

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K

Annual report pursuant to section 13 and 15(d)

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### FILER

#### Equity Media Holdings CORP

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-51418

**Equity Media Holdings Corporation**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-2763411  
(I.R.S. Employer  
Identification No.)

One Shackleford Drive, Suite 400  
Little Rock, Arkansas 72211  
(Address of principal executive offices, including zip code)

(501) 219-2400  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Units consisting of one share of Common Stock, par value \$.0001 per share, and two Warrants  
Common Stock, par value \$.0001 per share  
Warrants to purchase Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the Registrant's common stock as of March 29, 2008 was 40,278,382 shares.

At June 30, 2007, the last business day of the registrant's most recently completed second fiscal quarter, there were 40,162,909 shares of the registrant's common stock outstanding, and the aggregate market value of such shares held by non-affiliates of the registrant (based upon the closing price of such shares as reported on the NASDAQ Capital Markets) was approximately \$125.9 million. Shares of the registrant's common stock held by the registrant's executive officers and directors have been excluded because such persons may be deemed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

#### **Documents Incorporated By Reference**

None.

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**EQUITY MEDIA HOLDINGS CORPORATION**  
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**THE SECURITIES AND EXCHANGE COMMISSION**  
**YEAR ENDED DECEMBER 31, 2007**  
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## PART I

### ITEM 1. BUSINESS

#### Overview

In this report, Equity Media Holdings Corporation and its subsidiaries are referred to as EMHC, we, or the “Company”. For all periods prior to the effective date of the merger with Coconut Palm Acquisition Corporation (“Coconut Palm” or “CPAC”) as described herein, references to the Company include the operations of Equity Broadcasting Corporation and its related businesses (“EBC”).

The Company was incorporated in Delaware on April 29, 2005 as Coconut Palm Acquisition Corp. On March 30, 2007, the Company merged with Equity Broadcasting Corporation, with Coconut Palm remaining as the legal surviving corporation; however, the financial statements and continued operations are those of EBC as the accounting acquirer. Immediately following the merger, the Company changed its name to Equity Media Holdings Corporation. EBC started its business operations in 1998 when it owned 100% of five radio stations and twenty-four low power television stations and 50% of one low power television station. Since then, it has sold the five radio stations and fifteen of the low power television stations along with numerous other properties it has bought and/or sold.

The Company, headquartered in Little Rock, Arkansas currently owns and operates television stations across the United States and the Retro Television Network (“RTN”). Since its inception and up to December 31, 2007, the Company has built and aggregated a total of 120 full and low power permits, licenses and applications that it owns or has contracts to acquire. The Company’s current FCC license asset portfolio includes 23 full power stations, 38 Class A stations and 59 low power stations, including two metropolitan New York City low power stations that the Company is currently under contract to purchase. The Company’s stations service English and Spanish-language audiences in 41 markets that represent more than 32% of the U.S. population.

While the Company originally targeted small to medium-sized markets for development, it has been able to leverage its original properties into stations in larger metropolitan markets, including Denver, Detroit, Salt Lake City, Minneapolis and Oklahoma City. The Company’s stations are affiliated with broadcast networks as follows: 19 of the stations are affiliated with Univision, 12 are affiliated with the Company’s Retro Television Network (“RTN”), five are affiliated with MyNetworkTV, four are affiliated with FOX, three are affiliated with TeleFutura, and one is affiliated with ABC.

With 19 affiliates, the Company is the second-largest affiliate group of the top-ranked Univision and TeleFutura networks 13 of which operate amongst the nation’s top-65 Hispanic television markets. The Company believes that it has a superior growth opportunity in these Hispanic properties because of the projected continued Hispanic population growth in those markets combined with 15-year affiliation agreements with either Univision or TeleFutura, respectively.

RTN was developed to fulfill a need in the broadcasting industry that is occurring now and will continue to occur as broadcast stations switch over to digital programming pursuant to a Federal Communications Commission mandate with a February, 2009 deadline. Digital Television (“DTV”), will allow broadcasters to offer television content with movie-quality picture and CD-quality sound. DTV is a much more efficient technology, allowing broadcasters to provide a “high definition” (“HDTV”), program and multiple “standard definition” DTV programs simultaneously. Providing several programs streams on one broadcast channel is called “multicasting.” The challenge facing many broadcasters is how to effectively program and monetize the value created by DTV.

RTN is the first network designed for the digital arena. RTN takes some of the most popular and entertaining programs from the 60s, 70s, 80s, and 90s, all ratings proven and digitally re-mastered, and provides them to their RTN affiliates. RTN affiliates enjoy a scalable, cost efficient content solution for their digital channels. A major differentiator between RTN and other potential digital solutions is RTN’s ability to deliver local news, sports, and weather updates to the local RTN affiliate, in addition to the quality RTN programming. This enables the local affiliate to sell local advertising spots to generate revenue.

The ability to deliver localized programs to the RTN affiliate is accomplished through utilization of the Company's proprietary digital satellite technology system known as "C.A.S.H." The Central Automated Satellite Hub ("CASH"), system provides the means of delivering a fully automated, 24 hour a day custom feed for each local affiliate. The Company has the capability to launch localized network feeds in all 210 U.S. TV markets and internationally as well.



The Company has historically focused on aggregating stations and developing delivery systems. Over the past eight years, the Company financed itself largely by acquiring television construction permits and stations at attractive valuations. After acquiring the stations, the Company would construct and/or upgrade the facilities and, on a selective market basis, sell the station at an increased valuation to fund operations and acquisitions and to service debt.

Following the March, 2007 merger, the Company's business focus shifted from primarily aggregating stations to increasing RTN affiliate penetration and maximizing revenue and profit for each station. The Company intends to achieve revenue growth and profitability through various entity and station-level initiatives in select markets. These initiatives, which the Company has recently begun to implement, include:

- continued growth of the RTN affiliate base in key U.S. television markets;
- focusing on growing national business;
- addition of experienced managers in select local markets;
- upgrading / increasing sales staffs in select local markets;
- establishing market appropriate rate cards;
- upgrading local news (where available) and expanding local programming in select markets;
- upgrading syndicated programming;
- enhancing cable and satellite distribution

Generally, it takes a few years for the Company's newly acquired or built stations to generate operating cash flow. In addition, it requires time to gain viewer awareness of new station programming and to attract advertisers. Accordingly, the Company has incurred, and expects to continue to incur, with newly acquired or built stations, losses at a station in the first few years after it acquires or builds the station. Occasionally unforeseen expenses and delays increase the estimated initial start-up expenses. This requires the Company's established stations to generate revenues and cash flow sufficient to meet its business plan including the significant expenses related to newly acquired or built stations.

The Company is also one of the largest holders of broadcast spectrum in the US. Each of these stations is 6 MHz and is located in the 480-680 MHz band. Our spectrum adjoins the 700 MHz band and offers similar propagation characteristics. The Company anticipates that it will supplement its revenues by monetizing its significant spectrum portfolio through joint-ventures, leasing or sub-licensing to telecoms and new media companies.

Over the past 8 years, use of wireless minutes has increased over 18 fold, number of customers has increased over 400%, and wireless data revenues have increased from under \$100 million to over \$4 billion according to an Aloha Partners White Paper submitted to Congress on April 19, 2005.

To date the company has focused on using digital spectrum by launching a new broadcast channel specifically designed for digital carriage through multicasting – Retro Television Network. Other potential uses for spectrum include WiMax data transmission, Video-on-demand, and mobile broadcasting for wireless carriers & consumer electronic device makers.

Currently, we estimate that the EMHC station digital footprint when fully built out would cover approximately 112, 500,000 people with 6 MHz of digital spectrum.

The Company also launched a new corporate and investor relations website ([www.EMDAholdings.com](http://www.EMDAholdings.com)) in August 2007. The website features new and expanded content about the Company's operating businesses, senior management, news and public filings. All key information on the website is available in an up-to-date, interactive format.

## Company History

EBC was originally formed through a stock and unit exchange of various entities and assets for common stock. In June 2001, EBC issued approximately \$30 million of Series A Convertible Preferred Stock to various preferred shareholders, including a \$25.0 million equity investment by Univision. Following its investment in EBC, Univision has historically in effect utilized the Company as a development vehicle for its network to enter into various new, strategic markets seeking to increase its footprint across the United States and to pursue its aggressive growth strategy. After the March 2007 merger with Coconut Palm, Univision continues to own approximately 5% of the Company on a fully-converted basis, with ownership consisting of common stock and preferred stock. In connection with the merger, Univision extended its affiliation agreements with the Company for a term totaling 15 years beginning March 2007 in all markets in which the Company operates with Univision and TeleFutura. The Company now has affiliation agreements for 44 of its stations, 19 of which have 15-year affiliation agreements with the top-ranked Univision primary network or the TeleFutura network.

Over the years, the Company has focused on high-growth underserved Hispanic markets as the U.S. Hispanic population is growing three times faster than that of non-Hispanic population, according to the U.S. Census Bureau estimates. The Top 10 Hispanic markets have grown at 21%, while the Company's Hispanic markets have grown at more than double that rate, 43%, according to Nielsen 2001-2006 Universe Estimates. The Company has continued to opportunistically acquire FCC licenses, construction permits, and stations in key markets, and identified these underserved markets by assessing the Top 100 Hispanic markets in the United States and identifying opportunities, either through FCC licenses or station sales, to enter into these markets. The Company focuses on driving sales in both the Spanish-language markets as well as our English language stations in early stages of development. Through the use and applications of the FCC historic television licensing process and its industry alliances, the Company has been able to develop its FCC asset portfolio to a total of 120 full and low power permits, licenses and applications that it owns or has contracts to acquire. During this time, the Company has operated or had signed agreements to acquire one of the largest portfolios of both television stations and digital spectrum in the United States, according to BIA Financial Network, Inc. Presently, the Company has 23 full power stations and construction permits, 38 Class A stations and 59 low power stations, which serve primarily as translator stations. Translator stations are low power stations that rebroadcast the primary station's signal to expand the coverage and fill in holes. While the Company originally targeted small to medium-sized markets for development, the Company has been able to leverage its original properties into stations in larger metropolitan markets such as Denver, Colorado; Salt Lake City, Utah; Kansas City, Missouri; Detroit, Michigan; Minneapolis, Minnesota; and Oklahoma City, Oklahoma. For Hispanic and English broadcasting, the Company's potential targets include: (1) large markets (designated market area (DMA) ranking #1-50) — independents; (2) middle markets (DMA ranking #51-100) — networks; (3) small markets (DMA ranking #100+) — major networks, and (4) small station groups ( source: Nielsen Media Research ).

The Company believes it is uniquely positioned within the high growth areas of specialty or niche programming, with access to broadcast spectrum in several large markets. The Company developed and applied for a U.S. patent for the C.A.S.H. system, as described below. The design of the system allows for the addition of modules giving the system the ability to grow as system demand requires. In addition, the conversion to Mpeg-4 compression from the current Mpeg-2 compression will allow. The Company to put almost twice as many signals in our current satellite bandwidth at approximately the same monthly cost. The Company also believes that it is well positioned with respect to data convergence, and that its significant spectrum assets provide an opportunity as a digital content delivery vehicle within its footprint.

The Company is the second largest affiliate of Univision, the leading Spanish-language television broadcaster in the U.S. that reaches approximately 99% of all U.S. "Hispanic Households" (defined as those with a head of household who is of Hispanic descent or origin, regardless of the language spoken in the household). Univision is a key source of programming for the Company's television broadcasting business and continues to be a key strategic partner. Univision's primary network, which is the most watched television network (English or Spanish-language) among Hispanic Households, provides the Univision affiliates with 24 hours per day of Spanish-language programming with a prime time schedule of substantially all first run programming (i.e., no re-runs) throughout the year.

Of the stations in the Company's portfolio, 44 have strategic affiliation agreements in place to provide programming and generate revenue. A significant number of these affiliates are in early stages of development with growth potential. The nature of the television business is such that most costs excluding selling commissions are fixed. After start up many stations reach the breakeven point, a majority of the new revenue goes to the bottom line and the incremental profit margins are high. This creates a high growth potential on each new dollar of revenue. In addition, TV stations cannot mature and reach their full profit potential until they acquire good content and develop an audience and obtain advertisers. Historically a large number of the Company stations were selling paid programming and not acquiring quality content. The Company has started acquiring diversified content for the station group.

In the past several years, the Company's management has been focused on acquisitions, developing stations and getting FCC approvals for licenses to operate in markets across the United States. During this period, the Company, in order to avoid excess dilution or high debt exposure, often would sell assets it had developed rather than borrow money for growth. Thus, the Company financed itself largely by acquiring television construction permits and acquiring stations at attractive valuations. Normally the company would sell an asset, if it could take a portion of the monies generated (usually less than  $1/2$ ) and find one or two not yet developed assets that it could acquire to replace the asset being disposed of. After acquiring the stations, the Company would construct and/or upgrade the facilities. The Company would, on a selective market basis, acquire attractive programming, build up a local sales presence and sell the station at an increased valuation to fund operations, internal growth, acquisitions and to service debt. The Company has completed four material station sale transactions in the last three years of which three resulted in gains. As a result of the limited availability of funding, the Company has continued this selective station development and sale process and to date has not focused on implementing comprehensive programming, sales, marketing and advertising programs at each station to fully maximize the revenue or profitability potential for its properties. The Company does expect to evaluate and re-align its portfolio, selling under performing assets and using the proceeds for debt reduction, growth of RTN and to expand the potential of existing core stations.

## Industry Overview and Trends

### Television Broadcast Industry

Although television technology was developed in the late 1800s, the first television broadcast in the United States came approximately 50 years later when Very High Frequency (VHF) channels (channels 2-13) were introduced in the early 1940s. Ultrahigh Frequency (UHF) channels (channels 14-83) were unveiled 11 years later following a four year freeze on station licensing, which allowed engineers to work out the intricacies of adding these additional channels. It was almost a decade after the introduction of UHF channels when the first commercially-based Spanish television station began broadcasting in the United States.

The majority of over-the-air television stations in the U.S. are affiliated with major networks, such as NBC, CBS, ABC, Fox and Univision. Each of these networks contributes programming to affiliate stations in exchange for the use of advertising sales time within those programs. The networks typically retain the revenues generated from these advertising placements, which helps to offset the cost of providing the programming. Historically, affiliated broadcasters generate revenues through the remaining advertising time not taken by the major networks, through the advertising of non-network programming (either in-house or independent) and through network compensation agreements. However, the industry trends have begun to shift away from the concept of network compensation. For example, FOX is asking stations to essentially share in the cost of producing high-profile programming, including major sporting events such as NFL games. It is expected that ABC, CBS and NBC will implement such initiatives in the future. This trend increases the pressure on local stations to recoup related expenses.

In contrast to the major networks, smaller networks such as MyNetworkTV (launched by FOX) and the CW (formed through the merger of WB and UPN) typically possess a smaller catalog of programming, and affiliated stations utilize more syndicated and, or local programming as they typically only supply two hours of programming during prime time hours. The syndicated and, or local programming normally allows the station to retain the rights to a significantly higher portion of advertising spots. This is attractive to broadcasters because it allows for more advertising spots, as well as decreases the network fees that are often associated with the larger networks, especially given the recent trend of networks having stations share in the cost of producing programs.



## The Spanish Language Market Opportunity in the United States

Management believes that the Company benefits from the continued growth of the Hispanic market in the United States. Spanish-language media is expected to continue expanding due to growth in the Hispanic population and the increasing spending power of the Hispanic demographic. The discussion below references statistics primarily from the following sources: (1) U.S. Census Bureau; (2) the Advertising Age Hispanic Fact Pack; (3) Nielsen Media Research; (4) U.S. Bureau of Labor Statistics, and (5) Hispanic Business Inc., the U.S. Hispanic Media Market.

