of such annual budget or fiscal projections;

(f) Promptly upon their becoming available, the Borrower shall furnish (i) copies of any periodic or special reports filed by the Borrower or any of its Subsidiaries with the FCC or any other federal, state or local governmental agency or authority if such reports indicate any material change in the ownership of the Borrower or such Subsidiary, or any materially adverse change in the business, operations, affairs or condition of the Borrower or such Subsidiary, (ii) copies of any material notices and other material communications from the FCC or any other federal, state or local governmental agency or authority which specifically relate to the Borrower, any of its Subsidiaries, any Station, the Porta Phone Business or the Satellite Broadcasting Business or any material License, and the substance of which relates to a matter that could reasonably be

expected to have a Material Adverse Effect, and (iii) copies of the results of each survey conducted by the Borrower or any of its Subsidiaries for the purpose of certifying to the FCC compliance with federal laws and the rules, regulations, policies and orders of the FCC relating to foreign ownership restrictions and to limitations on the nature and number of media outlets that may be held under common ownership or control;

(g) Promptly upon their becoming available, the Borrower shall furnish (i) copies of any registration statements and regular periodic reports, if any, which any Borrower or any Subsidiary shall have filed with the Securities and Exchange Commission (or any governmental agency substituted therefor) or any national securities exchange, and (ii) copies of all financial statements, reports and proxy statements mailed to its stockholders;

(h) The Borrower shall furnish (i) upon request, promptly after the filing thereof with the Internal Revenue Service, copies of each annual report with respect to each Plan established or maintained by the Borrower or any member of the Controlled Group for each plan year, including (A) where required by law, a statement of assets and liabilities of such Plan as of the end of such plan year and statements of changes in fund balance and in financial position, or a statement of changes in net assets available for plan benefits, for such plan year, certified by an independent public accountant satisfactory to the Agent, and (B) if prepared by or available to the Borrower, an actuarial statement of such Plan applicable to such plan year, certified by an enrolled actuary of recognized standing acceptable to the Agent; and (ii) promptly after receipt thereof, a copy of any notice the Borrower or a member of the Controlled Group may receive from the Department of Labor or the Internal Revenue Service with respect to any Plan (other than notices of general application) which could result in a material liability to the Borrower; the Borrower will promptly notify the Agent of any material taxes assessed, proposed to be assessed or which the Borrower has reason to believe may be assessed against the Borrower or any member of the Controlled Group by the Internal Revenue Service with respect to any Plan or Benefit Arrangement within thirty days after the Borrower knows or has reason to know that any Reportable Event with respect to any Plan has occurred, a statement of the chief financial officer of the Borrower setting forth details as to such Reportable Event and the action which the Borrower proposes to take with respect thereto, together with a copy of the notice of such reportable event given to the PBGC if a copy of such notice is available to the Borrower; notice within thirty days after the Borrower or any other member of the Controlled Group knows or has reason to know that any multiemployer plan (as defined in Code Section 414(f)) under which the Borrower or member of the Controlled Group is an employer, is in reorganization (as defined in Code Section 418 or ERISA Title IV) or is insolvent; the Borrower will promptly

notify the Agent of any withdrawal liability asserted against the Borrower or any member of the Controlled Group under ERISA Section 4201(a) with respect to any Plan;

(i) Without duplication of any delivery requirements otherwise set forth herein, copies of any reports, notices or other communications that the Borrower is required to deliver to the trustee under the Subordinated Note Indenture; and

(j) Upon the Agent's written request, such other information about the financial condition, properties and operations of the Borrower or any of its Subsidiaries as any Bank may from time to time reasonably request.

7.6 NOTICES. The Borrower shall give the Agent, for distribution to the Banks, notice within five days after its receipt of notice or knowledge thereof, (a) of any action, suit, investigation or proceeding by or against the Borrower or any of its Subsidiaries, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, including, without limitation, any material admonition, censure or adverse citation or order by the FCC or any other governmental authority or regulatory agency, (b) (i) of any action or event constituting an event of default or violation of the Subordinated Note Indenture, or any License, Operating Agreement or other material contract to which the Borrower or any of its Subsidiaries is a party or by which the Borrower or any Subsidiary is bound, and (ii) of any competing application, petition to deny or other opposition to any license renewal application filed by the Borrower or any of its Subsidiaries with the FCC, if such event of default, violation or other matter could reasonably be expected to have a Material Adverse Effect, (c) of the occurrence of any Possible Default or Event of Default and the actions the Borrower intends to take in connection therewith, (d) of any cancellation of or any material amendment to any of the insurance policies maintained in accordance with the requirements of this Agreement, except for cancellations and amendments that occur in the ordinary course of business, (e) of any material, adverse change in the business or financial condition of the Borrower or any of its Subsidiaries, and (f) of any material strike, labor dispute, slow down or work stoppage due to a labor disagreement (or any material development regarding any thereof) affecting the Borrower or any of its Subsidiaries.

7.7 MAINTENANCE OF PROPERTY. The Borrower shall, and shall cause each of its Subsidiaries to, at all times maintain and preserve its towers, printing presses, machinery, equipment, motor vehicles, fixtures and other property in good working order, condition and repair, normal wear and tear excepted, and in compliance with all material applicable standards, rules or regulations imposed by any governmental authority or agency (including, without limitation, the FCC, the Federal Aviation

Administration or any other Licensing Authority) or policy of insurance, except for such property which, in the judgment of the Borrower, is no longer necessary to the business of the Borrower or any of its Subsidiaries.

7.8 INFORMATION AND INSPECTION. The Borrower shall furnish to the Agent and the Banks from time to time, promptly upon request, information reasonably requested by the Agent or any Bank pertaining to any covenant, provision or condition hereof or of any Collateral Document, or to any matter connected with the books, records, operations, financial condition, properties, activities or business of the Borrower or of any of its Subsidiaries. At all reasonable times, the Borrower shall permit any authorized representative designated by any Bank to visit and inspect any of the properties of the Borrower or any of its Subsidiaries, and their books and records, and to take extracts therefrom and make copies thereof, and to discuss the Borrower's and its Subsidiaries' affairs, finances and accounts with the management of the Borrower and its Subsidiaries and with the Borrower's independent accountants.

7.9 MAINTENANCE OF LIENS. The Borrower shall do all things necessary or requested by the Agent to preserve and perfect the Liens of the Agent, for the benefit of the Banks, arising pursuant hereto and pursuant to the Collateral Documents as first Liens, except for Permitted Liens, and to insure that the Agent, for the benefit of the Banks, has a Lien on substantially all of the assets of the Borrower and in all of the capital stock and substantially all of the assets of each of its Subsidiaries. If the Borrower or any of its Subsidiaries purchases any real property, the Borrower or such Subsidiary shall notify the Agent and execute, deliver and cause to be recorded any Mortgage requested by the Agent in connection therewith, which shall be a first lien, except for Permitted Liens and take such other actions as would have been required pursuant to Section 6.4 had such property been owned on the Closing Date. If the Borrower or any of its Subsidiaries enters into a new Operating Agreement or other material contract or lease which prohibits the assignment thereof or the granting of a security interest therein without the consent of the other party, the Borrower shall use its best efforts to obtain the written consent of such other party to the grant to the Agent, for the benefit of the Banks, of a security interest therein pursuant to the Security Agreements.

7.10 TITLE TO PROPERTY. The Borrower shall, and shall cause each of its Subsidiaries to, own and hold title to all of its assets in its own name and not in the name of any nominee.

7.11 ENVIRONMENTAL COMPLIANCE AND INDEMNITY.

(a) The Borrower shall, and shall cause each of its Subsidiaries to, comply in all material respects with all

Environmental Laws, including, without limitation, all Environmental Laws in jurisdictions in which the Borrower or any of its Subsidiaries owns or operates a facility or site, arranges for disposal or treatment of Hazardous Materials, solid waste or other wastes, accepts for transport any Hazardous Materials, solid wastes or other wastes or holds any interest in real property or otherwise. Neither the Borrower nor any of its Subsidiaries shall cause or allow the Release of Hazardous Materials, solid waste or other wastes on, under or to any real property in which the Borrower or such Subsidiary holds any interest or performs any of its operations, in material violation of any Environmental Law. The Borrower shall notify the Banks promptly after its receipt of notice thereof, of any Environmental Claim which the Borrower receives involving any potential or actual material liability of the Borrower or any of its Subsidiaries arising in connection with any noncompliance with or violation of the requirements of any Environmental Law or a material Release or threatened Release of any Hazardous Materials, solid waste or other waste into the environment. The Borrower shall promptly notify the Banks (i) of any material Release of Hazardous Material on, under or from the real property in which the Borrower or any of its Subsidiaries holds or has held an interest, upon the Borrower's learning thereof by receipt of notice that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of such Release or that the Borrower or such Subsidiary has been identified as potentially responsible for, or is subject to investigation by any governmental authority relating to, such Release, and (ii) of the commencement or threat of any judicial or administrative proceeding alleging a violation of any Environmental Laws.

(b) If the Agent at any time has a reasonable basis to believe that there may be a violation of any Environmental Law by, or any liability arising thereunder of, the Borrower or any of its Subsidiaries or related to any real property owned, leased or operated by the Borrower or any of its Subsidiaries or real property adjacent to such real property, which violation or liability could reasonably be expected to have a Material Adverse Effect, then the Borrower shall, upon request from the Agent, provide the Agent with such reports, certificates, engineering studies or other written material or data as the Agent may require so as to satisfy the Agent that the Borrower or such Subsidiary is in material compliance with all applicable Environmental Laws.

(c) The Borrower shall defend, indemnify and hold the Agent and the Banks, and their respective officers, directors, shareholders, employees, agents, affiliates, successors and assigns harmless from and against all costs, expenses, claims, demands, damages, penalties and liabilities of every kind or nature whatsoever incurred by them (including reasonable attorneys fees) arising out of, resulting from or relating to (i) the noncompliance of the Borrower, any of its

Subsidiaries or any property owned or leased by the Borrower or any of its Subsidiaries with any Environmental Law, or (ii) any investigatory or remedial action involving the Borrower, any of its Subsidiaries or any property owned or leased by the Borrower or any of its Subsidiaries and required by Environmental Laws or by order of any governmental authority having jurisdiction under any Environmental Laws, or (iii) any injury to any person whatsoever or damage to any property arising out of, in connection with or in any way relating to the breach of any of the environmental warranties or covenants contained in this Agreement or any facts or circumstances that cause any of the environmental representations or warranties contained in this Agreement to cease to be true, or (iv) the existence, treatment, storage, Release, generation, transportation, removal, manufacture or other handling of any Hazardous Material on or affecting any property owned or leased by the Borrower or any of its Subsidiaries, or (v) the presence of any asbestos-containing material or underground storage tanks, whether in use or closed, under or on any property owned or leased by the Borrower or any of its Subsidiaries; PROVIDED, HOWEVER, that the foregoing indemnity shall not apply to any such costs, expenses, claims, demands, damages, penalties or liabilities that are determined in a final non-appealable order of a court of competent jurisdiction to have arisen solely out of the gross negligence or willful misconduct of the indemnified person.

7.12 RATE HEDGING OBLIGATIONS. The Borrower shall within sixty days after the Closing enter into, and shall at all times thereafter maintain in full force and effect, agreements in form and substance reasonably satisfactory to the Agent regarding Rate Hedging Obligations so that the sum of the notional amount subject to such agreements plus the aggregate principal amount of all Total Debt which bears interest at a fixed interest rate equals at all times at least 50% of the principal amount of Total Debt then outstanding.

7.13 FCC CONSENTS. The Borrower acknowledges that certain transactions contemplated by this Agreement or the Collateral Documents, and certain actions which may be taken by the Agent or the Banks in the exercise of their rights under this Agreement or the Collateral Documents, may require the consent of the FCC. If counsel to the Agent determines that the consent of the FCC is required in connection with the execution, delivery and performance of any of the aforesaid documents or any documents delivered to the Agent or the Banks in connection therewith or as a result of any action which may be taken pursuant thereto, then the Borrower, at its sole cost and expense, shall use its best efforts, and shall cause its Subsidiaries to use their best efforts, to secure such consent and to cooperate with the Agent and the Banks in any action commenced by the Agent or the Banks to secure such consent. The Borrower shall not, and shall not permit any Subsidiary to, take any action which interferes with the exercise or completion of

any such action taken by the Agent or the Banks. The Borrower further consents to the transfer of control or assignment of Licenses to a receiver or trustee or similar official or to any purchaser of the collateral securing the Loans pursuant to any public or private sale, judicial sale, foreclosure or exercise of other remedies available to the Agent or the Banks as permitted by applicable law upon the occurrence of an Event of Default.

7.14 APPRAISALS. If at any time any Bank determines that it must have current appraisals of any of the real property subject to a Mortgage to comply with any law, rule or regulation applicable to it, then, upon request by such Bank, the Borrower shall, at its expense, order appraisals of all of such real property. Such appraisals shall be in form and substance acceptable to the Banks, shall be prepared by appraisers acceptable to the Banks and shall be delivered to the Agent within forty-five days of the request therefor.

7.15 REAL ESTATE. Within forty-five days after any reasonable request by the Agent, the Borrower shall deliver to the Agent copies of the following items, all of which shall be in form and substance reasonably satisfactory to the Agent, in respect of any parcel of real estate owned by the Borrower or any of its Subsidiaries and in respect of which such items were not delivered to the Agent at the Closing:

(a) a Phase I environmental survey of such parcel, conducted by a company acceptable to the Agent, and such other evidence concerning compliance (both past and present) with Environmental Laws by the Borrower and its Subsidiaries as the Agent may request; and

(b) a survey of such parcel, which survey shall be made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys" established and adopted by the American Land Title Association and American Congress on Surveying and Mapping in 1992, and meeting the accuracy requirement of an "Urban" survey as defined therein, showing all buildings and other improvements, if any, all encroachments, if any, all set-back lines, if any, and all areas affected by any easements or other instruments of record, if any (the recording data in respect of which shall be marked on the survey), containing metes and bounds description of such parcel, and setting forth the flood zone designations, if any, in which such parcel is located.

SECTION 8. NEGATIVE COVENANTS OF THE BORROWER.

The Borrower agrees with the Banks that so long as this Agreement shall remain in effect or any of the Obligations shall remain unpaid or to be performed or any Letter of Credit shall remain outstanding, the Borrower shall not, directly or

indirectly, take any of the actions set out in this Section 8 nor permit any of the conditions set out herein to occur.

8.1 INDEBTEDNESS. The Borrower shall not, and shall not permit any of its Subsidiaries to, incur, create, assume or permit to exist any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness permitted under Sections 8.3, 8.4, 8.5 or 8.6 hereof and any other Indebtedness secured by a Permitted Lien;

(c) unsecured trade accounts payable and other unsecured current Indebtedness incurred in the ordinary course of business (but excluding any Indebtedness for borrowed money);

(d) Indebtedness for taxes, assessments, governmental charges, liens or similar claims to the extent that payment thereof shall not be required to be made by the provisions of Section 7.4;

(e) Indebtedness incurred in respect of Rate Hedging Obligations required pursuant to Section 7.12;

(f) Subordinated Debt incurred pursuant to the terms of the Subordinated Note Indenture as in effect on the date hereof in a principal amount not to exceed \$150,000,000; and

(g) existing Indebtedness listed on EXHIBIT G.

8.2 LIENS. The Borrower shall not, and shall not permit any of its Subsidiaries to, incur, create, assume or permit to exist any Lien of any nature whatsoever on any property or assets now owned or hereafter acquired by the Borrower or any of its Subsidiaries, other than Permitted Liens. The Borrower shall not, and shall not permit any of its Subsidiaries to, enter into or permit to exist any arrangement or agreement, other than pursuant to this Agreement or any Collateral Document, which directly or indirectly prohibits the Borrower or any of its Subsidiaries from creating or incurring any Lien on any of its assets, other than (a) leases and agreements regarding purchase money Indebtedness permitted pursuant to Section 8.4 (so long as such prohibition only relates to the asset which is subject to such lease or which secure such Indebtedness), (b) provisions in agreements which prohibit the assignment of such agreements and (c) restrictions on the creation of Liens contained in the Subordinated Note Indenture as in effect as of the date hereof.

8.3 GUARANTIES. The Borrower shall not, and shall not permit any of its Subsidiaries to, become a Guarantor for any Person, except with respect to (a) endorsements of negotiable instruments for collection in the ordinary course of business,

(b) the Guaranty, (c) guaranties by the Borrower's Subsidiaries of the Borrower's obligations under the Subordinated Debt, so long as such guaranties are subordinate to the obligations of the Borrower's Subsidiaries under the Guaranty to the same extent as the Subordinated Debt under the Subordinated Note Indenture is subordinate to the Obligations, (d) contingent obligations under indemnity agreements to title insurers to cause such title insurers to issue to the Agent mortgagee title insurance policies, as provided in Section 6.4, and (e) contingent obligations incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds and other similar obligations not exceeding at any time outstanding \$50,000 in aggregate liability.

8.4 RENTAL AND CONDITIONAL SALE OBLIGATIONS. The Borrower shall not, and shall not permit any of its Subsidiaries to, incur, create, assume or permit to exist, with respect to any personal property, any conditional sale obligation, any purchase money obligation, any rental obligation, any purchase money security interest or any other arrangement for the use of personal property of any other Person, which in any such case has an unexpired term of not less than one year, other than an arrangement constituting a Capitalized Lease Obligation, if the aggregate amount payable by the Borrower and its Subsidiaries pursuant to all such arrangements in any fiscal year would exceed the sum of \$500,000 plus the amount of any such obligations incurred pursuant to a Permitted Acquisition.

8.5 REAL PROPERTY INTERESTS. The Borrower shall not, and shall not permit any of its Subsidiaries to, be obligated under, enter into, assume or permit to exist any lease or rental obligation for real property which has an unexpired term of not less than one year, if the aggregate amount payable in respect of all such arrangements by the Borrower and its Subsidiaries in any fiscal year would exceed the sum of \$2,000,000 plus the amount of any such obligations incurred pursuant to a Permitted Acquisition.

8.6 CAPITALIZED LEASE OBLIGATIONS. The Borrower shall not, and shall not permit any of its Subsidiaries to, incur, create, assume or permit to exist Capitalized Lease Obligations if the aggregate amount payable by the Borrower and its Subsidiaries in respect of all such Capitalized Lease Obligations in any fiscal year would exceed the sum of \$1,000,000 plus the amount of any such obligations incurred pursuant to a Permitted Acquisition.

8.7 CAPITAL EXPENDITURES. The Borrower and its Subsidiaries shall not make Capital Expenditures in any fiscal year which exceed in the aggregate \$5,000,000 (the amount permitted in any year pursuant to this sentence being referred to as the "Base Amount" for such year). If the Base Amount for any year exceeds the aggregate amount of Capital Expenditures

actually made by the Borrower and its Subsidiaries in such year (such excess being referred to as the "Excess Amount"), then the Borrower and its Subsidiaries may make Capital Expenditures in the immediately succeeding year (but not in any year thereafter) in excess of the Base Amount for such succeeding year in an amount not to exceed the Excess Amount for the prior year.

8.8 NOTES, ACCOUNTS RECEIVABLE AND CLAIMS. The Borrower shall not, and shall not permit any of its Subsidiaries to, sell, discount or otherwise dispose of any note, account receivable or other right to receive payment, with or without recourse, except for collection in the ordinary course of business; or fail to timely assert any claim, cause of action or contract right which it possesses against any third party or agree to settle or compromise any such claim, cause of action or contract right except in any case in the exercise of good business judgment and except for settlements or compromises made in the reasonable exercise of business judgment in the ordinary course of business.

8.9 CAPITAL DISTRIBUTIONS; RESTRICTIONS ON PAYMENTS TO STOCKHOLDERS.

(a) The Borrower shall not, and shall not permit any of its Subsidiaries to, make, or declare or incur any liability to make, any Capital Distribution, except that:

(i) any Subsidiary of the Borrower may make Capital Distributions to the Borrower or to a wholly owned Subsidiary of the Borrower;

(ii) the Borrower may make Capital Distributions to the holders of its Series A Preferred Stock so long as: (A) the aggregate amount distributed in any fiscal year to such holders shall not exceed the lesser of \$800,000 or 8% of the aggregate liquidation price of the then outstanding Series A Preferred Stock; (B) prior to making any such distribution, the Borrower shall have demonstrated to the satisfaction of the Agent that the Borrower will be in compliance with all of the covenants contained herein after giving effect to such distribution; (C) no Possible Default or Event of Default exists at the time of making such distribution or would exist after giving effect thereto; (D) prior to making any such distribution, the Borrower shall have delivered to the Agent and the Co-Agent a certificate of its chief financial officer in form and substance satisfactory to the Agent which shall contain calculations demonstrating on a pro forma basis the Borrower's compliance with the financial covenants set forth in this Section 8 after giving effect to such distribution; and (E) such distributions shall not be made more frequently than four times per year;

(iii) the Borrower may make Capital Distributions to the holders of its Series B Preferred Stock, so

long as: (A) the aggregate amount distributed in any fiscal year to such holders shall not exceed the lesser of (I) 6% of the aggregate liquidation price of the then outstanding Series B Preferred Stock or (II) an amount equal to the excess of Excess Cash Flow as of the end of the immediately preceding year over the amount of the mandatory prepayment required to be made in respect of such year pursuant to Section 2.7(b)(ii); (B) no such Capital Distribution shall be made prior to the second anniversary of the Closing Date; (C) prior to making any such distribution, the Borrower shall have demonstrated to the satisfaction of the Agent that the Borrower will be in compliance with all of the covenants contained herein after giving effect to such distribution; (D) no Possible Default or Event of Default exists at the time of making such distribution or would exist after giving effect thereto; (E) prior to making any such distribution, the Borrower shall have delivered to the Agent and the Co-Agent a certificate of its chief financial officer in form and substance satisfactory to the Agent which shall contain calculations demonstrating on a pro forma basis the Borrower's compliance with the financial covenants set forth in this Section 8 after giving effect to such distribution; and (F) such distributions shall not be made more frequently than four times per year;

(iv) the Borrower may make Capital Distributions to the holders of its Common Stock so long as: (A) the aggregate amount distributed in any fiscal year to such holders of Common Stock shall not exceed \$1,000,000; (B) prior to making any such distribution, the Borrower shall have demonstrated to the satisfaction of the Agent that the Borrower will be in compliance with all of the covenants contained herein after giving effect to such distribution; (C) no Possible Default or Event of Default exists at the time of making such distribution or would exist after giving effect thereto; (D) prior to making any such distribution, the Borrower shall have delivered to the Agent and the Co-Agent a certificate of its chief financial officer in form and substance satisfactory to the Agent which shall contain calculations demonstrating on a pro forma basis the Borrower's compliance with the financial covenants set forth in this Section 8 after giving effect to such distribution; and (E) such distributions shall not be made more frequently than four times per year;

(b) The Borrower shall not permit any of its Subsidiaries to agree to or to be subject to any restriction on its ability to make Capital Distributions or loans or loan repayments or other asset transfers to its stockholders other than restrictions imposed by applicable law, the restrictions set forth in this Section and the restrictions contained in the Subordinated Note Indenture or any subordinated guaranties issued by the Borrower's Subsidiaries pursuant thereto.

8.10 DISPOSAL OF PROPERTY; MERGERS; ACQUISITIONS; REORGANIZATIONS.

(a) Except as provided in paragraphs (b) and (c) below, the Borrower shall not, and shall not permit any of its Subsidiaries to, (i) dissolve or liquidate; (ii) sell, lease, transfer or otherwise dispose of any material portion of its properties and assets to any Person, except for (A) the disposition of assets in the ordinary course of business in an aggregate amount not to exceed \$300,000 in any transaction or related series of transactions, (B) the disposition of any asset which, in the good faith exercise of its business judgment, the Borrower determines is no longer useful in the conduct of its or its Subsidiaries' business, and (C) the disposition of substantially all of the assets of the Porta Phone Business, so long as in each such case the Borrower has complied with the provisions of Section 2.7(b)(iii); (iii) be a party to any consolidation, merger, recapitalization or other form of reorganization; (iv) make any acquisition of all or substantially all the assets of any Person, or of a business division or line of business of any Person, or of any other assets constituting a going business; (v) create, acquire or hold any Subsidiary (other than Subsidiaries existing on the date hereof and Subsidiaries created pursuant to Permitted Acquisitions), or (vi) be or become a party to any joint venture or other partnership.

(b) The Borrower may make the acquisition contemplated in the Phipps Purchase Agreement. In addition, the Borrower or any of its wholly owned Subsidiaries may make acquisitions of substantially all of the assets of any television station or newspaper operation or of all of the capital stock or other equity interests of a Person which owns a television station or newspaper operation, subject to the satisfaction of the following conditions (any acquisition which satisfies all of the following conditions being referred to hereinafter as a "Permitted Acquisition"):

(i) any television station to be acquired (A) shall be located in any of the top 125 United States markets, as ranked by Designated Market Area as determined by Nielsen Media Research, (B) shall be a CBS, NBC or ABC network affiliate and located in a market ranked 126 through 175, as ranked by Designated Market Area as determined by Nielsen Media Research, or (C) if permitted by law and the rules and regulations of the FCC, shall be an affiliate of the Fox network and located in a market in which the Borrower or any of its Subsidiaries owns a television station;

(ii) any newspaper to be acquired shall be a daily newspaper with a minimum paid circulation of 25,000;

(iii) the Borrower shall have given to the Agent written notice of such acquisition at least fifteen days

prior to executing any binding commitment with respect thereto, which notice shall state the additional amounts, if any, by which the Borrower proposes to increase the dollar limitations set forth in Sections 8.4, 8.5 and 8.6; and the structure of the transaction shall be acceptable to the Agent in form and substance;

(iv) the Borrower shall have demonstrated to the satisfaction of the Agent that the Borrower will be in compliance with all of the covenants contained herein after giving effect to such acquisition and that no Event of Default or Possible Default then exists or would exist after giving effect to such acquisition, and the Borrower shall have delivered to the Agent within ten days prior to the consummation of such acquisition an acquisition report signed by an executive officer of the Borrower in form and substance satisfactory to the Agent which shall contain (A) calculations demonstrating on a pro forma basis the Borrower's compliance with the financial covenants set forth in this Section 8 after giving effect to such acquisition, (B) projections for the Borrower for a five year period after the closing of such acquisition giving effect to the acquisition and including a statement of sources and uses of funds for such acquisition showing, among other things, the source of financing for the acquisition and (C) if such acquisition is of a television station, a detailed engineering report from the Borrower's engineer, acceptable in form and substance to the Agent, as to the construction, engineering, installation and operation of the station being acquired and its facilities and equipment, which certificate shall also list any material equipment problems at such station and any material upgrades of equipment which will, within six months of such acquisition, be required at such Station;

(v) if such acquisition is of a television station that does not have an affiliation agreement with ABC, CBS or NBC, the Borrower shall negotiate in good faith with the Banks regarding a limitation, to be added as a negative covenant to this Agreement, on the annual amount of its Programming Obligations;

(vi) the agreement governing such acquisition and all related documents and instruments shall be satisfactory to the Agent in form and substance;

(vii) any FCC Licenses acquired in connection with such acquisition shall be transferred immediately upon consummation of such acquisition to a License Subsidiary or to a direct wholly owned Subsidiary of the Borrower which shall have no other assets or liabilities;

(viii) the Borrower shall have delivered to the Agent UCC, judgment and tax lien searches for each relevant

jurisdiction with respect to the assets being acquired and shall have taken any actions as may be necessary or requested by the Agent to grant to the Agent, for the benefit of the Banks, perfected Liens in all assets, real and personal, tangible and intangible, acquired by the Borrower or any of its Subsidiaries in such acquisition pursuant to the Collateral Documents, subject to no prior Liens except Permitted Liens;

(ix) if the Borrower acquires a Subsidiary or creates a Subsidiary (including a License Subsidiary) pursuant to or in connection with such acquisition,

(A) the Borrower shall, or shall cause its Subsidiary which is the stockholder of such newly acquired or created Subsidiary to, pledge to the Agent, for the benefit of the Banks, all of the stock or other securities or equity interests of such acquired or created Subsidiary pursuant to documentation in form and substance satisfactory to the Agent; and

(B) such acquired or created Subsidiary shall execute and deliver to the Agent, for the benefit of the Banks, a guaranty of all of the Obligations of the Borrower, in form and substance satisfactory to the Agent, and shall grant to the Agent, for the benefit of the Banks, a first priority, perfected lien or security interest in substantially all of its assets, real and personal, tangible and intangible, subject to no prior Liens except for Permitted Liens, pursuant to documentation in form and substance satisfactory to the Agent; and

(x) the Borrower shall have delivered to the Agent evidence reasonably satisfactory to the Agent to the effect that all approvals, consents or authorizations required in connection with such acquisition (including the formation of any License Subsidiary and the transfer of any FCC Licenses to such Subsidiary) from any Licensing Authority or other governmental authority shall have been obtained and that any consent of the FCC shall have become a Final Order, and such opinions as the Agent may reasonably request as to the Liens granted to the Agent, for the benefit of the Banks, as required pursuant to this Section, as to any required regulatory approvals for such acquisition and as to such other matters as the Agent may reasonably request.

(c) The FCC, as a condition to its consent to the acquisition by the Borrower of the Phipps Business, may require that the Borrower sell or otherwise dispose of Stations WALB and WJHG. In such event, the Borrower shall either exchange such Stations for other properties in a transaction that otherwise satisfies the conditions of Section 8.10(b) or shall sell such Stations for cash and apply the net proceeds of such sale in accordance with the provisions of Section 2.7(b)(iii). If the Borrower transfers such Stations to a trust to satisfy FCC

requirements, the Borrower shall pledge to the Agent, for the benefit of the Banks, all of its right, title and interest in and to any trust so created, and the Borrower shall cause the trustee of any such trust to grant to the Agent, for the benefit of the Banks, liens and security interests in substantially all of the assets of such Stations as security for the Obligations of the Borrower to the Agent and the Banks, in each case pursuant to agreements, documents and instruments in form and substance satisfactory to the Agent.

8.11 INVESTMENTS. The Borrower shall not, and shall not permit any of its Subsidiaries to, purchase or otherwise acquire, hold or invest in any stock or other securities or evidences of indebtedness of, or any interest or investment in, or make or permit to exist any loans or advances to, any other Person, except:

(a) direct obligations of the United States Government maturing within one year;

(b) certificates of deposit of a member bank of the Federal Reserve System having capital, surplus and undivided profits in excess of \$2,000,000,000;

(c) any investment in commercial paper which at the time of such investment is assigned the highest quality rating in accordance with the rating systems employed by either Moody's Investors Service, Inc. or Standard & Poor's Corporation;

(d) money market funds;

(e) securities received pursuant to a plan of reorganization adopted in an insolvency proceeding or otherwise in immaterial amounts in exchange for accounts receivable of the entity which is the subject of such insolvency proceeding generated in the ordinary course of the Borrower's or any of its Subsidiaries' business; and

(f) investments in its existing Subsidiaries and in Subsidiaries created pursuant to Section 8.10(b).

8.12 AMENDMENT OF GOVERNING DOCUMENTS. The Borrower shall not, and shall not permit any of its Subsidiaries to, amend, modify or supplement its Certificate or Articles of Incorporation, By-Laws or other organizational or governing documents or any shareholders or security holders agreement, unless required by law, in any manner that is adverse to the interests of the Banks (as may be determined by the Agent).

8.13 FINANCIAL COVENANTS.

(a) LEVERAGE RATIO. The Borrower shall not permit the Leverage Ratio at any time during any period listed in

Column A below to be greater than the ratio set forth in Column B below opposite such period:

COLUMN A - - - - -	COLUMN B - - - - -
PERIOD: - - - - -	PERMITTED RATIO: - - - - -
the date hereof through March 31, 1997:	6.50:1.0
April 1, 1997, through December 31, 1997:	6.25:1.0
January 1, 1998, through September 30, 1998:	6.00:1.0
October 1, 1998, through June 30, 1999:	5.75:1.0
July 1, 1999, through March 31, 2000:	5.50:1.0
April 1, 2000, through December 31, 2000:	5.25:1.0
January 1, 2001, and thereafter:	5.00:1.0

PROVIDED, HOWEVER, that if, but only if, the ratio of the sum of Total Debt as of the Closing Date (after giving effect to the closings under the Phipps Purchase Agreement and this Agreement) plus \$10,000,000 to Operating Cash Flow for the twelve month period then most recently ended for which financial statements are available (the "Special Leverage Ratio") exceeds 6.5 to 1.0, then, notwithstanding the foregoing provisions of this Section 8.13(a), the Borrower may permit the Leverage Ratio at any time during the period from the Closing Date through December 30, 1996, to exceed 6.5 to 1.0, so long as (i) the Leverage Ratio does not exceed at any time during such period the lesser of the Special Leverage Ratio and 6.75 to 1.0, and (ii) the Leverage Ratio as of the Closing Date (after giving effect to the closings under the Phipps Purchase Agreement and this Agreement) is less than or equal to 6.5 to 1.0.

(b) SENIOR DEBT TO OPERATING CASH FLOW RATIO. The Borrower shall not permit the ratio of the sum of the principal amount of the Loans outstanding and the aggregate stated amount of the outstanding Letters of Credit as of any date to Operating Cash Flow for the four quarter period then ended or most recently ended to be greater than 3.5 to 1.00.

(c) OPERATING CASH FLOW TO INTEREST EXPENSE. The Borrower shall not permit the ratio of Operating Cash Flow for

any four fiscal quarter period ending on or prior to September 30, 1997, to Interest Expense for such four quarter period to be less than 1.40 to 1.00; the Borrower shall not permit the ratio of Operating Cash Flow for any four fiscal quarter period ending after September 30, 1997, but on or before September 30, 1999, to Interest Expense for such four quarter period to be less than 1.50 to 1.00; and the Borrower shall not permit the ratio of Operating Cash Flow for any four fiscal quarter period ending after September 30, 1999, to Interest Expense for such four quarter period to be less than 2.00 to 1.00.

(d) PRO FORMA DEBT SERVICE COVERAGE RATIO. The Borrower shall not permit the ratio of Operating Cash Flow for any four fiscal quarter period ending on or prior to September 30, 1997, to Pro Forma Debt Service as of the end of such four quarter period to be less than 1.10 to 1.00; the Borrower shall not permit the ratio of Operating Cash Flow for any four fiscal quarter period ending after September 30, 1997, but on or prior to September 30, 2000, to Pro Forma Debt Service as of the end of such four quarter period to be less than 1.15 to 1.00; and the Borrower shall not permit the ratio of Operating Cash Flow for any four fiscal quarter period ending after September 30, 2000, to Pro Forma Debt Service as of the end of such four quarter period to be less than 1.20 to 1.00.

(e) FIXED CHARGE COVERAGE RATIO. The Borrower shall not permit the Fixed Charge Coverage Ratio as of the end of any fiscal quarter to be less than 1.05 to 1.00.

8.14 MANAGEMENT AGREEMENTS AND FEES.

(a) Except for agreements permitted pursuant to Section 8.14(b), the Borrower shall not, and shall not permit any of its Subsidiaries to, make or enter into, or pay any management fees pursuant to, any management or service agreement or joint operating agreement whereby management, supervision or control of its business, or any significant aspect thereof, shall be delegated to or placed in any Person other than the Borrower, an employee of the Borrower or such Subsidiary. The Borrower shall not, and shall not permit any of its Subsidiaries to, make or enter into, or receive any management fees pursuant to, any management or service agreement or joint operating agreement whereby management, supervision or control of the business of any other Person (other than a Subsidiary of the Borrower), or any significant aspect thereof, shall be delegated to or placed in the Borrower or any of its Subsidiaries.