### Hispanic Population Growth

According to the U.S. Census Bureau and Nielsen Media Research, the Hispanic population in the U.S. has increased from 22 million in 1990 to 35 million in 2000 and 41 million in 2004. This number in 2004 represented 14% of the total U.S. population. The growth rate of the Hispanic population is over three times the growth rate of the total U.S. population and five times the growth rate of the non-Hispanic population. According to the Advertising Age Hispanic Fact Pack, the total Hispanic community is expected to grow to 60 million by 2020 and represent 18% of the total U.S. population. Certain Hispanic markets have grown at rates ranging from 20% up to more than double that rate, at over 40%. ( Source: Nielsen 2001, 2006 Universe Estimates ).

### Spanish-language Advertising

U.S. Hispanic advertising spending was approximately \$3.2 billion in 2005. Hispanic ad dollars were up 12.1% in 2005, compared with a 6.6% growth in overall U.S. advertising spending. ( Source: Hispanic Business Inc., the U.S. Hispanic media market ). Over 86% of total Hispanic media spending was in the form of TV and radio advertising. Total Hispanic advertising spending is projected to grow at 10.3% compound annual growth from 2004 through 2009 versus a 6.2% growth for all U.S. media. (Source: Hispanic Fact Pack ).

According to Nielsen Media Research, while Hispanics represent 14% of the total U.S. population, Spanish-language advertising spending only accounted for 3.4% of total U.S. advertising spending in 2005. Increasing the focus on the Hispanic market will narrow this advertising spending gap. Based on the company's experience, although approximately half of all Hispanics predominantly speak Spanish, Hispanics who predominately speak English and non-Hispanics who speak Spanish also watch Spanish language programming. In addition, there are currently several networks that target the predominantly English-speaking Hispanics, such as SiTV and MTV3, which not only reach bilingual Hispanics but also attract non-Hispanics, thus further increasing the potential advertising base. Therefore, the Spanish-language media market can still gain a significant market share, on a fair basis, of a currently \$264 billion U.S. media spending market.

### Business Strategy — Historical

The Company has historically operated through five primary revenue channels (described below): (i) paid programming and infomercials on its English language stations; (ii) spot sales on its Spanish-language stations (Univision and TeleFutura); (iii) spot sales on traditional network affiliate stations (FOX, ABC, UPN and WB); (iv) acquiring and divesting television properties (and using the proceeds, in part, for new station build-outs and/or acquisitions); and (v) the Company's Media Services division. Products of the Media Services division, which the Company makes available to other broadcasters, include the C.A.S.H. Services (Central Automated Satellite Hub) system and ENS (Equity News Service). The C.A.S.H. Services system is a proprietary, state-of -the-art, server-based centralized programming system that uses digital satellite technology to allow the Company to feed all programming to station transmitters and cable systems from the Company's master control facility in Little Rock, Arkansas. ENS is a news production facility that provides centralized news operations. Due to scarce resources and the limited window of opportunity to develop Univision markets, the Company had focused its efforts on acquiring high-growth, underserved Hispanic markets rather than fully developing each market before moving to the next market. A majority of the Company's network stations have been acquired or built within the last five years and will, therefore, require a few years for these stations to generate operating cash.

Historically, the company has liquidated properties in smaller, highly competitive marketplaces where strong growth prospects were limited or markets where the company could replace the asset sold at a lower cost basis and expand its national coverage, such as the Portland sale where the company was able to acquire stations in Waco, TX; Nashville, TN; Jacksonville, FL; Grand Rapids, MI and Lexington, KY, three of which have Univision affiliates. Under its current operating plan, the Company is evaluating planned dispositions of various core and non-core station assets.

### English-language Television

As of December 31, 2007, the Company's English-language station group had the following network affiliations: ABC (1 station), FOX (4 stations), MyNetwork TV (5 primary affiliations and 4 secondary affiliations), and Retro Television Network ("RTN") (12 stations). MyNetworkTV is a FOX network launched in 2006. It recently announced that it had acquired the rights to WWE Smackdown and will begin airing in September 2008.

Many start-up stations that do not have a strong local sales team allocate a substantial portion of their air time to paid programming and infomercials. This provides a stable cash flow for the time periods involved, but the revenue is normally substantially less than the amount that could be generated by spot sales during quality, syndicated programming. In addition, paid programming alienates most viewers and produces significantly reduced ratings, making spot sales harder to generate. In 2007, paid programming accounted for 14% of the Company's total television revenue.

For the next several years, stations carrying the new networks should allow for higher growth rates than the traditional television model. As a result of these stations being in the process of developing their audience, they have an abundance of available inventory and are currently selling spots at low rates. As the station's ratings mature, the inventory should sell out and spot rates should increase as demand exceeds supply. In contrast, most mature stations have very little available inventory and are dependent on inflationary spot rate increases for growth.

### Retro Television Network

RTN is the first completely-customizable, national television network to provide a 24/7 digital feed of hit shows to each of its affiliates. RTN takes some of the most popular and entertaining programs from the 60s, 70s, 80s and 90s – ratings-proven programming that has been digitally re-mastered, and mixes them with localized sports, weather and news, depending on each individual station's needs. As the nation quickly approaches the mandated February 2009 deadline for switching to 100 percent digital programming, RTN is the first network designed for the digital arena. In effect, RTN is creating a new digital market and profit opportunity for local broadcasters.

The goal of RTN is to deliver affordable, recognizable programming to local affiliates through a one-of-a-kind, turnkey system developed specifically by RTN for the customized operation of multiple digital channels following the switch from analog to digital television. RTN executives believe that RTN meets the criteria for success in the digital era for the following reasons:

Broadcasters' growing desire to monetize their digital subchannels – Local broadcasters are beginning to understand the revenue potential that the extra bandwidth provides and are searching for quality programming that is affordable.

RTN's quality programming is completely-customizable – RTN has established long-term programming agreements with some of the largest distributors and will work with its affiliates to develop the perfect lineup.

RTN's unique, turnkey method of delivery - The real value of RTN lies in its unique design, which allows each affiliate to remain in complete control while RTN runs the local and national master control from its central hub.

Congress has set a February 18, 2009 deadline for television stations to switch entirely from analog to digital broadcasts. At this time, television as we now know it will be replaced by a more efficient system that offers movie-quality picture and CD-quality sound, along with a variety of other enhancements.

Digital Television (DTV) is a more flexible technology than the current analog broadcast technology. Rather than being limited to providing one analog programming channel, a broadcaster will be able to provide a super-sharp "high definition" (HDTV) broadcast and multiple "standard definition" DTV broadcasts simultaneously. Providing several program streams on one broadcast channel is called "multicasting." The number of programs a station can send on one assigned digital channel depends on the level of picture detail, also known as "resolution," desired in each programming stream.



The digital conversion creates new opportunities for local station's to generate revenue because they can now air multiple broadcast streams. RTN is specifically designed to give local broadcasters a way to successfully monetize this excess digital capacity.

RTN's custom feed gives local affiliates highly sought after flexibility in the digital age. RTN brings recognizable, ratings-proven, digitally-remastered, high-quality programming through our long-term programming arrangements with broadcast giants such as CBS, Sony and NBC Universal. The custom feed delivered by RTN allows each affiliate the opportunity to tailor the programming to meet the needs of its market and fill a programming gap that historically has been unfilled.

In addition to completely-customizable programming, RTN also offers market-specific news and weather breaks hosted by network-provided talent. Other RTN services include:

Ability of affiliate to deliver all spots to the RTN master control via FTP, for use in the C.A.S.H. system

Use of RTN's digital master control

Switching of the feed for live sporting events

Production of station promotions, IDs and other station identification graphics

RTN knows that these services are important because they allow the affiliates to maintain the 'local' aspect without having to sacrifice the primary channel's manpower.

RTN is distributed by Equity Media's C.A.S.H. (Central Automated Satellite Hub) system, a state-of-the-art digital satellite uplink system that feeds programming to affiliates from its Little Rock, Ark., headquarters. This system allows for substantial cost savings through consolidation of operations. Additional benefits of the C.A.S.H. system include:

Centralcasting

Merging/Consolidating Master Control

Automated

Increased Cable Penetration

Digital Quality Picture

Lower Capital Expenditures and Operating Costs

Unlimited Capacity and Capability

Delivery of Other Services

The C.A.S.H. system allows affiliates to receive the RTN feed without having to establish a separate personnel base to run the daily operations. The C.A.S.H. system basically replaces the need for Master Control operations, engineers or a traffic department. Since the local affiliate retains the local advertising revenue, a sales staff dedicated to selling the local advertising inventory is the only personnel required.

## Spanish-Language Television

### Overview

Upon completion of the March, 2007 merger, nineteen of the Company's stations were granted 15-year affiliation agreements with the top-ranked Univision's primary network or its TeleFutura network. Of these 19 Hispanic stations, 13 are in the nation's top 65 U.S. Hispanic markets, none of which fall within the nation's top 10 Hispanic markets. The largest Hispanic market in which the Company has an affiliation agreement is Ft. Myers/Naples, Florida, currently ranked number 36 in the nation's top Hispanic markets. The Company's television stations include the second largest affiliate group of the Univision networks. Univision is the leading Spanish-language network in the United States, reaching 99% of all U.S. Hispanic households. Univision's primary network is the most watched television network (English- or Spanish-language) among U.S. Hispanic households. Univision's primary network and its TeleFutura Network represent approximately 34% of the total prime time viewing among Hispanics, regardless of language. The Company has 24-hour access to Univision programming, which includes all first-run programming every day during prime time. No other major network offers first-run programming during prime time year round.

### Univision Network Programming

Univision directs its programming primarily toward a young, family-oriented audience. Every Monday through Friday, programming begins with several talk/variety shows, followed by drama miniseries and several novelas. The late afternoon begins with an entertainment show and continues with a newsmagazine, as well as local news produced by the Company's own stations and the network newscast. Prime time is filled with first run novelas, variety shows, talk shows, comedies, reality shows and specials. Another session of late news follows with a late night comedy show to conclude the daily programming. Weekend daytime programming begins with children's programming and is generally followed by sports, reality shows, teen lifestyle shows and movies.

Approximately eight to ten hours of programming per weekday, including a large portion of weekday prime time, are currently programmed with novelas supplied primarily by Grupo Televisa, and to a lesser extent, Venevision. Though largely equated to the daytime soap operas of the major English networks, novelas have significant differences. Originally made as serialized books, novelas typically run four to eight months and target much wider audiences than the typical English soap operas.

### TeleFutura Network Programming

TeleFutura is Univision's other 24-hour general-interest Spanish-language broadcast network. TeleFutura programming includes sports (including boxing, soccer and a nightly wrap-up at 11 p.m.), movies (including a mix of English-language movies translated into Spanish) and novelas not run on Univision's primary network, as well as reruns of popular novelas broadcast on Univision's primary network.

TeleFutura's programming schedule is strategically counter-programmed to the Univision programming, such as when TeleFutura will be airing a movie or soccer game.

### Network Affiliation Agreements

Several of the Company's stations have affiliation agreements granting them exclusive rights to broadcast Univision and TeleFutura programming in certain geographic areas. These agreements allow the stations to sell up to six minutes per hour of advertising on the Univision network and four and a half minutes on TeleFutura's network, subject to occasional allocation adjustments by Univision.

As part of the March, 2007 merger, the affiliation agreements with Univision were extended for a term totaling 15 years through 2022, with provisions for several two-year renewals at Univision's option and the Company's consent.

### Local Programming

The Company offers local news in several markets. The Company believes that its local news products brand its stations in their local television markets. The Company shapes its local news to relate to and inform its target audiences. Substantial investments have been made in people and equipment in order to provide local communities with quality newscasts. The Company strives to be the most important community voice in each of its local markets. In several of these markets, the Company believes that its local news is the most significant source of Spanish-language daily news for the Hispanic community. Many of the Company's stations produce local weekly community affairs shows that cover important issues and topics for Hispanics. In addition, the Company also produces local news and weather updates throughout the broadcast day.

### Television Station Portfolio

The table below lists information concerning each of the Company's television stations/construction permits and its respective market, as of March 12, 2008.

<b>DMA #</b>	<b>DMA NAME</b>	<b>CITY of LICENSE</b>	<b>CALL SIGN</b>	<b>CH. #</b>	<b>AFFILIATION</b>
131	Amarillo	Borger, TX	KEYU-DT	31	UNI
		Amarillo, TX	KEYU-LP	41	UNI
		Amarillo, TX	K59HG	59	UNI
131	Amarillo	Amarillo, TX	KEAT-LP	22	Retro Jams
131	Amarillo	Amarillo, TX	KAMT-LP	50	TLF
		Amarillo, TX	K38IP	38	TLF
9	Atlanta	Atlanta, GA	WYGA-CA	55	Retro Jams
49	Buffalo	Springville, NY	WNGS	67/7	RTN
90	Burlington / Plattsburgh	Burlington, VT	WGMU-CA	39	MNT
		Rutland, VT	W61CE	61	MNT
		Burlington, VT	WBVT-CA	30	MNT
		St. Albans, VT	W52CD	52	MNT
		Monkton, VT	W19BR	19	MNT
		Ellenburg, NY	W49BI	49	MNT
		Claremont, NY	W17CI	17	MNT
192	Butte / Bozeman	Butte, MT	KBTZ	24	FOX & MNT
		Bozeman, MT	KBTZ-LP	32	FOX
		Bozeman, MT	K15HI	15	FOX
89	Cedar Rapids / Waterloo	Waterloo, IA	KWWF	22	RTN
195	Cheyenne / Scottsbluff	Cheyenne, WY	KKTU-LP	40	ABC
195	Cheyenne / Scottsbluff	Scottsbluff, NE	KTUW	16/17	RTN
18	Denver / Cheyenne	Cheyenne, WY	KDEV	33/11	RTN
		Aurora, CO	KDEV-CA	39	RTN
		Rawlins, WY	K21CV	21	RTN
		Laramie, WY	K61DX	61	RTN
11	Detroit	Detroit, MI	WUDT-CA	23	UNI
172	Dothan	Dothan, AL	WDTH-LP	59	Paid
		Dothan, AL	W23DJ	23	Paid

120	Eugene	Roseburg, OR	KTVC	36/18	RTN
		Eugene, OR	KAMK-LP	53	RTN
64	Ft. Myers / Naples	Ft. Myers, FL	WTLE-LP	18	TLF
		Naples, FL	WUVF-CA	2	UNI
		Ft. Myers, FL	WLZE-LP	51	UNI

64	Ft. Myers / Naples	Ft. Myers, FL	WEVU-CA	4	UNI	
64	Fort Myers/Naples	Naples, FL	WBSP-CA	7	Retro Jams	
102	Ft. Smith - Fayetteville	Ft. Smith, AR	KPBI-CA	46	MNT	
		Bentonville, AR	KHMF-CA	14	MNT	
		Siloam Springs, AR	KKAF-CA	33	MNT	
		Paris, AR	KRAH-CA	60	MNT	
		Poteau, OK	KSJF-CA	50	MNT	
		Fayetteville, AR	KEGW-LP	64	MNT	
		Winslow, AR	KWNL-CA	31	MNT	
		Fort Smith, AR	K66FM	66	MNT	
		Fort Smith, OK	K48FL	48	MNT	
		Fort Smith, AR	K33HE	33	MNT	
102		Ft. Smith - Fayetteville	Fort Smith, AR	K32GH	32	Retro Jams
			Hindsville, AR	KRBF-CA	59	Retro Jams
102		Ft. Smith - Fayetteville	Ft. Smith, AR	KDFD-CA	44	UNI
			Fayetteville, AR	KFFS-CA	36	UNI
	Ft. Smith, AR		KUFS-LP	54	UNI	
102	Ft. Smith - Fayetteville	Eureka Springs, AR	KPBI-TV	34	RTN	
		Ft. Smith, AR	KWFT-LP	34	RTN	
		Ft. Smith, AR	K58FB	58	RTN	
102	Ft. Smith - Fayetteville	Springdale, AR	KJBW-CA	4	UNI	
		Fort Smith, AR	KXUN-LP	43	UNI	
162	Gainesville	Williston, FL	W56EJ	56	Retro Jams	
162	Gainesville	Williston, FL	W63DB	63	Paid	
39	Grand Rapids	Grand Rapids, MI	WUHQ-LP	29	Paid	
190	Great Falls	Great Falls, MT	KLMN	26	FOX & MNT	
87	Jackson	Jackson, MS	WJXF-LP	49	Paid	
87	Jackson	Jackson, MS	WJMF-LP	53	UNI	
50	Jacksonville	Maxville, FL	WUJF-LP	33	UNI	
31	Kansas City	Kansas City, MO	KUKC-LP	48	UNI	
43	Las Vegas	Goldfield, NV	KEGS	7/50	RTN	
		Reno, NV	KELM-LP	43	RTN	
		Las Vegas, NV	KEGS-CA	30	RTN	
43	Las Vegas	Ely, NV	KBNY	6	Tolled	
		Las Vegas, NV	KNBX-CA	31	SuTV	
		Lexington, KY	WBLU-LP	62	MNT & RTN	
57	Little Rock	Camden	KKYK	49	RTN	
		Little Rock, AR	KKYK-CA	20	RTN	
		Hot Springs, AR	KTVV-CA	63	RTN	
		Little Rock, AR	KHTE-LP	44	RTN	
57		Little Rock	Little Rock, AR	KHUG-CA	14	Retro Jams
57	Little Rock	Little Rock, AR	KLRA-CA	58	UNI	
57	Little Rock	Little Rock, AR	KWBF	42/44	MNT	
		Sheridan, AR	KWBF-LP	47	MNT	
		Pine Bluff, AR	KWBK-LP	45	MNT	
		Batesville, AR	K38IY	38	MNT	
2		Los Angeles	Ventura, CA	KIMG-LP	23/17	Paid
178	Marquette	Marquette, MI	WMQF	19	FOX & MNT	

15	Minneapolis / St. Paul	Minneapolis, MN	WUMN-CA	13	UNI
15	Minneapolis / St. Paul	Minneapolis, MN	WTMS-CA	7	Daystar/TLF
168	Missoula	Missoula, MT	KMMF	17	FOX & MNT
		Kalispell, MT	KMMF-LP	34	FOX & MNT
		Kalispell, MT	KEXI-LP	35	FOX & MNT
135	Monroe / El Dorado	El Dorado, AR	K32HT	32	Paid
		El Dorado, AR	K47JG	47	Paid
		Delhi, LA	K33IF	33	Paid
30	Nashville	Nashville, TN	WNTU-LP	26	UNI

1	New York	New York	WMBQ-CA	46	APA
		Brooklyn	WBQM-LP	3	APA
45	Oklahoma City	Woodward, OK	KUOK	35	UNI
		Oklahoma City, OK	KCHM-CA	36/59	UNI
		Sulphur, OK	KOKT-LP	20	UNI
45	Oklahoma City	Norman, OK	KUOK-CA	11	Retro Jams
45	Oklahoma City	Oklahoma City, OK	KWDW-LP	48	UNI
156	Panama City	Marianna, FL	WBIF	51	RTN
110	Reno	Reno, NV	KRRI-LP	25	Retro Jams
35	Salt Lake City	Logan, UT	KUTF	12	TLF
		Salt Lake City, UT	K45GX	45	TLF
35	Salt Lake City	Vernal, UT	KBCJ	6/27	CP
		Price, UT	KCBU-DT	3/11	RTN
		Salt Lake City, UT	KUBX-LP	58/27	RTN
		Vernal, UT	K060F	6	RTN
14	Seattle	Seattle, WA	KUSE-LP	58/30	Retro Jams
77	Spokane	Pullman, WA	KQUP	24	RTN
		Couer d'Alene, ID	KQUP-LP	47	RTN
76	Springfield	Harrison, AR	KWBM	31	MNT
		Springfield, MO	KBBL-CA	56	MNT
		Aurora, MO	KNJE-LP	58/40	MNT
79	Syracuse	Ithaca, NY	WNYI	52/20	UNI
62	Tulsa	Tulsa, OK	KUTU-CA	25	UNI
95	Waco / Temple / Bryan	Bryan, TX	KUTW-LP	34	UNI
		Waco, TX	KWKO-LP	38	UNI
38	West Palm Beach	Port St. Lucie, FL	WSLF-LP	35	Retro Jams
38	West Palm Beach	Ft. Pierce, FL	WFPI-LP	8	SHOP
146	Wichita Falls / Lawton	Wichita Falls, TX	KTWW-LP	68/14	Retro Jams
146	Wichita Falls / Lawton	Wichita Falls, TX	KUWF-LP	36	TLF
146	Wichita Falls / Lawton	Lawton, OK	K64GJ	64/23	UNI
<b>120</b>	<b>TOTAL</b>				

Designated Market Areas are designated by Nielson Media Research.

UNI Univision

TLF Telefutera

SHOP Shopping channel, such as Home Shopping Network or The Jewelry Channel

RTN Retro Television Network

MNT MyNetworkTV

CP Construction Permit

APA Asset Purchase Agreement





The following table sets forth RTN affiliates that are either on air or have signed contracts to go on air. The list below is effective as of March 5, 2008.

<b>DMA Ranking</b>	<b>Station</b>	<b>DMA</b>
6	KRON-DT	San Francisco
8	WSB-DT	Atlanta
9	WJLA-DT	Washington D.C.
11	WXYZ-DT	Detroit
12	KAZT-DT	Phoenix
14	KIRO-DT	Seattle-Tacoma
18	KDEV-LP	Denver
19	WRDQ-DT	Orlando
21	WPXS-TV	St. Louis
22	WPXI-DT3	Pittsburgh
25	WMYT-DT	Charlotte
28	WRAZ-DT2	Raleigh-Durham
35	KUSG	Salt Lake City
40	WVTM-DT	Birmingham
41	WHTM-DT	Harrisburg-Lncstr-Leb
43	KEGS	Las Vegas
50	WNGS	Buffalo
52	WJAR-DT	Providence-New Bedford
56	WTEN-DT	Albany
57	KKYK	Little Rock
61	WKRQ-DT	Mobile-Pensacola
64	WBLU	Lexington
67	WSET-DT	Roanoke-Lynchburg
69	KGPT-LP	Wichita-Hutchinson
70	WBAY-DT2	Green Bay
72	WNWO-DT	Toledo
77	KQUP	Spokane
82	KSHV-DT	Shreveport
84	WRSP/WBUI-DT	Champaign-Sprngfld-Decatur
85	WKOW	Madison
87	KWWL	Cedar Rapids-Waterloo
88	KRGV-DT	Harlingen-Wslco-Brnsvl-McA
89	WSJV	South Bend-Elkhart
90	WJTV-DT	Jackson
91	WKPT-DT3	Tri-Cities
92	WGMU	Burlington
93	KXRM-DT	Colorado Springs
94	KZUP	Baton Rouge
97	WSAV-DT	Savannah
98	KFOX-DT	El Paso
101	WEHT-DT	Evansville
102	KFDF	FtSmith-Fayetteville
103	WBTW-DT	Myrtle Beach-Florence
110	KRXI-DT	Reno

111	KYTX	Tyler-Longview
114	KWSD	Sioux Falls
115	WJBF-DT	Augusta
116	WPBN-DT	Traverse City
118	WSFA	Montgomery-Selma

120	KTVC	Eugene
122	KEYT-DT	Santa Barbara
123	KDCG	Lafayette
127	WXOW/WQOW	La Crosse-Eau Claire
128	WRBL-DT	Columbus, GA
132	WREX	Rockford
134	WAOW/WYOW	Wausau-Rhineland
143	KTIV	Sioux City
147	WRDE	Salisbury
153	KXLT	Rochester-Mason City-Austin
154	WBIF	Panama City
155	WVVA	Bluefield-Beckley-Oak Hill
175	KOTA-DT	Rapid City
180	KWCE	Alexandria
196	KTUW	Cheyenne

### Television Advertising

The Company targets local, regional and national advertisers to increase sales. The Company competes in each of these opportunities for advertising revenues primarily with other television stations, both affiliated and independent. Other competitors include newspapers, radio stations, magazines and regional digital content providers.

### Content and Allocation

The Company takes an opportunistic approach to choosing content and affiliations on a market-by-market basis, based upon demographics and pre-existing affiliations in each market. In general, the Company evaluates several network affiliation opportunities in any given market or pursues independent opportunities including local content.

In determining how to allot content, the Company will explore available programming alternatives with networks, brokers and various content providers. The Company utilizes industry barter arrangements to obtain syndicated content in exchange for an advertising spot split for the given program. The Company will then allocate programming into four separate dayparts: morning, afternoon, primetime and late night. Each daypart is evaluated with respect to market demand, demographic breakdown and programming cost. Content allotment can then be modified as necessary based on market conditions and viewership. The Company's operating approach also provides for maintaining a low cost base at its stations by leveraging station automation with the C.A.S.H. services system.

### Local

Local advertising sales are achieved primarily through the use of local sales departments, as well as partnerships and joint sales agreements with existing television and radio station operations in certain markets. The Company receives local advertising revenue through the sale of 30 second and 60 second commercials, 30 minute and 60 minute paid programming and time brokerage agreements for longer time periods. The contract terms for ad sales contracts are generally weekly, monthly, or an annual agreement. The Company has extensive experience in the lengthy process of ensuring that the must-carry rights the FCC has awarded to full-power stations are actually secured from the cable systems. Local advertising accounted for approximately 34% of the Company's total broadcast revenue in 2007 and 39% in 2006. Target markets include those local markets where the Company elects to partner with another broadcast company as its local sales partner for its station through a Joint Sales Agreement (JSA). Where the Company believes that this structure will generate more revenues to the company and save the expense and time required in hiring staff and opening a local sales office, the Company will work with a JSA partner under this arrangement.



## National

The Company's national advertising revenue represents commercial broadcasting time sold for Univision and TeleFutura to a national advertiser by Univision, acting as the Company's national representative firm. Univision is typically paid a 15% commission on the net revenue from the sales booked. The Univision representative works closely with each station's national sales manager to target the largest national Spanish-language advertisers. This relationship has secured some of the largest national advertisers, including Ford Motor Company, General Motors, Dodge, Toyota, Verizon, AT&T, U.S. Cellular, Subway, Taco Bell, Pizza Hut, Wendy's and McDonald's. National advertising accounted for approximately 28% and 27% of the Company's total broadcast revenue in 2007 and 2006, respectively. The Company currently utilizes Millennium Media Sales as its national sales rep firm to sell 30 and 60 second spot sales for its Northwest Arkansas and Cheyenne, Wyoming stations and plans on engaging a national sales rep firm for several of its other non-Univision stations as well. The company uses Blair as its sales rep firm in Marquette, Michigan.

On February 11, 2008 Retro Programming Services, Inc. signed an exclusive sales representation agreement with Petry Media Corp. Inc to sell national advertising inventory to buyers throughout North America. This is a multi-year agreement with an initial commission rate equal to 15% of Net Billings. The Company also has strong relationships with paid programming brokers and buyers that generate substantial revenue for 30-minute and 60 minute paid programs.

## Local and National Broadcast Revenue Categories

The Company's broadcast revenues are generated by sales of air time on its stations. We use several types of sales contracts including spot sales, paid programming, and time brokerage agreements.

**Spot Sales.** Spot Sales are advertising purchases for 30-second or 60-second commercials. Under this arrangement, an advertising schedule and rate are agreed to between the advertiser and the station to run its commercials during certain shows or dayparts for a defined period of time. An example would be a car dealer advertising 3 times per day between 7-8 AM, 5-6 PM, and 10-11 PM, Monday — Friday for 13 weeks at a negotiated rate per spot. The Company bills customers on a monthly basis for the commercials that aired at the time outlined in the sales contract and the payment is due upon receipt. When a station has unsold 30 or 60 second time slots available, it can run PI (Per Inquiry) which pays the station a commission for sales made airing their commercials.

**Paid Programming.** Paid programming arrangements involve selling a 30-minute or 60-minute time slot for an infomercial (such as exercise equipment, diet supplements, etc.) or to a local church, sports or hunting show, or other type of program produced by a third party. The sales contract outlines when the program will run, how long it will run and how much the advertiser will pay each time it runs. An example is where a local church purchases an hour on Sunday mornings to air its weekly church service. The station might sell the air time for \$1,000 for the hour. The contract could provide that the church will deliver the tape for the station to air by Friday at noon to air on Sunday. The church will pay weekly for the previous week when the tape is delivered for the following week. The station provides an invoice warranting that the Church programming ran properly per the contract.

**Time Brokerage.** Time Brokerage agreements are used when the station sells a block of time longer than one hour to a shopping network or other programming provider. Usually this is done with overnight programming from 12:00 AM - 6:00 AM, seven days per week. The station sells the time per an hourly rate and bills the client monthly showing that the programming aired properly.

In each of the broadcast revenue categories described above, the Company pays commissions whether the sales are made by local station sales representatives or national reps that the Company contracts with. Commissions vary with national commission rates generally being between 5 to 15 percent and local commission rates generally between 10 to 20 percent. Commissions are usually paid on collection of the sale.

## Network

Advertisers seeking to capture a national audience typically purchase time from television networks directly, or select separate networks on an ad hoc basis. National advertisers that target a regional or local audience deal directly with local stations through national advertising placement firms. Local businesses typically purchase advertising time directly from the station's local sales staff or local sales agents.

## Television Marketing/Audience Research

The Company primarily derives its revenues from selling advertising time. The relative advertising rates charged by competing stations within a market depend on several factors including:

- each station's ratings (households or people viewing its programming as a percentage of total households or people in the viewing area);
- each station's audience share (households or people viewing its specific programs as a percentage of households or people watching television at that specific time);
- the time of day the advertising will run;
- the first-run, re-run or syndication status of the show to air the advertisement;
- the demographic trends of a program's viewers (primarily age and gender); and
- Competitive conditions in each station's market, including the availability of other advertising media.

## Rating Service

The Nielsen Station Index ("NSI") measures local station viewing of all households and individuals in a specific market. This is the primary rating service for English-language stations and generally under-represents Spanish-language television.

The Nielsen Hispanic Station Index ("NHSI") measures U.S. Hispanic household and individual viewing information at the local market level. NHSI also weighs the varying levels of language usage by Hispanics in each market in order to reflect more accurately the Hispanic household population in the specific market. This methodology only measures the audience viewing of U.S. Hispanic households, defined as households where the head of the household is of Hispanic descent or origin.

## Television Competition

Large markets already have an established and defined broadcast presence. While the Company believes that many of its target markets are emerging and underserved, the Company faces competition for viewers and revenues from established network affiliates and independent stations in each market. The Company believes that its ability to attract audience share and advertising revenues will determine its overall success.

## Media Services

The Company generates incremental revenue by providing media services for Equity News Services and outsourcing C.A.S.H. services

## Central Automated Satellite Hub ("C.A.S.H.")



The Company's C.A.S.H. services system is a state of the art/proprietary technology (patent pending) facility based in Little Rock, Arkansas that provides management services to broadcast television stations. Currently, the C.A.S.H. system manages approximately 71 television stations, the majority of which are owned by the Company. The C.A.S.H. system has enabled the following key components of the Company's Media Services infrastructure to date:

**Standardized Approach to Station Development.** The Company has developed a standardized approach to station development and plans to utilize that model to achieve its RTN growth strategy.

Development of the C.A.S.H. services system has contributed to the Company's efforts to consolidate programming, traffic, accounting and billing. As new stations are acquired or RTN affiliates added, they are converted into the C.A.S.H. services system, which allows these stations to be centrally managed from the Company's Little Rock, Arkansas facility. The C.A.S.H. Services system greatly reduces capital requirements and ongoing staffing expenses at the station site. In the Company's experience, this standardized approach to building out stations typically allows projects to be completed within budget and on time. This approach requires detailed planning in order to review station configuration, maximize cable subscriber penetration and ensure a "hands-free" operating environment to maximize broadcast cash flow.