(b) Without the prior written consent of the Agent, the Borrower shall not, and shall not permit any of its Subsidiaries to, enter into, or otherwise be obligated under any local marketing agreement, time brokerage agreement, program service agreement, joint sales agreement, facilities leasing agreement or similar arrangement.

8.15 FISCAL YEAR. The Borrower shall not, and shall not permit any Subsidiary to, change its fiscal year.

8.16 ERISA. Neither the Borrower nor any member of the Controlled Group shall fail to make any contributions which are required pursuant to the terms of any Plan or any Benefit Arrangement. Neither the Borrower nor any member of the Controlled Group shall contribute to or agree to contribute to any Plan which is (a) subject to the minimum funding requirements under ERISA Section 302 or Code Section 412; (b) a multiemployer plan (as defined in ERISA Section 4001(a)(3)); (c) a defined benefit plan (as defined under ERISA Section 3(35) or Code Section 414(j)); (d) a multiple employer plan (as defined in ERISA Section 4063); or (e) a multiple employer welfare arrangement (as defined in ERISA Section 3(40)).

8.17 AFFILIATES. The Borrower shall not, and shall not permit any of its Subsidiaries to, enter into any transaction or agreement with any Affiliate of the Borrower or pay any compensation or salary to any such Person unless such transaction or agreement is in the ordinary course of and pursuant to the reasonable requirements of the business of the Borrower or any of its Subsidiaries and the terms of such transaction or agreement are not less favorable to the Borrower or such Subsidiary than could be obtained in an arms-length transaction with an unaffiliated third party or unless the amount paid to such person is not in excess of the fair value of the services rendered by such person.

8.18 CHANGE OF NAME, IDENTITY OR CORPORATE STRUCTURE. The Borrower shall not, and shall not permit any of its Subsidiaries to, change its name, identity or corporate structure without thirty days prior written notice to the Agent.

8.19 AMENDMENTS OR WAIVERS. The Borrower shall not, and shall not permit any of its Subsidiaries to, amend, alter or modify, or consent to or suffer any amendment, alteration or modification of, (a) the Subordinated Note Indenture or any notes or other documents or agreements issued or entered into pursuant to the Subordinated Note Indenture without the prior written consent of all of the Banks if such amendment, alteration or modification affects the subordination provisions thereof or imposes any more onerous term or condition on the Borrower or any of its Subsidiaries than is contained in such agreement, note or document as of the date hereof or is otherwise materially adverse to the Borrower,

any of its Subsidiaries or the Banks, or without the prior written consent of the Required Banks if such amendment, alteration or modification does not affect the subordination provisions thereof or impose any more onerous term or condition on the Borrower or any of its Subsidiaries than is contained in such agreement, note or document as of the date hereof and is not otherwise materially adverse to the Borrower, any of its Subsidiaries or the Banks, in either case as reasonably determined by the Agent, or (b) without the prior written consent of the Agent, the Phipps Purchase Agreement, any License or any Operating Agreement or other material contract to which the Borrower or such Subsidiary is a party except for any amendments, alterations or modifications to any License or Operating Agreement which could not reasonably be expected to have a Material Adverse Effect. The Agent shall deliver to the Banks promptly after its receipt thereof a copy of each amendment or modification to the Phipps Purchase Agreement.

8.20 ISSUANCE OR TRANSFER OF CAPITAL STOCK AND OTHER EQUITY INTERESTS. The Borrower shall not issue any stock that by its terms (or the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part or that by its terms is entitled to a mandatory distribution or dividend. The Borrower shall not permit any of its Subsidiaries to sell or issue any capital stock, partnership interests or other equity interests or any warrants, options or other securities convertible into or exercisable for any capital stock, partnership interests or other equity interests, and the Borrower shall not permit any of its Subsidiaries to permit the transfer of any capital stock, partnership interests or other such equity interests.

8.21 CHANGE IN BUSINESS. The Borrower shall not, and shall not permit any of its Subsidiaries to, change the nature of its business in any material respect. Neither the Borrower nor any of its Subsidiaries shall engage in any business other than the ownership and operation of the Stations, the Newspapers, the Porta Phone Business and the Satellite Broadcasting Business acquired pursuant to the Phipps Purchase Agreement and other activities incidental or related thereto.

8.22 REGULATION U. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, (a) apply any part of the proceeds of the Loans to the purchasing or carrying of any "margin stock" within the meaning of Regulations G, T, U or X of the Federal Reserve Board, or any regulations, interpretations or rulings thereunder, (b) extend credit to others for the purpose of purchasing or carrying any such margin stock, or (c) retire Indebtedness which was incurred to purchase or carry any such margin stock.

8.23 LICENSE SUBSIDIARIES. The Borrower shall not, and shall not permit any Subsidiary (other than a License Subsidiary) to, hold any FCC Licenses, but rather shall cause all FCC Licenses to be issued to and held by License Subsidiaries. The Borrower shall not permit any License Subsidiary to (a)

incur, create, assume or permit to exist any Indebtedness (other than pursuant to the License Subsidiary Guaranty, the License Subsidiary Security Agreement and the subordinated guaranty executed by such License Subsidiary pursuant to the Subordinated Note Indenture), (b) incur, create, assume or permit to exist any Lien of any nature whatsoever on any property or assets now owned or hereafter acquired by it except in favor of the Agent, for the benefit of the Banks, (c) make any Capital Expenditures, (d) acquire any assets other than the Licenses, (e) conduct any business, or (f) hire or engage any employees.

8.24 SUBORDINATED DEBT. The Borrower shall not redeem, purchase, discharge, pay, prepay or defease all or any portion of the principal or interest of any Subordinated Debt, prior to the indefeasible payment in full in cash of all Obligations, except that (a) the Borrower may pay interest on the Subordinated Debt in accordance with the provisions of the Subordinated Note Indenture as in effect on the date hereof or as amended in accordance with the provisions of Section 8.19 so long as no Event of Default or Possible Default then exists, and (b) the Borrower may make open market purchases of notes issued pursuant to the Subordinated Note Indenture (to the extent permitted in, and in accordance with the provisions of, the Subordinated Note Indenture as in effect on the date hereof) so long as: (i) prior to making any such purchase, the Borrower shall have demonstrated to the satisfaction of the Agent that the Borrower will be in compliance with all of the covenants contained herein after giving effect to such purchase; (ii) no Possible Default or Event of Default exists at the time of making such distribution or would exist after giving effect thereto; and (iii) prior to making any such purchase, the Borrower shall have delivered to the Agent a certificate of its chief financial officer in form and substance satisfactory to the Agent which shall contain calculations demonstrating on a pro forma basis the Borrower's compliance with the financial covenants set forth in this Section 8 after giving effect to such purchase. The Borrower shall not take any action in violation of any of the provisions of Article X of the Subordinated Note Indenture and shall not permit any Subsidiary to take any action in violation of any of the provisions of Article XI of the Subordinated Note Indenture.

SECTION 9. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events, whether voluntarily or involuntarily or by operation of law, shall constitute an Event of Default hereunder:

9.1 NON-PAYMENT. The Borrower shall fail to pay when due, whether by acceleration of maturity or otherwise, any installment of principal due hereunder or under any Note or shall

fail to pay within three days of the date when due, whether by acceleration of maturity or otherwise, any installment of interest due hereunder or under any Note or any fee or other payment obligation in respect of the Obligations or payable pursuant to the Fee Letter.

9.2 FAILURE OF PERFORMANCE IN RESPECT OF OTHER OBLIGATIONS.

(a) The Borrower shall fail to observe, perform or be in compliance with any of the provisions of Section 8, Section 7.1, Section 7.3, Section 7.8 or the first sentence of Section 7.2; or

(b) the Borrower, any of its Subsidiaries or any other party to a Collateral Document (other than the Agent or a Bank) shall fail to observe, perform or be in compliance with the terms of any Obligation, covenant or agreement (other than those referred to in Section 9.1, Section 8, Section 7.1, Section 7.3, Section 7.8 or the first sentence of Section 7.2) to be observed, performed or complied with by the Borrower, any of its Subsidiaries or such other party hereunder or under any Collateral Document and, PROVIDED that such failure is of a type which can be cured, such failure shall continue and not be cured for thirty days after: (i) written notice thereof from the Agent or a Bank; or (ii) the Agent or the Banks are notified thereof or should have been notified thereof pursuant to the provisions of Section 7.6 hereof, whichever is earlier.

9.3 BREACH OF WARRANTY. Any financial statement, representation, warranty, statement or certificate made or furnished by the Borrower, any of its Subsidiaries or any other party to a Collateral Document (other than the Agent or a Bank) in or in connection with this Agreement or any Collateral Document, or as an inducement to the Agent or the Banks to enter into this Agreement and the Collateral Documents, including, without limitation, those in Section 5 above, shall have been false, incorrect or incomplete when made or deemed made in any material respect.

9.4 CROSS-DEFAULTS. Any Change in Control or Event of Default, as those terms are defined in the Subordinated Note Indenture as in effect as of the date hereof, shall occur; or the Borrower or any of its Subsidiaries shall default in any payment due on any Total Debt in excess of \$250,000 and such default shall continue for more than the period of grace, if any, applicable thereto; or the Borrower or any of its Subsidiaries shall default in the performance of or compliance with any term of any evidence of such Total Debt or of any mortgage, indenture or other agreement relating thereto, and any such default shall continue for more than the period of grace, if any, specified

therein if such default causes, or permits the holder thereof to cause, the acceleration of such Total Debt.

9.5 ASSIGNMENT FOR BENEFIT OF CREDITORS. The Borrower or any of its Subsidiaries shall make an assignment for the benefit of its creditors, or shall admit its insolvency or shall fail to pay its debts generally as such debts become due.

9.6 BANKRUPTCY. Any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, shall be filed by or against the Borrower or any of its Subsidiaries or any proceeding shall be commenced by or against the Borrower or any of its Subsidiaries with respect to relief under the provisions of any other applicable bankruptcy, insolvency or other similar law of the United States or any State providing for the reorganization, winding-up or liquidation of Persons or an arrangement, composition, extension or adjustment with creditors; PROVIDED, HOWEVER, that no Event of Default shall be deemed to have occurred if any such involuntary petition or proceeding shall be discharged within sixty days of its filing or commencement.

9.7 APPOINTMENT OF RECEIVER; LIQUIDATION. Other than in connection with a proceeding described in Section 9.6, a receiver or trustee shall be appointed for the Borrower or any of its Subsidiaries or for any substantial part of its assets (except as expressly permitted in Section 8.10(c)), and such receiver or trustee shall not be discharged within sixty days of his appointment; any proceedings shall be instituted for the dissolution or the full or partial liquidation of the Borrower or any of its Subsidiaries and such proceedings shall not be dismissed or discharged within sixty days of their commencement; or the Borrower or any of its Subsidiaries shall discontinue its business.

9.8 JUDGMENTS. The Borrower or any of its Subsidiaries shall incur final judgments for the payment of money aggregating at any one time in excess of \$250,000 (to the extent not covered by insurance) and shall not discharge (or make adequate provision for the discharge of) the same within a period of thirty days unless, pending further proceedings, execution thereon has been effectively stayed; or a non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect, and there shall be any period in excess of thirty consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

9.9 IMPAIRMENT OF COLLATERAL; INVALIDATION OF ANY LOAN DOCUMENT. (i) A creditor of the Borrower or of any of its Subsidiaries shall obtain possession of any significant portion of the collateral for the Obligations by any means, including,

without limitation, levy, distraint, replevin or self-help, or any creditor shall establish or obtain any right in such collateral which is equal or senior to a Lien of the Agent, for the benefit of the Banks, in such collateral; or (ii) any material damage to, or loss, theft or destruction of, any material collateral for the Loans shall occur, except to the extent such loss, damage or injury is covered by insurance; or (iii) the Agent, for the benefit of the Banks, shall cease to have a first priority perfected lien (except for Permitted Liens) in all of the issued and outstanding capital stock of each Subsidiary of the Borrower and in substantially all of the properties and assets of the Borrower and each Subsidiary; or (iv) any Lien granted or created or purported to be granted or created by this Agreement or any Collateral Document shall cease or fail to be perfected with respect to any significant portion of the collateral purported to be covered thereby; or (v) this Agreement, any Note or any Collateral Document ceases to be a legal, valid and binding agreement or obligation enforceable against any party thereto (including the Banks or the Agent) in accordance with its terms, or shall be terminated, invalidated, set aside or declared ineffective or inoperative and such cessation, termination, invalidity, set aside or declaration could reasonably be expected to have a Material Adverse Effect; or (vi) any party to any Collateral Document shall contest or deny the validity or enforceability of such Collateral Document or any lien, security interest or obligation purported to be created thereby.

9.10 TERMINATION OF LICENSE OR OPERATING AGREEMENT. Subject to Section 8.10(c), the FCC or any other Licensing Authority shall (a) revoke, terminate, substantially and adversely modify or fail to renew any material License, or (b) designate any material License for hearing or commence proceedings to suspend, revoke, terminate or substantially and adversely modify any such License and such proceedings shall not be dismissed or discharged within sixty days; or any Operating Agreement or any other agreement which is necessary to the operation of a Station, a Newspaper, the Porta Phone Business or the Satellite Broadcasting Business shall be revoked or terminated or materially, adversely modified and not replaced by a substitute acceptable to the Required Banks within thirty days of such revocation, termination or modification.

9.11 CHANGE OF CONTROL. (i) any Person (or group of Persons) is or becomes the "beneficial owner" (within the meaning of Rules 13d-3 and 13d-5 under the federal Securities Exchange Act of 1934, as amended), directly or indirectly, of a percentage of the common voting stock of the Borrower greater than 35%, other than J. Mack Robinson or Robert S. Prather, Jr., the spouse and lineal descendants or either such individual, the estate, executor, administrator, or other personal representative of either such individual, or any trust created for either such

individual or for the spouse or lineal descendants of either such individual; or (ii) during any period of twenty-four consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Borrower (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Borrower was approved by a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; or (iii) except as permitted pursuant to this Agreement, the Borrower shall cease or fail to own, directly or indirectly, beneficial and legal title to all of the issued and outstanding capital stock of each of its Subsidiaries or any Subsidiary of the Borrower shall cease to be a wholly owned Subsidiary of the Borrower.

9.12 CONDEMNATION. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of any substantial portion of the assets of the Borrower or any of its Subsidiaries pursuant to a final, non-appealable order.

9.13 CESSATION OF OPERATIONS. The Borrower's on-the-air broadcast operations at any Station shall be interrupted at any time for more than forty-eight hours, whether or not consecutive, during any period of five consecutive days, unless (a) the broadcasting operations of all or substantially all of the television stations in the relevant market also are interrupted for a like period of time, or (b) the Borrower shall be receiving during such period of interruption insurance sufficient to assure that its per diem Operating Cash Flow during such period is at least equal to that which could reasonably have been expected during such period but for the interruption.

9.14 SUBORDINATION. The Borrower or any holder of Subordinated Debt shall fail to comply with the agreement or instrument governing or evidencing such Subordinated Debt or any separate subordination agreement, and the Agent shall have determined that such failure to comply could reasonably be expected to have a material adverse effect on the Borrower or any of its Subsidiaries or on its ability to perform its obligations hereunder or under any of the Collateral Documents or on the rights and remedies of the Agent and the Banks hereunder or under the Collateral Documents.

9.15 MATERIAL ADVERSE EFFECT. Any Material Adverse Effect shall occur.

SECTION 10. REMEDIES.

Notwithstanding any contrary provision or inference herein or elsewhere,

10.1 OPTIONAL DEFAULTS. If any Event of Default referred to in Section 9.1 through and including Section 9.4 or Section 9.8 through and including Section 9.15 shall occur, the Issuing Bank shall not be required to issue any additional Letters of Credit, and the Agent, with the consent of the Required Banks, upon written notice to the Borrower, may

(a) terminate the Commitments and the credit hereby established and forthwith upon such election the obligations of the Banks to make any further Loans hereunder (other than Loans resulting from the funding of Letters of Credit) immediately shall be terminated, and/or

(b) accelerate the maturity of the Loans and all other Obligations, whereupon all Obligations shall become and thereafter be immediately due and payable in full without any presentment or demand and without any further or other notice of any kind, all of which are hereby waived by the Borrower, and/or

(c) demand the payment to the Issuing Bank of the aggregate stated amount of the outstanding Letters of Credit, which amount the Issuing Bank shall hold as security for the obligations incurred under the Letters of Credit.

10.2 AUTOMATIC DEFAULTS. If any Event of Default referred to in Sections 9.5-9.7 shall occur,

(a) the Commitments and the credit hereby established shall automatically and forthwith terminate, and the Banks thereafter shall be under no obligation to grant any further Loans hereunder (other than Loans resulting from the funding of Letters of Credit), and

(b) the principal of and interest on the Notes, then outstanding, and all of the other Obligations shall thereupon become and thereafter be immediately due and payable in full, all without any presentment, demand or notice of any kind, which are hereby waived by the Borrower, and

(c) the Issuing Bank shall not be required to issue any additional Letters of Credit, and the aggregate stated amount of the outstanding Letters of Credit shall be immediately payable by the Borrower to the Issuing Bank, which amount the Issuing Bank shall hold as security for the obligations incurred under the Letters of Credit.

10.3 PERFORMANCE BY THE BANKS. If at any time after the occurrence and during the continuance of an Event of Default

the Borrower or any of its Subsidiaries fails or refuses to pay or perform any material obligation or duty to any third Person, except for payments which are the subject of bona fide disputes in the ordinary course of business, the Agent or the Banks may, in their sole discretion, but shall not be obligated to, pay or perform the same on behalf of the Borrower or such Subsidiary, and the Borrower shall promptly repay all amounts so paid, and all costs and expenses so incurred. This repayment obligation shall become one of the Obligations of the Borrower hereunder and shall bear interest at the Default Interest Rate.

10.4 OTHER REMEDIES. Upon the occurrence of an Event of Default, the Agent and the Banks may exercise any other right, power or remedy as may be provided herein, in the Notes or in any other Collateral Document, or as may be provided at law or in equity, including, without limitation, the right to recover judgment against the Borrower for any amount due either before, during or after any proceedings for the enforcement of any security or any realization upon any security.

10.5 ENFORCEMENT AND WAIVER BY THE BANKS. The Agent and the Banks shall have the right at all times to enforce the provisions of this Agreement and all Collateral Documents in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Agent or the Banks in refraining from so doing at any time, unless the Agent or the Banks shall have waived such enforcement in writing in respect of a particular instance. The failure of the Agent or the Banks at any time to enforce their rights under such provisions shall not be construed as having created a custom or course of dealing in any way contrary to the specific provisions of this Agreement or the Collateral Documents, or as having in any way modified or waived the same. All rights, powers and remedies of the Agent and the Banks are cumulative and concurrent and the exercise of one right, power or remedy shall not be deemed a waiver or release of any other right, power or remedy.

SECTION 11. THE AGENT.

11.1 APPOINTMENT. KeyBank is hereby appointed Agent hereunder, and each of the Banks irrevocably authorizes the Agent to act as the agent of such Bank. The Agent agrees to act as such upon the express conditions contained in this Section 11. NationsBank, N.A. (South) is hereby appointed Co-Agent. NationsBank, N.A. (South), as Co-Agent, shall have no rights or obligations hereunder or under any of the Collateral Documents in its capacity as Co-Agent. Neither the Agent nor the Co-Agent shall have a fiduciary relationship in respect of any Bank by reason of this Agreement.

11.2 POWERS. The Agent shall have and may exercise such powers hereunder as are specifically delegated to it by the

terms hereof, together with such powers as are reasonably incidental thereto. The Agent shall not have any implied duties or any obligation to the Banks to take any action hereunder except any action specifically provided by this Agreement to be taken by the Agent.

11.3 GENERAL IMMUNITY. Neither the Agent nor any of its directors, officers, affiliates, agents or employees shall be liable to the Banks or any Bank for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence or wilful misconduct. Without limiting the foregoing, neither the Agent nor the Co-Agent nor any of their respective directors, officers, affiliates, agents or employees shall be responsible for, or have any duty to examine (a) the genuineness, execution, validity, effectiveness, enforceability, value or sufficiency of this Agreement, any Collateral Document, or any other document or instrument furnished pursuant to or in connection with this Agreement or any Collateral Document, (b) the collectibility of any amounts owed by the Borrower, (c) any recitals, statements, reports, representations or warranties made in connection with this Agreement or any Collateral Document, (d) the performance or satisfaction by the Borrower or any Subsidiary of any covenant or agreement contained herein or in any Collateral Document, (e) any failure of any party to this Agreement to receive any communication sent, including any telegram, teletype, bank wire, cable, radiogram or telephone message sent or any writing, application, notice, report, statement, certificate, resolution, request, order, consent letter or other instrument or paper or communication entrusted to the mails or to a delivery service, or (f) the assets or liabilities or financial condition or results of operations or business or credit-worthiness of the Borrower or any of its Subsidiaries. The Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms of this Agreement or any Collateral Document.

11.4 ACTION ON INSTRUCTIONS OF THE BANKS. The Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Banks (subject to Section 11.12 hereof), and such instructions shall be binding upon all the Banks and all holders of the Notes; PROVIDED, HOWEVER, that the Agent shall not be required to take any action which exposes it to personal liability or which is contrary to this Agreement or applicable law. The foregoing provisions of this Section 11.4 shall not limit in any way the exercise by any Bank of any right or remedy granted to such Bank pursuant to the terms of this Agreement or any Collateral Document. Except as otherwise expressly provided herein, any reference in this Agreement to action by the Banks shall be deemed to be a reference to the Required Banks.

11.5 EMPLOYMENT OF AGENTS AND COUNSEL. The Agent may execute any of its duties as Agent hereunder by or through employees, agents and attorneys-in-fact and shall not be answerable to the Banks, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

11.6 RELIANCE ON DOCUMENTS; COUNSEL. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper, document or other communication believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, with respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent, concerning all matters pertaining to the agency hereby created and its duties hereunder.

11.7 AGENT'S REIMBURSEMENT AND INDEMNIFICATION. The Banks agree to reimburse and indemnify the Agent (which indemnification shall be shared by the Banks ratably in proportion to their respective Ratable Shares of the Loans) (a) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower hereunder or under any Collateral Document, (b) for any other expenses reasonably incurred by the Agent on behalf of the Banks, in connection with the preparation, execution, delivery, administration, amendment or enforcement hereof or of any of the Collateral Documents and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, any Collateral Document or any other document related hereto or thereto or the transactions contemplated hereby or the enforcement of any of the terms hereof or thereof or of any such other documents, PROVIDED that no Bank shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Agent.

11.8 RIGHTS AS A BANK. With respect to its Ratable Share of the Commitments, the Loans made by it, the Notes issued to it, and the Letters of Credit issued by it, each of the Agent and the Co-Agent shall have the same rights and powers hereunder as any Bank and may exercise the same as though it were not the Agent or the Co-Agent, as the case may be, and the term "Bank" or "Banks" shall, unless the context otherwise indicates, include the Agent and Co-Agent in their individual capacities. Each of the Agent and the Co-Agent may accept deposits from, lend money to, and generally engage in any kind of banking or trust business with the Borrower or any of its Subsidiaries as if it were not the Agent or the Co-Agent, respectively hereunder.

11.9 BANK CREDIT DECISION. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Collateral Documents. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Collateral Documents. The Agent shall not be required to keep the Banks informed as to the performance or observance by the Borrower and its Subsidiaries of this Agreement or any other document referred to or provided for herein or to inspect the properties or books of the Borrower or any of its Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of the Borrower or any of its Subsidiaries which may come into its possession.

11.10 SUCCESSOR AGENT. The Agent may resign at any time by giving written notice thereof to the Banks. Upon any such resignation, the Required Banks shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Banks and shall have accepted such appointment within thirty days after the notice of resignation, then the retiring Agent may appoint a successor Agent. Such successor Agent shall be a commercial bank having capital and retained earnings of at least \$500,000,000. Upon the acceptance of any appointment as the Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as the Agent, the provisions of this Section 11 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder.

11.11 RATABLE SHARING. All principal and interest payments on Loans and commitment fees received by the Agent shall be remitted to the Banks in accordance with their Ratable Shares. Any amounts received by the Agent or any other Bank upon the sale of any collateral for the Loans or upon the exercise of any remedies hereunder or under any of the Collateral Documents or upon the exercise of any right of setoff shall be remitted to the Banks in accordance with their Ratable Shares of the Loans; PROVIDED, HOWEVER, that, solely for purposes of the sharing of any amounts received by the Agent or any other Bank, if at the time of any such receipt the Borrower has defaulted under any

agreements regarding Rate Hedging Obligations entered into pursuant to Section 7.12 with any Bank or any Affiliate of any Bank, then the Ratable Share of the affected Bank shall be proportionately increased and the Ratable Shares of the other Banks shall be proportionately decreased based upon the amount due to the affected Bank (or such Bank's Affiliate) pursuant to such agreements. If any Bank shall obtain any payment hereunder (whether voluntary, involuntary, through exercise of any right of set-off or otherwise) in excess of its Ratable Share, then such Bank shall immediately remit such excess to the other Banks pro rata.

11.12 ACTIONS BY THE AGENT AND THE BANKS. The Agent shall take formal action following the occurrence of a Possible Default or an Event of Default only upon the agreement of the Required Banks; PROVIDED, HOWEVER, that if the Agent gives notice to the Banks of a Possible Default or an Event of Default, and the Required Banks cannot agree (which agreement shall not be unreasonably withheld) on a mutual course of action within thirty days following such notice, the Agent may (but shall not be required to) pursue such legal rights and remedies against the Borrower as it deems necessary and appropriate to protect the Banks and any collateral under the circumstances.

SECTION 12. MISCELLANEOUS.

12.1 CONSTRUCTION. The provisions of this Agreement shall be in addition to those of the Collateral Documents and to those of any other guaranty, security agreement, note or other evidence of the liability relating to the Borrower held by the Banks, all of which shall be construed as complementary to each other. Nothing contained herein shall prevent the Agent or the Banks from enforcing any or all of such instruments in accordance with their respective terms. Each right, power or privilege specified or referred to in this Agreement or in any Collateral Document is in addition to any other rights, powers or privileges that the Agent or the Banks may otherwise have or acquire by operation of law, by other contract or otherwise. No course of dealing in respect of, nor any omission or delay in the exercise of, any right, power or privilege by the Agent or the Banks shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further or other exercise thereof or of any other, as each right, power or privilege may be exercised independently or concurrently with others and as often and in such order as the Agent or the Banks may deem expedient. Notwithstanding any other provision of this Agreement, the Borrower shall not be required to pay any amount of interest pursuant hereto which is in excess of the maximum amount permitted by law.

12.2 FURTHER ASSURANCE. From time to time, the Borrower shall execute and deliver to the Banks, and shall cause

its Subsidiaries to execute and deliver to the Banks, such additional documents and take such actions as the Agent may reasonably require to carry out the purposes of this Agreement or any of the Collateral Documents, or to preserve and protect the rights of the Agent and the Banks hereunder or thereunder.

12.3 EXPENSES OF THE AGENT AND THE BANKS; INDEMNIFICATION.

(a) Whether or not the transactions contemplated by this Agreement are consummated, the Borrower shall pay the costs and expenses, including the reasonable fees and disbursements of the Agent's special counsel and of the Co-Agent's special counsel, incurred by the Agent, the Co-Agent and the Banks in connection with (i) the negotiation, preparation, amendment or enforcement of this Agreement and the Collateral Documents and any amendment or modification thereof and the closing of the transactions contemplated hereby and thereby; (ii) the perfection of the Liens granted pursuant hereto and pursuant to the Collateral Documents; (iii) the making of the Loans and the issuance of the Letters of Credit hereunder; (iv) the negotiation, preparation or enforcement of any other document in connection with this Agreement, the Collateral Documents or the Loans made hereunder; (v) any proceeding brought or formal action taken by the Agent or the Banks to enforce any provision of this Agreement or any Collateral Document, or to enforce or exercise any right, power or remedy hereunder or thereunder; or (vi) any action which may be taken or instituted by any Person against the Agent or any Bank as a result of any of the foregoing; PROVIDED, HOWEVER, that the Borrower shall not be responsible for the legal fees of any Bank other than the Agent and the Co-Agent in respect of any period prior to the occurrence of a Possible Default. The estimated fees and expenses of the Agent's special counsel and of the Co-Agent's special counsel through the Closing shall be paid on the Closing Date.

(b) The Borrower hereby indemnifies and holds harmless the Agent and each Bank and their respective directors, officers, employees, agents, counsel, subsidiaries and affiliates (the "Indemnified Persons") from and against any and all claims, losses, liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, reasonable attorneys fees) which may be imposed on, incurred by, or asserted against any Indemnified Person in any way relating to or arising out of this Agreement, the Collateral Documents, or any of them, or the Loans made pursuant hereto or the Letters of Credit issued pursuant hereto, or the use of the proceeds thereof or any of the transactions contemplated hereby or thereby or the ownership or operation of the Stations, the Newspapers, the Porta Phone Business or the Satellite Broadcasting Business or any of the other assets or businesses of the Borrower or its Subsidiaries or the breach by the Borrower or any of its Subsidiaries of any of

the representations, warranties, covenants and agreements contained herein or in any Collateral Document; PROVIDED, HOWEVER, that the Borrower shall not be liable to any Indemnified Person, if there is a final non-appealable judicial determination that such claims, losses, liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulted solely from the gross negligence or willful misconduct of such Indemnified Person.

12.4 NOTICES. Except as otherwise expressly provided herein, all notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered and received (a) on the date of personal delivery, (b) on the date of receipt (as shown on the return receipt) if mailed by registered or certified mail, postage prepaid and return receipt requested, (c) on the next business day after delivery to a courier service that guarantees delivery on the next business day if the conditions to the courier's guarantee are complied with, or (d) on the date of receipt by telecopy, in each case addressed as follows:

TO THE AGENT:

KeyBank National Association
127 Public Square
M/C OH-01-127-0602
Cleveland, Ohio 44114-1306
Attention: Media Finance Division
Telecopy: 216-689-4666

Copy to:

Timothy J. Kelley, Esq.
Dow, Lohnes & Albertson
1200 New Hampshire Ave., N.W.
Suite 800
Washington, D.C. 20036
Telecopy: 202-776-2222

TO THE CO-AGENT:

NationsBank, N.A. (South)
Financial Strategies Group
600 Peachtree Street, N.E.
19th Floor
Atlanta, GA 30308

Copy to:

Chris D. Molen, Esq.
Paul, Hastings, Janofsky & Walker LLP
600 Peachtree Street, N.E.

Suite 200
Atlanta, Georgia 30308-2222
Telecopy : (404) 815-2424

TO THE BANKS, AT THE ADDRESSES LISTED ON THE SIGNATURE PAGES
HEREOF OR IN THE ASSIGNMENT INSTRUMENT DELIVERED PURSUANT TO
SECTION 12.7(b)

TO THE BORROWER OR ANY OF ITS SUBSIDIARIES:

Gray Communications Systems, Inc.
126 North Washington Street
Albany, Georgia 31701
Attention: William A. Fielder, III
Telecopy: 912-888-9374

Copy to:

Neal H. Ray, Esq.
Heyman & Sizemore
2300 Cain Tower
229 Peachtree Street, N.E.
Atlanta, Georgia 30303
Telecopy: 404-521-2838

or to such other address or addresses as the party to which such notice is
directed may have designated in writing to the other parties hereto.

12.5 WAIVER AND RELEASE BY THE BORROWER. Neither the
Agent, nor any Bank, nor any Affiliate, officer, director, employee, attorney or
agent of the Agent or any Bank shall have any liability with respect to, and the
Borrower hereby waives, releases and agrees not to sue any of them upon, any
claim for any special, indirect, incidental or consequential damages suffered or
incurred by the Borrower or any of its Subsidiaries in connection with, arising
out of, or in any way related to, this Agreement or any of the Collateral
Documents, or any of the transactions contemplated by this Agreement or any of
the Collateral Documents, unless arising from the gross negligence or willful
misconduct of such Person as determined by a final non-appealable judgment of a
court of competent jurisdiction.

12.6 RIGHT OF SET OFF. Upon the occurrence and during the
continuance of any Event of Default, each Bank is hereby authorized at any time
and from time to time, to the fullest extent permitted by law, to set-off and
apply any and all deposits (general or special, time or demand, provisional or
final) at any time held and other indebtedness at any time owing by such Bank or
an Affiliate of such Bank to or for the credit or the account of the Borrower or
any of its Subsidiaries against

any and all of the obligations of the Borrower or any of its Subsidiaries now or hereafter existing hereunder or under any Collateral Document, irrespective of whether or not such Bank shall have made any demand hereunder or under any Collateral Document and although such obligations may be unmatured. Such Bank agrees promptly to notify the Agent and the Borrower after any such set-off and application made by such Bank; PROVIDED, HOWEVER, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Banks under this Section are in addition to other rights and remedies (including without limitation, other rights of set-off) which the Banks may have. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in the Notes may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower or any of its Subsidiaries in the amount of such participation.

12.7 SUCCESSORS AND ASSIGNS; PARTICIPATIONS.

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; PROVIDED, HOWEVER, that the Borrower may not assign or transfer any of its rights or obligations hereunder or under the Notes without the prior written consent of all of the Banks and the Agent.

(b) Each Bank may assign all or any part of any of its Loans, its Notes, and its share of the Commitments and the Letters of Credit with the consent of the Borrower and the Agent, which consent shall not be unreasonably withheld; PROVIDED that (i) no such consent by the Borrower shall be required (A) for any such assignment by any Bank to an Affiliate of such Bank, (B) if, at the time of such assignment, an Event of Default or Possible Default has occurred and is continuing, (C) in the case of any assignment to another branch or a principal office of a Bank, or (D) for any such assignment to another Bank or an Affiliate of another Bank; (ii) any such partial assignment shall be in an amount at least equal to \$5,000,000; and (iii) each such assignment shall be made by a Bank in such manner that the same portion of its Loans, its Notes, its share of the Commitments and its participation in the Letters of Credit is assigned to the assignee. Upon execution and delivery by the assignor and the assignee to the Borrower and the Agent of an instrument in writing pursuant to which such assignee agrees to become a "Bank" hereunder (if not already a Bank) having the share of the Commitments, Loans and Letters of Credit specified in such instrument, and upon consent thereto by the Agent and the Borrower (to the extent required), the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Agent), the obligations, rights and benefits of a Bank hereunder holding the share of the

Commitments, Loans and Letters of Credit (or portions thereof) assigned to it (in addition to the share of the Commitments, Loans and Letters of Credit, if any, theretofore held by such assignee) and the assigning Bank shall, to the extent of such assignment, be released from the share of the Commitments, the Letters of Credit and the obligations hereunder so assigned.

(c) Upon its receipt of an assignment pursuant to Section 12.7(b) above duly executed by an assigning Bank and the assignee, together with any Notes subject to such assignment and the Agent's standard processing and recordation fee of \$2,500, the Agent shall, if such assignment has been completed, accept such assignment. Within five business days after receipt of such notice, the Borrower, at the Borrower's own expense, shall execute and deliver to the Agent in exchange for the surrendered Notes new Notes to the order of the assignee in an amount equal to the share of the Commitments, of the Loans and of the Letters of Credit assumed by the assignee and, if the assigning Bank has retained a portion of the Commitments, the Loans and the Letters of Credit hereunder, new Notes to the order of the assigning Bank in an amount equal to the share of the Commitments and the Loans retained by it hereunder. Such new Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Notes, shall be dated the effective date of such assignment and shall otherwise be in substantially the form of EXHIBITS A AND B hereto. Cancelled Notes shall be returned to the Borrower.