**Low Cost Operations.** The Company acquired a majority of its stations either through the FCC application process or by purchasing a construction permit. In either event, the Company utilized its in house engineering to design and construct these television stations resulting in substantial cost savings relating to the station's development phase. Because the Company uses its U.S. patent pending Central Automated Satellite Hub ("C.A.S.H.") system to run the master control operations, the Company often saves between \$1.0 million and \$2.0 million in capital expenditures related to building each local master control facility. The C.A.S.H. system creates a virtual duopoly minimizing the ongoing operational costs. The C.A.S.H. system also creates a point to multi-point delivery system providing full distribution to all cable head ends in the station's designated market area. This centralized satellite delivery allows the station to operate a smaller primary transmitter system resulting in lower capital costs as well as lower monthly operating and maintenance costs. The centralization of master control, traffic, news, weather, and accounting further reduce a station's monthly operating costs. With a large number of start-up stations and by continuing to develop its own stations and utilizing its U.S. patent pending centralcasting model, the Company has created an operating model that can reduce the start-up losses and allow stations to break even at a lower revenue threshold.

#### Equity News Services ("ENS")

ENS is a centralized news service that allows the Company to provide localized news content to stations throughout its national footprint from a centralized location. Using the Centralcast news concept, the Company can afford to provide newscasts at many startup stations that did not previously broadcast news content. ENS news management personnel in Little Rock, Arkansas communicate with local reporters at each station to determine news coverage each day. At ENS's central facility, news scripts are entered into a computerized newsroom operations system, which consolidates data for all newscasts. This allows producers to share video and stories among ENS stations, greatly expanding the "pool" of stories on any given day. Finished stories are fed back to Little Rock via the internet and/or the Company's VSAT satellite system. All anchor talent is based in Little Rock and shared among multiple stations. For example, on the Company's Univision stations, the same anchor person, meteorologist and sports anchor appear on all stations, while the news content is localized for each market. The finished product is a well-integrated, attractively priced newscast that is offered to smaller stations, which would otherwise not be able to justify the expense of required facilities and local staff. This news product localizes the station, allowing it to differentiate itself from its competitors and to increase its market penetration and ratings. Centralization of news services reduces per station cost and gives the Company a significant advantage over its competitors.



## Univision

The Company continues to benefit from its long-term strategic partnership with Univision, and it plans to continue to develop its inventory of highest quality brand programming and content. The Company anticipates pursuing additional strategic partnerships with additional content partners for both Spanish and English language content, and continuing to develop its ability to provide programming for the markets in which it operates.

## Spectrum Holdings

The Company has accumulated one of the largest portfolios of broadcast spectrum in the U.S. in anticipation of the potential switch to digital television broadcasts. Congress has set a February 18, 2009 deadline for television stations to switch entirely from analog to digital broadcasts. The Company's spectrum provides an opportunity to offer digital broadcast services, favorably positioning the Company with respect to data convergence since only a portion of the Company's spectrum will be needed to broadcast its current television stations. The Company may seek to monetize the Company's significant unused spectrum through joint-ventures, leasing or sub-licensing to telecommunications service providers or new media companies seeking digital delivery of services.

The Company believes that the value of this spectrum is significant for a number of reasons. First, in August 2006, the FCC conducted the Advanced Wireless Services (AWS) auction in which other spectrum which can be used in similar ways was sold to telecommunications, satellite and cable service providers. In the auction, various companies in the wireless industry paid approximately \$14 billion for 90MHz of AWS Spectrum.

In another comparable spectrum development, specifically in the 700 MHz frequency, on February 1, 2005, Aloha Partners LP announced that it purchased Cavalier Group LLC and DataCom Wireless LLC, respectively the second and third largest owners of 700 MHz spectrum in the US. In October, 2007 AT&T announced that it acquired Aloha Partners and its digital spectrum for approximately \$2.5 billion in cash. The Company's digital spectrum is predominantly in the 480-680 MHz Bands, which is the adjoining spectrum to the 700 MHz Band and offers similar applications and features. The Company spectrum is at a lower frequency which travels 3-4 times further than the AWS spectrum discussed above, has better building penetration and has the ability to use internet protocol, according to [www.dailywireless.org](http://www.dailywireless.org).

The FCC determined that all broadcasters could operate their DTV systems in Channels 2-51. That leaves the Upper 700 MHz Band (60 megahertz of spectrum corresponding to channels 60-69), and the Lower 700 MHz Band (48 megahertz of spectrum corresponding to channels 52-59), available for broadband wireless users. The Company's digital spectrum exists predominantly in the 480-680 MHz Bands, which is the adjoining spectrum to the 700 MHz Band and offers similar applications and features.

Reliable service requires licensed bands, and 700 MHz and the adjoining spectrum are considered the highest quality. The lower frequency travels 3-4 times further than 1.9 GHz cellular, penetrates buildings, resists multipath with orthogonal frequency-division multiplexing, and can use internet protocol. Other infrastructure costs are only one-tenth as expensive since fewer "cells" are required.

## Regulation

### Communications Act of 1934

Television broadcasting is a regulated industry and is subject to the jurisdiction of the FCC under the Communications Act of 1934 (the "Communications Act"). The Communications Act prohibits the operation of television broadcasting stations except under a license issued by the FCC. Licenses may be granted for up to eight years under current law, and they must be renewed as they expire to allow for continued operations. The Communications Act also prohibits the assignment of a broadcast license or the transfer of control of a broadcast licensee without the prior approval of the FCC. Additionally, a party must obtain a construction permit from the FCC in order to build a new television station and subsequently obtain a license to commence operations. The Communications Act empowers the FCC, among other things to issue, revoke and modify broadcast licenses; decide whether to approve a change of ownership or control of station licenses; regulate the equipment used by stations; and adopt and implement regulations to carry out the provisions of the Communications Act.



In determining whether to grant, renew, or permit the assignment or transfer of control of a broadcast license, the FCC considers a number of factors pertaining to the licensee, including:

- compliance with various rules limiting common ownership of media properties;
- the character of the licensee (i.e., the likelihood that the licensee will comply with applicable law and regulations) and those persons holding attributable interests (i.e., the level of ownership or other involvement in station operations resulting in the FCC attributing ownership of that station or other media outlet to such person or entity in determining compliance with FCC ownership limitations; and
- Compliance with the Communications Act's limitations on alien ownership.

Additionally, for a renewal of a broadcast license, the FCC will consider whether a station has served the public interest, convenience, and necessity, whether there have been any serious violations by the licensee of the Communications Act or FCC rules and policies, and whether there have been no other violations of the Communications Act and FCC rules and policies which, taken together, would constitute a pattern of abuse. Any other party with standing may petition the FCC to deny a broadcaster's application for renewal. However, only if the FCC issues an order denying renewal will the FCC accept and consider applications from other parties for a construction permit for a new station to operate on that channel. The FCC may not consider any new applicant for the channel in making determinations concerning the grant or denial of the licensee's renewal application. Although renewal of licenses is granted in the majority of cases even when petitions to deny have been filed, we cannot be sure our station licenses will be renewed for a full term or without modification.

With respect to obtaining the FCC's consent prior to assigning a broadcast license or transferring control of a broadcast licensee, if the application involves a substantial change in ownership or control, the filer must comply with the public notice requirements. During the public notice period of not less than 30 days, petitions to deny the application may be filed by interested parties, including certain members of the public. If the FCC grants the application, interested parties then have a minimum 30 day period during which they may seek reconsideration or review of that grant by the FCC or, as the case may be, a court of competent jurisdiction. The full FCC commission has an additional 10 days to set aside on its own motion any action taken by the FCC's staff.

Failure to observe FCC or other governmental rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of short, or less than maximum license renewal terms or for particularly egregious violations, the denial of a license renewal application, the revocation of a license or denial of FCC consent to acquire additional broadcast properties — any of which could negatively impact both our existing business and future acquisitions. Additionally, our inability to conclusively anticipate the timing and approval of license grants, renewals, transfers and assignments may result in uncertainty and negatively impact our business because of delays and additional expenses.

The Communications Act prohibits the issuance of broadcast licenses to, or the holding of a broadcast license by, foreign citizens or any corporation of which more than 20% of the capital stock is owned of record or voted by non-U.S. citizens or their representatives or by a foreign government or a representative thereof, or by any corporation organized under the laws of a foreign country. The Communications Act also authorizes the FCC to prohibit the issuance of a broadcast license to, or the holding of a broadcast license by, any corporation controlled by any other corporation of which more than 25% of the capital stock is owned of record or voted by aliens. The FCC has interpreted these restrictions to apply to other forms of business organizations, including partnerships and limited liability companies. As a result of these provisions, the FCC licenses granted to our subsidiaries could be revoked if more than 25% of our stock were directly or indirectly owned or voted by aliens. These restrictions limit our ability to attract foreign investment in us and may impact our ability to successfully sell our business if we were to ever determine that such actions are in the best interests of our company and stockholders.

## Multiple Ownership Rules

In June 2003, the FCC amended its multiple ownership rules, including, among other things, its local television ownership limitations, its prohibition on common ownership of newspapers and broadcast stations in the same market, as well as its local radio ownership limitations. Under the amended rules, a single entity would be permitted to own up to two television stations in a market with at least five television stations if one of the stations is not among the top-4 ranked stations and could own three television stations in a market with at least 18 television stations as long as two of the stations are not among the top-4 ranked stations. The amended rules also establish new cross media limits to govern the combined ownership of television stations, radio stations and daily newspapers. Specifically, in markets with 4-8 television stations, a single entity can own (1) a combination of one daily newspaper, one television station, and half the ownership limit of radio stations, (2) a combination of one daily newspaper and the full complement of allowed radio stations, or (3) a combination of two television stations (if otherwise permissible) and the full complement of radio stations but no daily newspaper. The effectiveness of these new rules was stayed pending appeal. In June 2004, a federal court of appeals issued a decision which upheld portions of the FCC decision adopting the rules, but concluded that the order failed to adequately support numerous aspects of those rules, including the specific numeric ownership limits adopted by the FCC. The court remanded the matter to the FCC for revision or further justification of the rules, retaining jurisdiction over the matter. The court has partially maintained its stay of the effectiveness of those rules, particularly as they relate to television. The rules are now largely in effect as they relate to radio. The United States Supreme Court has declined to review the matter at this time, and the FCC must review the matter and issue a revised order. We cannot predict whether, how or when the new rules will be modified, ultimately implemented as modified, or repealed in their entirety.

The FCC's current rules generally prohibit the issuance of a license to any party, or parties under common control, for a television station if that station's Grade B contour overlaps with the Grade B contour of another television station in the same designated market area ("DMA") in which that party or those parties already have an attributable television interest. FCC rules provide an exception to that general prohibition and allow ownership of two television stations with overlapping Grade B contours under any one of the following circumstances:

- there will be eight independent full-power television stations in the DMA after the acquisition or merger and one of the two television stations owned by the same party is not among the top four-ranked stations in the DMA based on audience share;
- the station to be acquired is a "failing" station under FCC rules and policies;
- the station to be acquired is a "failed" station under FCC rules and policies; or
- the acquisition will result in the construction of a previously un-built station.

The new multiple ownership rules could limit our ability to acquire additional television stations in existing markets that we serve. Legislation went into effect in January 2004 that permits a single entity to own television stations serving up to 39% of U.S. television households. Large broadcast groups may take advantage of this law to expand further their ownership interests on a national basis.

## Regulation of the Content of Programming

Stations must pay regulatory and application fees and follow various FCC rules that regulate, among other things:

- political advertising;
- children's programming;
- the broadcast of obscene or indecent programming;
- sponsorship identification; and
- technical operations.

The FCC requires licensees to present programming that is responsive to community problems, needs and interests. In addition, FCC rules require television stations to serve the educational and informational needs of children 16 years old and younger through the stations' own programming as well as through other means. FCC rules also limit the amount of commercial matter that a television station may broadcast during programming directed primarily at children 12 years old and younger. The FCC requires television broadcasters to maintain certain records and/or file periodic reports with the FCC to document their compliance with the foregoing obligations. Failure to observe these or other rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of short, less than the maximum, renewal terms, or for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

Pursuant to the “must carry” provisions of the Cable Television Consumer Protection and Competition Act of 1992, television broadcast stations may elect to require that a cable operator carry its signal if the cable operator is located in the same market as the broadcast station. However, in such cases the broadcast station cannot demand compensation from the cable operator. Such mandatory carriage is commonly referred to as “must-carry.” The future of “must carry” rights is uncertain, especially as they relate to the carriage of digital television. Under the current FCC rules, must-carry rights extend to digital television signals only in limited circumstances. While proposed legislation to broaden such rights has been proposed, we cannot predict whether such legislation will be adopted or the details of any legislation that may be adopted. Our full-power television stations often rely on “must-carry” rights to obtain cable carriage on specific cable systems. New laws or regulations that eliminate or limit the scope of these cable carriage rights could significantly reduce our ability to obtain cable carriage, which would reduce our ability to distribute our programming and consequently our ability to generate revenues from advertising.

In addition, a number of entities have commenced operation, or announced plans to commence operation of internet protocol video systems, using digital subscriber line (“DSL”), fiber optic to the home (“FTTH”) and other distribution technologies. The issue of whether those services are subject to the existing cable television regulations, including must-carry obligations, has not been resolved. There are proposals in Congress and at the FCC to resolve this issue. We cannot predict whether must-carry rights will cover such Internet Protocol Television (“IPTV”) systems. In the event IPTV systems gain a significant share of the video distribution marketplace, and new laws and regulations fail to provide adequate must-carry rights, our ability to distribute our programming to the maximum number of potential viewers will be significantly reduced and consequently our revenue potential will be significantly reduced.

#### Regulation of Local Marketing Agreements

The Company, from time to time, entered into local marketing agreements, generally in connection with pending station acquisitions which allow us to provide programming and other services to a station that we have agreed to acquire before we receive all applicable FCC and other governmental approvals. FCC rules generally permit local marketing agreements if the station licensee retains ultimate responsibility for and control of the applicable station, including finances, personnel, programming and compliance with the FCC’s rules and policies. We cannot be sure that we will be able to air all of our scheduled programming on a station with which we may have a local marketing agreement or that we would receive the revenue from the sale of advertising for such programming.

The Company, from time to time, entered into joint sales agreements, or JSAs, which allow us to sell advertising time on another station. JSAs are arrangements whereby a television station in a given market may sell a certain amount of advertising time on another television station in that same market.

#### FCC Regulation of the Commencement of Digital Operations

FCC regulations required all commercial television stations in the United States to commence digital operations on a schedule determined by the FCC and Congress, in addition to continuing their analog operations. Digital transmissions were initially permitted to be low-power, but full-power transmission was required by July 1, 2005 for stations affiliated with the four largest networks (ABC, CBS, NBC and Fox) in the top one hundred markets and is required by July 1, 2006 for all other stations.

As of December 31, 2007, the Company had already constructed full power digital television facilities for six of our stations in the Cheyenne, Wyoming; Amarillo, Texas; Salt Lake City, Utah; Eugene, Oregon; Scottsbluff, Nebraska; and Little Rock, Arkansas markets. The Company has made significant capital expenditures in order to comply with the FCC’s digital television requirements. The Company will be required to convert an additional 15 stations into full power digital television stations by February 17, 2009. The Company expects to spend approximately \$1,300,000 on this process. All analog full-power television stations, except for extremely limited circumstances, must cease analog operations and commence digital-only operations, by February 17, 2009. At this point, the FCC has not set a transition date for LPTV and Class A stations to convert to digital-only operations, although once a date is set, we expect to make significant capital expenditures to accomplish such a goal.



Another major issue surrounding the implementation of digital television is the scope of a local cable television system's obligation to carry the signals of local broadcast television stations. On February 10, 2005, the FCC decided that a cable television system is only obligated under the Communications Act to carry a television station's "primary video" signal and, accordingly, that a cable television system does not have to carry the television station's digital signal as well as its analog signal (but must carry the digital signal if the station does not have an analog signal). The new digital technology will enable a television station to broadcast four or more video streams of programming to the public, but the FCC said that the cable television system only has an obligation to carry one of those signals (the "primary video" signal) and not all of them, thus rejecting the broadcasters' request for the FCC to impose a "multicasting" obligation on cable television systems. In addition, the FCC has not yet promulgated rules regarding the obligation of direct broadcast satellite providers to carry the digital signal of a local broadcast station. The FCC decisions could limit the reach of our television stations' digital programming and, to that extent, could have an adverse impact on the revenue we derive from station operations.

#### The Satellite Home Viewer Extension and Reauthorization Act

The Satellite Home Viewer Extension and Reauthorization Act allows direct broadcast satellite television companies to continue to transmit local broadcast television signals to subscribers in local markets provided that they offer to carry all local stations in that market. However, satellite providers have limited satellite capacity to deliver local station signals in local markets. Satellite providers may choose not to carry local stations in any of our markets. In those markets in which the satellite providers do not carry local station signals, subscribers to those satellite services are unable to view local stations without making further arrangements, such as installing antennas and switches. A principal component of the new regulation requires satellite carriers to carry the analog signals of all local television stations in a market if they carry one. The Company has taken advantage of that regulation to elect carriage of our stations on satellite systems in markets in which local-into-local carriage is provided, however, this has been a time consuming process to provide the local television broadcast signal to certain of these markets. Furthermore, when direct broadcast satellite companies do carry local television stations in a market, they are permitted to charge subscribers extra for such service. Some subscribers may choose not to pay extra to receive local television stations. In the event subscribers to satellite services do not receive the stations that we own and operate or provide services to, we could lose audience share which would adversely affect our revenue.

#### Employees

As of December 31, 2007, the Company had a total of 312 employees, comprised of 306 full-time and 6 part-time or temporary employees. As of December 31, 2007, none of our employees were covered by collective bargaining agreements. We believe that our employee relations are satisfactory, and we have not experienced any work stoppages at any of our facilities.

#### ITEM 1A. RISK FACTORS –

*The following risk factors and other information included in this annual report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition and future results could be harmed*

#### Risk Factors That May Affect Future Results

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or



contribute to such a discrepancy include, but are not limited to, those described here in as “Risk Factors” and elsewhere and in our other Securities and Exchange Commission filings. Given such risks and uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements do not guarantee future performance and should not be considered statements of fact. These forward-looking statement speak only as of the date of this report and, unless required by law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise.

***The Company has a history of losses and there can be no assurance that the Company will become or remain profitable or that losses will not continue to occur.***

The Company has a history of losses. The Company had a loss from operations of \$33.4 million for the year ended December 31, 2007 as compared to a net loss of \$14.9 million for the year ended December 31, 2006. There can be no assurance that the Company will become or remain profitable or that losses will not continue to occur.

***The Company must obtain additional sources of capital in the near term to fund its operations.***

The Company's existing capital resources are not sufficient to fund operations. If the Company is unable to obtain adequate additional sources of capital in the near term it will need to cease all or a portion of its operations, seek protection under U.S. bankruptcy laws and regulations, engage in a restructuring or undertake a combination of these and other actions. Additional sources of capital, if obtained, would likely come from sales by the Company of debt and/or equity and/or the sale of material assets of the Company. The Company is currently negotiating potential transactions that would supply it with capital necessary to meet its current requirements. However, these negotiations may not result in successful consummation of any transaction. If the Company is able to successfully consummate a transaction, such transaction may result in substantial dilution to the Company's existing security holdings and/or the incurrence of substantial indebtedness on relatively expensive terms. The terms of any such transaction would also likely involve covenants that serve to substantially restrict the operations of the Company and its management and could result in a change of control of the Company.

***The Company is currently in default under its existing credit facilities and has negotiated with the lenders thereunder to agree to forbear on exercising any remedies available to them while the Company seeks alternative sources of funding.***

On March 20, 2008, the Company entered into an amendment to its Third Amended and Restated Credit Agreement ("Credit Agreement") with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. Under the terms of the Amendment, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company's failure to enter into agreements with respect to the sale of certain of its assets and the Company's failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company's immediate capital requirements. If the Company is unable to meet all criteria under the forbearance agreement, the lender group will have all remedies available to them under the Credit Agreement, including demanding immediate payment of the obligation.

***We incur and may continue to incur losses on newly acquired or built stations without an immediate return on our investment.***

Generally, it takes a few years for our newly acquired or built stations to generate operating cash flow. A majority of the Company's network stations have been acquired or built within the last five years. During the initial period after acquisition or construction of a station, we incur significant expenses related to:

- acquiring syndicated programming;
- improving technical facilities;
- increasing and improving cable distribution;
- hiring new personnel; and
- marketing our television stations to viewers.

In addition, it requires time to gain viewer awareness of new station programming and to attract advertisers. Accordingly, we have incurred, and expect to continue to incur, with newly acquired or built stations, losses at a station in the first few years after we acquire or build the station without an immediate return on our investment. Occasionally unforeseen expenses and delays increase the estimated initial start-up expenses. This requires our established stations to generate revenues and cash flow sufficient to meet our business plan including the significant expenses related to our newly acquired or built stations.

***The loss of the services of our senior management team or a significant number of our employees may negatively affect our business.***

Our success is largely dependent on the continued services of our senior management team, which includes Henry Luken, III, Chairman, President and Chief Executive Officer, Larry Morton, Chairman, President and Chief Executive Officer of Retro Programming Services, Inc., Thomas M. Armost, President and Chief Executive Officer of the Broadcast Station Group, Patrick Doran, Chief Financial Officer, Mario Ferrari, Chief Strategic Officer, Gregory Fess, Senior Vice President and Chief Operating Officer, Mark Dvornik, Executive Vice President of Retro Television Network, James Hearnberger, Vice President — Finance & Administration, Lori Withrow, Secretary and Glenn Charlesworth, Vice President and Chief Accounting Officer. The loss of the services of our senior management team could harm our business if we are not able to find an appropriate replacement on a timely basis. Our success will also be dependent in part on our ability to attract and retain quality general managers and other management personnel for our stations. Further, the loss of a significant number of employees or our inability to hire a sufficient number of qualified employees could have a material adverse effect on our business.

***We depend on our network affiliation relationship with Univision for maintaining our existing Spanish- business.***

Many of our television stations are affiliates of Univision and Telefutera (collectively for this discussion, “Univision”). These affiliated television stations accounted for 41% and 28% of the Company’s revenues and net loss from television operations, respectively, for the fiscal year ended December 31, 2007 and 36% and 39% of the Company’s revenues and net loss from television operations, respectively, for the fiscal year ended December 31, 2006. Accordingly, our operating performance largely depends on our stations’ continued relationship with Univision and on Univision’s continued success as a broadcast network. We cannot be sure that the ratings of Univision programming will continue to improve or that Univision will continue to provide programming, marketing and other support to its affiliates on the same basis as currently provided. Finally, by aligning ourselves closely with Univision, we may forego other opportunities that could provide diversity of network affiliation and avoid dependence on any one network.

***We expect the competition for and the prices of syndicated programming will continue to increase and we may not be able to acquire desired syndicated programming on acceptable terms or at all.***

On our English language stations, one of our most significant operating costs is syndicated programming. We may be exposed in the future to increase syndicated programming costs that may adversely affect our operating results. In addition, syndicated programs that meet our criteria may not be available in the future or may not be available at prices that are acceptable to us. We believe that the prices of the most sought after syndicated programming will continue to increase.

Syndicated programming rights are often acquired several years in advance and may require multi-year commitments, making it difficult to accurately predict how a program will perform. In some instances, programs must be replaced before their costs have been fully amortized, resulting in write-offs that increase station operating costs.

Competition for popular programming licensed from third parties is intense, and we may be outbid by our competitors for the rights to new popular syndicated rerun programming or in connection with the renewal of popular rerun syndicated programming we currently license. In addition, renewal costs could substantially exceed the existing contract costs. If we are unable to acquire certain popular programming, our ratings could decrease which could adversely affect our revenue.

***Our planned expansion of Retro Television Network may not materialize as we anticipate.***

Although to date we have been very successful in signing up new RTN affiliates, we may not be able to continue signing up affiliates in key demographic markets. Failure to continue signing up key affiliate partners in top DMA markets will impact our ability to generate advertising revenue. An inability to sell sufficient advertising spots will impact our ability to generate profits. We also rely on our ability to license programming for our RTN affiliate stations at a reasonable cost to program the stations. An adverse change in our programming agreements could impact our profitability.

***Increasing competition in the broadcast television industry and its programming alternatives may adversely affect us.***

The broadcast television industry is highly competitive, and our success depends in large part on our ability to compete successfully with other network affiliated and independent broadcast television stations and other media for viewers and advertising revenues. The ability of broadcast television stations to generate advertising revenues depends to a significant degree upon audience ratings. Through the 1970s, network television broadcasting generally enjoyed dominance in viewership and television advertising revenues, because network-affiliated television stations competed principally with each other in local markets. Beginning in the 1980s, however, this dominance began to decline.

Programming alternatives, such as independent broadcast stations, cable television and other multi-channel competitors, pay-per-view and home videos have fragmented television viewing audiences and subjected television broadcast stations to new types of competition. Since the mid-1980s, cable television and formerly independent stations now affiliated with new networks have captured increasing market share and overall viewership from general broadcast network television. Cable-originated programming in particular has emerged as a significant competitor for broadcast television programming. We also face increasing competition from home satellite delivery, direct broadcast satellite television systems and video delivery systems utilizing telephone lines. Many of our competitors have longer operating histories and greater resources than us. As a result of this competition, our revenues could be adversely affected.

***New technologies may have a material adverse effect on our results of operations.***

Advances in technology may increase competition for viewers and advertising revenue which may have a material adverse effect on our results of operations. For example, advances in video compression technology could lower entry barriers for new video channels and encourage the development of increasingly specialized “niche” programming. This may increase the number of competitors targeting the same demographic group as us. Future competition in the television industry may include the provision of interactive video and data services capable of providing two-way interaction with commercial video programming, together with information and data services, that may be delivered by commercial television stations, cable television, direct broadcast satellite television and other video delivery systems.

***The loss of major advertisers, a reduction in their advertising expenditures, a decrease in advertising rates or a change in economic conditions may materially harm our business.***

We derive substantially all of our revenues from advertisers in diverse industries at the local, regional and national levels. The loss of any major advertiser, a reduction in their advertising expenditures, a general decrease in advertising rates, or adverse developments or changes in the local, regional or national economy could materially harm our business by reducing our revenue.

***Our revenues are affected by seasonal trends causing additional cash flow concerns during the slower seasons.***

The revenues and cash flows of our television stations are subject to various seasonal factors that influence the television broadcasting industry as a whole. Like other broadcasters, we experience higher revenues and cash flows during the second and fourth quarters of the year when television viewing and advertising is higher compared to the first and third quarters. The slower seasons result in lower revenue which causes additional cash flow concerns during these quarters.

***Failure to observe governmental rules and regulations governing the granting, renewal, transfer and assignment of licenses and our inability to conclusively anticipate timing and approval actions could negatively impact our business.***

Television broadcasting is a regulated industry and is subject to the jurisdiction of the FCC under the Communications Act. The Communications Act prohibits the operation of television broadcasting stations except under a license issued by the FCC. Licenses may be as long as eight years under current law. The Communications Act also prohibits the assignment of a broadcast license or the transfer of control of a broadcast licensee without the prior approval of the FCC. Additionally, a party must obtain a construction permit from the FCC in order to build a new television station and subsequently obtain a license to commence operations. The Communications Act empowers the FCC, among other things to issue, revoke and modify broadcast licenses; decide whether to approve a change of ownership or control of station licenses; regulate the equipment used by stations; and adopt and implement regulations to carry out the provisions of the Communications Act.

In determining whether to grant, renew, or permit the assignment or transfer of control of a broadcast license, the FCC considers a number of factors pertaining to the licensee, including:

- compliance with various rules limiting common ownership of media properties;
- the character of the licensee (i.e., the likelihood that the licensee will comply with applicable law and regulations) and those persons holding attributable interests (i.e., the level of ownership or other involvement in station operations resulting in the FCC attributing ownership of that station or other media outlet to such person or entity in determining compliance with FCC ownership limitations; and
- compliance with the Communications Act's limitations on alien ownership.

Additionally, for a renewal of a broadcast license, the FCC will consider whether a station has served the public interest, convenience, and necessity, whether there have been any serious violations by the licensee of the Communications Act or FCC rules and policies, and whether there have been no other violations of the Communications Act and FCC rules and policies which, taken together, would constitute a pattern of abuse. Any other party with standing may petition the FCC to deny a broadcaster's application for renewal. However, only if the FCC issues an order denying renewal will the FCC accept and consider applications from other parties for a construction permit for a new station to operate on that channel. The FCC may not consider any new applicant for the channel in making determinations concerning the grant or denial of the licensee's renewal application. Although renewal of licenses is granted in the majority of cases even when petitions to deny have been filed, we cannot be sure our station licenses will be renewed for a full term or without modification.

With respect to obtaining the FCC's consent prior to assigning a broadcast license or transferring control of a broadcast licensee, if the application involves a substantial change in ownership or control, the filer must comply with the public notice requirements. During the public notice period of not less than 30 days, petitions to deny the application may be filed by interested parties, including certain members of the public. If the FCC grants the application, interested parties then have a minimum 30 day period during which they may seek reconsideration or review of that grant by the FCC or, as the case may be, a court of competent jurisdiction. The full FCC commission has an additional 10 days to set aside on its own motion any action taken by the FCC's staff.

Due to the factors set forth above, it is possible that the FCC could not approve some or all of the licenses held by the Company in connection with the change in control from the proposed merger with Coconut Palm. The FCC's denial of the change in control for some or all of the licenses or a delay in the FCC's review of the change in control requests may negatively impact the merger and possibly prevent the merger from being consummated between the parties.

In addition, assuming the merger were to occur, the combined company's failure to observe FCC or other governmental rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of short, or less than maximum license renewal terms or for particularly egregious violations, the denial of a license renewal application, the revocation of a license or denial of FCC consent to acquire additional broadcast properties — any of which could negatively impact both our existing business and future acquisitions. Additionally, our inability to conclusively anticipate the timing and approval of license grants, renewals, transfers and assignments may result in uncertainty and negatively impact our business because of delays and additional expenses.

***Changes in FCC regulations regarding media ownership limits have increased the uncertainty surrounding the competitive position of our stations in the markets we serve and may adversely affect our ability to buy new television stations or sell existing television stations.***

In June 2003, the FCC amended its multiple ownership rules, including, among other things, its local television ownership limitations, its prohibition on common ownership of newspapers and broadcast stations in the same market, as well as its local radio ownership limitations. Under the amended rules, a single entity would be permitted to own up to two television stations in a market with at least five television stations if one of the stations is not among the top-4 ranked stations and could own three television stations in a market with at least 18 television stations as long as two of the stations are not among the top-4 ranked stations. The amended rules also establish new cross media limits to govern the combined ownership of television stations, radio stations and daily newspapers. Specifically, in markets with 4-8 television stations, a single entity can own (1) a combination of one daily newspaper, one television station, and half the ownership limit of radio stations, (2) a combination of one daily newspaper and the full complement of allowed radio stations, or (3) a combination of two television stations (if otherwise permissible) and the full complement of radio stations but no daily newspaper. The effectiveness of these new rules was stayed pending appeal. In June 2004, a federal court of appeals issued a decision which upheld portions of the FCC decision adopting the rules, but concluded that the order failed to adequately support numerous aspects of those rules, including the specific numeric ownership limits adopted by the FCC. The court remanded the matter to the FCC for revision or further justification of the rules, retaining jurisdiction over the matter. The court has partially maintained its stay of the effectiveness of those rules, particularly as they relate to television. The rules are now largely in effect as they relate to radio. The Supreme Court has declined to review the matter at this time, and the FCC must review the matter and issue a revised order. We cannot predict whether, how or when the new rules will be modified, ultimately implemented as modified, or repealed in their entirety.

The new multiple ownership rules could limit our ability to acquire additional television stations in existing markets that we serve. Legislation went into effect in January 2004 that permits a single entity to own television stations serving up to 39% of U.S. television households, an increase over the previous 35% cap. Large broadcast groups may take advantage of this law to expand further their ownership interests on a national basis.