(d) A Bank may sell or agree to sell to one or more other Persons (each, a "Participant") a participation in all or any part of any Loans held by it, or in its share of the Commitments and the Letters of Credit. Except as otherwise provided in the last sentence of this Section 12.7(d), no Participant shall have any rights or benefits under this Agreement or any Note or any other Collateral Documents (the Participant's rights against such Bank in respect of such participation to be those set forth in the agreements executed by such Bank in favor of the Participant). All amounts payable by the Borrower to any Bank under Section 2 hereof in respect of Loans held by it, and its share of the Commitments, shall be determined as if such Bank had not sold or agreed to sell any participations in such Loans and share of the Commitments, and as if such Bank were funding each of such Loans and its share of the Commitments in the same way that it is funding the portion of such Loans and its share of the Commitments in which no participations have been sold. In no event shall a Bank that sells a participation agree with the Participant to take or refrain from taking any action hereunder or under any other Collateral Document except that such Bank may agree with the Participant that it will not, without the consent of the Participant, agree to any modification, supplement or waiver hereof or of any of the other Collateral Documents to the extent that the same, under Section 12.12 hereof, requires the consent

of each Bank. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.8 through 2.15 and Section 12.6 with respect to its participating interest.

(e) In addition to the assignments and participations permitted under the foregoing provisions of this Section 12.7, any Bank may assign and pledge all or any portion of its Loans and its Notes to any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Bank from its obligations hereunder.

(f) A Bank may furnish any information concerning the Borrower and its Subsidiaries in the possession of such Bank from time to time to assignees and participants (including prospective assignees and participants).

(g) Anything in this Section 12.7 to the contrary notwithstanding, no Bank may assign or participate any interest in any Loan held by it hereunder to the Borrower or any of its Affiliates without the prior written consent of all of the Banks.

12.8 APPLICABLE LAW. THIS AGREEMENT AND THE COLLATERAL DOCUMENTS, AND THE DUTIES, RIGHTS, POWERS AND REMEDIES OF THE PARTIES HERETO AND THERETO, SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT ANY COLLATERAL DOCUMENT PROVIDES THAT THE LOCAL LAW OF ANOTHER JURISDICTION GOVERNS THE GRANT, PERFECTION OR ENFORCEMENT OF THE LIENS GRANTED PURSUANT TO SUCH COLLATERAL DOCUMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE BORROWER AND THE AGENT ON BEHALF OF THE BANKS AND SHALL BE SUBJECT TO NO EXCEPTIONS. THE BORROWER HAS MADE THIS CHOICE OF GOVERNING LAW KNOWINGLY AND WILLINGLY AND AFTER CONSULTING WITH ITS COUNSEL. NONE OF THE AGENT, THE CO-AGENT, ANY BANK NOR THE BORROWER HAVE AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

12.9 ENFORCEMENT. THE BORROWER (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF OHIO AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR ANY COLLATERAL DOCUMENT OR THE SUBJECT MATTER HEREOF OR THEREOF BROUGHT BY THE AGENT OR THE BANKS OR THEIR SUCCESSORS OR ASSIGNS AND (B) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT

THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR ANY COLLATERAL DOCUMENT OR THE SUBJECT MATTER HEREOF OR THEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (C) HEREBY WAIVES AND AGREES NOT TO SEEK ANY REVIEW BY ANY COURT OF ANY OTHER JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF THE JUDGMENT OF ANY SUCH OHIO STATE OR FEDERAL COURT. THE BORROWER HEREBY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN. THE BORROWER AGREES THAT ITS SUBMISSION TO JURISDICTION AND ITS CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE AGENT AND THE BANKS. FINAL JUDGMENT AGAINST THE BORROWER IN ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, OR IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE AGENT OR THE BANKS MAY AT THEIR OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST THE BORROWER OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE THE BORROWER, OR SUCH ASSETS, MAY BE FOUND.

12.10 JURY TRIAL WAIVER. THE BORROWER, THE AGENT AND THE BANKS EACH WAIVE IRREVOCABLY, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN THE BANKS AND THE BORROWER ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE NOTES OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO AND THERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE BORROWER, THE AGENT AND THE BANKS ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE BORROWER, THE AGENT AND THE BANKS FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS EXPRESSLY MODIFIED IN WRITING BY ALL PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, THE COLLATERAL DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

12.11 BINDING EFFECT AND ENTIRE AGREEMENT. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and permitted assigns of the parties hereto. This Agreement, the Schedules and Exhibits hereto, which are hereby incorporated in this Agreement, and the Collateral Documents constitute the entire agreement among the parties on the subject matter hereof.

12.12 COUNTERPARTS. This Agreement may be executed in any number of counterparts or duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

12.13 SURVIVAL OF AGREEMENTS. All covenants, agreements, representations and warranties made herein or in any Collateral Document shall survive any investigation and the Closing and shall continue in full force and effect so long as any of the Obligations remain to be performed or paid or the Banks have any obligation to advance sums hereunder or any Letters of Credit remain outstanding.

12.14 MODIFICATION. Any term of this Agreement or of the Notes may be amended and the observance of any term of this Agreement or of the Notes may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Borrower and the Required Banks or, if there are only two Banks each of which holds a Ratable Share of 80% or less of the Loans, with the written consent of the Borrower and both Banks; PROVIDED, HOWEVER, that no such amendment or waiver or other action shall, without the prior written consent of all of the Banks or the holders of all of the Notes at the time outstanding, (a) extend the maturity or reduce the principal amount of, or reduce the rate or extend the time of payment of interest on, or reduce the amount or extend the time of payment of any principal installment of, any Note, (b) reduce the amount or extend the time of payment of the commitment fees, (c) change the Commitments or the Ratable Share of any Bank (other than any change in Commitments or Ratable Share resulting from the sale of a participation in or assignment of any Bank's interest in the Commitments and Loans in accordance with subsection 12.7 or resulting from an increase in Commitments under Section 2.16), (d) change the percentage referred to in the definition of "Required Banks" contained in Section 1.1 or reduce the number of Banks required to approve any waiver, amendment or modification, (e) amend this Section 12.14, (f) amend or waive compliance with Section 2.7(b), (g) release any collateral or any guaranty for the Loans except in connection with a sale permitted pursuant to Section 8.10, (h) amend or waive any of the conditions precedent set forth in Section 6 for the making of the initial Loans on the Closing Date, or (i) extend the expiration date of any outstanding Letter of Credit or postpone the reimbursement obligations of the Borrower in respect of any Letter of Credit or reduce the fees payable by the Borrower in

respect of any Letter of Credit; and PROVIDED, FURTHER, that notwithstanding the foregoing provisions of this Section 12.14, this Agreement and the Notes may be amended or modified in the manner contemplated by Section 12.7 for the purpose of permitting any Bank to assign its interest, rights and obligations hereunder to another Person if the appropriate assignment agreement or counterparts thereof are executed by the Borrower (to the extent required), the Agent and the appropriate Bank assignor and assignee. Any amendment or waiver effected in accordance with this Section 12.14 shall be binding upon each holder of any Note at the time outstanding, each future holder of any Note and the Borrower.

12.15 SEPARABILITY. If any one or more of the provisions contained in this Agreement or any Collateral Document should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all remaining provisions shall not in any way be affected or impaired. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.16 SECTION HEADINGS. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

12.17 TERMINATION. This Agreement shall terminate when all amounts due hereunder, under the Notes and under each Collateral Document shall have been indefeasibly paid in full in cash and all other Obligations hereunder or thereunder shall have been fully performed, so long as no Letters of Credit are then outstanding and the Banks have no further obligation to advance sums hereunder. Upon such termination, at the request of the Borrower, the Agent and the Banks shall release all Liens granted herein or in any Collateral Document at the Borrower's expense and return all collateral held pursuant hereto or to any Collateral Document without recourse or representation. Notwithstanding anything to the contrary contained herein, each expense reimbursement and indemnification provision in this Agreement or in any Collateral Document shall survive the repayment in full of the Loans and the termination of this Agreement.

12.18 FCC COMPLIANCE.

(a) Notwithstanding anything herein or in any of the Collateral Documents to the contrary, but without limiting or waiving the Borrower's or any of its Subsidiaries' obligations hereunder or under any of the Collateral Documents, the Agent's and the Banks' remedies hereunder and under the Collateral

Documents are subject to compliance with the Communications Act of 1934, as amended, and to all applicable rules, regulations and policies of the FCC, and neither the Agent nor the Banks will take any action pursuant to this Agreement or any of the Collateral Documents that will constitute or result in any assignment of a License issued by the FCC or any change of control of the Borrower or any of its Subsidiaries which owns any FCC License if such assignment of License or change of control would require under then existing law (including the written rules and regulations promulgated by the FCC), the prior approval of the FCC, without first obtaining such approval of the FCC. This Agreement, the Collateral Documents and the transactions contemplated hereby and thereby do not and will not constitute, create, or have the effect of constituting or creating, directly or indirectly, actual or practical ownership of the Borrower or any of its Subsidiaries by the Agent or the Banks or control, affirmative or negative, direct or indirect, of the Borrower or any of its Subsidiaries by the Agent or the Banks, over the management or any other aspect of the operation of the Borrower or any of its Subsidiaries, which ownership and control remain exclusively and at all times in the stockholders and directors of the Borrower and its Subsidiaries until such time as the Agent and the Banks have complied with such law, rules, regulations and policies.

(b) Furthermore, the parties acknowledge their intent that, upon the occurrence of an Event of Default, the Agent and the Banks shall receive, to the fullest extent permitted by applicable law and governmental policy (including, without limitation, the rules, regulations and policies of the FCC), all rights necessary or desirable to obtain, use or sell the Licenses and the collateral securing the Loans, and to exercise all remedies available to them under this Agreement, the Collateral Documents, the Uniform Commercial Code or other applicable law. Therefore, the parties agree that, in the event of changes in law or governmental policy occurring after the date hereof that affect in any manner the Agent's or the Banks' rights of access to, or ability to obtain a Lien in, or use or sale of, the Licenses or such collateral, or the procedures necessary to enable the Agent or the Banks to obtain such rights of access, Liens, use or sale, the Agent, the Banks and the Borrower shall amend this Agreement and the Collateral Documents in such manner as the Agent shall reasonably request, in order to provide the Agent and the Banks such rights to the greatest extent possible consistent with then applicable law and governmental policy.

12.19 MARSHALING; PAYMENTS SET ASIDE. The Agent and the Banks shall not be under any obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the Obligations. To the extent that the Borrower or any of its Subsidiaries makes a payment or payments to the Agent or the Banks or the Agent or any Bank enforces its security interest or exercises its rights of setoff,

and such payment or payments or the process of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy or insolvency law, state or federal law, common law or equitable cause, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement had not occurred.

TO WITNESS THE ABOVE, the Borrower, the Banks and the Agent have caused this Loan Agreement to be executed by their respective representatives thereunto duly authorized as of the date first above written.

BORROWER:

GRAY COMMUNICATIONS SYSTEMS, INC.

By: /s/ J. Mack Robinson

Name: J. Mack Robinson

Title: Interim President

BANKS:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Jason R. Weaver

Name: Jason R. Weaver
Title: Assistant Vice President

Address: 127 Public Square
Cleveland, Ohio 44114-1306
Attention: Media Finance Division

NATIONSBANK, N.A. (SOUTH)

By: /s/ Gary L. Young

Name: Gary L. Young
Title: Senior Vice President

Address: 600 Peachtree Street, N.E.
19th Floor
Atlanta, Georgia 30308
Attention: Financial Strategies Group

CIBC INC.

By: /s/ Harold Birk

Harold Birk
Director, CIBC Wood Gundy
Securities Corp., As Agent

Address: 425 Lexington Avenue
New York, New York 10017

CORESTATES BANK, N.A.

By: /s/ Chris Kalmbach

Name: Chris Kalmbach
Title: Vice President

Address: 1339 Chestnut Street
FC 1-8-11-28
Philadelphia, Pennsylvania 19107

THE BANK OF NEW YORK

By: /s/ Ted Ryan

Name: Ted Ryan
Title: Vice President

Address: One Wall Street
New York, New York 10286

AGENT:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Jason R. Weaver

Name : Jason R. Weaver
Title: Assistant Vice President

CO-AGENT:

NATIONSBANK, N.A. (SOUTH)

By: /s/ Gary L. Young

Name : Gary L. Young
Title: Senior Vice President

LIST OF SCHEDULES AND EXHIBITS

Schedule 1.1	Ratable Shares of the Banks
Exhibit A	Form of Revolving Note
Exhibit B	Form of Term Note
Exhibit C	Financial Statements
Exhibit D	Projections
Exhibit E	Capitalization
Exhibit F	Proceedings, Litigation, Non-Compliance with Law; Tax Matters
Exhibit G	Liens and Indebtedness
Exhibit H	Schedule of Contracts, Commitments, Material Agreements, licenses and Consents
Exhibit I	ERISA Liabilities and Plans
Exhibit J	Real Estate
Exhibit K	Environmental Matters
Exhibit L	Form of Compliance Certificate

SCHEDULE 1.1

RATABLE SHARES

Bank: - - - - -	Ratable Share: -----
KeyBank	24%
NationsBank	24%
CIBC	18%
CoreStates	18%
Bank of New York	16%

BORROWER SECURITY AGREEMENT

THIS BORROWER SECURITY AGREEMENT is made and entered into as of September 30, 1996, by and between GRAY COMMUNICATIONS SYSTEMS, INC., a Georgia corporation (the "Debtor"), and KEYBANK NATIONAL ASSOCIATION (the "Secured Party"), as agent for itself and the other financial institutions listed on the signature pages of the Loan Agreement (as defined below), and their successors and assigns. The Secured Party and such other financial institutions may be referred to hereinafter individually as a "Bank" or collectively as the "Banks."

RECITALS

A. The Debtor, the Secured Party, NationsBank, N.A. (South), as Co-Agent, and the other Banks have entered into a Loan Agreement dated as of September 23, 1996 (as the same may be extended, amended, restated or modified from time to time, the "Loan Agreement"), which is hereby incorporated herein by this reference, pursuant to which the Banks have agreed to make available to the Debtor up to \$53,500,000 on a reducing revolving credit basis and up to \$71,500,000 on a revolving credit converting to a term loan basis. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement. The Debtor may also be indebted to a Bank or an Affiliate of a Bank from time to time in respect of Rate Hedging Obligations.

B. In order to induce the Secured Party and the Banks to enter into the Loan Agreement and to ensure that the Loans made pursuant to the Loan Agreement will be secured as provided herein, the Debtor has agreed to enter into this Agreement.

C. The Banks have appointed the Secured Party as their agent for the purpose, among other things, of protecting and preserving the security for the repayment of the Debtor's Obligations under the Loan Agreement.

AGREEMENTS

In consideration of the foregoing Recitals, and of the agreements made herein, and of the Loans made or to be made by the Banks to the Debtor, the Debtor and the Secured Party, on behalf of the Banks, agree as follows:

1. GRANT OF SECURITY INTEREST.

1.1 COLLATERAL. The Debtor hereby grants to the Secured Party, for the benefit of the Banks, ratably in proportion to the total Secured Obligations (as that term is defined below) owing at any time to the Banks, a first priority security interest in all of the Debtor's personal property, both tangible and intangible, whether presently owned or existing or hereafter acquired or arising and wheresoever located, and all books, records, computer printouts, tapes, disks, ledger sheets, files and other data relating thereto, including without limitation:

(a) all inventory of the Debtor, including all goods, raw materials, work in process, merchandise, goods in transit to the Debtor for which payment has been made, and other tangible personal property held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in the Debtor's business (all hereinafter called the "Inventory");

(b) all accounts receivable, contracts, contract rights (including, without limitation, any arising out of leases or licenses of real or personal property), rights to payment, programming agreements, tax refunds, claims, chattel paper, letters of credit, documents, drafts and accounts, including, without limitation, all of the same evidencing or representing indebtedness due or to become due to the Debtor for its own account or on account of goods sold or leased or to be sold or leased by the Debtor, or services rendered or to be rendered by the Debtor (all hereinafter called the "Accounts");

(c) all right, title and interest of the Debtor in and to:

(i) all copyrights, copyright registrations and applications for copyright registrations, including, without limitation, all renewals and extensions thereof, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto (collectively, the "Copyrights");

(ii) all patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals,

extensions and continuations-in-part thereof, all income, royalties, damages and payments now or thereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (collectively, the "Patents");

(iii) all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including, without limitation, all renewals of trademark and service mark registrations, all rights corresponding thereto throughout the world, the right to recover for all past, present and future infringements thereof, all other rights of any kind whatsoever accruing thereunder or pertaining thereto, together in each case, with the product lines and goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and service mark (collectively, the "Trademarks");

(iv) (A) all inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the business of the Debtor; (B) all licenses or user or other agreements granted to the Debtor with respect to the Copyrights, Patents, Trademarks or any of the foregoing; (C) all information, customer lists, identification of suppliers, data, plans, blueprints specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs, and the like pertaining to the operation by the Debtor of its business; (D) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured and which pertain to the Debtor's business; (E) all accounting information which pertains to the Debtor's business and all media in which or on which any of the information or knowledge or data or records which pertain to such business may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or

data; (F) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by the Debtor pertaining to the operation of its business; and (G) all causes of action, claims and warranties now or hereafter owned or acquired by the Debtor in respect of any of the items listed above;

(v) all money, deposit accounts, insurance proceeds, securities, partnership interests, notes, instruments, licenses, franchises, permits, authorizations, agreements, leases, and general intangibles of the Debtor, including, without limitation, goodwill, going concern value, all of the Debtor's rights under or relating to any Licenses and the proceeds of any Licenses, and all rights incident or appurtenant to such Licenses and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer thereof; PROVIDED, HOWEVER, that such security interest shall include the Licenses granted by the FCC only at such times and to the extent (but only to the extent) that the Debtor is permitted to grant a security interest therein under applicable provisions of the Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder, but shall include at all times, to the maximum extent permitted by law, all rights incident or appurtenant to such Licenses and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of such Licenses or any Station (all of the foregoing items of collateral referenced in this Subsection 1.1(c), including, without limitation, the Copyrights, the Patents and the Trademarks, being hereinafter called the "Intangibles");

(d) all of the Debtor's furniture, fixtures, trade fixtures, machinery, equipment, antennas, towers, transmitting and receiving equipment, computers, pagers, satellite earth stations, microwave equipment, appliances, motor vehicles, furnishings, leasehold improvements, operating and testing equipment, amplifiers and other electronic equipment, parts, supplies and tools (all hereinafter called the "Equipment");

(e) all of the Debtor's rights as a seller of goods under Article 2 of the Uniform Commercial Code or otherwise

with respect to Inventory and Equipment, and, as to goods represented by or securing any of the Accounts, all of the Debtor's rights therein, including, without limitation, rights as an unpaid vendor or lienor and including rights of stoppage in transit, replevin and reclamation;

(f) all guarantees, mortgages or security interests in real or personal property, leases or other agreements or property now or hereafter securing or relating to any of the items referred to above in favor of the Debtor, or now or hereafter acquired for the purpose of securing and enforcing any of such items in favor of the Debtor, and the proceeds thereof;

(g) all rents, revenues, proceeds, issues, profits, royalties, income and other benefits derived from real estate, and from any improvements or fixtures thereon owned by the Debtor;

(h) all right, title and interest of the Debtor in and to all proceeds of insurance and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of any real estate, or any improvements or fixtures thereon, including without limitation any awards resulting from any damage to any real estate, improvements or fixtures for which compensation shall be given by any governmental authority;

(i) all the proceeds, products, income and profits of any of the foregoing and the proceeds of any such proceeds, products, income and profits; and

(j) all right, title and interest of the Debtor in or to all instruments and documents covering or relating to the above described Collateral (as defined below) or to the property described in or represented by the Accounts (all such instruments and documents being called the "Related Documents");

PROVIDED, HOWEVER, that, with respect to any agreement, lease or contract right which prohibits the grant of a security interest in the Debtor's interest therein or the assignment thereof, such grant of a security interest or assignment shall be limited to the account or general intangible for money due or to become due relating to or arising out of such agreement, lease or contract right.

All of the foregoing property in which the Secured Party has been granted a security interest is hereinafter collectively referred to as the "Collateral".

1.2 OBLIGATIONS SECURED. The security interests of the Secured Party under this Agreement secure (a) the payment and performance of all indebtedness, Obligations and liabilities of the Debtor arising at any time and from time to time, now or in the future, pursuant to the Loan Agreement or any Collateral Document, including, without limitation, such obligations as are evidenced by the Notes; (b) the payment and performance of all obligations and liabilities of the Debtor arising at any time and from time to time, now or in the future, pursuant to any agreement with a Bank or an Affiliate of a Bank with respect to Rate Hedging Obligations; (c) performance by the Debtor of the agreements set forth herein, in the Loan Agreement and in the Collateral Documents; (d) all payments made or expenses incurred by the Secured Party under this Agreement, the Loan Agreement or the Collateral Documents, including, without limitation, reasonable attorneys fees and legal expenses, in the exercise, preservation or enforcement of any of the rights, powers or remedies of the Secured Party, or in the enforcement of the obligations of the Debtor, hereunder; and (e) any renewals, continuations or extensions of any of the foregoing (all of which are referred to herein as the "Secured Obligations").

2. THE DEBTOR'S REPRESENTATIONS AND WARRANTIES. The Debtor represents and warrants to the Secured Party as follows, and these representations and warranties shall survive the execution hereof and the making of the Loans and shall be continuing until the termination of this Agreement:

2.1 AUTHORITY. The execution, delivery and performance of this Agreement and any instruments or documents executed and delivered by the Debtor pursuant hereto are within the Debtor's corporate powers, have been duly authorized by all proper and necessary corporate and stockholder action, are not in contravention of law or the terms of the Certificate of Incorporation, By-Laws or other organizational documents of the Debtor or any provision of any material indenture, contract or agreement to which the Debtor is a party or by which it or any of its property is bound; and this Agreement constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms except to the extent that the enforceability hereof may be limited by bankruptcy, insolvency or like laws affecting creditors' rights generally and the application of equitable principles.

2.2 TITLE. Except for Permitted Liens, the Debtor is and will be the sole owner of all of the Collateral, whenever acquired or arising, free and clear of all Liens or adverse claims.

2.3 ACCOUNTS. Each account (as that term is defined in the Uniform Commercial Code) included in the Debtor's Accounts as shown on the Debtor's books and records, whether currently existing or hereafter arising, is or will be genuine and in all respects is or will be what it purports to be. The whole of the balance indicated as being unpaid and owing with respect to each such account on the books of the Debtor, is, and shall be, unpaid and owing, net of any reserves on the books of the Debtor.

2.4 NO OTHER NAMES. The Debtor has not conducted business under any name other than the name in which it executed this Agreement.

2.5 INTELLECTUAL PROPERTY. SCHEDULE A attached hereto sets forth a complete and accurate list of all registered Copyrights, Patents and Trademarks owned by the Debtor on the date hereof. The Debtor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any Copyright, Patent or Trademark listed on SCHEDULE A. All registrations for such Copyrights, Patents and Trademarks are valid and in full force and effect, and the Debtor owns or possesses the right to use all material Copyrights, Patents and Trademarks necessary for the operation of its business. To the Debtor's knowledge, (a) there is no violation by others of any right of the Debtor with respect to any material Copyright, Patent or Trademark and (b), to the best of the Debtor's knowledge, the Debtor is not infringing in any respect upon any copyright, patent or trademark of any other Person; and no proceedings have been instituted or are pending against the Debtor or, to the Debtor's knowledge, threatened, and no claim against the Debtor has been received by the Debtor, alleging any such violation.

2.6 SOLVENCY. The Debtor has received, or has the right to receive, by contribution or otherwise, consideration which is the reasonably equivalent value of the obligations and liabilities that it has incurred to the Banks. The Debtor is not insolvent as defined in Title 11 of the United States Code or any other applicable federal or state bankruptcy or insolvency statute, nor, after giving effect to the consummation of the transactions contemplated in the Loan Agreement, will the Debtor be rendered insolvent by the execution and delivery of this

Agreement. The Debtor has not engaged, nor is the Debtor about to engage, in any business or transaction for which the assets retained by it shall be an unreasonably small capital, taking into consideration the obligations to the Secured Party incurred under the Loan Agreement and hereunder. The Debtor does not intend to, nor does the Debtor believe that it will, incur debts beyond its ability to pay them as they mature.

3. COVENANTS OF THE DEBTOR. The Debtor agrees and covenants with the Secured Party as follows:

3.1 MAINTENANCE AND USE OF COLLATERAL. The Debtor (a) shall keep all its Inventory and Equipment in good condition and repair, reasonable wear and tear excepted, and shall not commit any material waste thereof or permit anything to be done which may materially impair the value thereof; (b) shall observe and perform all material terms, conditions and covenants contained in any material agreements, leases, licenses, permits, Operating Agreements and franchises evidencing the Intangibles, including, without limitation, the Licenses; (c) shall use the Collateral only in the ordinary course of its business and not in material violation of any applicable License, permit, authorization, law, ordinance, regulation, rule, order, franchise or policy of insurance; and (d) shall take all commercially reasonable actions as may be necessary to keep all material Patents, Copyrights and Trademarks from becoming invalidated or subject to any claim of abandonment for non-use.

3.2 TAXES. Except as expressly provided in the Loan Agreement, the Debtor shall pay and discharge promptly all taxes, assessments, license or permit fees and governmental charges or levies imposed upon it or in respect of the Collateral before the imposition of any penalty, as well as all lawful claims for labor, materials, supplies or other matters which, if unpaid, might become a Lien or charge upon the Collateral or any part thereof, and, upon request, deliver to the Secured Party evidence of the discharge of such taxes, assessments, charges or claims.

3.3 SALE OR TRANSFER. Except as expressly provided in the Loan Agreement or herein, the Debtor shall not voluntarily or involuntarily sell, assign, lease, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the Collateral or any interest therein, or permit any of it to become a fixture on or an accession to other goods or property. For purposes of this Section 3.3, the term "Collateral" shall be deemed to include the Licenses whether or not the Secured Party is permitted under existing law to hold a security interest therein.

3.4 INSURANCE. The Debtor will obtain and maintain a policy or policies of insurance insuring the Collateral in accordance with Section 7.3 of the Loan Agreement, the terms and provisions of which are hereby incorporated herein by this reference. In the event of any damage or destruction to the Collateral or any part thereof, any and all proceeds of such insurance shall be delivered to the Secured Party. Such proceeds of insurance shall, (a) if no Event of Default or Possible Default then exists, be paid to the Debtor to be used solely for repair or replacement of the property so damaged, or (b) if an Event of Default or Possible Default then exists, be applied, in the Secured Party's discretion, against the Secured Obligations then outstanding, whether or not then due and payable. The Debtor hereby appoints the Secured Party as its agent and attorney-in-fact (which appointment is coupled with an interest) with full power and authority to make proof of loss, to give a receipt for any sums collected under said policies and, in the event any insurance losses are paid by check, draft or other instrument payable to the Debtor and the Secured Party, to endorse the Debtor's name thereon and take such further steps on behalf of the Debtor as may be necessary to realize on such insurance.

3.5 MAINTENANCE OF SECURITY INTEREST. The Debtor shall do all things necessary or reasonably requested by the Secured Party to preserve and maintain the security interests of the Secured Party hereunder as a first lien in the Collateral, except for Permitted Liens, and shall not permit the creation of any other Lien (other than Permitted Liens) in the Collateral. The Debtor shall protect and defend the Collateral from and against any and all claims, demands or legal proceedings brought or asserted by any party other than the Secured Party in such capacity. The Debtor shall, if requested by the Secured Party, execute and deliver and shall file or record, or cause to be filed or recorded, such notices, financing statements, continuation statements, certificates of title and other documents as the Secured Party may reasonably deem appropriate, and shall deliver to the Secured Party upon request therefor such insurance policies, securities, agreements, leases, franchises, licenses, permits, writings, documents, certificates, instruments or other Intangibles, as may be necessary to perfect the security interests of the Secured Party hereunder. The Debtor shall bear the expenses of all such filings and actions. All documents which are being filed or recorded shall be in form and substance satisfactory to the Secured Party. The Debtor shall do such further acts and things and execute and deliver to the Secured Party such additional conveyances, assignments, agreements and

instruments as the Secured Party may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better perfect, assure and confirm unto the Secured Party its rights, powers and remedies hereunder. Upon request by the Secured Party, the Debtor shall mark conspicuously all chattel paper and instruments with a legend, in form and substance satisfactory to the Secured Party, indicating that such Collateral is subject to the security interest granted hereby.

3.6 RECORDS, STATEMENTS AND RELATED DOCUMENTS. The Debtor agrees, (a) when reasonably requested to do so by the Secured Party, to prepare and deliver to the Secured Party a schedule in form reasonably satisfactory to the Secured Party, certified by an authorized officer of the Debtor, listing the location by county and state of all Collateral; (b) to keep accurate and complete records at all times with respect to the Collateral and to deliver to the Secured Party copies of such records and such other information regarding the Collateral or account debtors which the Secured Party may reasonably request; and (c) that at any reasonable time the Secured Party or its authorized representatives may enter the premises of the Debtor to examine the Collateral and inspect and copy the books and records of the Debtor. The Debtor shall furnish to the Secured Party from time to time statements and schedules further identifying and describing the Copyrights, the Patents and the Trademarks, respectively, and such other reports in connection with the Copyrights, the Patents and the Trademarks as the Secured Party may reasonably request, all in reasonable detail.

3.7 LOCATION. The principal and chief executive office of the Debtor is located at 126 North Washington Street, Albany, Georgia 31701, and all of the Collateral is located in the jurisdictions listed on SCHEDULE B attached hereto. The Debtor shall not move its principal and chief executive office or any of the Collateral, or any records relating thereto, from a county or other filing location listed on SCHEDULE B, without thirty days prior written notice to the Secured Party. If the Debtor acquires any Collateral at any other location not listed on SCHEDULE B, it shall immediately notify the Secured Party.

3.8 NOTICE. The Debtor shall promptly notify the Secured Party of any loss, destruction or damage to any material portion of the Collateral.

3.9 COLLECTION OF ACCOUNTS. The Debtor agrees that it will use commercially reasonable efforts to collect all Accounts as the same become due.

3.10 CHANGE OF NAME, IDENTITY OR CORPORATE STRUCTURE. The Debtor shall not change its name, identity or corporate structure, voluntarily or involuntarily, except as expressly permitted in the Loan Agreement.

4. RIGHT TO PERFORM FOR THE DEBTOR. If an Event of Default shall occur, subject to compliance with all applicable law, including, without limitation, the rules and regulations of the FCC and the applicable provisions of the Licenses, the Secured Party may, but shall not be obligated to, on behalf of the Debtor and in its name and stead, in addition to any other rights or remedies provided to the Secured Party by law or by this Agreement, perform any act, make any payment, discharge any obligation, collect any Account or money owed to the Debtor or otherwise act for the Debtor in such manner as the Secured Party in its sole discretion may deem necessary or advisable to protect, secure or enforce its interests, rights or remedies hereunder. The Debtor shall pay to the Secured Party on demand the amounts of all such payments made or expenses incurred by the Secured Party, including reasonable attorneys' fees and legal expenses, in exercising any of the rights granted in this Section 4. The obligation to repay such amounts shall be one of the Secured Obligations secured hereby and shall bear interest at the Default Interest Rate.

5. DEFAULT. The occurrence of any Event of Default under the Loan Agreement shall constitute an Event of Default under this Agreement.

6. REMEDIES. The Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in any applicable jurisdiction, as well as all rights and remedies provided by any other applicable law, at law or in equity, or herein, in the Loan Agreement or in any other instrument executed by the Debtor in favor of the Secured Party or the Banks. Without limiting the generality of the foregoing, the Secured Party shall also have the right to do any or all of the following (as set forth in Sections 6.1 through 6.7 below) upon the occurrence and during the continuance of an Event of Default and subject to compliance with all applicable rules and regulations of the FCC and any other applicable federal or state regulatory authority, and other applicable requirements of law:

6.1 POSSESSION. Without notice, demand or hearing, any right to which is hereby waived by the Debtor, the Secured Party may take possession of all or any part of the Collateral

and enter and remain upon the premises where such Collateral is located for the purpose of such possession and the exercise of the remedies provided herein, without the same being a trespass.

6.2 ASSEMBLING COLLATERAL. The Secured Party may require the Debtor to assemble the Collateral and to make it available to the Secured Party at any mutually convenient place designated by the Secured Party.

6.3 OPERATION. The Secured Party may take such measures, including the use or operation of the Collateral in the Debtor's business, or the repair, dismantling, removal or transportation of all or any part of the Collateral, as the Secured Party may deem necessary or proper for the care, protection, maintenance and preservation of the Collateral, for the preparation of the Collateral for sale, lease, or other disposition, or for the most advantageous beneficial exercise of its remedies hereunder. Without limiting the generality of the foregoing, the Secured Party shall have the right to apply for and have a trustee or receiver appointed by a court of competent jurisdiction in any action taken by the Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and continue the operation of the business of the Debtor and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, and to the payment of the Secured Obligations until a sale or other disposition of such Collateral shall be finally made and consummated. Furthermore, the Debtor shall take any action which the Secured Party may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Secured Party by this Agreement, including specifically, at the Debtor's own cost and expense, the use of its best efforts to assist in obtaining the approval of the FCC and any other applicable federal or state regulatory authority and any other third party for any action or transaction contemplated by this Agreement which is then required by law or the terms of any contract, agreement or License, permit or authorization.

6.4 COLLECTION OF ACCOUNTS; SPECIAL ACCOUNT.

(a) Without notice to the Debtor, the Secured Party may notify the account debtor obligated under any Account of the Secured Party's security interest therein and may direct such account debtor to make payment of all amounts due or to become due the Debtor thereunder directly to the Secured Party or any agent selected by it and, upon such notification, may

enforce, or cause such agent to enforce, collection of any such Account in the same manner and to the same extent as the Debtor might have done. Effective upon the occurrence and during the continuance of an Event of Default, the Debtor hereby constitutes and appoints the Secured Party its true and lawful attorney (which appointment is coupled with an interest), with full power of substitution, either in the Secured Party's own name or in the name of the Debtor, to ask for, demand, sue for, collect, receive, receipt and give acquittance for any and all moneys due or to become due under or by virtue of any Account; to endorse checks, drafts, orders and order instruments for the payment of money payable to the Debtor on account thereof; to settle, compromise, prosecute or defend any action, claim or proceeding with respect thereto; and to sell, assign, pledge, transfer and make any agreement respecting, or otherwise deal with, the same.

(b) Nothing in this Agreement shall be construed as requiring or obligating the Secured Party to make any demand or inquiry as to the nature or sufficiency of any payment received by it. The Secured Party shall not be obligated to present or file any claim or notice or to take any action with respect to any such Account, or the monies due or to become due thereunder, or the property covered thereby or by any Related Document. No action taken by the Secured Party or omitted to be taken with respect to any such Account shall give rise to any defense, counterclaim or offset in favor of the Debtor or to any claim or action against the Secured Party or any Bank.

(c) The Debtor agrees that all cash, proceeds, checks, drafts, orders and other instruments for the payment of money received by it on account of any Account or as a result of the sale, lease, destruction, condemnation or other voluntary or involuntary disposition of any Collateral, whether pursuant to the exercise of a right granted herein to the Debtor or otherwise, shall be the property of the Secured Party. All such proceeds shall be deposited in the form received (properly endorsed for collection where required) not later than the Banking Day following the day of receipt in a special bank account maintained with the Secured Party in the Debtor's name, over which the Secured Party alone shall have the right of withdrawal, for the payment of all of the Secured Obligations. The Debtor shall not commingle any such collections or proceeds with any of its other funds or property and shall hold the same upon an express trust for the Secured Party until deposited in the special account, as aforesaid. In the event the Debtor shall obtain possession of any goods (as a result of their return or repossession or otherwise), the sale, lease or other disposition

of which gave rise to an Account, the Debtor shall hold the same subject to the security interest of the Secured Party hereunder and to dispose of such goods, at its own expense and sole risk but for the account of the Secured Party, in such manner as the Secured Party may direct.

6.5 TRANSFER OF INTANGIBLES.

(a) The Secured Party shall have the right to take possession of any agreement, lease, License, permit or other document evidencing any of the Collateral, and may apply for or seek, on behalf of and as attorney-in-fact for the Debtor, any necessary consent to the voluntary or involuntary assignment, transfer, conveyance, sale, renewal, reissuance or other disposition of the same, and the Debtor shall cooperate fully with the Secured Party in doing so and shall take all actions requested by the Secured Party in furtherance thereof.

(b) The Debtor hereby constitutes and appoints the Secured Party its true and lawful attorney (which appointment is coupled with an interest) with full power of substitution, either in the Secured Party's own name or in the name of the Debtor, to assign, transfer and convey any and all of the Debtor's rights in and to any of the Intangibles, including without limitation, any License (to the extent permitted by law), to any purchaser of all or any of the Collateral pursuant to Section 6.6 hereof.

(c) In connection with the exercise of its remedies under the Loan Agreement and this Agreement, the Secured Party may obtain the appointment of a trustee or receiver to obtain, upon receipt of all necessary judicial or other federal or state regulatory authority consents or approvals, an assignment of any Intangible, including, without limitation, any License. Such trustee or receiver shall have all rights and powers provided to it by law or by court order or provided to the Secured Party under this Agreement.

(d) For the purpose of enabling the Secured Party to exercise rights and remedies under this Section 6 at such time as the Secured Party shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, the Debtor hereby grants to the Secured Party, to the extent assignable without violation of any third party rights, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation) to use, assign, license or sublicense any of the Intangibles, wherever the same may be located, including in

such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(e) In the event of any sale, assignment or other disposition of any of the Trademarks, the goodwill of the Debtor's business connected with and symbolized by such Trademarks subject to such disposition shall be included, and the Debtor shall supply to the Secured Party or its designee, for inclusion in such sale, assignment or other disposition, all Intangibles relating to such Trademarks.

6.6 SALE OR DISPOSITION.

(a) The Secured Party may sell, lease, assign, transfer, convey or otherwise dispose of any or all of the Collateral, as the Secured Party in its discretion may determine, by public or private sale. Except for items of Inventory or Equipment which are perishable or threaten to decline speedily in value or are of a type customarily sold on a recognized market, the Secured Party shall give the Debtor at least ten days prior written notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels, as the Secured Party may determine, and the price and other terms shall be such as the Secured Party deems to be commercially reasonable. At any sale hereunder, to the extent permitted by law, the Secured Party or any Bank may become the purchaser. Any purchaser of any or all of the Collateral shall hold the same free from any claim or right of whatsoever kind, including, without limitation, any right or equity of redemption (statutory or otherwise), of the Debtor, any such right or equity being hereby expressly waived.

(b) The Secured Party and the Banks shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to this Section conducted in a commercially reasonable manner. The Debtor hereby waives any claims against the Secured Party and the Banks arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or less than the aggregate amount of the Secured Obligations, even if the Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree, PROVIDED that such private sale is conducted in a commercially reasonable manner.

6.7 PROCEEDS. All proceeds from the sale or other disposition of Collateral by the Secured Party hereunder, all other moneys received by the Secured Party pursuant to the terms of this Agreement (whether through the exercise by the Secured Party of its right of collection of Accounts or otherwise) and all balances from time to time remaining in the special account required to be maintained by the Debtor under Section 6.4 shall be applied as follows:

(a) First, to the payment of (i) all expenses incurred by the Secured Party in connection with this Agreement or the exercise of any right or remedy hereunder, or any sale or disposition, including, but not limited to, the expenses of taking, advertising, processing, insuring, preparing and storing the Collateral to be sold, all court costs and the Secured Party's legal fees in connection therewith, and (ii) all advances made by the Secured Party hereunder for the account of the Debtor;

(b) Next, to the payment of the unpaid principal amount due and owing on any of the Secured Obligations in accordance with the terms thereof, together with interest thereon to the date of payment; the remainder to be held as security for the Debtor's payment of any Secured Obligations not then due and owing, together with interest accrued and accruing thereon; and

(c) Finally, any surplus remaining to be paid over to the Debtor or as a court of competent jurisdiction may direct.

With respect to any application pursuant to clause (b) above, such proceeds, moneys or balances may be applied, at the sole discretion of the Secured Party and to the extent of the amount thereof, to discharge in whole or in part the most recently incurred and unpaid Secured Obligation, notwithstanding any manifestation of an intent to the contrary expressed in writing or otherwise by the Debtor at any time. Upon any sale of Collateral by the Secured Party (whether pursuant to a power of sale granted by a statute or under a judicial proceeding), the receipt of the Secured Party or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Secured Party or such officer, or be answerable in any way for the misapplication thereof. Notwithstanding the sale or other disposition of any Collateral

by the Secured Party hereunder, the Debtor shall remain liable for any deficiency.

7. REMEDIES CUMULATIVE. All rights, remedies or powers conferred upon the Secured Party herein or by law shall be cumulative and concurrent at the option of the Secured Party, and the Secured Party may foreclose or exercise the power of sale or any other remedy available to it successively upon, and during the continuance of, any Event of Default or successive Events of Default. Upon any such occasion, the Secured Party shall be authorized to sell, lease or dispose of all or any such part of the Collateral as it shall elect and as permitted by law. The remaining Collateral shall continue as security for any other sums remaining due after such sale, lease or disposition or thereafter to become due or payable on any of the Secured Obligations.

8. WAIVERS.

(a) No delay, omission or forbearance by the Secured Party in the exercise of any right, power or remedy conferred upon it herein or by law or equity, nor any continuance by the Secured Party of its performance shall be a waiver or excuse of the event giving rise to the same. The single or partial exercise of a right, power or remedy does not preclude its further exercise from time to time and as often as may be deemed expedient by the Secured Party. No waiver by the Secured Party of any Event of Default or of any right, power or remedy hereunder shall operate as a waiver of any other Event of Default, right, power or remedy on a future occasion.

(b) The Debtor hereby waives, releases and discharges, to the full extent permitted by law, any right which it has or may have at law, in equity or by statute, to require the Secured Party to pursue or otherwise avail itself of any rights or remedies which it has or may have against any other Person with respect to the payment of the Notes or performance of the terms, covenants and conditions of the Loan Agreement and Collateral Documents or to pursue or exhaust any of its rights or remedies with respect to any other security for the satisfaction of the Secured Obligations or the performance of the terms, covenants and conditions of the Loan Agreement. The Debtor hereby waives and releases any right of marshalling of assets which it might otherwise have.

(c) No failure on the part of the Secured Party to exercise, and no delay on its part in exercising, any right,

power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or the further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies at law or in equity. All rights of the Secured Party, the security interests granted hereunder, and all obligations of the Debtor hereunder, shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the Loan Agreement, the Notes, the other Collateral Documents, any other related instrument or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, the Notes, the other Collateral Documents or any other related instrument; or

(iii) any exchange or release of, or non-perfection of any Lien or security on or in, any other collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Secured Obligations.

9. DEBTOR LIABILITY AND INDEMNITIES. Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under all contracts and agreements included in the Collateral to the extent set forth therein to perform all of the duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party or the Banks of any of its or their rights hereunder shall not release the Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) neither the Secured Party nor any Bank shall have any obligation or liability under the contracts and agreements included in the Collateral or be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. The Debtor hereby agrees to indemnify and hold harmless the Secured Party and the Banks, and their respective directors, officers, attorneys, agents and employees (all such indemnified persons, including their heirs, successors, assigns and administrators, being referred to as "Indemnified Persons")

for purposes of this Section 9), from and against any and all claims, demands, losses, costs, expenses, judgments and liabilities (including liabilities for penalties) of any nature whatsoever arising in connection with this Agreement or the exercise or enforcement by the Secured Party or any other Indemnified Person of any right, power or remedy hereunder, except for losses which are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. In no event shall the Secured Party, any Bank or any director, officer, attorney, agent or employee of the Secured Party or any Bank be liable to the Debtor for any action, matter or thing in connection with this Agreement other than gross negligence or willful misconduct and to account for moneys actually received by the Secured Party in accordance with the terms hereof.

10. POSSESSION OF COLLATERAL. So long as no Event of Default hereunder has occurred and is continuing, the Debtor may have and retain possession of the Collateral and use it in any lawful manner not inconsistent with the Loan Agreement, this Agreement, any Collateral Document or any policy of insurance thereon, unless possession of such Collateral by the Secured Party is necessary or appropriate to perfect the Secured Party's security interest therein.

11. TERMINATION OF SECURITY INTERESTS. This Agreement and the security interests granted hereunder shall terminate when all amounts due and owing on account of, and all obligations and liabilities of the Debtor in respect of, the Secured Obligations shall have been fully, irrevocably and indefeasibly performed, satisfied and paid in cash, but only if the Banks shall then have no obligation or commitment to make further loans to the Debtor under the Loan Agreement. Upon the termination of the Secured Party's security interest in any Collateral, the Secured Party shall reassign and deliver to the Debtor, without recourse or representation, against the Debtor's receipt and at the Debtor's expense, such Collateral, all cash proceeds therefrom and all Related Documents relating thereto then held by the Secured Party. Upon such termination, at the request of the Debtor and at its expense, the Secured Party shall execute and deliver to the Debtor termination statements with respect to financing statements filed hereunder. Notwithstanding the foregoing, this Agreement shall continue to be effective or be reinstated and relate back to such time as though this Agreement had always been in effect, as the case may be, if at any time any amount received by the Secured Party or any Bank in respect of the Secured

Obligations is rescinded or must otherwise be restored or returned by the Secured Party or any Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Debtor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, the Debtor or any substantial part of its properties, or otherwise, all as though such payments had not been made.

12. MISCELLANEOUS.

12.1 CERTAIN REGULATORY REQUIREMENTS.

(a) The Debtor shall take all action that the Secured Party may reasonably request in the exercise of its rights and remedies hereunder, which includes the right to require the Debtor after the occurrence and during the continuance of an Event of Default to transfer or assign the FCC Licenses to any party or parties. In furtherance of this right, the Debtor shall, upon the occurrence and during the continuance of an Event of Default, (i) cooperate fully with the Secured Party in obtaining all approvals and consents from the FCC that the Secured Party may deem necessary or advisable to accomplish any such transfer or assignment of the FCC Licenses and (ii) prepare, execute and file with the FCC any application, request for consent, certificate or instrument that the Secured Party may deem necessary or advisable to accomplish any such transfer or assignment of the FCC Licenses. If the Debtor fails to execute such applications, requests for consent, certificates or instruments, the clerk of any court that has jurisdiction over this Agreement may execute and file the same on behalf of the Debtor. To enforce the provisions of this Section, the Secured Party is authorized to request the consent or approval of the FCC to a voluntary or an involuntary transfer of control of the Debtor.

(b) Notwithstanding anything to the contrary contained in this Agreement:

(i) the Secured Party shall not take any action hereunder that would constitute or result in any transfer of control of the FCC Licenses or the Debtor without obtaining all necessary FCC approvals. The Secured Party and the Banks shall be entitled to rely on the advice of FCC counsel selected by the Secured Party to determine whether FCC approval is required, and

(ii) the Secured Party shall not foreclose on, sell, transfer or otherwise dispose of, or exercise any right to control the FCC Licenses as provided herein or take any other action that would affect the operational, voting, or other control of the Debtor, unless such action is taken in accordance with the provisions of the Communications Act of 1934, as from time to time amended, and the rules, regulations and policies of the FCC.

(c) The Debtor acknowledges that the approval of the FCC to the assignment of the FCC Licenses or the transfer of control of the Debtor is integral to the Secured Party's realization of the value of the Collateral, including the FCC Licenses, that there is no adequate remedy at law for failure by the Debtor to comply with the provisions of this Section and that such failure could not be adequately compensated by damages. Therefor, the Debtor agrees that the provisions of this Section may be specifically enforced.

12.2 MODIFICATION. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Debtor and the Secured Party. No waiver or any single breach or default under this Agreement shall be deemed a waiver of any other breach or default.

12.3 SUCCESSORS AND ASSIGNS. Subject to the limitations upon the sale, lease, transfer or other disposition of the Collateral by the Debtor set forth herein and in the Loan Agreement, all of the covenants, conditions and agreements herein contained shall be binding upon the Debtor and its successors and assigns; PROVIDED, HOWEVER, that the Debtor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of all of the Banks and the Secured Party. This Agreement shall inure to the benefit of the permitted successors and assigns of the Secured Party and the Banks, and, in the event of any transfer or assignment of rights by the Secured party or the Banks, the rights and privileges herein conferred upon the Secured Party or the Banks shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

12.4 GOVERNING LAW. THIS AGREEMENT AND THE DUTIES, RIGHTS, POWERS AND REMEDIES OF THE PARTIES, HERETO SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY THE LAWS OF THE STATE OF OHIO WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS

THEREOF, EXCEPT TO THE EXTENT THAT THE LOCAL LAW OF ANY JURISDICTION WHERE ANY COLLATERAL IS LOCATED GOVERNS THE GRANT, PERFECTION OR ENFORCEMENT OF THE SECURITY INTERESTS AND LIENS GRANTED PURSUANT TO THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE SECURED PARTY ON BEHALF OF THE BANKS AND THE DEBTOR AND SHALL BE SUBJECT TO NO EXCEPTIONS. THE DEBTOR HAS MADE THIS CHOICE OF GOVERNING LAW KNOWINGLY AND WILLINGLY AND AFTER CONSULTING WITH ITS COUNSEL. NEITHER THE SECURED PARTY NOR THE DEBTOR HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

12.5 ENFORCEMENT. THE DEBTOR (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF OHIO AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF BROUGHT BY THE AGENT OR THE BANKS OR THEIR SUCCESSORS OR ASSIGNS AND (B) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (C) HEREBY WAIVES AND AGREES NOT TO SEEK ANY REVIEW BY ANY COURT OF ANY OTHER JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF THE JUDGMENT OF ANY SUCH OHIO STATE OR FEDERAL COURT. THE DEBTOR HEREBY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN. THE DEBTOR AGREES THAT ITS SUBMISSION TO JURISDICTION AND ITS CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE AGENT AND THE BANKS. FINAL JUDGMENT AGAINST THE DEBTOR IN ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, OR IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE AGENT OR THE BANKS MAY AT THEIR OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST THE DEBTOR OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE THE DEBTOR, OR SUCH ASSETS, MAY BE FOUND.

12.6 JURY TRIAL WAIVER. THE DEBTOR AND THE SECURED PARTY, EACH WAIVE IRREVOCABLY, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE SECURED PARTY

OR ANY BANK AND THE DEBTOR ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE NOTES OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE DEBTOR AND THE SECURED PARTY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE DEBTOR AND THE SECURED PARTY FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS EXPRESSLY MODIFIED IN WRITING BY ALL PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

12.7 NOTICES. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered and received if given in accordance with the provisions of the Loan Agreement.

12.8 SEPARABILITY. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all remaining provisions shall not in any way be affected or impaired. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.9 AGENT. The parties hereby acknowledge and reaffirm that the Secured Party has been designated to act as agent for the Banks. All rights and remedies of the Secured Party hereunder may be exercised by the Secured Party on behalf of, and as agent for, the Banks. The Banks may, pursuant to the terms of the Loan Agreement, appoint a successor agent, who shall, upon appointment,

succeed to all the rights and obligations of the Secured Party hereunder. The Debtor acknowledges that the rights of the Secured Party hereunder are for the benefit of each Bank, and that, upon the termination of the appointment of an agent under the Loan Agreement and the failure of the Banks to appoint a successor agent thereunder, the rights of the Secured Party under the covenants, conditions and agreements hereof shall inure to the benefit of the Banks. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Secured Party may in good faith appoint one or more other Persons, either to act as co-agent or co-agents, jointly with the Secured Party, or to act as separate agent or agents on behalf of the Secured Party and the holders of the Secured Obligations, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which may, in the discretion of the Secured Party, include provisions for the protection of such co-agent or separate agent similar to the provisions herein).

12.10 SECTION HEADINGS. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement.

12.11 PRONOUNS. Any pronoun used herein shall be construed in the person, number and gender which is appropriate in the context.

12.12 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Borrower Security Agreement on the day and year first above written.

SECURED PARTY:

KEYBANK NATIONAL ASSOCIATION,
as Agent

By: /s/ Jason R. Weaver

Name : Jason R. Weaver
Title: Assistant Vice President

DEBTOR:

GRAY COMMUNICATIONS SYSTEMS, INC.

By: /s/ Robert A. Beizer

Name : Robert A. Beizer
Title: Vice President/Secretary

SCHEDULE A

LIST OF REGISTERED COPYRIGHTS, PATENTS AND TRADEMARKS

None

SCHEDULE B

LIST OF JURISDICTIONS IN WHICH ANY COLLATERAL IS LOCATED

None

SUBSIDIARY SECURITY AGREEMENT

THIS SUBSIDIARY SECURITY AGREEMENT is made and entered into as of September 30, 1996, by and between the Persons listed on the signature pages hereto under the caption "Debtor" (individually a "Debtor" and collectively, the "Debtors"), and KEYBANK NATIONAL ASSOCIATION (the "Secured Party"), as agent for itself and the other financial institutions listed on the signature pages of the Loan Agreement (as defined below), and their successors and assigns. The Secured Party and such other financial institutions may be referred to hereinafter individually as a "Bank" or collectively as the "Banks."

RECITALS

A. Gray Communications Systems, Inc., a Georgia corporation (the "Borrower"), directly or indirectly owns all of the issued and outstanding stock of the Debtors.

B. The Borrower, the Secured Party, NationsBank, N.A. (South), as Co-Agent, and the other Banks have entered into a Loan Agreement dated as of September 23, 1996 (as the same may be extended, amended, restated or modified from time to time, the "Loan Agreement"), which is hereby incorporated herein by this reference, pursuant to which the Banks have agreed to make available to the Borrower up to \$53,500,000 on a reducing revolving credit basis and up to \$71,500,000 on a revolving credit converting to a term loan basis. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement. The Borrower may also be indebted to a Bank or an Affiliate of a Bank from time to time in respect of Rate Hedging Obligations.

C. In order to induce the Secured Party and the Banks to enter into the Loan Agreement and to ensure that the Loans made pursuant to the Loan Agreement will be secured as provided herein, the Debtors (i) have entered into a Subsidiary Guaranty, of even date herewith (as the same may be extended, amended, restated or modified from time to time, the "Guaranty"), pursuant to which the Debtors have guaranteed payment of the Obligations of the Borrower under the Loan Agreement, the Notes and the Collateral Documents and (ii) have agreed to enter into this Agreement pursuant to which the Debtors grant to the Secured Party a first priority security interest in the personal property of the Debtors as security for the Guaranteed Obligations of the

Debtors under the Guaranty and the Obligations of the Borrower under the Loan Agreement.

D. It is a condition precedent to the extensions of credit to the Borrower under the Loan Agreement that the Debtors, among other things, shall have executed and delivered this Agreement.

E. The Borrower and the Debtors share an identity of interests as members of a consolidated group of companies engaged in substantially similar businesses. The Borrower provides certain centralized financial, accounting and management services to the Debtors, and the making of the Loans will facilitate the expansion and enhance the overall financial strength and stability of the Borrower's corporate group, including the Debtors. Accordingly, the Debtors will derive substantial benefits as a result of the extensions of credit to the Borrower under the Loan Agreement, which benefits are hereby acknowledged by the Debtors, and the Debtors, therefore, desire to enter into this Agreement in order to satisfy the condition precedent described in the preceding paragraph.

F. The Banks have appointed the Secured Party as their agent for the purpose, among other things, of protecting and preserving the security for the repayment of the Borrower's obligations under the Loan Agreement.

AGREEMENTS

In consideration of the foregoing Recitals, and of the agreements made herein, and of the Loans made or to be made by the Banks to the Borrower, which will be of material economic benefit to the Debtors, the Debtors and the Secured Party, on behalf of the Banks, agree as follows:

1. GRANT OF SECURITY INTEREST.

1.1 COLLATERAL. Each Debtor hereby grants to the Secured Party, for the benefit of the Banks, ratably in proportion to the total Secured Obligations (as that term is defined below) owing at any time to the Banks, a first priority security interest in all of such Debtor's personal property, both tangible and intangible, whether presently owned or existing or hereafter acquired or arising and wheresoever located, and all books, records, computer printouts, tapes, disks, ledger sheets,

files and other data relating thereto, including without limitation:

(a) all inventory of such Debtor, including all goods, raw materials, work in process, merchandise, goods in transit to such Debtor for which payment has been made, and other tangible personal property held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in such Debtor's business (all hereinafter called the "Inventory");

(b) all accounts receivable, contracts, contract rights (including, without limitation, any arising out of leases or licenses of real or personal property), rights to payment, programming agreements, tax refunds, claims, chattel paper, letters of credit, documents, drafts and accounts, including, without limitation, all of the same evidencing or representing indebtedness due or to become due to such Debtor for its own account or on account of goods sold or leased or to be sold or leased by such Debtor, or services rendered or to be rendered by such Debtor (all hereinafter called the "Accounts");

(c) all right, title and interest of such Debtor in and to:

(i) all copyrights, copyright registrations and applications for copyright registrations, including, without limitation, all renewals and extensions thereof, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto (collectively, the "Copyrights");

(ii) all patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, all income, royalties, damages and payments now or thereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (collectively, the "Patents");

(iii) all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including, without

limitation, all renewals of trademark and service mark registrations, all rights corresponding thereto throughout the world, the right to recover for all past, present and future infringements thereof, all other rights of any kind whatsoever accruing thereunder or pertaining thereto, together in each case, with the product lines and goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and service mark (collectively, the "Trademarks");

(iv) (A) all inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the business of such Debtor; (B) all licenses or user or other agreements granted to such Debtor with respect to the Copyrights, Patents, Trademarks or any of the foregoing; (C) all information, customer lists, identification of suppliers, data, plans, blueprints specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs, and the like pertaining to the operation by such Debtor of its business; (D) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured and which pertain to such Debtor's business; (E) all accounting information which pertains to such Debtor's business and all media in which or on which any of the information or knowledge or data or records which pertain to such business may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (F) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by such Debtor pertaining to the operation of its business; and (G) all causes of action, claims and warranties now or hereafter owned or acquired by such Debtor in respect of any of the items listed above; and

(v) all money, deposit accounts, insurance proceeds, securities, partnership interests, notes, instruments, licenses, franchises, permits, authorizations, agreements, leases, and general intangibles of such Debtor, including, without limitation, goodwill, going concern value, all of such

Debtor's rights under or relating to any Licenses and the proceeds of any Licenses, and all rights incident or appurtenant to such Licenses and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer thereof; PROVIDED, HOWEVER, that such security interest shall include the Licenses granted by the FCC only at such times and to the extent (but only to the extent) that such Debtor is permitted to grant a security interest therein under applicable provisions of the Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder, but shall include at all times, to the maximum extent permitted by law, all rights incident or appurtenant to such Licenses and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of such Licenses or any Station (all of the foregoing items of collateral referenced in this Subsection 1.1(c), including, without limitation, the Copyrights, the Patents and the Trademarks, being hereinafter called the "Intangibles");

(d) all of such Debtor's furniture, fixtures, trade fixtures, machinery, equipment, antennas, towers, transmitting and receiving equipment, computers, pagers, satellite earth stations, microwave equipment, appliances, motor vehicles, furnishings, leasehold improvements, operating and testing equipment, amplifiers and other electronic equipment, parts, supplies and tools (all hereinafter called the "Equipment");

(e) all of such Debtor's rights as a seller of goods under Article 2 of the Uniform Commercial Code or otherwise with respect to Inventory and Equipment, and, as to goods represented by or securing any of the Accounts, all of such Debtor's rights therein, including, without limitation, rights as an unpaid vendor or lienor and including rights of stoppage in transit, replevin and reclamation;

(f) all guarantees, mortgages or security interests in real or personal property, leases or other agreements or property now or hereafter securing or relating to any of the items referred to above in favor of such Debtor, or now or hereafter acquired for the purpose of securing and enforcing any of such items in favor of such Debtor, and the proceeds thereof;

(g) all rents, revenues, proceeds, issues, profits, royalties, income and other benefits derived from real estate, and from any improvements or fixtures thereon owned by such Debtor;

(h) all right, title and interest of such Debtor in and to all proceeds of insurance and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of any real estate, or any improvements or fixtures thereon, including, without limitation, any awards resulting from any damage to any real estate, improvements or fixtures for which compensation shall be given by any governmental authority;

(i) all the proceeds, products, income and profits of any of the foregoing and the proceeds of any such proceeds, products, income and profits; and

(j) all right, title and interest of such Debtor in or to all instruments and documents covering or relating to the above described Collateral (as defined below) or to the property described in or represented by the Accounts (all such instruments and documents being called the "Related Documents");

PROVIDED, HOWEVER, that, with respect to any agreement, lease or contract right which prohibits the grant of a security interest in such Debtor's interest therein or the assignment thereof, such grant of a security interest or assignment shall be limited to the account or general intangible for money due or to become due relating to or arising out of such agreement, lease or contract right.

All of the foregoing property in which the Secured Party has been granted a security interest is hereinafter collectively referred to as the "Collateral".

1.2 OBLIGATIONS SECURED. The security interests of the Secured Party under this Agreement secure (a) the payment and performance of all indebtedness, Obligations and liabilities of the Borrower arising at any time and from time to time, now or in the future, pursuant to the Loan Agreement or any Collateral Document, including, without limitation, such obligations as are evidenced by the Notes; (b) the payment and performance of all obligations and liabilities of the Borrower arising at any time and from time to time, now or in the future, pursuant to any agreement with a Bank or an Affiliate of a Bank with respect to Rate Hedging Obligations; (c) performance by the Debtors of the obligations and liabilities under the Guaranty and the agreements

set forth herein, in the Loan Agreement and in the Collateral Documents; (d) all payments made or expenses incurred by the Secured Party under this Agreement, the Loan Agreement or the Collateral Documents, including, without limitation, reasonable attorneys fees and legal expenses, in the exercise, preservation or enforcement of any of the rights, powers or remedies of the Secured Party, or in the enforcement of the obligations of the Debtors, hereunder; and (e) any renewals, continuations or extensions of any of the foregoing (all of which are referred to herein as the "Secured Obligations").

2. THE DEBTORS' REPRESENTATIONS AND WARRANTIES. Each Debtor represents and warrants to the Secured Party as follows, and these representations and warranties shall survive the execution hereof and the making of the Loans and shall be continuing until the termination of this Agreement:

2.1 AUTHORITY. The execution, delivery and performance of this Agreement and any instruments or documents executed and delivered by such Debtor pursuant hereto are within such Debtor's corporate powers, have been duly authorized by all proper and necessary corporate and stockholder action, are not in contravention of law or the terms of the Certificate or Articles of Incorporation, By-Laws or other organizational documents of such Debtor or any provision of any material indenture, contract or agreement to which such Debtor is a party or by which it or any of its property is bound; and this Agreement constitutes a legal, valid and binding obligation of such Debtor enforceable in accordance with its terms except to the extent that the enforceability hereof may be limited by bankruptcy, insolvency or like laws affecting creditors' rights generally and the application of equitable principles.

2.2 TITLE. Except for Permitted Liens, such Debtor is and will be the sole owner of all of its Collateral, whenever acquired or arising, free and clear of all Liens or adverse claims.

2.3 ACCOUNTS. Each account (as that term is defined in the Uniform Commercial Code) included in such Debtor's Accounts as shown on such Debtor's books and records, whether currently existing or hereafter arising, is or will be genuine and in all respects is or will be what it purports to be. The whole of the balance indicated as being unpaid and owing with respect to each such account on the books of such Debtor, is, and shall be, unpaid and owing, net of any reserves on the books of such Debtor.

2.4 NO OTHER NAMES. Except as set forth under such Debtor's name on SCHEDULE B hereto, such Debtor has conducted no business under any name other than the name in which it executed this Agreement.

2.5 INTELLECTUAL PROPERTY. SCHEDULE A attached hereto sets forth a complete and accurate list of all registered Copyrights, Patents and Trademarks owned by such Debtor on the date hereof. Such Debtor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any Copyright, Patent or Trademark listed on SCHEDULE A. All registrations for such Copyrights, Patents and Trademarks are valid and in full force and effect, and such Debtor owns or possesses the right to use all material Copyrights, Patents and Trademarks necessary for the operation of its business. To the best of such Debtor's knowledge, except as set forth on SCHEDULE A, (a) there is no violation by others of any right of such Debtor with respect to any material Copyright, Patent or Trademark and (b), to the best of such Debtor's knowledge, such Debtor is not infringing in any respect upon any copyright, patent or trademark of any other Person; and no proceedings have been instituted or are pending against such Debtor or, to such Debtor's knowledge, are threatened against such Debtor and no claim against such Debtor has been received by such Debtor, alleging any such violation.

2.6 SOLVENCY. Such Debtor is not insolvent as defined in Title 11 of the United States Code or any other applicable federal or state bankruptcy or insolvency statute, nor, after giving effect to the consummation of the transactions contemplated in the Loan Agreement, will such Debtor be rendered insolvent by the execution and delivery of this Agreement. Such Debtor has not engaged, and is not about to engage, in any business or transaction for which the assets retained by it shall be an unreasonably small capital, taking into consideration the obligations to the Secured Party incurred under the Guaranty and hereunder. Such Debtor does not intend to, and does not believe that it will, incur debts beyond its ability to pay them as they mature.

3. COVENANTS. Each Debtor agrees and covenants with the Secured Party as follows:

3.1 MAINTENANCE AND USE OF COLLATERAL. Such Debtor (a) shall keep all its Inventory and Equipment in good condition and repair, reasonable wear and tear excepted, and shall not commit any material waste thereof or permit anything to be done which may materially impair the value thereof; (b) shall observe

and perform all material terms, conditions and covenants contained in any material agreements, leases, licenses, permits, Operating Agreements and franchises evidencing the Intangibles, including, without limitation, the Licenses; (c) shall use the Collateral only in the ordinary course of its business and not in material violation of any applicable License, permit, authorization, law, ordinance, regulation, rule, order, franchise or policy of insurance; and (d) shall take all commercially reasonable actions as may be necessary to keep all material Patents, Copyrights and Trademarks from becoming invalidated or subject to any claim of abandonment for non-use.

3.2 TAXES. Except as expressly provided in the Loan Agreement, such Debtor shall pay and discharge promptly all taxes, assessments, license or permit fees and governmental charges or levies imposed upon it or in respect of its Collateral before the imposition of any penalty, as well as all lawful claims for labor, materials, supplies or other matters which, if unpaid, might become a Lien or charge upon its Collateral or any part thereof, and, upon request, deliver to the Secured Party evidence of the discharge of such taxes, assessments, charges or claims.

3.3 SALE OR TRANSFER. Except as expressly provided in the Loan Agreement or herein, such Debtor shall not voluntarily or involuntarily sell, assign, lease, transfer, pledge, hypothecate or otherwise dispose of or encumber any of its Collateral or any interest therein, or permit any of such Collateral to become a fixture on or an accession to other goods or property. For purposes of this Section 3.3, the term "Collateral" shall be deemed to include the Licenses whether or not the Secured Party is permitted under existing law to hold a security interest therein.

3.4 INSURANCE. Such Debtor will obtain and maintain a policy or policies of insurance insuring its Collateral in accordance with Section 7.3 of the Loan Agreement, the terms and provisions of which are hereby incorporated herein by this reference. In the event of any damage or destruction to such Debtor's Collateral or any part thereof, any and all proceeds of such insurance shall be delivered to the Secured Party. Such proceeds of insurance shall, (a) if no Event of Default or Possible Default then exists, be paid to such Debtor to be used solely for repair or replacement of the property so damaged, or (b) if an Event of Default or Possible Default then exists, be applied, in the Secured Party's discretion, against the Secured Obligations then outstanding, whether or not then due and payable. Such Debtor hereby appoints the Secured Party as its

agent and attorney-in-fact (which appointment is coupled with an interest) with full power and authority to make proof of loss, to give a receipt for any sums collected under said policies and, in the event any insurance losses are paid by check, draft or other instrument payable to such Debtor and the Secured Party, to endorse such Debtor's name thereon and take such further steps on behalf of such Debtor as may be necessary to realize on such insurance.

3.5 MAINTENANCE OF SECURITY INTEREST. Such Debtor shall do all things necessary or reasonably requested by the Secured Party to preserve and maintain the security interests of the Secured Party hereunder as a first lien in such Debtor's Collateral, except for Permitted Liens, and shall not permit the creation of any other Lien (other than Permitted Liens) in its Collateral. Such Debtor shall protect and defend its Collateral from and against any and all claims, demands or legal proceedings brought or asserted by any party other than the Secured Party in such capacity. Such Debtor shall, if requested by the Secured Party, execute and deliver and shall file or record, or cause to be filed or recorded, such notices, financing statements, continuation statements, certificates of title and other documents as the Secured Party may reasonably deem appropriate, and shall deliver to the Secured Party upon request therefor such insurance policies, securities, agreements, leases, franchises, licenses, permits, writings, documents, certificates, instruments or other Intangibles, as may be necessary to perfect the security interests of the Secured Party hereunder. Such Debtor shall bear the expenses of all such filings and actions. All documents which are being filed or recorded shall be in form and substance satisfactory to the Secured Party. Such Debtor shall do such further acts and things and execute and deliver to the Secured Party such additional conveyances, assignments, agreements and instruments as the Secured Party may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better perfect, assure and confirm unto the Secured Party its rights, powers and remedies hereunder. Upon request by the Secured Party, such Debtor shall mark conspicuously all chattel paper and instruments with a legend, in form and substance satisfactory to the Secured Party, indicating that such Collateral is subject to the security interest granted hereby.

3.6 RECORDS, STATEMENTS AND RELATED DOCUMENTS. Such Debtor agrees that (a) when reasonably requested to do so by the Secured Party, it will prepare and deliver to the Secured Party a schedule in form reasonably satisfactory to the Secured Party, certified by an authorized officer of such Debtor, listing the location by county and state of all such Debtor's Collateral; (b)

it will keep accurate and complete records at all times with respect to its Collateral and will deliver to the Secured Party copies of such records and such other information regarding its Collateral or account debtors which the Secured Party may reasonably request; and (c) at any reasonable time the Secured Party or its authorized representatives may enter the premises of such Debtor to examine such Debtor's Collateral and inspect and copy the books and records of such Debtor. Such Debtor shall furnish to the Secured Party from time to time statements and schedules further identifying and describing the Copyrights, the Patents and the Trademarks, respectively, and such other reports in connection with the Copyrights, the Patents and the Trademarks as the Secured Party may reasonably request, all in reasonable detail.

3.7 LOCATION. The principal and chief executive office of such Debtor is located at the address set forth under the name of such Debtor on SCHEDULE B attached hereto, and all of such Debtor's Collateral is located in the jurisdictions listed on SCHEDULE B attached hereto under the name of such Debtor. Such Debtor shall not move its principal and chief executive office or any of its Collateral, or any records relating thereto, from a county or other filing location listed on SCHEDULE B, without thirty days prior written notice to the Secured Party. If such Debtor acquires any Collateral in any jurisdiction not listed on SCHEDULE B under the name of such Debtor, it shall immediately notify the Secured Party.

3.8 NOTICE. Such Debtor shall promptly notify the Secured Party of any loss, destruction or damage to any material portion of its Collateral.

3.9 COLLECTION OF ACCOUNTS. Such Debtor agrees that it will use commercially reasonable efforts to collect all of its Accounts as the same become due.