***The restrictions on foreign ownership may limit foreign investment in us or our ability to successfully sell our business.***

The Communications Act limits the extent of non-U.S. ownership of companies that own U.S. broadcast stations. Under this restriction, a U.S. broadcast company such as ours may have no more than 25% non-U.S. ownership (by vote and by equity). These restrictions limit our ability to attract foreign investment in us and may impact our ability to successfully sell our business if we were to ever determine that such actions are in the best interests of our company and stockholders.

***Failure to observe rules and policies regarding the content of programming may adversely affect our business.***

Stations must pay regulatory and application fees and follow various FCC rules that regulate, among other things:

- political advertising;
- children's programming;
- the broadcast of obscene or indecent programming;
- sponsorship identification; and
- technical operations.

The FCC requires licensees to present programming that is responsive to community problems, needs and interests. In addition, FCC rules require television stations to serve the educational and informational needs of children 16 years old and younger through the stations' own programming as well as through other means. FCC rules also limit the amount of commercial matter that a television station may broadcast during programming directed primarily at children 12 years old and younger. The FCC requires television broadcasters to maintain certain records and/or file periodic reports with the FCC to document their compliance with the foregoing obligations. Failure to observe these or other rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of short, less than the maximum, renewal terms, or for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

***Because our television stations rely on "must carry" rights to obtain cable carriage, new laws or regulations that eliminate or limit the scope of these rights or failures could significantly reduce our ability to obtain cable carriage and therefore reduce our revenues.***

Pursuant to the "must carry" provisions of the Cable Television Consumer Protection and Competition Act of 1992, television broadcast stations may elect to require that a cable operator carry its signal if the cable operator is located in the same market as the broadcast station. However, in such cases the broadcast station cannot demand compensation from the cable operator. Such mandatory carriage is commonly referred to as "must-carry." The future of "must carry" rights is uncertain, especially as they relate to the carriage of digital television. Under the current FCC rules, must-carry rights extend to digital television signals only in limited circumstances. While proposed legislation to broaden such rights has been proposed, we cannot predict whether such legislation will be adopted or the details of any legislation that may be adopted. Our full-power television stations often rely on "must-carry" rights to obtain cable carriage on specific cable systems. New laws or regulations that eliminate or limit the scope of these cable carriage rights could significantly reduce our ability to obtain cable carriage, which would reduce our ability to distribute our programming and consequently our ability to generate revenues from advertising.

In addition, a number of entities have commenced operation, or announced plans to commence operation of internet protocol video systems, using digital subscriber line ("DSL"), fiber optic to the home ("FTTH") and other distribution technologies. The issue of whether those services are subject to the existing cable television regulations, including must-carry obligations, has not been resolved. There are proposals in Congress and at the FCC to resolve this issue. We cannot predict whether must-carry rights will cover such Internet Protocol Television ("IPTV") systems. In the event IPTV systems gain a significant share of the video distribution marketplace, and new laws and

regulations fail to provide adequate must-carry rights, our ability to distribute our programming to the maximum number of potential viewers will be significantly reduced and consequently our revenue potential will be significantly reduced.



***Our use of local marketing agreements and joint sales agreements may result in uncertainty regarding scheduled programming and/or revenue from the sale of advertising.***

We have, from time to time, entered into local marketing agreements, generally in connection with pending station acquisitions which allow us to provide programming and other services to a station that we have agreed to acquire before we receive all applicable FCC and other governmental approvals. FCC rules generally permit local marketing agreements if the station licensee retains ultimate responsibility for and control of the applicable station, including finances, personnel, programming and compliance with the FCC's rules and policies. We cannot be sure that we will be able to air all of our scheduled programming on a station with which we may have a local marketing agreement or that we would receive the revenue from the sale of advertising for such programming.

We have, from time to time, entered into joint sales agreements, which allow us to sell advertising time on another station. The FCC's New Rules make joint sales agreements for radio stations an attributable ownership interest if the selling station is located in the same market and sells more than 15% of the other station's weekly advertising time. The FCC recently initiated a new rulemaking proceeding that could result in rules which make joint sales agreements for television an attributable ownership interest to the same extent that radio joint sales agreements are an attributable ownership interest. The FCC proceeding could result in the adoption of rules which would limit our opportunities to enter into joint sales agreements with other television stations in a market where we already own one or more television stations, and that could adversely affect our revenue from advertising.

***The industry-wide mandatory conversion to digital television has required us, and will continue to require us, to make significant capital expenditures without assurance that we will remain competitive with other developing technologies.***

FCC regulations required all commercial television stations in the United States to commence digital operations on a schedule determined by the FCC and Congress, in addition to continuing their analog operations. Digital transmissions were initially permitted to be low-power, but full-power transmission was required by July 1, 2005 for stations affiliated with the four largest networks (ABC, CBS, NBC and Fox) in the top one hundred markets and is required by July 1, 2006 for all other stations.

We have already constructed full power digital television facilities for six of our stations in the Cheyenne, Wyoming, Amarillo, Texas, Salt Lake City, Utah, Eugene, Oregon, Montgomery, Alabama and Little Rock, Arkansas markets. We have made significant capital expenditures in order to comply with the FCC's digital television requirements. We will be required to convert an additional fifteen stations into full power digital television stations by February 17, 2009. We expect to spend approximately \$1,300,000 on this process.

Another major issue surrounding the implementation of digital television is the scope of a local cable television system's obligation to carry the signals of local broadcast television stations. On February 10, 2005, the FCC decided that a cable television system is only obligated under the Communications Act to carry a television station's "primary video" signal and, accordingly, that a cable television system does not have to carry the television station's digital signal as well as its analog signal (but must carry the digital signal if the station does not have an analog signal). The new digital technology will enable a television station to broadcast four or more video streams of programming to the public, but the FCC said that the cable television system only has an obligation to carry one of those signals (the "primary video" signal) and not all of them, thus rejecting the broadcasters' request for the FCC to impose a "multicasting" obligation on cable television systems. In addition, the FCC has not yet promulgated rules regarding the obligation of direct broadcast satellite providers to carry the digital signal of a local broadcast station. The FCC decisions could limit the reach of our television stations' digital programming and, to that extent, could have an adverse impact on the revenue we derive from station operations.

***If direct broadcast satellite companies do not carry the stations that we own and operate or provide services to, we could lose audience share and revenue.***

The Satellite Home Viewer Extension and Reauthorization Act allows direct broadcast satellite television companies to continue to transmit local broadcast television signals to subscribers in local markets provided that they offer to carry all local stations in that market. However, satellite providers have limited satellite capacity to deliver local station signals in local markets. Satellite providers may choose not to carry local stations in any of our markets. In those markets in which the satellite providers do not carry local station signals, subscribers to those satellite services are unable to view local stations without making further arrangements, such as installing antennas and switches. A principal component of the new regulation requires satellite carriers to carry the analog signals of all local television stations in a market if they carry one. We have taken advantage of that regulation to elect carriage of our stations on satellite systems in markets in which local-into-local carriage is provided, however, this has been a time consuming process to provide the local television broadcast signal to certain of these markets. Furthermore, when direct broadcast satellite companies do carry local television stations in a market, they are permitted to charge subscribers extra for such service. Some subscribers may choose not to pay extra to receive local television stations. In the event subscribers to satellite services do not receive the stations that we own and operate or provide services to, we could lose audience share which would adversely affect our revenue.

Unlike the statutory regulations governing cable carriage of qualified full power television stations, the direct broadcast satellite television companies (i.e., DirecTV and Dish Network) have a choice as to whether or not to provide local television channels in a given television market. However, once they decide to carry one local signal, they must carry all the qualified television stations (i.e., local-into-local service) in that market. We have filed carriage elections against the satellite companies for all of our qualified television stations in which local-into-local delivery is being provided. We have been delayed in certain instances in being carried, however, as we have to provide a good quality signal to a designated local receive facility in a given market, which is often in a building or site controlled by a third party. Therefore additional negotiations are needed to deliver our signal to this facility in a manner accepted and approved by the FCC, including but not limited to delivery via microwave, satellite or fiber.

***Our substantial indebtedness may negatively impact our ability to implement our business plan.***

As indicated below, the Company has a significant amount of indebtedness relative to our equity.

	<b>As of December 31, 2007</b>
	<b>(In thousands)</b>
Total Current Assets	\$ 25,287,371
Total Current Liabilities	\$ 83,988,265
Total Long-term Liabilities	\$ 13,673,536

Our substantial indebtedness may negatively impact our ability to implement our business plan. For example, it could:

- limit our ability to fund future working capital and capital expenditures;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- subject us to interest rate risk in connection with any potential future refinancing of our debt;
- limit our ability to borrow additional funds;
- increase our vulnerability to adverse general economic and industry conditions; and

- require us to restructure or refinance our debt, sell debt or equity securities, or sell assets, possibly on unfavorable terms in order to meet payment obligations.

In addition, our existing credit facility contains various financial and operational covenants, both affirmative and negative. The financial covenants include limitations on capital expenditures, restricted payments, minimum revenues and EBITDA and minimum availability. The affirmative covenants include provisions relative to preservation of assets, compliance with laws, maintaining insurance, payment of taxes, notice of proceedings, defaults or adverse changes, timely and accurate financial reporting, inspection rights, maintenance of a GAAP accounting system, renewal of licenses and compliance with environmental laws. The negative covenants include provisions and limitations concerning indebtedness, liens, disposition of assets, fundamental changes, and conditions to acquisitions, sale and leaseback of assets, investments, change in business, accounts receivable, transactions with affiliates, amendment of certain agreements, ERISA, margin stock, negative pledges and Local Marketing Agreements.

Violation of any covenant language could adversely affect our ability to draw down or incur additional indebtedness when we otherwise believe it is advisable to do so. Additionally, any violation of covenant language, if not waived, could result in acceleration of the indebtedness.

***Failure of the Company's internal control over financial reporting could harm our business and financial results.***

The Company is obligated to establish and maintain adequate internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting in accordance with GAAP. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of assets, providing reasonable assurance that transactions are recorded as necessary for preparation of the financial statements in accordance with GAAP, providing reasonable assurance that receipts and expenditures of the Company are made only in accordance with management authorization, and providing reasonable assurance that unauthorized acquisition, use or disposition of the Company assets that could have a material effect on the financial statements would be prevented or detected on a timely basis. The Company's growth of the RTN and entry into new markets and acquisitions of new stations, if any, will place significant additional pressure on our system of internal control over financial reporting. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report financial results accurately and timely or to detect and prevent fraud, which in turn would harm our business and financial results.

***An existing lawsuit against the Company and the members of the Company's board of directors could distract the Company from their operational responsibilities.***

The Company and each member of the Company board of directors have been named in a lawsuit filed by a shareholder of pre-merger EBC in the circuit court of Pulaski County, Arkansas on June 14, 2006. The lawsuit was filed as a class action, meaning that the plaintiff, Mr. Max Bobbitt, seeks to represent all shareholders in the class, provided the class is certified by the court. Mr. Bobbitt owns 115,000 shares of Class A common stock, and thus represents less than 5% of any class of the Company equity. As a result of the merger between EBC and the Company, pursuant to which EBC merged into the Company, the Company, which was renamed Equity Media Holdings Corporation, is a party to the lawsuit. The lawsuit contains both a class action component and derivative claims. The class action claims allege various deficiencies in EBC's proxy used to inform its shareholders of the special meeting to consider the merger. The Company views the lawsuit as baseless and will continue to vigorously defend the matter. During the course of this litigation it is possible that members of the Company's senior management and members of the board of directors may have to devote significant time and effort to the resolution of such litigation adversely impacting their ability to properly attend to the operations of the combined company. It is also possible that any judgment or settlement may adversely affect the financial position of the combined company.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

## ITEM 2. PROPERTIES

Our corporate headquarters are located in Little Rock, Arkansas. We own a building with approximately 27,474 square feet of space housing our corporate headquarters, studio facilities and the C.A.S.H. technology equipment. Additionally, RTN occupies approximately 7,500 square feet, in the same building.

Generally, the types of properties required to support some of our television stations consists of offices, studios and tower sites. Transmitter and tower sites are located to provide maximum signal coverage of our stations' markets. We own substantially all of the equipment used in our television and network business. We believe that all of our properties, both owned and leased, are generally in good operating condition, subject to normal wear and tear and are suitable and adequate for our current business operations. We believe that no one property represents a material amount of the total properties owned or leased. See *Item 1. Business*, for a listing of our station locations.

## ITEM 3. LEGAL PROCEEDINGS

### Litigation

In connection with the merger between Equity Broadcasting Corporation ("EBC") and the Company, EBC and each member of EBC's board of directors was named in a lawsuit filed by an EBC shareholder in the circuit court of Pulaski County, Arkansas on June 14, 2006. As a result of the merger between EBC and the Company, pursuant to which EBC merged into the Company, the Company, which was renamed Equity Media Holdings Corporation, is a party to the lawsuit. The lawsuit contains both a class action component and derivative claims. The class action claims allege various deficiencies in EBC's proxy used to inform its shareholders of the special meeting to consider the merger. These allegations include: (i) the failure to provide sufficient information regarding the fair value of EBC's assets and the resulting fair value of EBC's Class A common stock; (ii) that the interests of holders of EBC's Class A common stock are improperly diluted as a result of the merger to the benefit of the holders of EBC's Class B common stock; (iii) failure to sufficiently describe the further dilution that would occur post-merger upon exercise of the Company's outstanding warrants; (iv) failure to provide pro-forma financial information; (v) failure to disclose alleged related party transactions; (vi) failure to provide access to audited consolidated financial statements during previous years; (vii) failure to provide shareholders with adequate time to review a fairness opinion obtained by EBC's board of directors in connection with the merger; and (viii) alleged sale of EBC below appraised market value of its assets. The derivative components of the lawsuit allege instances of improper self-dealing, including through a management agreement between EBC and Arkansas Media.

In addition to requesting unspecified compensatory damages, the plaintiff also requested injunctive relief to enjoin EBC's annual shareholder meeting and the vote on the merger. An injunction hearing was not held before EBC's annual meeting regarding the merger so the meeting and shareholder vote proceeded as planned and EBC's shareholders approved the merger. On August 9, 2006, EBC's motion to dismiss the lawsuit was denied. On February 21, 2007, the plaintiff filed a "Motion to Enforce Settlement Agreement" with the court alleging the parties reached an oral agreement to settle the lawsuit. The plaintiff subsequently filed a motion to withdraw the motion to settle and filed a "Third Amended Complaint" on April 10, 2007. This motion added two additional plaintiffs and expanded on the issues recited in the previous complaints. On July 31, 2007, the plaintiff filed a "Fourth Amended Complaint". This pleading added three new plaintiffs and three new defendants to the proceedings. The three additional defendants bear a fiduciary relationship to three previously named defendants. On July 31, 2007, the plaintiffs filed a "Motion for Class Certification." Although the motion has been fully briefed by the parties, the plaintiffs have not yet sought a hearing date on the class certification issue. Currently, the parties continue to engage in discovery. No court date has been set for this case.

Management believes that this lawsuit has no merit and asserts that the Company has negotiated in good faith to attempt to settle the lawsuit. Regardless of the outcome management does not expect this proceeding to have a material impact of its financial condition or results of operations in 2008 or any future period.

Although the Company is a party to certain other pending legal proceedings in the normal course of business, management believes the ultimate outcome of these matters will not be material to the financial condition and future operations of the Company. The Company maintains liability insurance against risks arising out of the normal course of its business.

## **EBC Dissenting Shareholders**

In connection with the Merger Transaction (see Note 4 – Merger Transaction) shareholders of EBC representing 66,500 shares of EBC Class A common stock elected to convert their shares to cash in accordance with Arkansas law. The Company recorded a liability in the amount of \$368,410 to convert the shares plus \$9,970 of accrued interest based on a conversion rate of \$5.54 per share plus interest accruing from the date of the Merger Transaction at the rate of 9.78% per annum. On July 10, 2007, the dissenting shareholders were paid \$378,380 in cash for the value of their shares including all interest accrued to date. Pursuant to Arkansas Code, the dissenting shareholders exercised their right to contest the Company's valuation and have demanded payment of an additional \$17.78 per share plus accrued interest at 9.78% per annum. In accordance with Arkansas Code, the Company has petitioned the court for a determination of the fair value of the shares and believes its valuation will prevail.