3.10 CHANGE OF NAME, IDENTITY OR CORPORATE STRUCTURE. Such Debtor shall not change its name, identity or corporate structure, voluntarily or involuntarily, except as expressly permitted in the Loan Agreement.

4. RIGHT TO PERFORM FOR THE DEBTORS. If an Event of Default shall occur, subject to compliance with all applicable law, including, without limitation, the rules and regulations of the FCC and the applicable provisions of the Licenses, the Secured Party may, but shall not be obligated to, on behalf of each Debtor and in its name and stead, in addition to any other rights or remedies provided to the Secured Party by law or by

this Agreement, perform any act, make any payment, discharge any obligation, collect any Account or money owed to such Debtor or otherwise act for such Debtor in such manner as the Secured Party in its sole discretion may deem necessary or advisable to protect, secure or enforce its interests, rights or remedies hereunder. Such Debtor shall pay to the Secured Party on demand the amounts of all such payments made or expenses incurred by the Secured Party, including reasonable attorneys' fees and legal expenses, in exercising any of the rights granted in this Section 4. The obligation to repay such amounts shall be one of the Secured Obligations secured hereby and shall bear interest at the Default Interest Rate.

5. DEFAULT. The occurrence of any Event of Default under the Loan Agreement shall constitute an Event of Default under this Agreement.

6. REMEDIES. The Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code in effect in any applicable jurisdiction, as well as all rights and remedies provided by any other applicable law, at law or in equity, or herein, in the Loan Agreement or in any other instrument executed by any Debtor in favor of the Secured Party or the Banks. Without limiting the generality of the foregoing, the Secured Party shall also have the right to do any or all of the following (as set forth in Sections 6.1 through 6.7 below) upon the occurrence and during the continuance of an Event of Default and subject to compliance with all applicable rules and regulations of the FCC and any other applicable federal or state regulatory authority, and other applicable requirements of law:

6.1 POSSESSION. Without notice, demand or hearing, any right to which is hereby waived by each Debtor, the Secured Party may take possession of all or any part of the Collateral and enter and remain upon the premises where such Collateral is located for the purpose of such possession and the exercise of the remedies provided herein, without the same being a trespass.

6.2 ASSEMBLING COLLATERAL. The Secured Party may require each Debtor to assemble the Collateral and to make it available to the Secured Party at any mutually convenient place designated by the Secured Party.

6.3 OPERATION. The Secured Party may take such measures, including the use or operation of the Collateral in each Debtor's business, or the repair, dismantling, removal or transportation of all or any part of the Collateral, as the

Secured Party may deem necessary or proper for the care, protection, maintenance and preservation of the Collateral, for the preparation of the Collateral for sale, lease, or other disposition, or for the most advantageous beneficial exercise of its remedies hereunder. Without limiting the generality of the foregoing, the Secured Party shall have the right to apply for and have a trustee or receiver appointed by a court of competent jurisdiction in any action taken by the Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and continue the operation of the business of each Debtor and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, and to the payment of the Secured Obligations until a sale or other disposition of such Collateral shall be finally made and consummated. Furthermore, each Debtor shall take any action which the Secured Party may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Secured Party by this Agreement, including specifically, at such Debtor's own cost and expense, the use of its best efforts to assist in obtaining the approval of the FCC and any other applicable federal or state regulatory authority and any other third party for any action or transaction contemplated by this Agreement which is then required by law or the terms of any contract, agreement or License, permit or authorization.

6.4 COLLECTION OF ACCOUNTS; SPECIAL ACCOUNT.

(a) Without notice to the Debtors, the Secured Party may notify the account debtor obligated under any Account of the Secured Party's security interest therein and may direct such account debtor to make payment of all amounts due or to become due to the applicable Debtor thereunder directly to the Secured Party or any agent selected by it and, upon such notification, may enforce, or cause such agent to enforce, collection of any such Account in the same manner and to the same extent as such Debtor might have done. Effective upon the occurrence and during the continuance of an Event of Default, each Debtor hereby constitutes and appoints the Secured Party its true and lawful attorney (which appointment is coupled with an interest), with full power of substitution, either in the Secured Party's own name or in the name of such Debtor, to ask for, demand, sue for, collect, receive, receipt and give acquittance for any and all moneys due or to become due under or by virtue of any Account; to endorse checks, drafts, orders and order instruments for the payment of money payable to such Debtor on account thereof; to settle, compromise, prosecute or defend any action, claim or proceeding with respect thereto; and to sell,

assign, pledge, transfer and make any agreement respecting, or otherwise deal with, the same.

(b) Nothing in this Agreement shall be construed as requiring or obligating the Secured Party to make any demand or inquiry as to the nature or sufficiency of any payment received by it. The Secured Party shall not be obligated to present or file any claim or notice or to take any action with respect to any such Account, or the monies due or to become due thereunder, or the property covered thereby or by any Related Document. No action taken by the Secured Party or omitted to be taken with respect to any such Account shall give rise to any defense, counterclaim or offset in favor of any Debtor or to any claim or action against the Secured Party or any Bank.

(c) Each Debtor agrees that all cash, proceeds, checks, drafts, orders and other instruments for the payment of money received by it on account of any Account or as a result of the sale, lease, destruction, condemnation or other voluntary or involuntary disposition of any Collateral, whether pursuant to the exercise of a right granted herein to such Debtor or otherwise, shall be additional Collateral of the Secured Party. All such proceeds shall be deposited in the form received (properly endorsed for collection where required) not later than the Banking Day following the day of receipt in a special bank account maintained with the Secured Party in such Debtor's name, over which the Secured Party alone shall have the right of withdrawal, for the payment of all of the Secured Obligations. Such Debtor shall not commingle any such collections or proceeds with any of its other funds or property and shall hold the same upon an express trust for the Secured Party until deposited in the special account, as aforesaid. In the event any Debtor shall obtain possession of any goods (as a result of their return or repossession or otherwise), the sale, lease or other disposition of which gave rise to an Account, such Debtor shall hold the same subject to the security interest of the Secured Party hereunder and to dispose of such goods, at its own expense and sole risk but for the account of the Secured Party, in such manner as the Secured Party may direct.

6.5 TRANSFER OF INTANGIBLES.

(a) The Secured Party shall have the right to take possession of any agreement, lease, License, permit or other document evidencing any of the Collateral, and may apply for or seek, on behalf of and as attorney-in-fact for each Debtor, any necessary consent to the voluntary or involuntary assignment, transfer, conveyance, sale, renewal, reissuance or other

disposition of the same, and each Debtor shall cooperate fully with the Secured Party in doing so and shall take all actions requested by the Secured Party in furtherance thereof.

(b) Each Debtor hereby constitutes and appoints the Secured Party its true and lawful attorney (which appointment is coupled with an interest) with full power of substitution, either in the Secured Party's own name or in the name of such Debtor, to assign, transfer and convey any and all of such Debtor's rights in and to any of the Intangibles, including without limitation, any License (to the extent permitted by law), to any purchaser of all or any of the Collateral pursuant to Section 6.6 hereof.

(c) In connection with the exercise of its remedies under the Loan Agreement and this Agreement, the Secured Party may obtain the appointment of a trustee or receiver to obtain, upon receipt of all necessary judicial or other federal or state regulatory authority consents or approvals, an assignment of any Intangible, including, without limitation, any License. Such trustee or receiver shall have all rights and powers provided to it by law or by court order or provided to the Secured Party under this Agreement.

(d) For the purpose of enabling the Secured Party to exercise rights and remedies under this Section 6 at such time as the Secured Party shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Debtor hereby grants to the Secured Party, to the extent assignable without violation of any third party rights, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation) to use, assign, license or sublicense any of the Intangibles, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(e) In the event of any sale, assignment or other disposition of any of the Trademarks, the goodwill of the applicable Debtor's business connected with and symbolized by such Trademarks subject to such disposition shall be included, and such Debtor shall supply to the Secured Party or its designee, for inclusion in such sale, assignment or other disposition, all Intangibles relating to such Trademarks.

6.6 SALE OR DISPOSITION.

(a) The Secured Party may sell, lease, assign, transfer, convey or otherwise dispose of any or all of the Collateral, as the Secured Party in its discretion may determine, by public or private sale. Except for items of Inventory or Equipment which are perishable or threaten to decline speedily in value or are of a type customarily sold on a recognized market, the Secured Party shall give each applicable Debtor at least ten days prior written notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels, as the Secured Party may determine, and the price and other terms shall be such as the Secured Party deems to be commercially reasonable. At any sale hereunder, to the extent permitted by law, the Secured Party or any Bank may become the purchaser. Any purchaser of any or all of the Collateral shall hold the same free from any claim or right of whatsoever kind, including, without limitation, any right or equity of redemption (statutory or otherwise), of any Debtor, any such right or equity being hereby expressly waived.

(b) The Secured Party and the Banks shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to this Section conducted in a commercially reasonable manner. Each Debtor hereby waives any claims against the Secured Party and the Banks arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or less than the aggregate amount of the Secured Obligations, even if the Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree, PROVIDED that such private sale is conducted in a commercially reasonable manner.

6.7 PROCEEDS. All proceeds from the sale or other disposition of Collateral by the Secured Party hereunder, all other moneys received by the Secured Party pursuant to the terms of this Agreement (whether through the exercise by the Secured Party of its right of collection of Accounts or otherwise) and all balances from time to time remaining in the special account required to be maintained by each Debtor under Section 6.4 shall be applied as follows:

(a) First, to the payment of (i) all expenses incurred by the Secured Party in connection with this Agreement

or the exercise of any right or remedy hereunder, or any sale or disposition, including, but not limited to, the expenses of taking, advertising, processing, insuring, preparing and storing the Collateral to be sold, all court costs and the Secured Party's legal fees in connection therewith, and (ii) all advances made by the Secured Party hereunder for the account of any Debtor;

(b) Next, to the payment of the unpaid principal amount due and owing on any of the Secured Obligations in accordance with the terms thereof, together with interest thereon to the date of payment; the remainder to be held as security for the Debtors' payment of any Secured Obligations not then due and owing, together with interest accrued and accruing thereon; and

(c) Finally, any surplus remaining to be paid over to the Debtors or as a court of competent jurisdiction may direct.

With respect to any application pursuant to clause (b) above, such proceeds, moneys or balances may be applied, at the sole discretion of the Secured Party and to the extent of the amount thereof, to discharge in whole or in part the most recently incurred and unpaid Secured Obligation, notwithstanding any manifestation of an intent to the contrary expressed in writing or otherwise by any Debtor at any time. Upon any sale of Collateral by the Secured Party (whether pursuant to a power of sale granted by a statute or under a judicial proceeding), the receipt of the Secured Party or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Secured Party or such officer, or be answerable in any way for the misapplication thereof. Notwithstanding the sale or other disposition of any Collateral by the Secured Party hereunder, the Borrower and each Debtor shall remain liable for any deficiency.

7. REMEDIES CUMULATIVE. All rights, remedies or powers conferred upon the Secured Party herein or by law shall be cumulative and concurrent at the option of the Secured Party, and the Secured Party may foreclose or exercise the power of sale or any other remedy available to it successively upon, and during the continuance of, any Event of Default or successive Events of Default. Upon any such occasion, the Secured Party shall be authorized to sell, lease or dispose of all or any such part of the Collateral as it shall elect and as permitted by law. The remaining Collateral shall continue as security for any other

sums remaining due after such sale, lease or disposition or thereafter to become due or payable on any of the Secured Obligations.

8. WAIVERS.

(a) No delay, omission or forbearance by the Secured Party in the exercise of any right, power or remedy conferred upon it herein or by law or equity, nor any continuance by the Secured Party of its performance shall be a waiver or excuse of the event giving rise to the same. The single or partial exercise of a right, power or remedy does not preclude its further exercise from time to time and as often as may be deemed expedient by the Secured Party. No waiver by the Secured Party of any Event of Default or of any right, power or remedy hereunder shall operate as a waiver of any other Event of Default, right, power or remedy on a future occasion.

(b) Each Debtor hereby waives, releases and discharges, to the full extent permitted by law, any right which it has or may have at law, in equity or by statute, to require the Secured Party to pursue or otherwise avail itself of any rights or remedies which it has or may have against any other Person with respect to the payment of the Notes or performance of the terms, covenants and conditions of the Loan Agreement and Collateral Documents or to pursue or exhaust any of its rights or remedies with respect to any other security for the satisfaction of the Secured Obligations or the performance of the terms, covenants and conditions of the Loan Agreement. Each Debtor hereby waives and releases any right of marshalling of assets which it might otherwise have.

(c) No failure on the part of the Secured Party to exercise, and no delay on its part in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or the further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies at law or in equity. All rights of the Secured Party, the security interests granted hereunder, and all obligations of each Debtor hereunder, shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the Loan Agreement, the Notes, the other Collateral Documents, any other related instrument or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, the Notes, the other Collateral Documents or any other related instrument; or

(iii) any exchange or release of, or non-perfection of any Lien or security on or in, any other collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Secured Obligations.

9. DEBTORS' LIABILITY AND INDEMNITIES. Anything herein to the contrary notwithstanding, (a) each Debtor shall remain liable under all contracts and agreements included in the Collateral to the extent set forth therein to perform all of the duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party or the Banks of any of its or their rights hereunder shall not release any Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) neither the Secured Party nor any Bank shall have any obligation or liability under the contracts and agreements included in the Collateral or be obligated to perform any of the obligations or duties of any Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Each Debtor hereby agrees to indemnify and hold harmless the Secured Party and the Banks, and their respective directors, officers, attorneys, agents and employees (all such indemnified persons, including their heirs, successors, assigns and administrators, being referred to as "Indemnified Persons" for purposes of this Section 9), from and against any and all claims, demands, losses, costs, expenses, judgments and liabilities (including liabilities for penalties) of any nature whatsoever arising in connection with this Agreement or the exercise or enforcement by the Secured Party or any other Indemnified Person of any right, power or remedy hereunder, except for losses which are found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnified Person. In no event shall the Secured Party, any Bank or any director, officer, attorney, agent or employee of the Secured Party or any Bank be liable to such Debtor for any action, matter or thing in connection with this Agreement other than gross negligence or willful misconduct and to account for moneys actually received by the Secured Party in accordance with the terms hereof.

10. POSSESSION OF COLLATERAL. So long as no Event of Default hereunder has occurred and is continuing, each Debtor may have and retain possession of its Collateral and use it in any lawful manner not inconsistent with the Loan Agreement, this Agreement, any Collateral Document or any policy of insurance thereon, unless possession of such Collateral by the Secured Party is necessary or appropriate to perfect the Secured Party's security interest therein.

11. TERMINATION OF SECURITY INTERESTS. This Agreement and the security interests granted hereunder shall terminate when all amounts due and owing on account of, and all obligations and liabilities of the Debtors in respect of, the Secured Obligations shall have been fully, irrevocably and indefeasibly performed, satisfied and paid in cash, but only if the Banks shall then have no obligation or commitment to make further loans to the Borrower under the Loan Agreement. Upon the termination of the Secured Party's security interest in any Collateral, the Secured Party shall reassign and deliver to each Debtor, without recourse or representation, against such Debtor's receipt and at such Debtor's expense, such Debtor's Collateral, all cash proceeds therefrom and all Related Documents relating thereto then held by the Secured Party. Upon such termination, at the request of such Debtor and at its expense, the Secured Party shall execute and deliver to such Debtor termination statements with respect to financing statements filed hereunder. Notwithstanding the foregoing, this Agreement shall continue to be effective or be reinstated and relate back to such time as though this Agreement had always been in effect, as the case may be, if at any time any amount received by the Secured Party or any Bank in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by the Secured Party or any Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Debtor or the Borrower or upon the appointment of any intervenor or conservator of, or trustee or similar official for any Debtor or the Borrower or any substantial part of its properties, or otherwise, all as though such payments had not been made.

12. MISCELLANEOUS.

12.1 CERTAIN REGULATORY REQUIREMENTS.

(a) The Debtors shall take all action that the Secured Party may reasonably request in the exercise of its rights and remedies hereunder, which includes the right to require the Debtors after the occurrence and during the continuance of an Event of Default to transfer or assign the FCC

Licenses to any party or parties. In furtherance of this right, the Debtors shall, upon the occurrence and during the continuance of an Event of Default, (i) cooperate fully with the Secured Party in obtaining all approvals and consents from the FCC that the Secured Party may deem necessary or advisable to accomplish any such transfer or assignment of the FCC Licenses and (ii) prepare, execute and file with the FCC any application, request for consent, certificate or instrument that the Secured Party may deem necessary or advisable to accomplish any such transfer or assignment of the FCC Licenses. If a Debtor fails to execute such applications, requests for consent, certificates or instruments, the clerk of any court that has jurisdiction over this Agreement may execute and file the same on behalf of such Debtor. To enforce the provisions of this Section, the Secured Party is authorized to request the consent or approval of the FCC to a voluntary or an involuntary transfer of control of any Debtor.

(b) Notwithstanding anything to the contrary contained in this Agreement:

(i) the Secured Party shall not take any action hereunder that would constitute or result in any transfer of control of the FCC Licenses or any Debtor without obtaining all necessary FCC approvals. The Secured Party and the Banks shall be entitled to rely on the advice of FCC counsel selected by the Secured Party to determine whether FCC approval is required, and

(ii) the Secured Party shall not foreclose on, sell, transfer or otherwise dispose of, or exercise any right to control the FCC Licenses as provided herein or take any other action that would affect the operational, voting, or other control of any Debtor, unless such action is taken in accordance with the provisions of the Communications Act of 1934, as from time to time amended, and the rules, regulations and policies of the FCC.

(c) The Debtors acknowledge that the approval of the FCC to the assignment of the FCC Licenses or the transfer of control of the Debtors is integral to the Secured Party's realization of the value of the Collateral, including the FCC Licenses, that there is no adequate remedy at law for failure by the Debtors to comply with the provisions of this Section and that such failure could not be adequately compensated by damages. Therefor, the Debtors agree that the provisions of this Section may be specifically enforced.

12.2 RIGHT OF THE SECURED PARTY TO DEAL WITH COLLATERAL DOCUMENTS, ETC. The Secured Party and the Banks may deal in any manner with any Collateral Document to which any Debtor is not a party in accordance with or as permitted by the terms thereof (as may be amended from time to time), subject in all cases to such approval or agreement by the parties thereto as may be required by the terms of such documents, without notice to or the consent of such Debtor, including, without limitation, in the following manner:

(a) to modify, supplement or otherwise change any terms of the Notes, the Loan Agreement or any other Collateral Document; to grant any extension or renewal of the Notes or any other Collateral Document; to grant any other waiver or indulgence with respect to the Notes, the Loan Agreement or any other Collateral Document and to effect any release, compromise or settlement with respect to the Notes, the Loan Agreement or any other Collateral Document;

(b) to waive rights or to enter into any agreement of forbearance with respect to the Loan Agreement, the Notes or any other Collateral Document, or with respect to all or any part of any other security for the Secured Obligations and to change the terms of such waiver or agreement of forbearance;

(c) to consent to the substitution, exchange or release of all or any part of any other security (other than the Collateral) at any time and from time to time held by the Secured Party as security or surety for the Secured Obligations and, in the case of a substitution or exchange, whether or not the new security received by the Secured Party shall be of the same or of a different character or value from the security surrendered; and

(d) to create, or advance additional funds creating, additional obligations and liabilities secured hereby whether pursuant to the Loan Agreement or otherwise.

No action which the Secured Party may take or fail to take in accordance with or permitted by any Collateral Document to which any Debtor is not a party (as any of the foregoing may be amended from time to time) pursuant to the foregoing powers shall operate to release any of the Collateral, terminate or modify the terms of this Agreement or impose any liability on the Secured Party.

12.3 MODIFICATION. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of

the Debtors and the Secured Party. No waiver of any single breach or default under this Agreement shall be deemed a waiver of any other breach or default.

12.4 SUCCESSORS AND ASSIGNS. Subject to the limitations upon the sale, lease, transfer or other disposition of the Collateral by the Debtors set forth herein and in the Loan Agreement, all of the covenants, conditions and agreements herein contained shall be binding upon the Debtors and their successors and assigns; PROVIDED, HOWEVER, that no Debtor may assign or transfer any of its rights or obligations hereunder without the prior written consent of all of the Banks and the Secured Party. This Agreement shall inure to the benefit of the permitted successors and assigns of the Secured Party and the Banks, and, in the event of any transfer or assignment of rights by the Secured party or the Banks, the rights and privileges herein conferred upon the Secured Party or the Banks shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

12.5 GOVERNING LAW. THIS AGREEMENT AND THE DUTIES, RIGHTS, POWERS AND REMEDIES OF THE PARTIES HERETO SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF OHIO WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE LOCAL LAW OF ANY JURISDICTION WHERE ANY COLLATERAL IS LOCATED GOVERNS THE GRANT, PERFECTION OR ENFORCEMENT OF THE SECURITY INTERESTS AND LIENS GRANTED PURSUANT TO THIS AGREEMENT. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE DEBTORS AND THE SECURED PARTY ON BEHALF OF THE BANKS AND SHALL BE SUBJECT TO NO EXCEPTIONS. EACH DEBTOR HAS MADE THIS CHOICE OF GOVERNING LAW KNOWINGLY AND WILLINGLY AND UPON CONSULTATION WITH ITS COUNSEL. NEITHER THE SECURED PARTY NOR ANY DEBTOR HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENTERED IN ALL INSTANCES.

12.6 ENFORCEMENT. EACH DEBTOR (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF OHIO AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF BROUGHT BY THE AGENT OR THE BANKS OR THEIR SUCCESSORS OR ASSIGNS AND (B) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS

BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (C) HEREBY WAIVES AND AGREES NOT TO SEEK ANY REVIEW BY ANY COURT OF ANY OTHER JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF THE JUDGMENT OF ANY SUCH OHIO STATE OR FEDERAL COURT. EACH DEBTOR HEREBY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN. EACH DEBTOR AGREES THAT ITS SUBMISSION TO JURISDICTION AND ITS CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE AGENT AND THE BANKS. FINAL JUDGMENT AGAINST EACH DEBTOR IN ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, OR IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE AGENT OR THE BANKS MAY AT THEIR OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST EACH DEBTOR OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE SUCH DEBTOR, OR SUCH ASSETS, MAY BE FOUND.

12.7 JURY TRIAL WAIVER. EACH DEBTOR AND THE SECURED PARTY WAIVES IRREVOCABLY, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE SECURED PARTY OR ANY BANK AND SUCH DEBTOR ARISING OUT OF, IN CONNECTION WITH, RELATING TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE NOTES OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH DEBTOR AND THE SECURED PARTY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH DEBTOR AND THE SECURED PARTY FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS EXPRESSLY MODIFIED IN WRITING BY ALL PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS. IN THE EVENT OF LITIGATION, THIS

AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

12.8 NOTICES. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered and received if given in accordance with the provisions of the Loan Agreement.

12.9 SEPARABILITY. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all remaining provisions shall not in any way be affected or impaired. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

12.10 AGENT. The parties hereby acknowledge and reaffirm that the Secured Party has been designated to act as agent for the Banks. All rights and remedies of the Secured Party hereunder may be exercised by the Secured Party on behalf of, and as agent for, the Banks. The Banks may, pursuant to the terms of the Loan Agreement, appoint a successor agent, who shall, upon appointment, succeed to all the rights and obligations of the Secured Party hereunder. Each Debtor acknowledges that the rights of the Secured Party hereunder are for the benefit of each Bank, and that, upon the termination of the appointment of an agent under the Loan Agreement and the failure of the Banks to appoint a successor agent thereunder, the rights of the Secured Party under the covenants, conditions and agreements hereof shall inure to the benefit of the Banks. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Secured Party may in good faith appoint one or more other Persons, either to act as co-agent or co-agents, jointly with the Secured Party, or to act as separate agent or agents on behalf of the Secured Party and the holders of the Secured Obligations, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which may, in the discretion of the Secured Party, include provisions for the protection of such co-agent or separate agent similar to the provisions herein).

12.11 SECTION HEADINGS. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement.

12.12 PRONOUNS. Any pronoun used herein shall be construed in the person, number and gender which is appropriate in the context.

12.13 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

12.14 JOINDER. Upon the execution and delivery after the date hereof by any new or additional Subsidiary of an instrument in the form of ANNEX 1 attached hereto, such Subsidiary shall become a Debtor hereunder with the same force and effect as if originally named as a Debtor hereunder. The rights and obligations of each Debtor hereunder shall remain in full force and effect, notwithstanding the addition of any such new or additional Subsidiary as a party to this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Subsidiary Security Agreement on the day and year first above written.

SECURED PARTY:

KEYBANK NATIONAL ASSOCIATION,
as Agent

By: /s/ Jason R. Weaver

Name : Jason R. Weaver
Title: Assistant Vice President

DEBTORS:

THE ALBANY HERALD PUBLISHING COMPANY, INC

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY KENTUCKY TELEVISION, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY REAL ESTATE & DEVELOPMENT COMPANY

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY TELEVISION MANAGEMENT, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY TRANSPORTATION COMPANY, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

KTVE-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

PORTA-PHONE PAGING, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

PORTA-PHONE PAGING LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

THE ROCKDALE CITIZEN PUBLISHING COMPANY

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

THE SOUTHWEST GEORGIA SHOPPER, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WALB LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WALB-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WCTV LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WCTV OPERATING CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WJHG LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WJHG-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WKYT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WRDW LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WRDW-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WVLT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WVLT-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WYMT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

SCHEDULE A

LIST OF REGISTERED COPYRIGHTS, PATENTS AND TRADEMARKS

None

SCHEDULE B

LIST OF JURISDICTIONS IN WHICH ANY COLLATERAL IS LOCATED

Entity - - - - -	County - - - - -
The Albany Herald Publishing Company, Inc. 126 North Washington Street Albany, GA 31701	Dougherty County, Georgia
Gray Kentucky Television, Inc. [ADDRESS] _____ _____ _____	Dougherty County, Georgia Fayette County, Kentucky Franklin County, Kentucky Perry County, Kentucky Floyd County, Kentucky
Gray Real Estate & Development Company 126 North Washington Street Albany, GA 31701	Dougherty County, Georgia
Gray Television Management, Inc. 126 North Washington Street Albany, GA 31701	Dougherty County, Georgia
Gray Transportation Company, Inc. 126 North Washington Street Albany, GA 31701	Dougherty County, Georgia
Porta-Phone Paging, Inc. [ADDRESS] _____ _____ _____	Bay County, Florida Leon County, Florida Houston County, Alabama Muscogee County, Georgia Bibb County, Georgia Thomas County, Georgia Lowndes County, Georgia
Porta-Phone Paging Licensee Corp. [ADDRESS] _____ _____ _____	Bay County, Florida Leon County, Florida, Dougherty County, Georgia Houston County, Alabama Muscogee County, Georgia Bibb County, Georgia Thomas County, Georgia Lowndes County, Georgia

Entity

The Rockdale Citizen
Publishing Company
969 South Main Street
Conyers, GA 30207

County

Dougherty County, Georgia
Rockdale County, Georgia
Gwinnett County, Georgia

The Southwest Georgia Shopper,
Inc.
[ADDRESS]

Dougherty County, Georgia
Leon County, Florida

WALB Licensee Corp.
1709 Stuart Avenue
Albany, GA 31707

Dougherty County, Georgia

WALB-TV, Inc.
1709 Stuart Avenue
Albany, GA 31707

Dougherty County, Georgia

WCTV Licensee Corp.
[ADDRESS]

Leon County, Florida
Dougherty County, Georgia
Thomas County, Georgia

WCTV Operating Corp.
[ADDRESS]

Leon County, Florida
Dougherty County, Georgia
Thomas County, Georgia

WJHG Licensee Corp.
8195 Front Beach Road
Panama City, FL 32407

Bay County, Florida
Dougherty County, Georgia

WJHG-TV, Inc.
8195 Front Beach Road
Panama City, FL 32407

Bay County, Florida
Dougherty County, Georgia

WKYT Licensee Corp.
[ADDRESS]

Fayette County, Kentucky
Perry County, Kentucky
Franklin County, Kentucky
Floyd County, Kentucky
Dougherty County, Georgia

Entity
- - - - -

WRDW Licensee Corp.
[ADDRESS]

County
- - - - -

Fayette County, Kentucky
Perry County, Kentucky
Franklin County, Kentucky
Floyd County, Kentucky
Dougherty County, Georgia

Dougherty County, Georgia
Aiken County, South Carolina

WKXT Licensee Corp.
6516 Papermill Road
Knoxville, TN 37919

Knox County, Tennessee
Dougherty County, Georgia

WKXT-TV, Inc.
6516 Papermill Road
Knoxville, TN 37919

Knox County, Tennessee
Dougherty County, Georgia

WYMT Licensee Corp.
[ADDRESS]

Floyd County, Kentucky
Dougherty County, Georgia

ANNEX 1

SUPPLEMENT NO. ____, dated as of _____, to the Subsidiary Security Agreement, dated as of September __, 1996 (the "AGREEMENT"), by and among the Subsidiaries of Gray Communications Systems, Inc. and KeyBank National Association, as agent (all capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Agreement as the same may be hereafter amended or supplemented from time to time).

The undersigned (the "NEW DEBTOR") is a Subsidiary of the Borrower and is executing this Supplement in accordance with the requirements of the Loan Agreement and of the Agreement to become a Debtor under the Agreement as additional consideration for any Loans previously made.

Accordingly, the New Debtor agrees as follows:

(a) In accordance with Section 12.14 of the Agreement, the New Debtor by signing below hereby agrees to become a Debtor under the Agreement with the same force and effect as if originally named therein as a Debtor, and the New Debtor hereby agrees to all of the terms and conditions of the Agreement applicable to it as a Debtor thereunder. Each reference to a "DEBTOR" or the "DEBTORS" in the Agreement shall be deemed to include the New Debtor, and the Agreement is hereby incorporated by this reference.

(b) This Supplement shall become effective upon the execution hereof by the New Debtor and the delivery of this Supplement to the Agent.

(c) Except as expressly supplemented hereby, the Agreement shall remain in full force and effect.

(d) This Supplement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Ohio without regard to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the New Debtor has signed and delivered this Supplement to the Agreement as of the day and year first above written.

By: _____
Name : _____
Title: _____

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BORROWER PLEDGE AGREEMENT

THIS BORROWER PLEDGE AGREEMENT is made and entered into as of September 30, 1996, by and between GRAY COMMUNICATIONS SYSTEMS, INC., a Georgia corporation (the "Pledgor"), and KEYBANK NATIONAL ASSOCIATION (the "Pledgee"), as agent for itself and the other financial institutions listed on the signature pages of the Loan Agreement (as defined below), and their successors and assigns. The Pledgee and such other financial institutions may be referred to hereinafter individually as a "Bank" or collectively as the "Banks".

RECITALS

A. The Pledgor owns issued and outstanding capital stock of the corporations listed on EXHIBIT A attached hereto (collectively, the "Companies" and individually, a "Company") in the amounts set forth on EXHIBIT A.

B. The Pledgor, the Pledgee, NationsBank, N.A. (South), as Co-Agent, and the other Banks have entered into a Loan Agreement of even date herewith (as the same may be extended, amended, restated or modified from time to time, the "Loan Agreement"), which is hereby incorporated herein by this reference, pursuant to which the Banks have agreed to make available to the Pledgor up to \$53,500,000 on a reducing revolving credit basis and up to \$71,500,000 on a revolving credit converting to a term loan basis. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement. The Pledgor may also be indebted to a Bank or an Affiliate of a Bank from time to time in respect of Rate Hedging Obligations.

C. In order to induce the Pledgee and the Banks to enter into the Loan Agreement and to ensure that the Loans made pursuant to the Loan Agreement will be secured as provided herein, the Pledgor has agreed to pledge its capital stock in the Companies to the Pledgee and grant to the Pledgee a first priority security interest in all of such capital stock as security for the Obligations incurred by the Pledgor under the Loan Agreement.

D. The Banks have appointed the Pledgee as their agent for the purpose, among other things, of protecting and preserving

the security for the repayment of the Pledgor's Obligations under the Loan Agreement.

AGREEMENTS

In consideration of the foregoing Recitals, and of the agreements made herein, and of the Loans made or to be made by the Banks to the Pledgor, the Pledgor and the Pledgee, on behalf of the Banks, agree as follows:

1. GRANT OF SECURITY INTEREST; PLEDGE.

1.1 PLEDGED COLLATERAL. The Pledgor hereby grants to the Pledgee, as agent for the Banks, ratably in proportion to the total Pledge Obligations (as that term is defined below) owing at any time to the Banks, a security interest in, and pledges, assigns and sets over to the Pledgee, for the benefit of the Banks, (a) all of the capital stock and other equity interests in each Company held by it (the "Pledged Shares"), (b) any additional capital stock or other equity interests of any Company hereafter issued or delivered to the Pledgor for any reason, (c) all options, warrants or rights exercisable for or convertible into any such capital stock or other equity interests and (d) all dividends, distributions, cash, property or other securities at any time and from time to time receivable or otherwise distributable in respect thereof, exchanged therefor, derived therefrom, substituted therefor, or otherwise subjected to the lien hereof pursuant to any provision hereof, and the proceeds thereof, including any and all distributions made on or in respect of the foregoing, whether resulting from a subdivision, combination, reorganization of any Company, a reclassification of outstanding capital stock of any Company or received in exchange for any of the foregoing or any part thereof or as a result of any merger, consolidation, acquisition or other sale or exchange of assets or on the liquidation, whether voluntary or involuntary, of any issuer of the Pledged Shares or otherwise (all of which Pledged Shares, additional capital stock or other equity interests, options, warrants, rights, dividends, distributions, cash, property, securities and proceeds are herein called the "Pledged Collateral").

1.2 POSSESSION OF PLEDGED COLLATERAL. All certificates for the Pledged Shares, certificates for any additional capital stock, other equity interests, options, warrants or rights, dividends, distributions, cash, property and securities comprising part of the Pledged Collateral shall be delivered to the Pledgee by the Companies or the Pledgor, and the

Pledgor hereby authorizes and directs each Company to make such delivery to the Pledgee, and the Pledgor shall deliver to the Pledgee proper instruments of assignment therefor duly executed and endorsed by the Pledgor and such other instruments or documents (including, without limitation, financing statements) as the Pledgee may reasonably request sufficient to perfect the lien of the Pledgee in the Pledged Collateral and, upon the occurrence of an Event of Default, to transfer title thereto to the Pledgee or its nominee. Any Pledged Collateral which may at any time be in the possession of the Pledgor shall be promptly delivered to the Pledgee, and prior thereto, shall be deemed to be held in trust on behalf of the Pledgee as the Pledgee's agent.

1.3 OBLIGATIONS SECURED. The security interests granted by the Pledgor to the Pledgee under this Agreement secure (a) the payment and performance of all indebtedness, Obligations and liabilities of the Pledgor, arising at any time, now or in the future, pursuant to the Loan Agreement or any Collateral Document, including, without limitation, such obligations as are evidenced by the Notes; (b) the payment and performance of all obligations and liabilities of the Pledgor arising at any time and from time to time, now or in the future, pursuant to any agreement with any Bank or any Affiliate of a Bank with respect to Rate Hedging Obligations; (c) performance by the Pledgor of its obligations and agreements set forth herein and in each other Collateral Document to which it is a party; (d) all payments made or expenses incurred by the Pledgee, including, without limitation, reasonable attorneys fees and legal expenses, in the exercise, preservation or enforcement of any of the rights, powers or remedies of the Pledgee, or in the enforcement of the obligations of the Pledgor, hereunder; and (e) any renewals, continuations or extensions of any of the foregoing (all of which are referred to herein as the "Pledge Obligations").

1.4 PLEDGE A FIRST LIEN. The security interest of the Pledgee in the Pledged Collateral shall at all times be a first priority lien and security interest securing all of the Pledge Obligations.

1.5 STOCKHOLDER LIABILITY. The security interests granted pursuant hereto are granted as security only and shall not subject the Pledgee or any Bank to any obligation or liability of the Pledgor with respect to any of the Pledged Collateral or any transaction in connection therewith.

2. VOTING RIGHTS; ETC. So long as no Event of Default, as defined in Section 9 below, shall have occurred and be continuing:

(a) The Pledgor shall have the right, from time to time, and for any purpose not inconsistent with the Loan Agreement or this Agreement, to vote and give consents with respect to the Pledged Shares and any additional capital stock, shares or other equity interests of each Company owned by it constituting part of the Pledged Collateral and to consent to or ratify any action taken at, or waive notice of, any meeting of stockholders or any committee of any Company with the same force and effect as if such capital stock were not pledged hereunder;

(b) The Pledgee shall, from time to time upon the written request of the Pledgor, give any necessary waivers of notice, consents and powers of attorney or proxies necessary to enable the Pledgor to exercise any of the foregoing rights;

(c) The Pledgor shall be entitled to retain and use any and all cash distributions paid on Pledged Collateral which are permitted by and in a manner consistent with the provisions of the Loan Agreement; PROVIDED, HOWEVER, that any and all other distributions made on or in respect of the Pledged Collateral, whether resulting from a subdivision, combination, reorganization of any Company, a reclassification of outstanding shares of any Company or received in exchange for Pledged Collateral or any part thereof or as a result of any merger, consolidation, acquisition or other sale or exchange of assets or on the liquidation, whether voluntary or involuntary, of any issuer of the Pledged Collateral, or otherwise, shall be and become part of the Pledged Collateral pledged hereunder and, if received by any Company or the Pledgor, shall forthwith be delivered to the Pledgee to be held subject to the terms of this Agreement; and

(d) The Pledgor shall be entitled to exercise any subscription or conversion privileges accruing to it as the owner of the Pledged Collateral to the extent permitted in the Loan Agreement, provided that any additional capital stock or other equity interests of any Company or any other issuer obtained or purchased on account of any such subscription or conversion privileges shall be delivered to and pledged with the Pledgee as part of the Pledged Collateral.

3. THE PLEDGOR'S REPRESENTATIONS AND WARRANTIES. The Pledgor represents and warrants that:

(a) The Pledged Shares constitute all of the issued and outstanding capital stock of each Company;

(b) The Pledged Shares constitute all of the shares of capital stock or other equity interests owned by the Pledgor;

(c) The Pledgor has, and has duly exercised, all requisite corporate power and authority to execute, deliver and perform this Agreement;

(d) This Agreement has been duly authorized and executed by the Pledgor and constitutes the legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by general principles of equity;

(e) The Pledgor is the full legal and beneficial owner of, and has good and marketable title to, the Pledged Shares set forth under its name on EXHIBIT A hereto, and such Pledged Shares are fully and accurately described on EXHIBIT A hereto;

(f) The Pledged Shares have been duly and validly issued, are fully paid and non-assessable, and are free and clear of any Liens, claims, options, demands and equities of third parties, except for the security interest granted hereunder to the Pledgee;

(g) The Pledgor's execution and delivery of this Agreement and the performance of its terms will not violate or constitute a default under the terms of (A) any organizational document of the Pledgor or any Company, or (B) any provision of any agreement, indenture, certificate or other instrument, license, judgment, decree, order, law, statute, ordinance or other governmental rule or regulation applicable to the Pledgor or any Company or the property of the Pledgor or any Company;

(h) Upon delivery to the Pledgee of the stock certificates evidencing the Pledged Shares, duly endorsed in blank, the Pledgee will have, for the benefit of the Banks, a valid first lien upon and perfected security interest in the Pledged Shares and the proceeds thereof;

(i) The principal place of business and chief executive office of the Pledgor is set forth below the Pledgor's name on the signature pages hereof;

(j) No consent or approval of, or filing with, any governmental authority or other Person, and no waiver of any lien or right of distraint or other similar right, and no license, authorization or declaration of any governmental authority, bureau or agency, is or will be required in connection with the execution, delivery, performance, validity, enforcement or priority of this Agreement or the security interest granted hereby or any agreements, instruments or documents to be executed or delivered pursuant hereto, except that the consent of the FCC may be required in order for the Pledgee to enforce certain of its rights hereunder upon the occurrence and during the continuance of an Event of Default;

(k) The pledge of the Pledged Collateral hereunder is effective to vest in the Pledgee the rights of the Pledgee in the Pledged Collateral as set forth herein; and

(l) The Pledgor has received, or is entitled to receive, reasonably equivalent value for the obligations and liabilities that it has incurred to the Pledgee and the Banks; the Pledgor is not insolvent as defined in Title 11 of the United States Code, or any other applicable federal or state bankruptcy or insolvency statute, nor, after giving effect to the consummation of the transactions contemplated in the Loan Agreement, including, without limitation, the execution and delivery of the Notes, will the Pledgor be rendered insolvent by the execution and delivery of this Agreement to the Pledgee; the Pledgor has not engaged, nor does it expect to engage, in any business or transaction for which the assets retained by it shall be an unreasonably small capital, taking into consideration the obligations to the Pledgee incurred hereunder; and the Pledgor does not intend to, nor does it believe that it will, incur debts beyond its ability to pay them as they mature.

4. CERTAIN COVENANTS.

4.1 NEGATIVE COVENANTS. The Pledgor shall not:

(a) sell, convey or otherwise dispose of any of the Pledged Collateral or any interest therein or create, incur, or permit to exist any Lien, claim, option, demand or equity of third parties on or with respect to any of the Pledged Collateral or the proceeds thereof, other than as created hereby;

(b) enter into or consent to any agreement, indenture, license or other instrument or any amendment or modification thereof which would be violated by, or require the consent or approval of any Person to, the performance or

enforcement of this Agreement or permit any of its Subsidiaries to do any of the foregoing;

(c) consent to or approve the issuance of (i) any additional capital stock or other equity interests of any class of any issuer of Pledged Collateral, (ii) any securities convertible voluntarily by the holder thereof or automatically upon the occurrence or nonoccurrence of any event or condition into, or exchangeable for, any such capital stock or other equity securities, or (iii) any warrants, options, rights or other commitments entitling any Person to purchase or otherwise acquire any such capital stock or other equity securities;

(d) vote, consent or otherwise act in a manner with respect to the Pledged Collateral which would cause or constitute an Event of Default under or would otherwise be inconsistent with the terms of the Loan Agreement, this Agreement, any other Collateral Document or any related instrument, and nothing contained in Section 2 shall be construed to vary or modify any such terms;

(e) agree to amend, modify or supplement the Certificate or Articles of Incorporation or By-Laws of any Company or any other organizational or governing document, unless required by law, if such amendment, modification or supplement would adversely affect in any respect any of the Pledgee's interest, rights or remedies under this Agreement or the Collateral Documents or the ability of the Pledgor or any of its Subsidiaries to pay or perform the Obligations;

(f) do or permit any act in contravention of the Certificate or Articles of Incorporation or By-Laws of any Company; or

(g) take any action which could reasonably be expected to interfere with, hinder or delay the exercise of the Pledgee's rights under this Agreement or any other Collateral Document or any other instrument, document or agreement relating to any of the foregoing.

4.2 AFFIRMATIVE COVENANTS. The Pledgor shall:

(a) at its own expense, defend the Pledgee's right, title and security interest in and to the Pledged Collateral against the claims of any other Person;

(b) use its best efforts to obtain any consent of the FCC and each other Licensing Authority and each other Person

which may be required in connection with the performance or enforcement of this Agreement and any transfer of the Pledged Collateral contemplated hereby, and will cooperate fully with the Pledgee in effecting any such transfer or in connection with the Pledgee's exercise of the rights and remedies granted to the Pledgee pursuant hereto or pursuant to any other Collateral Document;

(c) pay and discharge promptly, and in any event before the imposition of any penalty, all taxes and assessments upon any portion of the Pledged Collateral owned by it, except that the Pledgor shall not be required to pay any such tax or assessment the payment of which is being contested in good faith and by appropriate proceedings and against which adequate reserves are being maintained;

(d) comply in all material respects with all federal, state and local laws, rules and regulations applicable to it or its property or business, the failure to comply with which could reasonably be expected to have a Material Adverse Effect;

(e) notify the Pledgee in writing at least thirty days in advance of any change in the Pledgor's chief executive office or principal place of business and execute any financing statements or amendments covering the Pledged Collateral as the Pledgee may from time to time reasonably request; and

(f) promptly deliver to the Pledgee all material written notices and communications given or received by it with respect to any Pledged Collateral.

(g) pledge hereunder, immediately upon its acquisition, (directly or indirectly) thereof, any and all shares of stock or other equity interest of any Person which, after the date of this Agreement, becomes a Subsidiary of the Pledgor.

5. RIGHT OF THE PLEDGEE TO DEAL WITH COLLATERAL DOCUMENTS, ETC. The Pledgee may deal in any manner with any Collateral Document to which the Pledgor is not a party in accordance with or as permitted by the terms thereof (as may be amended from time to time), subject in all cases to such approval or agreement by the parties thereto as may be required by the terms of such documents, without notice to or the consent of the Pledgor. No action which the Pledgee may take or fail to take in accordance with or permitted by any Collateral Document to which the Pledgor is not a party (as any of the foregoing may be amended from time to time) pursuant to the foregoing powers shall

operate to release any of the Pledged Collateral, terminate or modify the terms of this Agreement or impose any liability on the Pledgee.

6. RIGHTS OF THE PLEDGEE UPON DEFAULT. Upon the occurrence and during the continuance of any Event of Default, the Pledgee shall, subject to Section 17 and compliance with all applicable requirements of law, in addition to all other rights and remedies it may have under the Uniform Commercial Code or any other law, have the rights and remedies set forth in this Section 6:

6.1 VOTING AND OTHER RIGHTS. Upon ten days prior written notice to the Pledgor, whether or not the Pledged Collateral shall have been registered in the name of the Pledgee or its nominee, the Pledgee or its nominee shall have, with respect to the Pledged Collateral, the right to exercise all voting rights, and all other stockholder rights and all conversion, exchange, subscription and other rights, privileges or options pertaining thereto as if it were the absolute owner thereof, including, without limitation, the right to exchange any or all of the Pledged Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of any Company, or upon the exercise by any Company of any right, privilege, or option pertaining to any of the Pledged Collateral, and, in connection therewith, to deliver any of the Pledged Collateral to any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it; but the Pledgee shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

6.2 SALE OF PLEDGED COLLATERAL.

(a) Upon at least ten days written notice to the Pledgor, which notice the Pledgor agrees is reasonable, and without further demand, advertisement or notice of any kind, all of which are hereby expressly waived, the Pledgee shall have the right to sell, assign and deliver the whole or any part of the Pledged Collateral, at any time or times, within or without Cleveland, Ohio, at public or private sale or at any broker's board or on any securities exchange, for cash, on credit, or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Pledgee may determine to be commercially reasonable, and in connection therewith the Pledgee or any Bank at any sale may bid for or purchase the whole

or any part of the Pledged Collateral so offered for sale, free from any right of redemption, stay or appraisal on the part of the Pledgor, all of which rights the Pledgor hereby waives and releases, to the full extent permitted by law.

(b) (i) If at any time or times, in the opinion of the Pledgee, it should be necessary or desirable, in order for the Pledgee to dispose of all or any part of the Pledged Collateral in any sale or sales pursuant hereto, to comply with or to register or qualify all or any part of the Pledged Collateral under the Securities Act of 1933, as amended (the "Securities Act"), or under any similar Federal statute then in effect, or any rules or regulations thereunder, and/or to comply with the laws, rules and regulations of any state regulating the sale of securities, the Pledgor shall, upon the request of the Pledgee, as expeditiously as possible and in good faith, use its best efforts to cause each Company to effect and continue such registration, qualification and compliance. The Pledgor further shall, and shall cause each Company to, indemnify and hold harmless the Pledgee and any underwriter from and against any claims and liabilities caused by any untrue statement of a material fact or omission to state a material fact required to be stated in any registration statement, offering circular or prospectus used in connection with such registration, qualification or compliance, or necessary to make the statements therein not misleading, except insofar as such claims or liabilities are caused by any untrue statement or omission based upon or in conformity with information furnished by the Pledgee expressly for the purpose of inclusion in such registration statement, offering circular or prospectus.

(ii) Notwithstanding the foregoing, the Pledgor recognizes that the Pledgee may be unable to effect a public sale of all or a part of the Pledged Collateral or that it may be commercially unreasonable to do so, and may find it appropriate or necessary to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges that any such private sales may be at places and on terms less favorable to the seller than if sold at public sales and agrees that such private sales shall not by reason thereof be deemed to have been made in a commercially unreasonable manner, and that the Pledgee shall have no obligation to delay the sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public

sale under the Securities Act or any other applicable securities law.

(iii) The Pledgee shall be authorized at any sale to restrict the prospective bidders or purchasers to Persons who will be eligible to hold or control the applicable Licenses under FCC and other governmental regulations, the terms of the Licenses and other applicable law, rules and regulations.

(iv) The Pledgee may take all such further acts as it may in its reasonable discretion deem necessary or advisable for the Pledgee's or the Banks' protection or for compliance with any provision of law, even if such act might, whether by limiting the market or by adding to the costs of sale or otherwise, reduce prices that might otherwise be obtained for the Pledged Collateral being sold or otherwise restrict the net proceeds available from the sale thereof. Upon consummation of any such sale, the Pledgee shall have the right to assign, transfer, endorse and deliver to the purchaser or purchasers thereof the Pledged Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives, to the full extent permitted by law, all rights of redemption, stay or appraisal which the Pledgor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. For purposes of this Section 6.2, an agreement to sell all or any part of the Pledged Collateral shall be treated as a sale of such Pledged Collateral, and the Pledgee shall be free to carry out the sale of any Pledged Collateral pursuant to any such agreement and the Pledgor shall not be entitled to the return of any such Pledged Collateral subject thereto, notwithstanding that after the Pledgee shall have entered into such an agreement, all Events of Default may have been remedied.

(c) The proceeds of any sale, collection or other realization upon or of the Pledged Collateral shall be applied (i) first, to the actual expenses incurred by the Pledgee in connection with this Agreement or the exercise of any right or remedy hereunder, or any sale or disposition, including, without limitation, the expenses of taking, holding, advertising and preparing the Pledged Collateral for sale or disposition, the expenses incurred in registering the Pledged Collateral as provided in Section 6.2(b)(i), all court costs and the Pledgee's reasonable attorneys' fees, (ii) next, to all advances made by the Pledgee hereunder for the account of the Pledgor and all costs and expenses paid or incurred by the Pledgee in connection with this Agreement or any right or remedy hereunder, (iii) next,

pro rata to the Banks, to the principal of and interest on the Notes and all other Pledge Obligations, and (iv) lastly, any surplus to the Pledgor, except as otherwise required by law or as a court of competent jurisdiction may otherwise direct. The Pledgor and each other Person which may become liable on or with respect to the Notes shall nevertheless remain liable for any deficiency.

6.3 RIGHTS CUMULATIVE. The rights and the remedies provided in this Agreement are cumulative and in addition to any rights and remedies which the Pledgee may have under the Loan Agreement, the Notes, any other Collateral Document or at law (including, without limitation, under the Uniform Commercial Code) or in equity.

7. WAIVER. The Pledgor hereby waives, releases and discharges, to the full extent permitted by law, any right which it has or may have at law, in equity or by statute, to require the Pledgee to pursue or otherwise avail itself of any rights or remedies which it has or may have against any Company or any other Person with respect to the payment of the Notes or performance of the terms, covenants and conditions of the Loan Agreement and Collateral Documents or to pursue or exhaust any of its rights or remedies with respect to any other security for the satisfaction of the Pledge Obligations or the performance of the terms, covenants and conditions of the Loan Agreement. The Pledgor hereby waives and releases any right of marshaling of assets which it might otherwise have.

8. PLEDGOR'S RIGHT OF SUBROGATION OR REIMBURSEMENT. The Pledgor shall not have any right of subrogation or reimbursement with respect to the Loan Agreement, the Notes or any other Collateral Document unless and until such time as the Pledgee and the Banks shall have received indefeasible payment in full in cash of all principal of and interest owed to them with respect to the Loan Agreement and the Notes and of all other Pledge Obligations.

9. EVENT OF DEFAULT DEFINED. The occurrence of any "Event of Default", as defined in the Loan Agreement, shall be an "Event of Default" under this Agreement.

10. THE PLEDGEE APPOINTED ATTORNEY-IN-FACT. The Pledgor hereby irrevocably constitutes and appoints the Pledgee as its attorney-in-fact, effective upon, and during the continuance of, an Event of Default, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument

which the Pledgee may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Pledgee shall have the right with full power of substitution, either in the name of the Pledgee or in the name of the Pledgor, effective upon, and during the continuance of, an Event of Default, to ask for, demand, sue for, collect, review, receipt and give acquittance for any and all moneys due or to become due by virtue of any Pledged Collateral, to endorse checks, drafts, orders and other instruments for the payment of money payable to the Pledgor representing any interest or dividend or other distribution payable in respect of the Pledged Collateral or any part thereof or on account thereof, and to sell, assign, endorse, pledge, transfer and make any agreement respecting, or otherwise deal with, the same; PROVIDED, HOWEVER, that nothing herein contained shall be construed as requiring or obligating the Pledgee to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or notice, or take any action with respect to the Pledged Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken by the Pledgee or omitted to be taken with respect to the Pledged Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of the Pledgor or to any claim or action against the Pledgee or the Banks, except for the gross negligence or willful misconduct of the Pledgee or such Bank as finally determined by a court of competent jurisdiction.

11. DISCHARGE OF THE PLEDGOR. At such time as all of the principal of and interest on the Notes, together with any and all other Pledge Obligations shall have been fully, irrevocably and indefeasibly paid in cash and satisfied, and the Pledgee and the Banks shall not have any further obligations or commitments under the Loan Agreement, then all rights and interests in such Pledged Collateral as shall not have been sold or otherwise applied by the Pledgee pursuant to the terms hereof and shall still be held by it shall forthwith be transferred and delivered, together with any termination statements or other instruments necessary to evidence the termination of the interests of the Pledgee therein, without recourse or representation, to the Pledgor at the Pledgor's expense, and the right, title and interest of the Pledgee therein shall cease. Notwithstanding the foregoing, this Agreement shall continue to be effective or be reinstated and relate back to such time as though this Agreement had always been in effect, as the case may be, if at any time any amount received by the Pledgee or any Bank in respect of the Pledge Obligations is rescinded or must otherwise be restored or

returned by the Pledgee or such Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Company or the Pledgor or any Affiliate of any Company or the Pledgor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, any Company or the Pledgor or any Affiliate of any Company or the Pledgor or any substantial part of its properties, or otherwise, all as though such payments had not been made.

12. NOTICES. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered and received if given in accordance with the provisions of the Loan Agreement with the address of the Pledgor being as set forth following its signature on the signature page of this Agreement.

13. REIMBURSEMENT OF THE PLEDGEE.

13.1 INDEMNITY. The Pledgor hereby agrees to indemnify and hold harmless the Pledgee, the Banks and their respective officers, directors, employees and agents (to the full extent permitted by law) from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of any nature whatsoever, and to reimburse the Pledgee, the Banks and their respective officers, directors, employees and agents, for all costs and expenses, including legal fees and disbursements, growing out of or resulting from the Pledgor's breach of, or failure to perform, this Agreement. In no event shall the Pledgee or any Bank be liable to the Pledgor for any action, matter or thing in connection with this Agreement other than gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction and to account for moneys or Pledged Collateral actually received by the Pledgee in accordance with the terms hereof.

13.2 ACTION FOR THE PLEDGOR. If the Pledgor shall fail to do any act or thing which it has covenanted to do hereunder or if any representation or warranty of the Pledgor hereunder shall be breached, the Pledgee may (but shall not be obligated to) do the same or cause it to be done, or remedy any such breach, and there shall be added to the Pledge Obligations the cost or expense incurred by the Pledgee in so doing, and any and all amounts expended by the Pledgee in taking any such action shall be secured by this Agreement and shall bear interest at the Default Interest Rate.

14. FURTHER ASSURANCES. The Pledgor shall join with the Pledgee in executing, at the Pledgor's expense, such notices, financing statements or other documents or instruments, in form and substance reasonably satisfactory to the Pledgee, as the Pledgee may deem to be necessary or appropriate for the perfection of the security interests of the Pledgee hereunder. In addition, the Pledgor shall do such further acts and things and execute and deliver to the Pledgee such additional conveyances, assignments, agreements, financing statements and instruments as the Pledgee may at any time and from time to time reasonably request in connection with the administration and enforcement of this Agreement or relative to the Pledged Collateral or any part thereof or in order to assure and confirm unto the Pledgee its rights, powers and remedies hereunder.

15. REGISTRATION OF PLEDGE. The Pledgor hereby agrees, to the extent necessary to perfect the Pledgee's Lien in the Pledged Collateral, to request and direct each Company to register on the books of such Company the security interests and pledge granted by the Pledgor to the Pledgee pursuant to this Agreement.

16. NO WAIVER; SECURITY INTEREST ABSOLUTE. No failure on the part of the Pledgee to exercise, and no delay on its part in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or the further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies at law or in equity. All rights of the Pledgee, the security interests granted hereunder, and all obligations of the Pledgor hereunder, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Loan Agreement, the Notes, any other Collateral Document, any other related instrument or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term in respect of, or any increase in the amount of, all or any of the Pledge Obligations, or any other amendment or waiver of any term of, or any consent to any departure from any requirement of, the Loan Agreement, the Notes, any other Collateral Document or any other related instrument; or

(c) any exchange or release of, or non-perfection of any Lien or security on or in, any other collateral, or any

release or amendment or waiver of any term of, or any consent to any departure from any requirement of, the Loan Agreement, any other Collateral Document or any guarantee, for all or any of the Pledge Obligations.

17. FCC AND OTHER LICENSING AUTHORITY COMPLIANCE.

(a) Notwithstanding any other provision of this Agreement, any foreclosure on, sale, transfer or other disposition of, or the exercise of any right to vote or consent with respect to, any of the Pledged Collateral as provided herein or any other action taken or proposed to be taken by the Pledgee hereunder which would affect the operational, voting or other control of the Pledgor or any of its Subsidiaries which holds any FCC License shall be made in accordance with the Communications Act of 1934, as amended, the terms of any applicable Licenses and any other applicable law, rules and regulations.

(b) If an Event of Default shall have occurred and be continuing, the Pledgor shall take any action which the Pledgee may request in the exercise of its rights and remedies under this Agreement in order to transfer and assign to the Pledgee, any Bank, or to such one or more third parties as the Pledgee may designate, or to a combination of the foregoing, any or all of the Pledged Collateral. To enforce the provisions of this Section, the Pledgee is empowered to seek from the FCC and any other Licensing Authority, to the extent required, consent to or approval of an involuntary transfer of control of the Pledgor and any of its Subsidiaries which holds an FCC License for the purpose of seeking a bona fide purchaser to whom control will ultimately be transferred. The Pledgor hereby agrees to authorize such an involuntary transfer of control upon the request of the Pledgee and, without limiting any rights of the Pledgee under this Agreement, authorize the Pledgee to nominate a trustee or receiver to assume control, subject only to any required judicial, FCC and other governmental consent, of the Pledgor or any such Subsidiary pending and in order to effectuate the transactions contemplated by Section 6.2. Such trustee or receiver shall have all the rights and powers as provided to it by law, court order or to the Pledgee under this Agreement. The Pledgor shall cooperate fully and cause each of its Subsidiaries to cooperate fully in obtaining any required consent of the FCC or any other governmental body required to effectuate the foregoing. The Pledgor shall further use its best efforts to assist in obtaining any consent or approval of the FCC and any other governmental body, if required, for any action or transactions contemplated by this Agreement, including, without limitation, the preparation, execution and filing with the FCC of

the assignor's or transferor's portion of any application or applications for consent to the assignment of the Pledgor's or any of its Subsidiaries' FCC Licenses or the transfer of control necessary or appropriate under the FCC's rules and regulations for approval of the transfer or assignment of any portion of such FCC Licenses or the Pledged Collateral.

(c) The Pledgor acknowledges that consent of the FCC and any other governmental body for transfer of control of the Licenses of the Pledgor or any of its Subsidiaries is integral to the Pledgee's realization of the value of the Pledged Collateral, that there is no adequate remedy at law for failure by the Pledgor to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that the agreements contained in this Section may be specifically enforced.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Pledgee shall not, without first obtaining any consent or approval of the FCC and any other applicable governmental body, take any action pursuant to this Agreement which would constitute or result in any change of control of the Pledgor or any of its Subsidiaries which holds an FCC License if any such change in control would require, under then existing law, the prior approval of the FCC or such other governmental body.

(e) Notwithstanding anything herein to the contrary, prior to the occurrence of an Event of Default and receipt of consent of the FCC and any other applicable governmental body to the transfer of control of the Pledgor or any of its Subsidiaries which holds an FCC License, this Agreement and the transactions contemplated hereby do not and will not constitute, create, or have the effect of constituting or creating, directly or indirectly, actual or practical ownership of the Pledgor or any such Subsidiary by the Pledgee or any of the Banks or control, affirmative or negative, direct or indirect, by the Pledgee or any of the Banks over the management or any other aspect of the operation of the Pledgor or any such Subsidiary, which ownership and control remain exclusively and at all times in the Pledgor and such Subsidiary, as the case may be.

18. RESTRICTIONS ON TRANSFERS OF STOCK NOT APPLICABLE. The Pledgor hereby agrees that the pledge of the Pledged Collateral to the Pledgee hereunder and the sale of the Pledged Collateral by the Pledgee in accordance with the provisions of this Agreement shall be free from restrictions on the transfer of capital stock or other equity interests of each Company, if any,

contained in the Certificate or Articles of Incorporation, By-Laws or other organizational document of such Company or in any agreement among the stockholders of such Company. The Pledgor hereby consents to the exercise by the Pledgee of any of its rights and remedies hereunder upon the occurrence and during the continuance of an Event of Default and agrees that the Pledgee shall have the right to exercise such rights and remedies in accordance with the terms hereof upon the occurrence and during the continuance of an Event of Default notwithstanding any restrictions set forth in the Certificate or Articles of Incorporation, By-Laws or other organizational document of any Company or in any agreement among the stockholders of any Company.

19. MODIFICATION. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Pledgor and the Pledgee. No waiver or any single breach or default under this Agreement shall be deemed a waiver of any other breach or default.

20. SUCCESSORS AND ASSIGNS. Subject to the limitations upon the sale, lease, transfer or other disposition of the Pledged Collateral by the Pledgor set forth herein and in the Loan Agreement, all of the covenants, conditions and agreements herein contained shall be binding upon the Pledgor and its successors and assigns; PROVIDED, HOWEVER, that the Pledgor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of all the Banks and the Pledgee. This Agreement shall inure to the benefit of the permitted successors and assigns of the Pledgee and the Banks, and, in the event of any transfer or assignment of rights by the Pledgee or the Banks, the rights and privileges herein conferred upon the transferring Pledgee or Bank shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

21. GOVERNING LAW. THIS AGREEMENT AND THE DUTIES, RIGHTS, POWERS AND REMEDIES OF THE PARTIES HERETO SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO ANY CONFLICTS OF LAWS PROVISIONS THEREOF. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PLEDGEE AND THE PLEDGOR AND SHALL BE SUBJECT TO NO EXCEPTIONS. THE PLEDGOR HAS MADE THIS CHOICE OF GOVERNING LAW KNOWINGLY AND WILLINGLY AND AFTER CONSULTING WITH ITS COUNSEL. NEITHER THE PLEDGEE NOR THE PLEDGOR HAS AGREED WITH OR

REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

22. ENFORCEMENT. THE PLEDGOR (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF OHIO AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF BROUGHT BY THE AGENT OR THE BANKS OR THEIR SUCCESSORS OR ASSIGNS AND (B) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (C) HEREBY WAIVES AND AGREES NOT TO SEEK ANY REVIEW BY ANY COURT OF ANY OTHER JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF THE JUDGMENT OF ANY SUCH OHIO STATE OR FEDERAL COURT. THE PLEDGOR HEREBY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN. THE PLEDGOR AGREES THAT ITS SUBMISSION TO JURISDICTION AND ITS CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE AGENT AND THE BANKS. FINAL JUDGMENT AGAINST THE PLEDGOR IN ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, OR IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE AGENT OR THE BANKS MAY AT THEIR OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST THE PLEDGOR OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE THE PLEDGOR, OR SUCH ASSETS, MAY BE FOUND.

23. JURY TRIAL WAIVER. THE PLEDGOR AND THE PLEDGEE EACH WAIVES IRREVOCABLY, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE PLEDGEE OR ANY BANK AND THE PLEDGOR ARISING OUT OF, IN CONNECTION WITH, RELATING TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE NOTES OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE TRANSACTIONS

CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE PLEDGOR AND THE PLEDGEE ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE PLEDGOR AND THE PLEDGEE FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS EXPRESSLY MODIFIED IN WRITING BY ALL PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

24. SEPARABILITY. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all remaining provisions shall not in any way be affected or impaired. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

25. AGENT. The parties hereby acknowledge and reaffirm that the Pledgee has been designated to act as agent for the Banks. All rights and remedies of the Pledgee hereunder may be exercised by the Pledgee on behalf of, and as agent for, the Banks. The Banks may, pursuant to the terms of the Loan Agreement, appoint a successor agent, who shall, upon appointment, succeed to all the rights and obligations of the Pledgee hereunder. The Pledgor acknowledges that the rights of the Pledgee hereunder are for the benefit of each Bank, and that, upon the termination of the appointment of an agent under the Loan Agreement and the failure of the Banks to appoint a successor agent thereunder, the rights of the Pledgee under the covenants, conditions and agreements hereof shall inure to the benefit of the Banks. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Pledgee may in good faith appoint one or more other Persons, either to act as co-agent or co-agents, jointly with the Pledgee, or to act as separate agent or agents on behalf of the Pledgee and the holders of the Pledge Obligations, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument or appointment (which may,

in the discretion of the Pledgee, include provisions for the protection of such co-agent or separate agent similar to the provisions herein).

26. SECTION HEADINGS. The section headings contained herein are for reference only and shall not in any way affect the meaning and interpretation of this Agreement.

27. PRONOUNS. Any pronoun used herein shall be construed in the person, number and gender which is appropriate in the context.

28. COUNTERPARTS. This Agreement may be executed in any number of counterparts or duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Borrower Pledge Agreement to be executed on the date first above written.

PLEDGOR:

GRAY COMMUNICATIONS SYSTEMS, INC.

By: /s/ Robert A. Beizer

Name : Robert A. Beizer
Title: Vice President/Secretary

Address: 126 North Washington Street
Albany, Georgia 31701
Attention: William A. Fielder, III

PLEDGEE:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Jason R. Weaver

Name : Jason R. Weaver
Title: Assistant Vice President

Address: 127 Public Square
Cleveland, Ohio 44114
Attn: Media Finance Division

AGREEMENT OF THE COMPANIES

In order to induce the Pledgee and the Banks to enter into the Loan Agreement, and knowing they are doing so in reliance hereupon, each Company is executing this instrument.

Each Company hereby acknowledges the directions of the Pledgor pursuant to Section 1.2 and Section 15 of the Borrower Pledge Agreement and agrees to abide thereby.

Each Company represents and warrants to the Pledgee that (i) the security interests and the pledge granted by the Pledgor to the Pledgee pursuant to the Borrower Pledge Agreement have been duly registered on the books of such Company and (ii) it has received no notice of, and has no knowledge of, any other assignment of, or Lien upon, all or any part of the Pledged Collateral.

Defined terms used in this instrument shall have the respective meanings ascribed to them in the Borrower Pledge Agreement.

IN WITNESS WHEREOF, the Companies have caused this instrument to be executed as of the date of the Borrower Pledge Agreement.

COMPANIES:

THE ALBANY HERALD PUBLISHING COMPANY, INC

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY KENTUCKY TELEVISION, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY REAL ESTATE & DEVELOPMENT COMPANY

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY TELEVISION MANAGEMENT, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY TRANSPORTATION COMPANY, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

PORTA-PHONE PAGING, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

PORTA-PHONE PAGING LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

THE ROCKDALE CITIZEN PUBLISHING COMPANY

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

THE SOUTHWEST GEORGIA SHOPPER, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WALB LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WALB-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WCTV LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WCTV OPERATING CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WJHG LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WJHG-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WKYT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WRDW LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WRDW-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WVLT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WVLT-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WYMT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

EXHIBIT A

Name of Company: The Albany Herald Publishing
Executive Office: Company, Inc.
Principal Place of Business/Chief
Executive Office: 126 N. Washington St.
Albany, Georgia 31701
Number of Shares: 500,000
Class of Shares: Common
Certificate Number: 1

Name of Company: Gray Kentucky Television, Inc.
Principal Place of Business/Chief
Executive Office: 2851 Winchester Road
Lexington, Kentucky 40509
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: Gray Real Estate & Development
Company
Principal Place of Business/Chief
Executive Office: 126 N. Washington Street
Albany, Georgia 31701
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: Gray Television Management, Inc.
Principal Place of Business/Chief
Executive Office: 900 Market Street
Suite 200
Wilmington, Delaware 19801
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: Gray Transportation Company, Inc.
Principal Place of Business/Chief Executive Office: 126 N. Washington Street
Albany, Georgia 31701
Number of Shares: 250
Class of Shares: Common
Certificate Number:

Name of Company: Porta-Phone Paging, Inc.
Principal Place of Business/Chief Executive Office: 229 Peachtree Street, N.E.
Suite 2300
Atlanta, Georgia 30303
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: Porta-Phone Paging Licensee Corp.
Principal Place of Business/Chief Executive Office: 900 Market Street
Suite 200
Wilmington, Delaware 19801
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: The Rockdale Citizen Publishing Company
Principal Place of Business/Chief Executive Office: 969 S. Main Street
Conyers, Georgia 30207
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: The Southwest Georgia Shopper, Inc.
Principal Place of Business/Chief Executive Office: 126 N. Washington Street
Albany, Georgia 31701
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: WALB-TV, Inc.
Principal Place of Business/Chief Executive Office: 1709 Stuart Avenue
Albany, Georgia 31707
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: WCTV Licensee Corp.
Principal Place of Business/Chief Executive Office: 900 Market Street
Suite 200
Wilmington, Delaware 19801
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: WCTV Operating Corp.
Principal Place of Business/Chief Executive Office: 229 Peachtree Street, N.W.
Suite 2300
Atlanta, Georgia 30303
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Company: WJHG-TV, Inc.

Principal Place of Business/Chief Executive Office:	8195 Front Beach Road Panama City, Florida 32407
Number of Shares:	1,000
Class of Shares:	Common
Certificate Number:	1
Name of Company:	WRDW-TV, Inc.
Principal Place of Business/Chief Executive Office:	1301 Georgia Avenue North Augusta, South Carolina 29841
Number of Shares:	1,000
Class of Shares:	Common
Certificate Number:	1
Name of Company:	WKXT Licensee Corp.
Principal Place of Business/Chief Executive Office:	900 Market Street Suite 200 Wilmington, Delaware 19801
Number of Shares:	10,000
Class of Shares:	Common
Certificate Number:	1
Name of Company:	WKXT-TV, Inc.
Principal Place of Business/Chief Executive Office:	229 Peachtree Street, N.E. Suite 2300 Atlanta, Georgia 31707
Number of Shares:	1,000
Class of Shares:	Common
Certificate Number:	1

Name of Company: WYMT Licensee Corp.
Principal Place of Business/Chief Executive Office: 900 Market Street
Suite 200
Wilmington, Delaware 19801
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

SUBSIDIARY PLEDGE AGREEMENT

THIS SUBSIDIARY PLEDGE AGREEMENT is made and entered into as of September 30, 1996, by and among WRDW-TV, INC., WJHG-TV, INC., WALB-TV, INC., GRAY KENTUCKY TELEVISION, INC. (each individually, a "Pledgor" and collectively, the "Pledgors"), and KEYBANK NATIONAL ASSOCIATION (the "Pledgee"), as agent for itself and the other financial institutions listed on the signature pages of the Loan Agreement (as defined below), and their successors and assigns. The Pledgee and such other financial institutions may be referred to hereinafter individually as a "Bank" or collectively as the "Banks".