## **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our units, common stock and warrants are traded on the NASDAQ Capital Markets under the symbols EMDAU, EMDA, and EMDAW respectively. The following table sets forth the high and low closing bid quotations for the calendar quarter for the fiscal year ended December 31, 2007 and 2006. Prior to the March 2007 Merger with Equity Broadcasting Corporation, the Company's units, common stock, and warrants quoted on the OTC Bulletin Board. The over-the-counter market quotations for periods ended March 30, 2007 reported below reflect inter-dealer prices, without markup, markdown or commissions and may not represent actual transactions.

For year ended December 31, 2006	Units		Common Stock		Warrants	
	High	Low	High	Low	High	Low
First Quarter	\$7.50	\$6.18	\$5.77	\$5.20	\$0.90	\$0.45
Second Quarter	\$8.00	\$6.45	\$5.81	\$5.31	\$1.22	\$0.40
Third Quarter	\$6.26	\$6.05	\$5.44	\$5.34	\$0.47	\$0.38
Fourth Quarter	\$6.42	\$5.90	\$5.55	\$5.37	\$0.47	\$0.28

For year ended December 31, 2007	Units		Common Stock		Warrants	
	High	Low	High	Low	High	Low
First Quarter	\$6.91	\$6.15	\$5.71	\$5.05	\$0.71	\$0.38
Second Quarter	\$6.48	\$5.25	\$5.20	\$4.10	\$0.70	\$0.50
Third Quarter	\$5.50	\$4.80	\$4.34	\$2.84	\$0.66	\$0.30
Fourth Quarter	\$2.97	\$2.50	\$3.25	\$1.95	\$0.46	\$0.10

#### Holdings

As of March 17, 2008, there was one holder of record of Equity Media Holding Corporation's units, 480 holders of record of Equity Media Holding Corporation's common stock and nine holders of record of Equity Media Holding Corporation's warrants. These numbers do not include beneficial owners holding shares through nominee names.

#### Dividends

We have not paid a dividend on any class of common stock and anticipate that we will retain future earnings, if any, to fund the development and growth of our business. Consequently, we do not anticipate paying cash dividends on our common stock in the foreseeable future.



## Initial Public Offering

On September 14, 2005, the Company consummated its initial public offering of 10,000,000 Units, with each unit consisting of one share of our common stock and two warrants, each to purchase one share of our common stock at an exercise price of \$5.00 per share. On September 19, 2005, we closed on an additional 1,500,000 units that were subject to the underwriters' over-allotment option. The units were sold at an offering price of \$6.00 per unit, generating total gross proceeds of \$69,000,000. Morgan Joseph & Co. Inc. and EarlyBirdCapital, Inc. acted as lead underwriters. The securities sold in the offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (No. 333-125105). The Securities and Exchange Commission declared the registration statement effective on September 8, 2005.

We paid a total of \$4,830,000 in underwriting discounts and commissions, and approximately \$561,956 has been paid for costs and expenses related to the offering.

After deducting the underwriting discounts and commissions and the offering expenses, the total net proceeds to us from the offering were approximately \$63,608,044 of which \$62,620,000 was deposited into a trust fund (or \$5.45 per share sold in the offering) and the remaining proceeds were available to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses.

## Merger Transaction and Recapitalization

In connection with the Merger Transaction (see Note 4 to the audited financial statements — Merger Transaction), on March 29, 2007, the stockholders of the Company approved a proposal to amend and restate the Company's Certificate of Incorporation. Upon approval, the Company (i) increased the number of authorized shares of common stock from 50,000,000 shares to 100,000,000 shares, (ii) increased the number of authorized shares of preferred stock from 1,000,000 to 25,000,000, (iii) changed the Company's name from "Coconut Palm Acquisition Corp." to "Equity Media Holdings Corporation", and (iv) authorized the issuance of approximately 2,050,519 shares of the Company Series A Convertible Non-Voting Preferred Stock, pursuant to the Certificate of Designation. Additional shares of Series A Convertible Non-Voting Preferred Stock were authorized for accrued and unpaid dividends through the date of the completion of the merger, increasing the number of authorized shares of Series A Convertible Non-Voting Preferred Stock from 1,736,746 to 2,050,519.

As a result of the Merger Transaction, the Company acquired 1,908,911 shares from stockholders who opted to convert their stock to cash and issued 26,665,830 shares to the shareholders of EBC in exchange for their shares and other consideration.

## Use of trust funds

On March 30, 2007, upon consummation of the Merger with EBC, the funds held in trust were distributed as follows:

Repurchase of EBC Series A preferred stock	\$25,000,000
Pay down Senior Credit Facility Revolver	17,450,000
Payment to CPAC shareholders electing not to convert their shares	10,899,882
Settlement of Arkansas Media Management Agreement	3,200,000
Purchase of three low power television stations from Arkansas Media	1,300,000
Payment to EBC dissenting shareholders	378,380
Payment of note payable and accrued interest to Actron, Inc.	533,000
Available for working capital, capital expenditures and general corporate needs.	3,858,738
	<u>\$62,620,000</u>

## Private placement

On June 21, 2007, the Company entered into a Unit Purchase Agreement with certain insiders and institutional investors (each a “Buyer” and collectively, the “Buyers”) in connection with a \$9,000,000 private placement (the “Private Placement”) of an aggregate of 1,406,250 units (the “Units”), each Unit consisting of one share of the Company’s common stock, \$0.0001 par value per share, and two warrants, each warrant exercisable for one share of the Company’s common stock at an exercise price of \$5.00 per share (the “Warrants”). The purchase price of each Unit was \$6.40. The Private Placement closed on June 21, 2007 (the “Private Placement Closing Date”).

## Shares Issued to Retire Debt

On August 21, 2007, the Company exercised its option, under the terms of a \$500,000 note payable, to retire the note with the issuance of 115,473 shares of common stock in lieu of a cash payment. This note was previously issued in connection with the purchase of certain television stations.

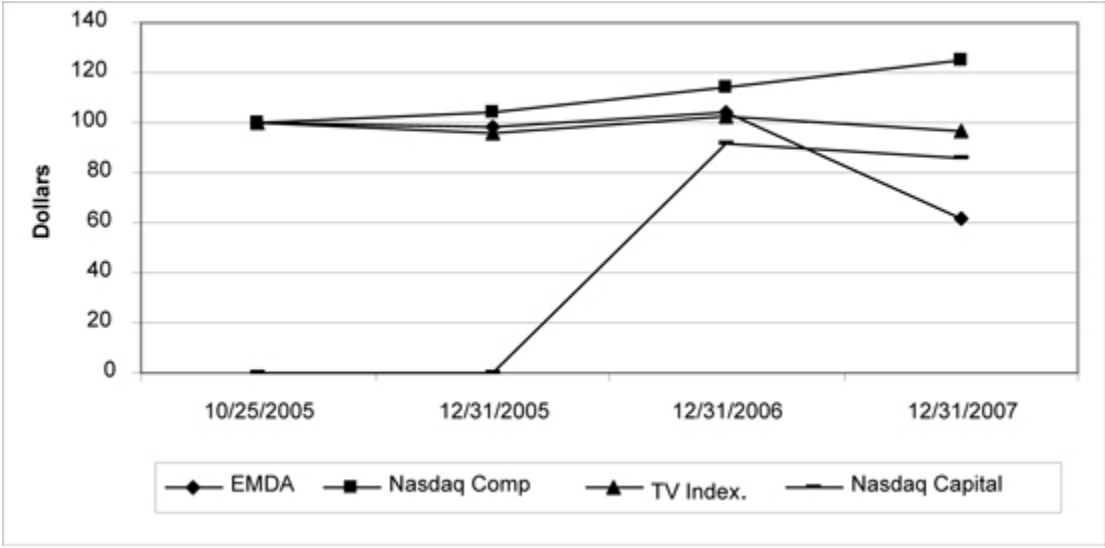
Securities Authorized for issuance under equity compensation plans as of December 31, 2007:

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights.</u> (1)	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans</u>
Equity compensation plans approved by security holders	6,965,208	\$ 4.53	5,309,645
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>6,965,208</b>	<b>\$ 4.53</b>	<b>5,309,645</b>

(1) Includes shares of Common Stock to be issued upon exercise of stock options granted under the Company’s 2007 Stock Incentive Plan.

## **Comparative Stock Performance Graph**

The following graph compares the total return of our Common Stock based on closing prices for the period from October 25, 2005, the date our Common Stock was first traded on NASDAQ, through December 31, 2007 with the total return of (i) the NASDAQ Composite Index, (ii) the NASDAQ Capital Markets Composite (from 9/26/06) and (iii) a peer index consisting of the following publicly traded pure play television companies: ACME Communications, Inc., Gray Television, Inc., Hearst Argyle Television, Inc., LIN TV Corp., Nexstar Broadcasting Group, Inc., Sinclair Broadcast Group, Inc. and Young Broadcasting Inc. (the “Television Index”). The graph assumes the investment of \$100 in our Common Stock and in each of the indices on October 25, 2005. The performance shown is not necessarily indicative of future performance.



	<u>10/25/05</u>	<u>12/31/05</u>	<u>12/31/06</u>	<u>12/31/07</u>
Equity Media Holdings Corporation (EMDA)	\$ 100.00	\$98.29	\$104.55	\$61.48
NASDAQ Composite Index	\$ 100.00	\$104.01	\$113.91	\$125.09
Television Index (TV Index)	\$ 100.00	\$95.58	\$102.38	\$96.65
NASDAQ Capital Markets Index		-	91.47	85.66

## ITEM 6. SELECTED FINANCIAL DATA

	<u>Fiscal Years Ended Dec. 31,</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(\$ in thousands, except earnings per share)				
<b>Consolidated Statements of Operations Data</b>					
Revenue:	\$28,264	\$30,395	\$27,471	\$22,402	\$19,617
Operating expenses	(62,106 )	(45,279 )	(43,327 )	(37,021 )	(29,555 )
(Loss) from operations	(33,842 )	(14,884 )	(15,856 )	(14,619 )	(9,938 )
Interest expense, net	(7,908 )	(7,377 )	(5,085 )	(3,189 )	(1,622 )
Gain (loss) on sale of assets	414	18,775	7,676	11,282	3,075
Other income (expense)	593	259	548	464	457
Income (loss) before income tax	(40,742 )	(3,228 )	(12,717 )	(6,062 )	(8,028 )
Income tax (benefit) expense	—	—	—	—	—
Preferred dividend	12,692				
Net loss available to common shareholders	<u>\$(53,434 )</u>	<u>\$(3,228 )</u>	<u>(12,717 )</u>	<u>(6,062 )</u>	<u>(8,028 )</u>
Net income (loss) per share available to common shareholders:					
Basic	\$(1.47 )	\$(0.13 )	(0.50 )	(0.24 )	(0.34 )
Diluted	\$(1.47 )	\$(0.13 )	(0.50 )	(0.24 )	(0.34 )
Weighted average common shares outstanding:					
Basic	36,313	25,371	25,467	24,849	23,912
Diluted	36,313	25,371	25,467	24,849	23,912
<b>Selected Balance Sheets Data (at period end)</b>					
Total assets	\$123,254	\$114,412	\$120,159	\$118,585	\$91,482
Long-term obligations	13,674	58,978	62,626	44,556	26,919
Total liabilities	<u>97,661</u>	<u>73,185</u>	<u>75,663</u>	<u>57,356</u>	<u>38,607</u>

See Notes to Financial Statements

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of financial condition and results of operations should be read together with "Selected Financial Data," and our financial statements and accompanying notes appearing elsewhere in this Annual Report on Form 10-K.*

### **Risk Factors That May Affect Future Results**

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in this Annual Report on 10-K under "Risk Factors" and elsewhere and in our other Securities and Exchange Commission filings. Given such risks and uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements do not guarantee future performance and should not be considered statements of fact. These forward-looking statements speak only as of the date of this report and, unless required by law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and related notes contained in Item 8 of this report Form 10-K. The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") includes the following sections:

- Company Overview
- Results of Operations
- Liquidity and Capital Resources
- Income Taxes
- Debt Instruments and Related Covenants
- Inflation
- Off-Balance Sheet Arrangements
- Contractual Obligations
- Related Party Transactions
- Critical Accounting Policies
- New Accounting Pronouncements

You should note that this MD&A discussion contains forward-looking statements that involve risks and uncertainties. Please see the section entitled “*Risk Factors*” at the beginning of Item 1A on pages 25 through 35 for important information to consider when evaluating such statements. You should read this MD&A in conjunction with the Company’s financial statements and related notes included in Item 8.

## Company Overview

Equity Media Holdings Corporation (the “Company”) was incorporated in Delaware on April 29, 2005 as Coconut Palm Acquisition Corp. (“Coconut Palm”) to serve as a vehicle for the acquisition of an operating business through a merger, capital stock exchange, asset acquisition and/or other similar transaction. On March 30, 2007, Coconut Palm merged with Equity Broadcasting Corporation (“EBC”), with Coconut Palm remaining as the legal surviving corporation; however, the financial statements and continued operations are those of EBC as the accounting acquirer (See Note 4 — Merger Transaction). Immediately following the merger, Coconut Palm changed its name to Equity Media Holdings Corporation.

As of December 31, 2007, the Company has built and aggregated a total of 120 full and low power permits, licenses and applications that it owns or has contracts to acquire. The Company’s FCC license asset portfolio includes 23 full power stations, 38 Class A stations and 59 low power stations, including two metropolitan New York City low power stations that the Company is currently under contract to purchase. The Company’s English and Spanish-language stations are in 41 markets that represent more than 32% of the U.S. population.

While the Company originally targeted small to medium-sized markets for development, it has been able to leverage its original properties into stations in larger metropolitan markets, including Denver, Detroit, Salt Lake City, Minneapolis and Oklahoma City. The Company’s stations are affiliated with broadcast networks as follows: 20 of the stations are affiliated with LAT TV, 16 are affiliated with Univision, 12 are affiliated with the Company’s Retro Television Network (“RTN”), five are affiliated with MyNetworkTV, four are affiliated with FOX, three are affiliated with TeleFutura, two are affiliated with MTV Tr3s and one is affiliated with ABC.

The Company is the second-largest affiliate group of the top-ranked Univision and TeleFutura networks with 19 affiliates, 13 of which are in the nation’s top-65 Hispanic television markets. The Company believes that it has a superior growth opportunity in these Hispanic properties because each station has a 15-year affiliation agreement with either Univision or TeleFutura, respectively.

RTN was developed to fulfill a need in the broadcasting industry that is occurring now and will continue to occur as broadcast stations switch over to digital programming pursuant to a Federal Communications Commission mandate with a February, 2009 deadline.

Digital Television (“DTV”), will allow broadcasters to offer television content with movie-quality picture and CD-quality sound. DTV is a much more efficient technology, allowing broadcasters to provide a “high definition” (“HDTV”), program and multiple “standard definition” DTV programs simultaneously. Providing several programs streams on one broadcast channel is called “multicasting.” The challenge facing many broadcasters is how to effectively program and monetize the value created by DTV.

RTN is the first network designed for the digital arena. RTN takes some of the most popular and entertaining programs from the 60s, 70s, 80s, and 90s, all ratings proven and digitally re-mastered, and provides them to their RTN affiliates. RTN affiliates enjoy a scalable, cost efficient content solution for their digital channels. A major differentiator between RTN and other potential digital solutions is RTN’s ability to deliver local news, sports, and weather updates to the local RTN affiliate, in addition to the quality RTN programming. This enables the local affiliate to sell local advertising spots to generate revenue.

The ability to deliver localized programs to the RTN affiliate is accomplished through utilization of the Company’s proprietary digital satellite technology system known as “C.A.S.H.” The Central Automated Satellite Hub (“CASH”), system provides the means of delivering a fully automated, 24 hour a day custom feed for each local affiliate. The Company has the capability to launch localized network feeds in all 210 U.S. TV markets and internationally as well.