RECITALS

A. Gray Communications Systems, Inc., a Georgia corporation (the "Borrower"), directly or indirectly owns all of the issued and outstanding stock of the Pledgors.

B. The Pledgors own all of the issued and outstanding capital stock of the corporations listed on EXHIBIT A attached hereto (collectively, the "Companies" and individually, a "Company") in the amounts set forth on EXHIBIT A.

C. The Borrower, the Pledgee, NationsBank, N.A. (South), as Co-Agent, and the other Banks have entered into a Loan Agreement, dated as of September 23, 1996 (as the same may be extended, amended, restated or modified from time to time, the "Loan Agreement"), which is hereby incorporated herein by this reference, pursuant to which the Banks have agreed to make available to the Borrower up to \$53,500,000 on a reducing revolving credit basis and up to \$71,500,000 on a revolving credit converting to a term loan basis. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement. The Borrower may also be indebted to a Bank or an Affiliate of a Bank from time to time in respect of Rate Hedging Obligations.

D. In order to induce the Pledgee and the Banks to enter into the Loan Agreement and to ensure that the Loans made pursuant to the Loan Agreement will be secured as provided herein, the Pledgors and the Companies have entered into a Subsidiary Guaranty, of even date herewith (as the same may be extended, amended, restated or modified from time to time, the "Guaranty"), pursuant to which the Pledgors and the Companies have guaranteed payment of the obligations of the Borrower under the Loan Agreement, the Notes and the Collateral Documents, and

the Pledgors have agreed to enter into this Agreement, pursuant to which the Pledgors have agreed to pledge their capital stock in the Companies to the Pledgee and grant to the Pledgee a first priority security interest in all of such capital stock as security for the obligations of the Pledgors and the Companies under the Guaranty and the Obligations of the Borrower under the Loan Agreement.

E. It is a condition precedent to the extensions of credit to the Borrower under the Loan Agreement that the Pledgors, among other things, shall have executed and delivered this Agreement.

F. The Borrower and the Pledgors share an identity of interests as members of a consolidated group of companies engaged in substantially similar businesses. The Borrower provides certain centralized financial, accounting and management services to the Pledgors, and the making of the Loans will facilitate the expansion and enhance the overall financial strength and stability of the Borrower's corporate group, including the Pledgors. Accordingly, the Pledgors will derive substantial benefits as a result of the extensions of credit to the Borrower under the Loan Agreement, which benefits are hereby acknowledged by the Pledgors, and the Pledgors, therefore, desire to enter into this Agreement in order to satisfy the condition precedent described in the preceding paragraph.

G. The Banks have appointed the Pledgee as their agent for the purpose, among other things, of protecting and preserving the security for the repayment of the Borrower's obligations under the Loan Agreement.

AGREEMENTS

In consideration of the foregoing Recitals, and of the agreements made herein, and of the Loans made or to be made by the Banks to the Borrower, which will be of material economic benefit to the Pledgors, the Pledgors and the Pledgee, on behalf of the Banks, agree as follows:

1. GRANT OF SECURITY INTEREST; PLEDGE.

1.1 PLEDGED COLLATERAL. Each Pledgor hereby grants to the Pledgee, as agent for the Banks, ratably in proportion to the total Pledge Obligations (as that term is defined below) owing at any time to the Banks, a security interest in, and pledges, assigns and sets over to the Pledgee, for the benefit of the Banks, (a) all of the capital stock and other equity interests in

each Company held by it (the "Pledged Shares"), (b) any additional capital stock or other equity interests of any Company hereafter issued or delivered to such Pledgor for any reason, (c) all options, warrants or rights exercisable for or convertible into any such capital stock or other equity interests, (d) all dividends, distributions, cash, property or other securities at any time and from time to time receivable or otherwise distributable in respect thereof, exchanged therefor, derived therefrom, substituted therefor, or otherwise subjected to the lien hereof pursuant to any provision hereof, and the proceeds thereof, including any and all distributions made on or in respect of the foregoing, whether resulting from a subdivision, combination, reorganization of any Company, a reclassification of outstanding capital stock of any Company or received in exchange for any of the foregoing or any part thereof or as a result of any merger, consolidation, acquisition or other sale or exchange of assets or on the liquidation, whether voluntary or involuntary, of any issuer of the Pledged Interests or otherwise (all of which Pledged Shares, additional capital stock or other equity interests, options, warrants, rights, dividends, distributions, cash, property, securities and proceeds are herein called the "Pledged Collateral").

1.2 POSSESSION OF PLEDGED COLLATERAL. All certificates for the Pledged Shares, certificates for any additional capital stock other equity interests, options, warrants or rights, dividends, distributions, cash, property and securities comprising part of the Pledged Collateral shall be delivered to the Pledgee by the Companies or each Pledgor, and the Pledgors hereby authorize and direct each Company to make such delivery to the Pledgee, and each Pledgor shall deliver to the Pledgee proper instruments of assignment therefor duly executed and endorsed by such Pledgor and such other instruments or documents (including, without limitation, financing statements) as the Pledgee may reasonably request sufficient to perfect the lien of the Pledgee in the Pledged Collateral and, upon the occurrence of an Event of Default, to transfer title thereto to the Pledgee or its nominee. Any Pledged Collateral which may at any time be in the possession of a Pledgor shall be promptly delivered to the Pledgee, and prior thereto, shall be deemed to be held in trust on behalf of the Pledgee as the Pledgee's agent.

1.3 OBLIGATIONS SECURED. The security interests granted by the Pledgors to the Pledgee under this Agreement secure (a) the payment and performance of all indebtedness, Obligations and liabilities of the Borrower, arising at any time, now or in the future, pursuant to the Loan Agreement or any

Collateral Document, including, without limitation, such obligations as are evidenced by the Notes; (b) the payment and performance of all obligations and liabilities of the Borrower arising at any time and from time to time, now or in the future, pursuant to any agreement with any Bank or any Affiliate of a Bank with respect to Rate Hedging Obligations; (c) performance by such Pledgor of its obligations and agreements set forth in the Guaranty and herein and in each other Collateral Document to which it is a party; (d) all payments made or expenses incurred by the Pledgee, including, without limitation, reasonable attorneys fees and legal expenses, in the exercise, preservation or enforcement of any of the rights, powers or remedies of the Pledgee, or in the enforcement of the obligations of the Pledgors, hereunder; and (e) any renewals, continuations or extensions of any of the foregoing (all of which are referred to herein as the "Pledge Obligations").

1.4 PLEDGE A FIRST LIEN. The security interest of the Pledgee in the Pledged Collateral shall at all times be a first priority lien and security interest securing all of the Pledge Obligations.

1.5 STOCKHOLDER LIABILITY. The security interests granted pursuant hereto are granted as security only and shall not subject the Pledgee or any Bank to any obligation or liability of any Pledgor with respect to any of the Pledged Collateral or any transaction in connection therewith.

2. VOTING RIGHTS; DIVIDENDS; ETC. So long as no Event of Default, as defined in Section 9 below, shall have occurred and be continuing:

(a) Each Pledgor shall have the right, from time to time, and for any purpose not inconsistent with the Loan Agreement or this Agreement, to vote and give consents with respect to the Pledged Shares and any additional capital stock, shares or other equity interests of each Company owned by it constituting part of the Pledged Collateral and to consent to or ratify any action taken at, or waive notice of, any meeting of stockholders or any committee of any Company with the same force and effect as if such capital stock were not pledged hereunder;

(b) The Pledgee shall, from time to time upon the written request of a Pledgor, give any necessary waivers of notice, consents and powers of attorney or proxies necessary to enable such Pledgor to exercise any of the foregoing rights;

(c) Each Pledgor shall be entitled to retain and use any and all cash distributions paid on Pledged Collateral owned by it as permitted by and in a manner consistent with the provisions of the Loan Agreement; PROVIDED, HOWEVER, that any and all other distributions made on or in respect of the Pledged Collateral, whether resulting from a subdivision, combination, reorganization of any Company, a reclassification of outstanding shares of any Company or received in exchange for Pledged Collateral or any part thereof or as a result of any merger, consolidation, acquisition or other sale or exchange of assets or on the liquidation, whether voluntary or involuntary, of any issuer of the Pledged Collateral, or otherwise, shall be and become part of the Pledged Collateral pledged hereunder and, if received by any Company or such Pledgor, shall forthwith be delivered to the Pledgee to be held subject to the terms of this Agreement; and

(d) Each Pledgor shall be entitled to exercise any subscription or conversion privileges accruing to it as the owner of the Pledged Collateral to the extent permitted in the Loan Agreement, provided that any additional capital stock or other equity interests of any Company or any other issuer obtained or purchased on account of any such subscription or conversion privileges shall be delivered to and pledged with the Pledgee as part of the Pledged Collateral.

3. THE PLEDGORS' REPRESENTATIONS AND WARRANTIES. Each Pledgor represents and warrants that:

(a) The Pledged Shares constitute all of the issued and outstanding capital stock of each of the Companies;

(b) Such Pledgor has, and has duly exercised, all requisite corporate power and authority to execute, deliver and perform this Agreement;

(c) This Agreement has been duly authorized and executed by such Pledgor and constitutes the legal, valid and binding obligation of such Pledgor, enforceable against such Pledgor in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by general principles of equity;

(d) Such Pledgor is the full legal and beneficial owner of, and has good and marketable title to, the Pledged Shares set forth under its name on EXHIBIT A hereto, and such

Pledged Shares are fully and accurately described on EXHIBIT A hereto;

(e) The Pledged Shares have been duly and validly issued, are fully paid and non-assessable, and are owned by such Pledgor free and clear of any Liens, claims, options, demands and equities of third parties, except for the security interest granted hereunder to the Pledgee;

(f) Such Pledgor's execution and delivery of this Agreement and the performance of its terms will not violate or constitute a default under the terms of (A) any provision in the organizational document of such Pledgor or any Company, or (B) any provision of any agreement, indenture, certificate or other instrument, license, judgment, decree, order, law, statute, ordinance or other governmental rule or regulation applicable to such Pledgor or any Company or the property of such Pledgor or any Company;

(g) Upon delivery to the Pledgee of the stock certificates evidencing the Pledged Shares, duly endorsed in blank, the Pledgee will have, for the benefit of the Banks, a valid first lien upon and perfected security interest in such Pledged Shares and the proceeds thereof;

(h) The principal place of business and chief executive office of: (i) each Pledgor is set forth below such Pledgor's name on the signature pages hereof and (ii) each Company is located at the address set forth on EXHIBIT A under such Company's name;

(i) No consent or approval of, or filing with, any governmental authority or other Person, and no waiver of any lien or right of distraint or other similar right, and no license, authorization or declaration of any governmental authority, bureau or agency, is or will be required in connection with the execution, delivery, performance, validity, enforcement or priority of this Agreement or the security interest granted hereby or any agreements, instruments or documents to be executed or delivered pursuant hereto, except that the consent of the FCC may be required in order for the Pledgee to enforce certain of its rights hereunder upon the occurrence and during the continuance of an Event of Default;

(j) The pledge of the Pledged Collateral hereunder is effective to vest in the Pledgee the rights of the Pledgee in the Pledged Collateral as set forth herein; and

(k) Such Pledgor is not insolvent as defined in Title 11 of the United States Code, or any other applicable federal or state bankruptcy or insolvency statute, nor, after giving effect to the consummation of the transactions contemplated in the Loan Agreement, including, without limitation, the execution and delivery of the Notes, will such Pledgor be rendered insolvent by the execution and delivery of this Agreement to the Pledgee; such Pledgor has not engaged, nor does it expect to engage, in any business or transaction for which the assets retained by it shall be an unreasonably small capital, taking into consideration the obligations to the Pledgee incurred under the Guaranty and hereunder; and such Pledgor does not intend to, nor does it believe that it will, incur debts beyond its ability to pay them as they mature.

4. CERTAIN COVENANTS.

4.1 NEGATIVE COVENANTS. No Pledgor shall:

(a) sell, convey or otherwise dispose of any of the Pledged Collateral or any interest therein or create, incur, or permit to exist any Lien, claim, option, demand or equity of third parties on or with respect to any of the Pledged Collateral or the proceeds thereof, other than as created hereby;

(b) enter into or consent to any agreement, indenture, license or other instrument or any amendment or modification thereof which would be violated by, or require the consent or approval of any Person to, the performance or enforcement of this Agreement or permit any Company to do any of the foregoing;

(c) consent to or approve the issuance of (i) any additional capital stock or other equity interests of any class of any issuer of Pledged Collateral, (ii) any securities convertible voluntarily by the holder thereof or automatically upon the occurrence or nonoccurrence of any event or condition into, or exchangeable for, any such capital stock or other equity securities, or (iii) any warrants, options, rights or other commitments entitling any Person to purchase or otherwise acquire any such capital stock or other equity securities;

(d) vote, consent or otherwise act in a manner with respect to the Pledged Collateral which would cause or constitute an Event of Default under or would otherwise be inconsistent with the terms of the Loan Agreement, this Agreement, any other Collateral Document or any related

instrument, and nothing contained in Section 2 shall be construed to vary or modify any such terms;

(e) agree to amend, modify or supplement the Certificate or Articles of Incorporation or By-Laws or any other organizational or governing document of any Company, unless required by law, if such amendment, modification or supplement would adversely affect in any respect any of the Pledgee's interest, rights or remedies under this Agreement or the Collateral Documents or the ability of the Borrower, such Pledgor or any of its Companies to pay or perform the Obligations;

(f) do or permit any act in contravention of the Certificate or Articles of Incorporation or By-Laws of such Pledgor or any Company; or

(g) take any action which could reasonably be expected to interfere with, hinder or delay the exercise of the Pledgee's rights under this Agreement or any other Collateral Document or any other instrument, document or agreement relating to any of the foregoing.

4.2 AFFIRMATIVE COVENANTS. Each Pledgor shall:

(a) at its own expense, defend the Pledgee's right, title and security interest in and to the Pledged Collateral against the claims of any other Person;

(b) use its best efforts to obtain any consent of the FCC and each other Licensing Authority and each other Person which may be required in connection with the performance or enforcement of this Agreement and any transfer of the Pledged Collateral contemplated hereby, and will cooperate fully with the Pledgee in effecting any such transfer or in connection with the Pledgee's exercise of the rights and remedies granted to the Pledgee pursuant hereto or pursuant to any other Collateral Document;

(c) pay and discharge promptly, and in any event before the imposition of any penalty, all taxes and assessments upon any portion of the Pledged Collateral owned by it, except that the Pledgor shall not be required to pay any such tax or assessment the payment of which is being contested in good faith and by appropriate proceedings and against which adequate reserves are being maintained;

(d) comply in all material respects with all federal, state and local laws, rules and regulations applicable

to it or its property or business, the failure to comply with which could reasonably be expected to have a Material Adverse Effect;

(e) notify the Pledgee in writing at least thirty days in advance of any change in such Pledgor's or any Company's chief executive office or principal place of business and execute any financing statements or amendments covering the Pledged Collateral as the Pledgee may from time to time reasonably request;

(f) promptly deliver to the Pledgee all material written notices and communications given or received by it with respect to any Pledged Collateral; and

(g) pledge hereunder, immediately upon its acquisition, (directly or indirectly) thereof, any and all shares of stock or other equity interest of any Person which, after the date of this Agreement, becomes a Subsidiary of such Pledgor.

5. RIGHT OF THE PLEDGEE TO DEAL WITH COLLATERAL DOCUMENTS, ETC. The Pledgee and the Banks may deal in any manner with any Collateral Document to which any Pledgor is not a party in accordance with or as permitted by the terms thereof (as may be amended from time to time), subject in all cases to such approval or agreement by the parties thereto as may be required by the terms of such documents, without notice to or the consent of such Pledgor, including, without limitation, in the following manner:

(a) to modify, supplement or otherwise change any terms of the Notes, the Loan Agreement or any other Collateral Document; to grant any extension or renewal of the Notes or any other Collateral Document; to grant any other waiver or indulgence with respect to the Notes, the Loan Agreement or any other Collateral Document and to effect any release, compromise or settlement with respect to the Notes, the Loan Agreement or any other Collateral Document;

(b) to waive rights or enter into any agreement of forbearance with respect to the Loan Agreement, the Notes or any other Collateral Document, or with respect to all or any part of any other security for the Pledge Obligations and to change the terms of such waiver or agreement of forbearance;

(c) to consent to the substitution, exchange or release of all or any part of any other security (other than the Pledged Collateral) at any time and from time to time held by the

Pledgee as security or surety for the Pledge Obligations and, in the case of a substitution or exchange, whether or not the new security received by the Pledgee shall be of the same or of a different character or value from the security surrendered; and

(d) to create, or advance additional funds creating, additional obligations and liabilities secured hereby whether pursuant to the Loan Agreement or otherwise.

No action which the Pledgee may take or fail to take in accordance with or permitted by any Collateral Document to which any Pledgor is not a party (as any of the foregoing may be amended from time to time) pursuant to the foregoing powers shall operate to release any of the Pledged Collateral, terminate or modify the terms of this Agreement or impose any liability on the Pledgee.

6. RIGHTS OF THE PLEDGEE UPON DEFAULT. Upon the occurrence and during the continuance of any Event of Default, the Pledgee shall, subject to Section 17 and compliance with all applicable requirements of law, in addition to all other rights and remedies it may have under the Uniform Commercial Code or any other law, have the rights and remedies set forth in this Section 6:

6.1 VOTING AND OTHER RIGHTS. Upon ten days prior written notice to an applicable Pledgor, whether or not such Pledgor's Pledged Collateral shall have been registered in the name of the Pledgee or its nominee, the Pledgee or its nominee shall have, with respect to such Pledged Collateral, the right to exercise all voting rights, and all other stockholder rights and all conversion, exchange, subscription and other rights, privileges or options pertaining thereto as if it were the absolute owner thereof, including, without limitation, the right to exchange any or all of such Pledged Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of any Company, or upon the exercise by any Company of any right, privilege, or option pertaining to any of the Pledged Collateral, and, in connection therewith, to deliver any of such Pledged Collateral to any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it; but the Pledgee shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing.

6.2 SALE OF PLEDGED COLLATERAL.

(a) Upon at least ten days written notice to any Pledgor, which notice the Pledgors agree is reasonable, and without further demand, advertisement or notice of any kind, all of which are hereby expressly waived, the Pledgee shall have the right to sell, assign and deliver the whole or any part of such Pledgor's Pledged Collateral, at any time or times, within or without Cleveland, Ohio, at public or private sale or at any broker's board or on any securities exchange, for cash, on credit, or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Pledgee may determine to be commercially reasonable, and in connection therewith the Pledgee or any Bank at any sale may bid for or purchase the whole or any part of the Pledged Collateral so offered for sale, free from any right of redemption, stay or appraisal on the part of such Pledgor, all of which rights the Pledgors hereby waive and release, to the full extent permitted by law.

(b) (i) If at any time or times, in the opinion of the Pledgee, it should be necessary or desirable, in order for the Pledgee to dispose of all or any part of the Pledged Collateral in any sale or sales pursuant hereto, to comply with or to register or qualify all or any part of the Pledged Collateral under the Securities Act of 1933, as amended (the "Securities Act"), or under any similar Federal statute then in effect, or any rules or regulations thereunder, and/or to comply with the laws, rules and regulations of any state regulating the sale of securities, the Pledgors shall, upon the request of the Pledgee, as expeditiously as possible and in good faith, use their best efforts to cause each Company to effect and continue such registration, qualification and compliance. Each Pledgor further shall, and shall cause each Company to, indemnify and hold harmless the Pledgee and any underwriter from and against any claims and liabilities caused by any untrue statement of a material fact or omission to state a material fact required to be stated in any registration statement, offering circular or prospectus used in connection with such registration, qualification or compliance, or necessary to make the statements therein not misleading, except insofar as such claims or liabilities are caused by any untrue statement or omission based upon or in conformity with information furnished by the Pledgee expressly for the purpose of inclusion in such registration statement, offering circular or prospectus.

(ii) Notwithstanding the foregoing, the Pledgors recognize that the Pledgee may be unable to effect a public sale of all or a part of the Pledged Collateral or that it may be commercially unreasonable to do so, and may find it

appropriate or necessary to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgors acknowledge that any such private sales may be at places and on terms less favorable to the seller than if sold at public sales and agree that such private sales shall not by reason thereof be deemed to have been made in a commercially unreasonable manner, and that the Pledgee shall have no obligation to delay the sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act or any other applicable securities law.

(iii) The Pledgee shall be authorized at any sale to restrict the prospective bidders or purchasers to Persons who will be eligible to hold or control the applicable Licenses under FCC and other governmental regulations, the terms of the Licenses and other applicable law, rules and regulations.

(iv) The Pledgee may take all such further acts as it may in its reasonable discretion deem necessary or advisable for the Pledgee's or the Banks' protection or for compliance with any provision of law, even if such act might, whether by limiting the market or by adding to the costs of sale or otherwise, reduce prices that might otherwise be obtained for the Pledged Collateral being sold or otherwise restrict the net proceeds available from the sale thereof. Upon consummation of any such sale, the Pledgee shall have the right to assign, transfer, endorse and deliver to the purchaser or purchasers thereof the Pledged Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Pledgors, and the Pledgors hereby waive, to the full extent permitted by law, all rights of redemption, stay or appraisal which the Pledgors now have or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. For purposes of this Section 6.2, an agreement to sell all or any part of the Pledged Collateral shall be treated as a sale of such Pledged Collateral, and the Pledgee shall be free to carry out the sale of any Pledged Collateral pursuant to any such agreement and the Pledgors shall not be entitled to the return of any such Pledged Collateral subject thereto, notwithstanding that after the Pledgee shall have entered into such an agreement, all Events of Default may have been remedied.

(c) The proceeds of any sale, collection or other realization upon or of the Pledged Collateral shall be applied (i) first, to the actual expenses incurred by the Pledgee in connection with this Agreement or the exercise of any right or remedy hereunder, or any sale or disposition, including, without limitation, the expenses of taking, holding, advertising and preparing the Pledged Collateral for sale or disposition, the expenses incurred in registering the Pledged Collateral as provided in Section 6.2(b)(i), all court costs and the Pledgee's reasonable attorneys' fees, (ii) next, to all advances made by the Pledgee hereunder for the account of a Pledgor and all costs and expenses paid or incurred by the Pledgee in connection with this Agreement or any right or remedy hereunder, (iii) next, pro rata to the Banks, to the principal of and interest on the Notes and all other Pledge Obligations, and (iv) lastly, any surplus to the Pledgors, except as otherwise required by law or as a court of competent jurisdiction may otherwise direct. Each Pledgor, the Companies and each other Person which may become liable on or with respect to the Notes shall nevertheless remain liable for any deficiency.

6.3 RIGHTS CUMULATIVE. The rights and the remedies provided in this Agreement are cumulative and in addition to any rights and remedies which the Pledgee may have under the Loan Agreement, the Notes, any other Collateral Document or at law (including, without limitation, under the Uniform Commercial Code) or in equity.

7. WAIVER. Each Pledgor hereby waives, releases and discharges, to the full extent permitted by law, any right which it has or may have at law, in equity or by statute, to require the Pledgee to pursue or otherwise avail itself of any rights or remedies which it has or may have against such Pledgor, any Company or any other Person with respect to the payment of the Notes or performance of the terms, covenants and conditions of the Loan Agreement and Collateral Documents or to pursue or exhaust any of its rights or remedies with respect to any other security for the satisfaction of the Pledge Obligations or the performance of the terms, covenants and conditions of the Loan Agreement. Each Pledgor hereby waives and releases any right of marshalling of assets which it might otherwise have.

8. PLEDGOR'S RIGHT OF SUBROGATION OR REIMBURSEMENT. No Pledgor shall have any right of subrogation or reimbursement with respect to the Loan Agreement, the Notes or any other Collateral Document unless and until such time as the Pledgee and the Banks shall have received indefeasible payment in full in cash of all principal of and interest owed to them with respect

to the Loan Agreement and the Notes and of all other Pledge Obligations.

9. EVENT OF DEFAULT DEFINED. The occurrence of any "Event of Default", as defined in the Loan Agreement, shall be an "Event of Default" under this Agreement.

10. THE PLEDGEE APPOINTED ATTORNEY-IN-FACT. Each Pledgor hereby irrevocably constitutes and appoints the Pledgee as its attorney-in-fact, effective upon, and during the continuance of, an Event of Default, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument which the Pledgee may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Pledgee shall have the right with full power of substitution, either in the name of the Pledgee or in the name of such Pledgor, effective upon, and during the continuance of, an Event of Default, to ask for, demand, sue for, collect, review, receipt and give acquittance for any and all moneys due or to become due by virtue of any Pledged Collateral, to endorse checks, drafts, orders and other instruments for the payment of money payable to such Pledgor representing any interest or dividend or other distribution payable in respect of the Pledged Collateral or any part thereof or on account thereof, and to sell, assign, endorse, pledge, transfer and make any agreement respecting, or otherwise deal with, the same; PROVIDED, HOWEVER, that nothing herein contained shall be construed as requiring or obligating the Pledgee to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim or notice, or take any action with respect to the Pledged Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken by the Pledgee or omitted to be taken with respect to the Pledged Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of such Pledgor or to any claim or action against the Pledgee or the Banks, except for the gross negligence or willful misconduct of the Pledgee or such Bank as finally determined by a court of competent jurisdiction.

11. DISCHARGE OF THE PLEDGORS. At such time as all of the principal of and interest on the Notes, together with any and all other Pledge Obligations shall have been fully, irrevocably and indefeasibly paid in cash and satisfied, and the Pledgee and the Banks shall not have any further obligations or commitments under the Loan Agreement, then all rights and interests in such

Pledged Collateral as shall not have been sold or otherwise applied by the Pledgee pursuant to the terms hereof and shall still be held by it shall forthwith be transferred and delivered, together with any termination statements or other instruments necessary to evidence the termination of the interests of the Pledgee therein, without recourse or representation, to the Pledgors at the Pledgors' expense, and the right, title and interest of the Pledgee therein shall cease. Notwithstanding the foregoing, this Agreement shall continue to be effective or be reinstated and relate back to such time as though this Agreement had always been in effect, as the case may be, if at any time any amount received by the Pledgee or any Bank in respect of the Pledge Obligations is rescinded or must otherwise be restored or returned by the Pledgee or such Bank upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Company or any Pledgor or any Affiliate of any Company or any Pledgor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, any Company or any Pledgor or any Affiliate of any Company or any Pledgor or any substantial part of its properties, or otherwise, all as though such payments had not been made.

12. NOTICES. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed to have been duly delivered and received if given in accordance with the provisions of the Loan Agreement with the address of each Pledgor being as set forth following its signature on the signature page of this Agreement.

13. REIMBURSEMENT OF THE PLEDGEE.

13.1 INDEMNITY. Each Pledgor hereby agrees to indemnify and hold harmless the Pledgee, the Banks and their respective officers, directors, employees and agents (to the full extent permitted by law) from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of any nature whatsoever, and to reimburse the Pledgee, the Banks and their respective officers, directors, employees and agents, for all costs and expenses, including legal fees and disbursements, growing out of or resulting from such Pledgor's breach of, or failure to perform, this Agreement. In no event shall the Pledgee or any Bank be liable to any Pledgor for any action, matter or thing in connection with this Agreement other than gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction and to account for moneys or Pledged Collateral

actually received by the Pledgee in accordance with the terms hereof.

13.2 ACTION FOR THE PLEDGORS. If any Pledgor shall fail to do any act or thing which it has covenanted to do hereunder or if any representation or warranty of any Pledgor hereunder shall be breached, the Pledgee may (but shall not be obligated to) do the same or cause it to be done, or remedy any such breach, and there shall be added to the Pledge Obligations the cost or expense incurred by the Pledgee in so doing, and any and all amounts expended by the Pledgee in taking any such action shall be secured by this Agreement and shall bear interest at the Default Interest Rate.

14. FURTHER ASSURANCES. Each Pledgor shall join with the Pledgee in executing, at such Pledgor's expense, such notices, financing statements or other documents or instruments, in form and substance reasonably satisfactory to the Pledgee, as the Pledgee may deem to be necessary or appropriate for the perfection of the security interests of the Pledgee hereunder. In addition, each Pledgor shall do such further acts and things and execute and deliver to the Pledgee such additional conveyances, assignments, agreements, financing statements and instruments as the Pledgee may at any time and from time to time reasonably request in connection with the administration and enforcement of this Agreement or relative to the Pledged Collateral or any part thereof or in order to assure and confirm unto the Pledgee its rights, powers and remedies hereunder.

15. REGISTRATION OF PLEDGE. The Pledgors hereby agree, to the extent necessary to perfect the Pledgee's Lien in the Pledged Collateral, to request and direct each Company to register on the books of such Company the security interests and pledge granted by the Pledgors to the Pledgee pursuant to this Agreement.

16. NO WAIVER; SECURITY INTEREST ABSOLUTE. No failure on the part of the Pledgee to exercise, and no delay on its part in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or the further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies at law or in equity. All rights of the Pledgee, the security interests granted hereunder, and all obligations of each Pledgor hereunder, shall be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of the Loan Agreement, the Notes, any other Collateral Document, any other related instrument or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term in respect of, or any increase in the amount of, all or any of the Pledge Obligations, or any other amendment or waiver of any term of, or any consent to any departure from any requirement of, the Loan Agreement, the Notes, any other Collateral Document or any other related instrument; or

(c) any exchange or release of, or non-perfection of any Lien or security on or in, any other collateral, or any release or amendment or waiver of any term of, or any consent to any departure from any requirement of, the Loan Agreement, any other Collateral Document or any guarantee, for all or any of the Pledge Obligations.

17. FCC AND OTHER LICENSING AUTHORITY COMPLIANCE.

(a) Notwithstanding any other provision of this Agreement, any foreclosure on, sale, transfer or other disposition of, or the exercise of any right to vote or consent with respect to, any of the Pledged Collateral as provided herein or any other action taken or proposed to be taken by the Pledgee hereunder which would affect the operational, voting or other control of any Pledgor or any Company which holds any FCC License shall be made in accordance with the Communications Act of 1934, as amended, the terms of any applicable Licenses and any other applicable law, rules and regulations.

(b) If an Event of Default shall have occurred and be continuing, the Pledgors shall take any action which the Pledgee may request in the exercise of its rights and remedies under this Agreement in order to transfer and assign to the Pledgee, any Bank, or to such one or more third parties as the Pledgee may designate, or to a combination of the foregoing, any or all of the Pledged Collateral. To enforce the provisions of this Section, the Pledgee is empowered to seek from the FCC and any other Licensing Authority, to the extent required, consent to or approval of an involuntary transfer of control of any Pledgor and any of its Companies which hold an FCC License for the purpose of seeking a bona fide purchaser to whom control will ultimately be transferred. The Pledgors hereby agree to authorize such an involuntary transfer of control upon the request of the Pledgee and, without limiting any rights of the Pledgee under this Agreement, authorize the Pledgee to nominate a

trustee or receiver to assume control, subject only to any required judicial, FCC and other governmental consent, of such Pledgor or any such Company pending and in order to effectuate the transactions contemplated by Section 6.2. Such trustee or receiver shall have all the rights and powers as provided to it by law, court order or to the Pledgee under this Agreement. The Pledgors shall cooperate fully and cause each of their Companies to cooperate fully in obtaining any required consent of the FCC or any other governmental body required to effectuate the foregoing. Each Pledgor shall further use its best efforts to assist in obtaining any consent or approval of the FCC and any other governmental body, if required, for any action or transactions contemplated by this Agreement, including, without limitation, the preparation, execution and filing with the FCC of the assignor's or transferor's portion of any application or applications for consent to the assignment of a Pledgor's or any of its Companies' FCC Licenses or the transfer of control necessary or appropriate under the FCC's rules and regulations for approval of the transfer or assignment of any portion of such FCC Licenses or the Pledged Collateral.

(c) The Pledgors acknowledge that consent of the FCC and any other governmental body for transfer of control of the Licenses of a Pledgor or any of its Companies is integral to the Pledgee's realization of the value of the Pledged Collateral, that there is no adequate remedy at law for failure by the Pledgors to comply with the provisions of this Section and that such failure would not be adequately compensable in damages, and therefore agrees that the agreements contained in this Section may be specifically enforced.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Pledgee shall not, without first obtaining any consent or approval of the FCC and any other applicable governmental body, take any action pursuant to this Agreement which would constitute or result in any change of control of a Pledgor or any of its Companies which holds an FCC License if any such change in control would require, under then existing law, the prior approval of the FCC or such other governmental body.

(e) Notwithstanding anything herein to the contrary, prior to the occurrence of an Event of Default and receipt of consent of the FCC and any other applicable governmental body to the transfer of control of a Pledgor or any of its Companies which holds an FCC License, this Agreement and the transactions contemplated hereby do not and will not constitute, create, or have the effect of constituting or

creating, directly or indirectly, actual or practical ownership of any Pledgor or any Company by the Pledgee or any of the Banks or control, affirmative or negative, direct or indirect, by the Pledgee or any of the Banks over the management or any other aspect of the operation of any Pledgor or any Company, which ownership and control remain exclusively and at all times in the Pledgors and the Companies, as the case may be.

18. RESTRICTIONS ON TRANSFERS OF STOCK NOT APPLICABLE. Each Pledgor hereby agrees that the pledge of the Pledged Collateral to the Pledgee hereunder and the sale of the Pledged Collateral by the Pledgee in accordance with the provisions of this Agreement shall be free from restrictions on the transfer of capital stock or other equity interests of each Company, if any, contained in the Certificate or Articles of Incorporation, By-Laws or other organizational document of such Company or in any agreement among the stockholders of such Company. Each Pledgor hereby consents to the exercise by the Pledgee of any of its rights and remedies hereunder upon the occurrence and during the continuance of an Event of Default and agrees that the Pledgee shall have the right to exercise such rights and remedies in accordance with the terms hereof upon the occurrence and during the continuance of an Event of Default notwithstanding any restrictions set forth in the Certificate or Articles of Incorporation, By-Laws or other organizational document of any Company or in any agreement among the stockholders of any Company.

19. MODIFICATION. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Pledgors and the Pledgee. No waiver or any single breach or default under this Agreement shall be deemed a waiver of any other breach or default.

20. SUCCESSORS AND ASSIGNS. Subject to the limitations upon the sale, lease, transfer or other disposition of the Pledged Collateral by the Pledgors set forth herein and in the Loan Agreement, all of the covenants, conditions and agreements herein contained shall be binding upon the Pledgors and their successors and assigns; PROVIDED, HOWEVER, that no Pledgor may assign or transfer any of its rights or obligations hereunder without the prior written consent of all the Banks and the Pledgee. This Agreement shall inure to the benefit of the permitted successors and assigns of the Pledgee and the Banks, and, in the event of any transfer or assignment of rights by the Pledgee or the Banks, the rights and privileges herein conferred

upon the transferring Pledgee or Bank shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

21. GOVERNING LAW. THIS AGREEMENT AND THE DUTIES, RIGHTS, POWERS AND REMEDIES OF THE PARTIES HERETO SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PLEDGEE AND EACH PLEDGOR AND SHALL BE SUBJECT TO NO EXCEPTIONS. EACH PLEDGOR HAS MADE THIS CHOICE OF GOVERNING LAW KNOWINGLY AND WILLINGLY AND AFTER CONSULTING WITH ITS COUNSEL. NEITHER THE PLEDGEE NOR ANY PLEDGOR HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

22. ENFORCEMENT. EACH PLEDGOR (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF OHIO AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF BROUGHT BY THE AGENT OR THE BANKS OR THEIR SUCCESSORS OR ASSIGNS AND (B) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR THE SUBJECT MATTER HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (C) HEREBY WAIVES AND AGREES NOT TO SEEK ANY REVIEW BY ANY COURT OF ANY OTHER JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF THE JUDGMENT OF ANY SUCH OHIO STATE OR FEDERAL COURT. EACH PLEDGOR HEREBY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN. EACH PLEDGOR AGREES THAT ITS SUBMISSION TO JURISDICTION AND ITS CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE AGENT AND THE BANKS. FINAL JUDGMENT AGAINST EACH PLEDGOR IN ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, OR IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE AGENT OR THE BANKS MAY AT THEIR OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST EACH PLEDGOR OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE SUCH PLEDGOR, OR SUCH ASSETS, MAY BE FOUND.

23. JURY TRIAL WAIVER. EACH PLEDGOR AND THE PLEDGEE EACH WAIVE IRREVOCABLY, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE PLEDGEE OR ANY BANK AND THE PLEDGOR ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE NOTES OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PLEDGOR AND THE PLEDGEE ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH PLEDGOR AND THE PLEDGEE FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS EXPRESSLY MODIFIED IN WRITING BY ALL PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

24. SEPARABILITY. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all remaining provisions shall not in any way be affected or impaired. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

25. AGENT. The parties hereby acknowledge and reaffirm that the Pledgee has been designated to act as agent for the Banks. All rights and remedies of the Pledgee hereunder may be exercised by the Pledgee on behalf of, and as agent for, the Banks. The Banks may, pursuant to the terms of the Loan Agreement, appoint a successor agent, who shall, upon appointment, succeed to all the rights and obligations of the Pledgee hereunder. Each Pledgor acknowledges that the rights of the Pledgee hereunder are for the benefit of each Bank, and that,

upon the termination of the appointment of an agent under the Loan Agreement and the failure of the Banks to appoint a successor agent thereunder, the rights of the Pledgee under the covenants, conditions and agreements hereof shall inure to the benefit of the Banks. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Pledgee may in good faith appoint one or more other Persons, either to act as co-agent or co-agents, jointly with the Pledgee, or to act as separate agent or agents on behalf of the Pledgee and the holders of the Pledge Obligations, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument or appointment (which may, in the discretion of the Pledgee, include provisions for the protection of such co-agent or separate agent similar to the provisions herein).

26. SECTION HEADINGS. The section headings contained herein are for reference only and shall not in any way affect the meaning and interpretation of this Agreement.

27. PRONOUNS. Any pronoun used herein shall be construed in the person, number and gender which is appropriate in the context.

28. COUNTERPARTS. This Agreement may be executed in any number of counterparts or duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

29. JOINDER. Upon the execution and delivery after the date hereof by any new or additional Subsidiary of an instrument in the form of ANNEX 1 attached hereto, such Subsidiary shall become a Pledgor hereunder with the same force and effect as if originally named as a Pledgor hereunder. The rights and obligations of each Pledgor hereunder shall remain in full force and effect, notwithstanding the addition of any such new or additional Subsidiary as a party to this Agreement.

IN WITNESS WHEREOF, the parties have caused this Subsidiary Pledge Agreement to be executed on the date first above written.

PLEDGORS:

WRDW-TV, INC.

By: /s/ Robert A. Beizer

Name : Robert A. Beizer
Title: Secretary

Address: 1301 Georgia Avenue
North Augusta, South Carolina 20841
Attention: William A. Fielder, III

WJHG-TV, INC.

By: /s/ Robert A. Beizer

Name : Robert A. Beizer
Title: Secretary

Address: 8195 Front Beach Road
Panama City, Florida 32407
Attention: William A. Fielder, III

WALB-TV, INC.

By: /s/ Robert A. Beizer

Name : Robert A. Beizer
Title: Secretary

Address: 1709 Stuart Avenue
Albany, Georgia 31707
Attention: William A. Fielder, III

GRAY KENTUCKY TELEVISION, INC.

By: /s/ Robert A. Beizer

Name : Robert A. Beizer
Title: Secretary

Address: 2851 Winchester Road
Lexington, Kentucky 40509
Attention: William A. Fielder, III

PLEDGEE:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Jason R. Weaver

Name : Jason R. Weaver

Title: Assistant Vice President

Address: 127 Public Square

Cleveland, Ohio 44114

Attention: Media Finance Division

EXHIBIT A

Name of Pledgor: WRDW-TV, Inc.
Principal Place of Business/Chief Executive Office: 1301 Georgia Avenue
North Augusta, SC 29841
Name of Company: WRDW Licensee Corporation
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Pledgor: WJHG-TV, Inc.
Principal Place of Business/Chief Executive Office: 8195 Front Beach Road
Panama City, FL 32407
Name of Company: WJHG Licensee Corporation
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Pledgor: WALB-TV, Inc.
Principal Place of Business/Chief Executive office: 1709 Stuart Avenue
Albany, GA 31707
Name of Company: WALB Licensee Corporation
Number of Shares: 1,000
Class of Shares: Common
Certificate Number: 1

Name of Pledgor: Gray Kentucky Television, Inc.
Principal Place of Business/Chief Executive office: 2851 Winchester Road
Lexington, KY 40509
Name of Company: WKYT Licensee Corporation
Number of Shares: 1,000

Class of Shares:	Common
Name of Pledgor:	Gray Kentucky Television, Inc.
Principal Place of Business/Chief Executive office:	2851 Winchester Road Lexington, KY 40509
Name of Company:	WYMT Licensee Corporation
Number of Shares:	1,000
Class of Shares:	Common

AGREEMENT OF THE COMPANIES

In order to induce the Pledgee and the Banks to enter into the Loan Agreement, and knowing they are doing so in reliance hereupon, each Company is executing this instrument.

Each Company hereby acknowledges the directions of the Pledgors pursuant to Section 1.2 and Section 15 of the Subsidiary Pledge Agreement and agrees to abide thereby.

Each Company represents and warrants to the Pledgee that (i) the security interests and the pledge granted by each Pledgor to the Pledgee pursuant to the Subsidiary Pledge Agreement have been duly registered on the books of such Company and (ii) it has received no notice of, and has no knowledge of, any other assignment of, or Lien upon, all or any part of the Pledged Collateral.

Defined terms used in this instrument shall have the respective meanings ascribed to them in the Subsidiary Pledge Agreement.

IN WITNESS WHEREOF, the Companies have caused this instrument to be executed as of the date of the Subsidiary Pledge Agreement.

COMPANIES:

WRDW LICENSEE CORPORATION

By: /s/ Robert A. Beizer

Name : Robert A. Beizer

Title: Secretary

WJHG LICENSEE CORPORATION

By: /s/ Robert A. Beizer

Name : Robert A. Beizer

Title: Secretary

WALB LICENSEE CORPORATION

By: /s/ Robert A. Beizer

Name : Robert A. Beizer

Title: Secretary

WKYT LICENSEE CORPORATION

By: /s/ Robert A. Beizer

Name : Robert A. Beizer

Title: Secretary

WYMT LICENSEE CORPORATION

By: /s/ Robert A. Beizer

Name : Robert A. Beizer

Title: Secretary

ANNEX 1

SUPPLEMENT NO. ____, dated as of _____, to the Subsidiary Pledge Agreement, dated as of September __, 1996 (the "AGREEMENT"), by and among certain Subsidiaries of Gray Communications Systems, Inc. and KeyBank National Association as agent (all capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Agreement as the same may be hereafter amended or supplemented from time to time).

The undersigned (the "NEW PLEDGOR") is a Subsidiary of the Borrower and is executing this Supplement in accordance with the requirements of the Loan Agreement and of the Agreement to become a Pledgor under the Agreement as additional consideration for any Loans previously made.

Accordingly, the New Pledgor agrees as follows:

(a) In accordance with Section 29 of the Agreement, the New Pledgor by signing below hereby agrees to become a Pledgor under the Guaranty with the same force and effect as if originally named therein as a Pledgor, and the New Pledgor hereby agrees to all of the terms and conditions of the Agreement applicable to it as a Pledgor thereunder. Each reference to a "PLEDGOR" or the "PLEDGORS" in the Agreement shall be deemed to include the New Pledgor, and the Agreement is hereby incorporated by this reference.

(b) This Supplement shall become effective upon the execution hereof by the New Pledgor and the delivery of this Supplement to the Agent.

(c) Except as expressly supplemented hereby, the Agreement shall remain in full force and effect.

(d) This Supplement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Ohio without regard to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the New Pledgor has signed and delivered this Supplement to the Agreement as of the day and year first above written.

By: _____

Name : _____
Title: _____

SUBSIDIARY GUARANTY

THIS SUBSIDIARY GUARANTY is made and entered into as of September 30, 1996, by the entities listed on the signature pages hereof (collectively, the "Guarantors" and individually, a "Guarantor"), in favor of KEYBANK NATIONAL ASSOCIATION, as agent for the Banks (as that term is defined in the Loan Agreement described below) (in such capacity, the "Agent").

RECITALS

A. Gray Communications Systems, Inc., a Georgia corporation (the "Borrower"), owns, directly or indirectly, all of the issued and outstanding shares of the capital stock of each of the Guarantors. The Borrower, the Agent, NationsBank, N.A. (South), as Co-Agent, and the Banks have entered into a Loan Agreement dated as of September 23, 1996 (as the same may be extended, amended, restated or modified from time to time, the "Loan Agreement"), which is hereby incorporated herein by this reference, pursuant to which the Banks have agreed to loan to the Borrower up to \$53,500,000 on a reducing revolving credit basis and up to \$71,500,000 on a revolving credit converting to a term loan basis. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

B. A portion of the proceeds of the Loans will be used to repay certain existing Indebtedness of the Borrower which has been guaranteed by the Guarantors. In addition, a portion of the proceeds of the Loans may be provided to the Guarantors for the acquisition of assets, for capital expenditures and for working capital purposes.

C. It is a condition precedent to the extensions of credit to the Borrower under the Loan Agreement that the Guarantors, among other things, shall have executed and delivered this Guaranty.

D. The Borrower and the Guarantors share an identity of interests as members of a consolidated group of companies engaged in substantially similar businesses. The Borrower provides certain centralized financial, accounting and management services to the Guarantors, and the making of the Loans will facilitate the expansion and enhance the overall financial strength and stability of the Borrower's corporate group, including the

Guarantors. Accordingly, the Guarantors will derive substantial benefits as a result of the extensions of credit to the Borrower under the Loan Agreement, which benefits are hereby acknowledged by the Guarantors, and the Guarantors, therefore, desire to enter into this Guaranty in order to satisfy the condition precedent described in the preceding paragraph.

AGREEMENTS

In consideration of the foregoing Recitals, and of the Loans made or to be made by the Banks to the Borrower under the Loan Agreement, which will be of material economic benefit to the Guarantors, the Guarantors agree as follows in favor of the Agent for the benefit of the Banks:

1. GUARANTY OF PAYMENT. The Guarantors, jointly and severally, hereby absolutely, unconditionally and irrevocably guarantee as primary obligors, and not merely as sureties, the prompt performance and payment in full when due, whether at stated maturity, by acceleration or otherwise (including, without limitation, obligations that would become due but for the operation of the automatic stay under Section 362(a) of Title 11 of the United States Code, and including interest, fees and other charges whether or not a claim is allowed for such obligations in any such bankruptcy proceeding), of (i) all indebtedness, Obligations and liabilities of the Borrower arising at any time, now or in the future, pursuant to the Loan Agreement, the Notes or any Collateral Document, including, without limitation, the Borrower's obligations under any outstanding Letters of Credit; (ii) all indebtedness, Obligations and liabilities of the Borrower arising at any time, now or in the future, pursuant to any agreement with any Bank or an Affiliate of any Bank with respect to interest rate swap agreements or other agreements regarding Rate Hedging Obligations; (iii) all reasonable costs and expenses incurred by the Agent or any Bank, including, without limitation, reasonable attorneys fees and legal expenses, in the exercise, preservation or enforcement of any of the rights, powers or remedies of the Agent or the Banks, or in the enforcement of the obligations of the Guarantors, hereunder and under any other Collateral Document to which any Guarantor is a party; and (iv) any renewals, continuations or extensions of any of the foregoing (all of which are referred to herein as the "Guaranteed Obligations").

2. FRAUDULENT TRANSFER LAWS. Anything contained in this Guaranty to the contrary notwithstanding, the obligations of each Guarantor hereunder shall be limited to a maximum aggregate amount equal to the largest amount that would not render its

obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any applicable provisions of comparable state law (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of such Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Guarantor in respect of intercompany indebtedness to the Borrower or other Affiliates of the Borrower to the extent that such indebtedness would be discharged in an amount equal to the amount paid by such Guarantor hereunder) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation or contribution of such Guarantor pursuant to applicable law, this Guaranty or any other agreement providing for an equitable allocation among such Guarantor and other Affiliates of the Borrower of obligations arising under guaranties by such parties. This Section 2 shall be construed with the goal of maximizing the amount payable by each Guarantor hereunder without rendering it insolvent, leaving it with an unreasonably small amount of capital with which to conduct its business or leaving it unable to pay its debts as they mature, and in determining the solvency or net worth of a Guarantor, its right of contribution from the other Guarantors shall be taken into account to the fullest extent permitted by law.

3. CONTRIBUTION.

(a) The Guarantors desire to allocate among themselves in a fair and equitable manner their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made by a Guarantor under this Guaranty (a "Funding Guarantor") that exceeds its Fair Share (as defined below), that Funding Guarantor shall be entitled to a contribution from each of the other Guarantors in the amount of such other Guarantor's Fair Share Shortfall (as defined below), with the result that all such contributions will cause each Guarantor's Aggregate Payments (as defined below) to equal its Fair Share. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Guarantors of their obligations as set forth in this Section 3 shall not be construed in any way to limit the liability of any Guarantor hereunder. Any right of contribution which a Guarantor may have against any other Guarantor of the Guaranteed Obligations as a result of a payment pursuant to this Section 3 shall only be exercisable at such time and shall be subordinated as set forth in Section 13.

(b) "FAIR SHARE" means, with respect to a Guarantor as of any date of determination, an amount equal to (i) the ratio of (x) the Adjusted Maximum Amount (as defined below) with respect to such Guarantor to (y) the aggregate of the Adjusted Maximum Amounts with respect to all Guarantors, multiplied by (ii) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty in respect of the Guaranteed Obligations.

(c) "FAIR SHARE SHORTFALL" means, with respect to a Guarantor as of any date of determination, the excess, if any, of the Fair Share of such Guarantor over the Aggregate Payments of such Guarantor.

(d) "ADJUSTED MAXIMUM AMOUNT" means, with respect to a Guarantor, the maximum aggregate amount of the obligations of such Guarantor under this Guaranty, determined in accordance with Section 2.

(e) "AGGREGATE PAYMENTS" means, with respect to a Guarantor as of any date of determination, the aggregate amount of all payments and distributions made on or before such date by such Guarantor in respect of this Guaranty (including, without limitation, in respect of this Section 3).

4. EXTENSION OR RENEWAL OF GUARANTEED OBLIGATIONS; WAIVER. Each Guarantor agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, that such Guarantor will remain bound upon this Guaranty notwithstanding any extension, renewal or other alteration of any Guaranteed Obligation and the guaranty herein made shall apply to the Guaranteed Obligations as so amended, renewed or altered. Each Guarantor waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Borrower, any right to require a proceeding first against the Borrower, protest, notice and all demands whatsoever and covenants that its guaranty of the Borrower's Obligations under this Guaranty will not be discharged except by complete performance by the Borrower or another Guarantor of such Obligations.

5. NATURE OF GUARANTY: CONTINUING, ABSOLUTE AND UNCONDITIONAL.

(a) This Guaranty is and is intended to be a continuing guaranty of payment when due of the Guaranteed Obligations, and not of collection, and is independent of and in

addition to any other guaranty, indorsement, collateral or other agreement held by the Banks or by the Agent, for the benefit of the Banks, therefor or with respect thereto, whether or not furnished by any Guarantor. Each Guarantor waives any right to require that any resort be had by the Agent or the Banks to any other Guarantor or to any of the security held for payment of any of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Agent or any Bank in favor of the Borrower or any other Person. Upon the occurrence and during the continuance of any Event of Default, the Agent or the Banks may, at their sole election, proceed directly and at once, without notice, against any one or more of the Guarantors to collect and recover the full amount or any portion of the Guaranteed Obligations, without first proceeding against the Borrower, any other Guarantor or any other Person, or against any security or collateral for the Guaranteed Obligations. All Guaranteed Obligations shall be conclusively presumed to have been created in reliance hereon.

(b) This Guaranty shall not be changed or affected by any representation, oral agreement, act or thing whatsoever, except as herein provided. This Guaranty is intended by the Guarantors to be the final, complete and exclusive expression of the agreement among the Guarantors and the Agent, for the benefit of the Banks, with respect to the subject matter hereof.

(c) The obligations of the Guarantors under this Guaranty are absolute and unconditional and shall not be impaired or discharged by:

(i) the failure of the Agent or the Banks to assert any claim or demand or to enforce any right or remedy against the Borrower, any other guarantor or any other party to a Collateral Document under the provisions of the Loan Agreement, the Notes, any Collateral Document or any other agreement or otherwise;

(ii) any extension, renewal or other alteration of any provision of the Loan Agreement, the Notes, any Collateral Document or any other agreement or otherwise;

(iii) any rescission, waiver, amendment or modification of any of the terms or provisions of the Loan Agreement, the Notes, any Collateral Document or any other agreement or otherwise;

(iv) the failure of the Agent or the Banks to assert any claim or demand or to exercise or enforce any right or

remedy under the Loan Agreement, any Collateral Document or any other agreement or otherwise, or against any other guarantor of, or any other party which has provided security for, any of the Guaranteed Obligations;

(v) the sale, exchange, release, surrender, realization of or upon or the failure to perfect with respect to or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations;

(vi) the settlement or compromise of any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, or any subordination of the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower other than the Agent, the Banks and the Guarantors;

(vii) application of any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Agent or the Banks regardless of what liability or liabilities of the Borrower remain unpaid;

(viii) the act or failure to act in any manner referred to in this Guaranty which may deprive any Guarantor of its right to subrogation or contribution against the Borrower or any other guarantor to recover any payments made pursuant to this Guaranty; or

(ix) or any other act or agreement or thing or omission or delay to do any other act or thing that may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of a guarantor as a matter of law or equity.

(d) Each Guarantor's obligation hereunder is to pay the Guaranteed Obligations in full when due according to the Loan Agreement to the extent provided herein, and such obligation shall not be affected by any stay or extension of time for payment by the Borrower resulting from any proceeding under Title 11 of the United States Code, as now constituted or hereafter amended or replaced, or any similar federal or state law.

6. NO DISCHARGE OR DIMINISHMENT OF GUARANTY. The obligations of the Guarantors under this Guaranty shall not be subject to any reduction, limitation, impairment or termination for any reason (other than if the Guaranteed Obligations have

been indefeasibly paid in full, all commitments under the Loan Agreement have terminated and no Letters of Credit remain outstanding), including, without limitation, any claim of waiver, release, surrender, alteration or compromise of any of the Guaranteed Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations or any discharge of the Borrower from any of the Guaranteed Obligations in a bankruptcy or similar proceeding or otherwise.

7. REPRESENTATIONS AND WARRANTIES. Each Guarantor hereby represents, warrants and agrees as follows:

(a) Such Guarantor (i) is a duly organized and validly existing corporation, in good standing under the laws of its state of incorporation, (ii) has the corporate power and authority to own its property and assets and to transact the business in which it is engaged and (iii) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the ownership, leasing or operation of property or the conduct of its business requires such qualification, except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect.

(b) Such Guarantor has the corporate power and authority to execute, deliver and perform the terms and provisions of this Guaranty, the Subsidiary Security Agreement, the Subsidiary Pledge Agreement, the Mortgages and the other Collateral Documents to which it is a party (collectively, the "Subsidiary Agreements") and has taken all necessary action to authorize the execution, delivery and performance by it of this Guaranty and the Subsidiary Agreements. Such Guarantor has duly executed and delivered this Guaranty and the Subsidiary Agreements, and this Guaranty and the Subsidiary Agreements constitute its legal, valid and binding obligations enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(c) Neither the execution, delivery or performance by such Guarantor of this Guaranty and the Subsidiary Agreements, nor compliance by it with the terms and provisions hereof and thereof, (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or

be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien or encumbrance upon any of the property or assets of such Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement or any other agreement, contract or instrument to which such Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the organizational documents of such Guarantor.

(d) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, the execution, delivery, performance, legality, validity, binding effect or enforceability of this Guaranty and the Subsidiary Agreements by or against such Guarantor.

(e) Except as set forth in EXHIBIT F to the Loan Agreement, there are no actions, suits or proceedings pending or, to the best knowledge of such Guarantor, threatened against or affecting such Guarantor. No judgment or order for the payment of money has been entered against such Guarantor which remains outstanding and unpaid.

(f) There have been no changes in the business, properties, operations or condition, financial or otherwise, or prospects of such Guarantor since December 31, 1995, which could reasonably be expected to have a Material Adverse Effect.

(g) Such Guarantor has received, or has the right hereunder to receive (including rights to contribution and subrogation), consideration which is the reasonably equivalent value of the obligations and liabilities that such Guarantor has incurred to the Agent and the Banks. Such Guarantor is not insolvent as defined in Section 101 of Title 11 of the United States Code or any applicable state insolvency statute, nor, after giving effect to the consummation of the transactions contemplated herein, will such Guarantor be rendered insolvent by the execution and delivery of this Guaranty or any other Collateral Document to which it is a party. Such Guarantor is neither engaged nor about to engage in any business or transaction for which the assets retained by it shall be an unreasonably small capital, taking into consideration the obligations to the Agent and the Banks incurred hereunder. Such

Guarantor does not intend to, nor does it believe that it will, incur debts beyond its ability to pay them as they mature.

(h) The representations and warranties contained in the Loan Agreement as they pertain to such Guarantor are true and correct in all material respects.

8. COVENANTS.

(a) Except as permitted in the Loan Agreement, each Guarantor will at all times preserve and keep in full force and effect its existence as a corporation, organized in its state of incorporation, and shall at all times preserve and keep in full force and effect all rights and franchises material to its business.

(b) Each Guarantor shall comply in all material respects with all applicable material laws, rules, regulations and orders, such compliance to include, without limitation, paying when due all material taxes, assessments and governmental charges imposed upon it or upon any of its properties or assets or in respect of any of its franchises, businesses, income or property before any penalty or interest accrues thereon unless such taxes, assessments or governmental charges are being diligently contested by such Guarantor in good faith.

(c) Each Guarantor shall keep and maintain books, records and accounts with respect to its operations sufficient to enable it to prepare its financial statements in accordance with GAAP and shall permit the Agent and the Banks and their respective officers, employees and authorized agents to examine, copy and make excerpts from such books and records and to inspect the properties of such Guarantor both real and personal at any reasonable time.

(d) No Guarantor shall, directly or indirectly, incur, create, assume, guaranty or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except pursuant hereto or as expressly permitted in the Loan Agreement.

(e) Each Guarantor shall comply with all of the covenants, agreements, terms and conditions set forth in the Loan Agreement and the other Collateral Documents to the extent applicable to it.

9. SECURITY. To secure timely payment of the Guaranteed Obligations and performance in full of the obligations related thereto, each Guarantor is concurrently herewith entering into (i) a Subsidiary Security Agreement pursuant to which such Guarantor is granting to the Agent, for the benefit of the Banks, a first priority (subject only to Permitted Liens) perfected security interest in substantially all of such Guarantor's personal property, (ii) if applicable, Mortgages pursuant to which such Guarantor is granting to the Agent, for the benefit of the Banks, a first priority (subject only to Permitted Liens) perfected lien in certain of such Guarantor's real property, and (iii) if applicable, a Subsidiary Pledge Agreement pursuant to which such Guarantor is granting to the Agent, for the benefit of the Banks, a first priority perfected security interest in the stock and securities owned by such Guarantor in any Subsidiary of such Guarantor.

10. INFORMATION. Each Guarantor assumes all responsibility for being and keeping itself informed of the financial condition and assets of the Borrower and its Subsidiaries and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that the Agent and the Banks shall not have any duty to advise such Guarantor of information known to any of them regarding such circumstances or risks.

11. REINSTATEMENT. Each Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, of principal of, interest on or any other amount with respect to the Guaranteed Obligations is rescinded or must otherwise be restored by the Agent or any Bank upon the bankruptcy, insolvency or reorganization of the Borrower, any Guarantor or any other Person.

12. USE OF PROCEEDS. Each Guarantor further agrees, in furtherance of the foregoing and not in limitation of any other right that the Agent and the Banks may have at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by acceleration or otherwise (including, without limitation, amounts that would have become due but for the operation of the automatic stay under Section 362(a) of Title 11 of the United States Code), the Guarantors shall jointly and severally forthwith pay, or cause to be paid, in cash, to the Agent for the benefit of the Banks, an amount equal to the sum of the unpaid principal amount

of such Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including, without limitation, interest, fees and other charges that, but for the filing of a petition in bankruptcy with respect to the Borrower, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest, fees or other charges in any such bankruptcy proceeding) and all other Guaranteed Obligations then owed to the Agent or the Banks as aforesaid. All such payments shall be applied promptly, from time to time, by the Agent:

FIRST, to the payment of the costs and expenses of any collection or other realization under this Guaranty, and all expenses, liabilities and advances made or incurred by the Agent or any Bank in connection therewith;

SECOND, after payment in full of the amounts specified in the preceding subparagraph, to the payment in full of all other Guaranteed Obligations; and

THIRD, after payment in full of all Guaranteed Obligations, to the Guarantors, or their respective successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such payments.

13. SUBROGATION AND SUBORDINATION. Until the indefeasible payment in full of the Guaranteed Obligations, the termination of the Commitments under the Loan Agreement and the cancellation of all outstanding Letters of Credit, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Borrower or its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, including, without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Borrower, (b) any right to enforce, or to participate in, any claim, right or remedy that the Agent or the Banks now have or may hereafter have against the Borrower or any other guarantor, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Agent or the Banks. In addition, until the Guaranteed Obligations shall have been indefeasibly paid in full, the Commitments shall have terminated and all outstanding Letters of Credit shall have been cancelled, each Guarantor shall withhold exercise of any right of contribution that such

Guarantor may have against any other guarantor of the Guaranteed Obligations under Section 3 hereof or at law or in equity or otherwise. Each Guarantor further agrees that, to the extent the waiver of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, such rights of subrogation, reimbursement or indemnification that such Guarantor may have against the Borrower or against any collateral or security, and any rights of contribution that such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights that the Agent and the Banks may have against the Borrower, to all right, title and interest the Agent or the Banks may have in any such collateral or security, and to any right the Agent or the Banks may have against such other guarantor. The Agent or the Banks may use, sell or dispose of any items of collateral or security as they see fit without regard to any subrogation rights arising out of this Guaranty that any Guarantor may have and, upon any such disposition or sale, any rights of subrogation that any Guarantor may have shall, with respect to the collateral disposed of, terminate. If any amount shall be paid to any Guarantor on account of subrogation rights at any time when all Guaranteed Obligations shall not have been paid in full in cash or the Commitments under the Loan Agreement shall not have been terminated, or any Letters of Credit shall remain outstanding, such amount shall be held in trust for the Agent, on behalf of the Banks, and shall forthwith be paid over to the Agent, for the benefit of the Banks, to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Agreement, the Notes or any applicable Collateral Document.

14. DELAYS; OMISSIONS. No delay or omission by the Agent or the Banks in the exercise of any right under this Guaranty shall impair any such right, nor shall it be construed to be a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise of any other right.

15. MODIFICATION. Any term of this Guaranty may be amended and the observance of any term of this Guaranty may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the affected Guarantor and the Agent. No waiver of any single breach or default under this Guaranty shall be deemed a waiver of any other breach or default.

16. SUCCESSORS AND ASSIGNS. This Guaranty is a continuing guaranty and shall be binding upon the Guarantors and their respective successors and assigns; PROVIDED, HOWEVER, that no Guarantor may assign or transfer any of its rights or obligations hereunder without the prior written consent of all the Banks and the Agent. This Guaranty shall inure to the benefit of the permitted successors and assigns of the Agent and the Banks, and, in the event of any transfer or assignment of rights by the Agent or any Bank, the rights and privileges herein conferred upon the transferring Agent or Bank shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

17. RIGHT OF SET OFF. Upon the occurrence and during the continuance of any Event of Default, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of any Guarantor against any and all of the obligations of such Guarantor now or hereafter existing hereunder, irrespective of whether or not such Bank shall have made any demand hereunder and although such obligations may be unmatured. Such Bank agrees promptly to notify such Guarantor after any such set-off and application made by such Bank; PROVIDED, HOWEVER, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Banks under this Section are in addition to other rights and remedies (including without limitation, other rights of set-off) which the Banks may have. Each Guarantor agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in the Notes may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of such Guarantor in the amount of such participation.

18. GOVERNING LAW. THIS GUARANTY, INCLUDING THE VALIDITY THEREOF, AND THE DUTIES, RIGHTS, POWERS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF OHIO WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF.

19. ENFORCEMENT. EACH GUARANTOR (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF OHIO AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS GUARANTY OR THE SUBJECT MATTER HEREOF BROUGHT BY THE AGENT OR THE BANKS OR THEIR SUCCESSORS OR ASSIGNS AND (B) HEREBY WAIVES, AND

AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS GUARANTY OR THE SUBJECT MATTER HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURT, AND (C) HEREBY WAIVES AND AGREES NOT TO SEEK ANY REVIEW BY ANY COURT OF ANY OTHER JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF THE JUDGMENT OF ANY SUCH OHIO STATE OR FEDERAL COURT. EACH GUARANTOR HEREBY CONSENTS TO SERVICE OF PROCESS BY REGISTERED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN. EACH GUARANTOR AGREES THAT ITS SUBMISSION TO JURISDICTION AND ITS CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE AGENT AND THE BANKS. FINAL JUDGMENT AGAINST EACH GUARANTOR IN ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, OR IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE AGENT OR THE BANKS MAY AT THEIR OPTION BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST EACH GUARANTOR OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OR OF ANY COUNTRY OR PLACE WHERE SUCH GUARANTOR, OR SUCH ASSETS, MAY BE FOUND.

20. JURY TRIAL WAIVER. EACH GUARANTOR WAIVES IRREVOCABLY, TO THE EXTENT PERMITTED BY LAW, ALL RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN THE AGENT OR ANY BANK AND SUCH GUARANTOR ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS GUARANTY OR THE NOTES OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS GUARANTY AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH GUARANTOR ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO THE BANKS TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH BANK HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THE LOAN AGREEMENT AND THAT EACH BANK WILL CONTINUE TO RELY ON THE WAIVER IN ITS RELATED FUTURE DEALINGS WITH THE BORROWER AND THE GUARANTORS. EACH GUARANTOR FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS

WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (UNLESS EXPRESSLY MODIFIED IN WRITING BY ALL PARTIES HERETO AND THE AGENT AND EACH BANK), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS AND TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING HERETO. IN THE EVENT OF LITIGATION, THIS GUARANTY MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

21. NOTICES. All notices, demands and requests required or permitted to be given under the provisions of this Guaranty shall be in writing and shall be deemed to have been duly delivered and received if given in accordance with the provisions of the Loan Agreement with the address of the Guarantors being the address of the Borrower in the Loan Agreement.

22. SEPARABILITY. If any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all remaining provisions shall not in any way be affected or impaired. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

23. AGENT. The parties hereby acknowledge and reaffirm that the Agent has been designated to act as agent for the Banks. All rights and remedies of the Banks hereunder may be exercised by the Agent on behalf of, and as agent for, the Banks. The Banks may, pursuant to the terms of the Loan Agreement, appoint a successor agent, who shall, upon appointment, succeed to all the rights and obligations of the Agent hereunder. Each Guarantor acknowledges that the rights of the Agent hereunder are for the benefit of each Bank, and that, upon the termination of the appointment of an agent under the Loan Agreement and the failure of the Banks to appoint a successor agent thereunder, the rights of the Agent under the covenants, conditions and agreements hereof shall inure to the benefit of the Banks. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Agent may in good faith appoint one or more other Persons, either to act as co-agent or co-agents, jointly with the Agent, or to act as separate agent or agents on behalf of the Agent and the holders of the Guaranteed Obligations, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which may, in the

discretion of the Agent, include provisions for the protections of such co-agent or separate agent similar to the provisions herein).

24. SECTION HEADINGS. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Guaranty.

25. PRONOUNS. Any pronoun used herein shall be construed in the person, number and gender which is appropriate in the context.

26. COUNTERPARTS. This Guaranty may be executed in any number of counterparts or duplicate originals, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

27. JOINDER. Upon the execution and delivery after the date hereof by any new or additional Subsidiary of an instrument in the form of ANNEX 1 attached hereto, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect, notwithstanding the addition of any such new or additional Subsidiary as a party to this Guaranty.

IN WITNESS WHEREOF, the Guarantors have caused this Subsidiary Guaranty to be duly executed as of the day and year first written above.

GUARANTORS:

THE ALBANY HERALD PUBLISHING COMPANY, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY KENTUCKY TELEVISION, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY REAL ESTATE & DEVELOPMENT COMPANY

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY TELEVISION MANAGEMENT, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

GRAY TRANSPORTATION COMPANY, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

KTVE-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

PORTA-PHONE PAGING, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

PORTA-PHONE PAGING LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

THE ROCKDALE CITIZEN PUBLISHING COMPANY

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

THE SOUTHWEST GEORGIA SHOPPER, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WALB LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WALB-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WCTV LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WCTV OPERATING CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WJHG LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WJHG-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WKYT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WRDW LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WRDW-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WKXT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WKXT-TV, INC.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

WYMT LICENSEE CORP.

By: /s/ Robert A. Beizer

Name: Robert A. Beizer
Its : Secretary

ANNEX 1

SUPPLEMENT NO. ___, dated as of _____, to the Subsidiary Guaranty, dated as of September __, 1996 (the "GUARANTY"), by and among the Subsidiaries of Gray Communications Systems, Inc. in favor of KeyBank, National Association, as agent (all capitalized terms used herein but not otherwise defined herein shall have the meaning assigned to such terms in the Guaranty as the same may be hereafter amended or supplemented from time to time).

The undersigned (the "NEW GUARANTOR") is a Subsidiary of the Borrower and is executing this Supplement in accordance with the requirements of the Loan Agreement and of the Guaranty to become a Guarantor under the Guaranty as additional consideration for any Loans previously made.

Accordingly, the New Guarantor agrees as follows:

1. In accordance with Section 27 of the Guaranty, the New Guarantor by signing below hereby agrees to become a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor, and the New Guarantor hereby agrees to all of the terms and conditions of the Guaranty applicable to it as a Guarantor thereunder. Each reference to a "GUARANTOR" or the "GUARANTORS" in the Guaranty shall be deemed to include the New Guarantor, and the Guaranty is hereby incorporated by this reference.

2. This Supplement shall become effective upon the execution hereof by the New Guarantor and the delivery of this Supplement to the Agent.

3. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

4. This Supplement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Ohio without regard to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the New Guarantor has signed and delivered this Supplement to the Guaranty as of the day and year first above written.

By: _____

Name : _____

Title: _____