The Company has historically focused on aggregating stations and developing delivery systems. Over the past eight years, the Company financed itself largely by acquiring television construction permits and stations at attractive valuations. After acquiring the stations, the Company would construct and/or upgrade the facilities and, on a selective market basis, sell the station at an increased valuation to fund operations and acquisitions and to service debt.





Following the March 2007 merger, the Company's business focus shifted from primarily aggregating stations to increasing RTN affiliate penetration and maximizing revenue and profit for each station. The Company intends to achieve revenue growth and profitability through various entity and station-level initiatives. These initiatives, which the Company has recently begun to implement, include:

- continued growth of the RTN affiliate base in key U.S. television markets;
- focusing on growing national business;
- addition of experienced managers in select local markets;
- upgrading / increasing sales staffs in select local markets;
- establishing market appropriate rate cards;
- upgrading local news (where available) and expanding local programming in select markets;
- upgrading syndicated programming; and
- enhancing cable and satellite distribution

Generally, it takes a few years for the Company's newly acquired or built stations to generate operating cash flow. In addition, it requires time to gain viewer awareness of new station programming and to attract advertisers. Accordingly, the Company has incurred, and expects to continue to incur, with newly acquired or built stations, losses at a station in the first few years after it acquires or builds the station. Occasionally unforeseen expenses and delays increase the estimated initial start-up expenses. This requires the Company's established stations to generate revenues and cash flow sufficient to meet its business plan including the significant expenses related to our newly acquired or built stations.

The Company is one of the largest holders of broadcast spectrum in the United States. Each Equity Media Station is 6MHz and is located in the 480-680 MHz band. Our spectrum adjoins the 700 MHz band and offers similar propagation characteristics. Equity Media anticipates that it will supplement its revenues by monetizing its significant spectrum portfolio through joint-ventures, leasing or sub-licensing to telecoms and new media companies.

The Company also launched a new corporate and investor relations website ([www.EMDAholdings.com](http://www.EMDAholdings.com)) in August 2007. The website features new and expanded content about the Company's operating businesses, senior management, news and public filings. All key information on the website is available in an up-to-date, interactive format.

#### *Acquisition and Expansion Activity*

On August 17, 2007, the Company announced that it had entered into a definitive asset purchase agreement to acquire two low power television stations in the metropolitan New York City market (WMBQ-CA, Channel 46 and WBQM-LP, Channel 3) from Renard Communications.

During the year ended December 31, 2007, the Company's classic television network, RTN, announced fifteen new affiliates. Several of these new affiliations are in the nation's top-50 television markets, including Pittsburgh and Raleigh/Durham. In addition, the Company announced that the RTN affiliates in Savannah, GA and Myrtle Beach / Florence, SC had renewed their affiliation agreements for another year.

**RESULTS OF OPERATIONS — YEAR ENDED DECEMBER 31, 2007 COMPARED TO YEAR ENDED DECEMBER 31, 2006**

**Revenue**

The following table sets forth the principal types of broadcast revenue earned by the Company and its stations for the periods indicated and the change from one period to the next both in dollars and percent:

	For the Years ended December 31,			
	2007	2006	Change	% Change
	(in thousands, except percentages)			
<b>Broadcast Revenues</b>				
Local	\$9,615	\$11,930	\$(2,315)	(19.40)%
National	8,046	8,145	(99)	(1.22)
Other	1,071	1,830	(759)	(4.15)
Trade & Barter Revenue	9,532	8,490	1,042	12.27
<b>Total Broadcast Revenue</b>	<b>\$28,264</b>	<b>\$30,395</b>	<b>\$(2,131)</b>	<b>(7.01)%</b>

As noted in the Overview, the operating revenue of the Company's stations is derived primarily from advertising revenue. The above table segregates revenue received from local sources compared to national sources, together with gross trade and barter revenues, which is non-cash. Other broadcast revenue is a combination of production, uplink services, news services, and other non-spot broadcast revenue.

For the year ended December 31, 2007 as compared to 2006, total Broadcast Revenue decreased \$2.131 million, or 7%, to \$28.264 million. The primary reason for this decrease is due to the sale by the Company of KPOU-TV, Portland, OR, a Univision affiliate, on November 1, 2006 which accounts for \$2.008 million of the variance. Total Broadcast Revenue, excluding the decrease due to KPOU, decreased \$0.1 million, or 0.4%. Total local and national revenue from the Company's Spanish-language stations, excluding KPOU, increased \$1.001 million, or 11% during the year. This increase was offset by a decrease of \$1.679 million in local and national revenue from the Company's English-language stations. The decrease in other revenue is attributed to lower JSA income of \$266,000, due to the disposition of KPOU, lower uplink shared services revenue of \$253,000, and lower time brokerage income of \$371,000; offset by higher network compensation revenue of \$174,000. Also, during the year ended December 31, 2007 trade and barter revenue increased \$1.04 million, or 12.3%, as compared to the same period in 2006. This increase is due primarily to the continued growth in Company's investment in syndicated programming as it continues its commitment to reduce the amount of shopping and long-form commercials and move to more traditional programming.

## Results of Operations

The following table sets forth the Company's operating results for the year ended December 31, 2007, as compared to the year ended December 31, 2006:

	For the Years ended December 31,			
	2007	2006	Change	% Change
	(in thousands, except percentages, net income per share and weighted average shares)			
Broadcast Revenue	\$28,264	\$30,395	\$(2,131)	(7.01)%
Program, production & promotion	15,028	13,413	1,615	12.04
Selling, general & administrative	32,419	26,192	6,337	24.19
Management Settlement Agreement	8,000	--	8,000	
Impairment charge on assets held for sale	-	200	(200)	(100.00)
Amortization and Depreciation expense	4,160	3,283	877	26.71
Rent	2,499	2,191	308	14.06
Operating loss	(33,842)	(14,884)	(19,068)	128.11
Interest expense, net	(7,908)	(7,377)	(531)	7.20
Gain on sale of assets	414	18,775	(18,361)	(97.79)
Other income, net	593	259	334	128.96
Loss before income taxes	(6,901)	11,656	(18,557)	(159.20)
Income taxes	(40,742)	(3,228)	(37,625)	1,165.58
Net loss	-(40,742)	-(3,228)	-(37,625)	1,165.58%
Basic net (loss) per common share	(1.12)	\$(0.13)		
Weighted average basic shares used in earnings per share calculation	36,312,638	25,371,332		

### ***Program, production and promotion expenses***

Program, production and promotion expense was \$15.0 million in the year ended December 31, 2007, as compared to \$13.4 million in 2006, an increase of \$1.6 million, or 12.0%. The variance was primarily due to an increase in Syndicated Programming expense of \$1.04 million and an increase of \$0.5 million in Barter/Film Expense.

### ***Selling, general and administrative***

Selling, general and administrative expense was \$32.5 million in the year ended December 31, 2007, as compared to \$26.2 million in 2006, an increase of \$6.3 million, or 24.2%. Contributing to this increase were increases in labor and benefits costs of \$3.2 million, professional fees of \$1.7 million, and share based compensation of \$2.0 million., partially offset with a reduction in LMA and JSA expense of \$1.2 million and bad debt expense of \$0.4 million.

### ***Management Settlement Agreement***

The Company paid \$8.0 million in the year ended December 31, 2007 in connection with a Management Settlement Agreement as a result of the March 2007 Merger transaction., as compared to \$0.0 million in 2006, an increase of \$8.0 million.

### ***Depreciation and Amortization***

Depreciation and amortization was \$4.1 million in the year ended December 31, 2007, as compared to \$3.3 million in 2006, an increase of \$0.8 million or 26.7%. This increase is primarily attributed to the continuing investment in broadcast equipment.

### ***Rent***

Rent expense was \$2.5 million in the year ended December 31, 2007, as compared to \$2.2 million in 2006, an increase of \$0.3 million, or 14.0%. An increase in tower rent expense was the primary factor.

### *Interest Expense, net*

Interest expense was \$7.9 million in the year ended December 31, 2007, as compared to \$7.4 million in 2006, an increase of \$0.5 million, or 7.2%. This increase is primarily attributable to higher average interest rates in 2007. The combined average interest rates on the Company's senior credit facility were 13.3% and 12.2% for the years ended December 31, 2007 and 2006, respectively.

### *Gain on sale of assets*

The gain on sale of assets was \$0.4 million in the year ended December 31, 2007, as compared to a gain of \$18.8 million in the year ended December 31, 2006, a decrease of \$18.4 million. The Company sold land and a broadcast tower in 2007; the net gain on sale in 2006 included gains from the sale of several low power television stations located both in Idaho and in Central Arkansas, net of a loss arising from the sale of a station in Alabama.

### *Other income, net*

Other income, net was approximately \$0.6 for the year ended December 31, 2007 as compared to approximately \$0.3 for the year ended December 31, 2006, an increase of \$0.3. The Company increase is attributed to a reduction in losses from joint ventures of approximately \$0.5 million, net of a reduction in rental income of approximately \$0.2.

## **RESULTS OF OPERATIONS — YEAR ENDED DECEMBER 31, 2006 COMPARED TO YEAR ENDED DECEMBER 31, 2005**

### *Revenue*

The following table sets forth the principal types of broadcast revenue earned by the Company and its stations for the periods indicated and the change from one period to the next both in dollars and percent:

	For the Years ended December 31,				
	2006	2005	Change	%	%
	(in thousands, except percentages)				Change
<b>Broadcast Revenues</b>					
Local	\$11,930	\$9,971	\$1,959	19.6	%
National	8,145	7,661	484	6.3	
Other	1,830	2,459	(629)	(25.6)	)
Trade & Barter Revenue	8,490	7,380	1,110	15.1	
Total Broadcast Revenue	\$30,395	\$27,471	\$2,924	10.6	%

As noted in the Overview, the operating revenue of the Company's stations is derived primarily from advertising revenue. The above table segregates revenue received from local sources compared to national sources, together with gross trade and barter revenues, which is non-cash. Other broadcast revenue is a combination of production, uplink services, news services, and other non-spot broadcast revenue. The growth in gross broadcast revenues is due to a number of factors, the predominant ones being:

- the continuing maturity of all the Company stations,
- the overall growth in the Hispanic sector of the broadcast market, and
- the addition of eight Univision and Telefutera stations in late 2004 and early 2005.



Of the increase in both Local and National broadcast revenues noted in the table above, over \$2.2 million of the increase was from the eight Univision and Telefutera stations added in late 2004 and early 2005. In addition, both the Portland and Salt Lake City Univision stations contributed to the increase with sales increases in excess of 30% for the Portland station and in excess of 40% for the Salt Lake City station.

Contributing to the decline in other broadcast revenues was:

- a drop in News services revenue of approximately \$206,000 due to the Company's decision to focus its news and weather services production to its own stations and no longer serve third parties,
- a reduction in Time Brokerage revenues of approximately \$485,000 which is a reflection of moving programming away from shopping based programming to syndicated programming,
- an increase in JSA income of \$315,000, \$280,000 of which is income from the JSA agreement with Fisher Broadcasting regarding KPOU in Portland that became effective July 1, 2006, and terminated upon the sale of that station to Fisher on September 30, 2006, and
- a drop in Uplink Shared Services revenue, which is revenue from the Company's C.A.S.H Services, Inc. subsidiary, of approximately \$213,000. This decline is from the loss of a client during this comparative period due to business reversals affecting that client.

The increase in Trade and Barter Revenue was due primarily to the significant increase in the amount of syndicated programming being aired by the non-Hispanic stations. The Company acquires syndicated programming either through a cash payment arrangement or a barter arrangement. The programming acquired via barter is valued and amortized as the shows air. The amortized amounts are reflected correspondingly as both barter revenue and barter expense, or trade revenue and trade expense. The Company's commitment to move away from airing shopping and long-form commercials and into more traditional television programming is, in this instance, reflected in this increase. In addition, Trade Revenue includes the fair market value of spots that air in exchange for goods and services (aside from programming) received from various vendors in the various local markets. As the Company's stations mature and develop larger local client bases, the opportunities for trade grows. The above increase is, in part, a reflection of this development as well.

### ***Results of Operations***

The following table sets forth the Company's operating results for the year ended December 31, 2006, as compared to the year ended December 31, 2005:

	For the Years ended December 31,				% Change
	2006	2005	Change		
	(in thousands, except percentages, net income per share and weighted average shares)				
Broadcast Revenue	\$30,395	\$27,471	\$2,924	10.6	%
Program, production & promotion	13,413	11,540	1,873	16.2	
Selling, general & administrative	26,192	24,509	1,683	6.9	
Impairment charge on assets held for sale	200	1,689	(1,489)	(88.2)	)
Amortization and depreciation expense	3,283	3,652	369	(10.1)	)
Rent	2,191	1,937	254	13.1	
Operating (loss)	(14,884)	(15,856)	972	(6.1)	)
Interest expense, net	(7,377)	(5,085)	(2,292)	45.1	)
Gain on sale of assets	18,775	7,676	11,098	144.6	
Other income, net	259	548	(289)	(52.7)	)

	11,656	3,139	8,517	271.4
(Loss) income before income taxes	(3,228 )	(12,717 )	9,489	(74.6 )
Income taxes	-	-	-	-
Net (loss)	\$(3,228 )	\$(12,717 )	\$9,489	(74.6 )%
Basic net (loss) per common share	\$(0.13 )	\$(0.50 )		
Weighted average basic shares used in earnings per share calculation	25,371,332	25,467,844		



The changes in operating results for the year ended December 31, 2006 as compared to the year ended December 31, 2005 were impacted by the fact that the Company acquired, built-out, or significantly changed the programming and/or affiliation in stations located in over twenty markets between June 2004 and December 2006. The development and maturity of these stations directly affected all material aspects of the Company's operating results, more specifically noted below. These stations included Univision affiliations in Detroit, Ft. Myers, Minneapolis, Kansas City, Tulsa, Syracuse, Waco and Wichita Falls.

***Program, production and promotion expenses***

Program, production and promotion expense was \$13.4 million in the year ended December 31, 2006, as compared to \$11.5 million in the year ended December 31, 2005, an increase of \$1.9 million, or 16.2%. Contributing to this increase were the following material items:

- a \$0.3 million increase in Syndicated Film expense. The more significant factors contributing to the increase are the growth in the number of the Company stations broadcasting as RTN affiliates and management's commitment to acquiring quality programming.
  
- a \$0.2 million increase in Satellite Time expense, which reflects the additional costs under the contract with the satellite owner. Amendments to the existing contracts were entered into in both the first and second quarter of 2005 to increase the bandwidth, both C-band and Ku-band, available to the Company. Both the actual and anticipated growth in the number of the Company owned stations contributed to the need to amend the contracts and increase the costs.
  
- a \$0.3 million increase in Advertising and Sales Promotion costs, the primary component being an increase in advertising on cable and in sales promotion efforts.
  
- a \$1.3 million increase in Trade and Barter expense, which indicates a growth in syndicated barter programming airings and an increase in the trading for goods and services in the various local markets served by the Company stations. The local station managers negotiate trade arrangements in their local markets for goods and services they believe are beneficial to their stations, all subject to the Company corporate approval. The growth in syndicated barter programming airings is an indication of the growth in RTN programming and the movement away from long-form paid programming to syndicated programming, typically thirty minutes in length.

### ***Selling, general and administrative***

Selling, general and administrative expense was \$26.2 million in the year ended December 31, 2006, as compared to \$24.5 million in the year ended December 31, 2005, an increase of \$1.7 million, or 6.9%. Contributing to this increase were the following material items:

- a \$0.3 million increase in Commission expense. Since Commission expense is a direct result of broadcast revenue and broadcast revenue was up \$2.9 million during this time period, there was a corresponding increase in Commission expense.

- a \$1.2 million decrease in local marketing agreement, or LMA, and JSA expense. The decrease is due to a decrease in the JSA expense to station KPOU, which was the Company Univision affiliate broadcasting in the Portland, Oregon market and operated under the terms of a JSA with Belo Corporation thru June 30, 2006. Effective July 1, 2006, the JSA agreement with Belo ended and a new JSA agreement with Fisher Broadcasting went into effect. Differences in the two agreements impacted the accounting treatment for the related JSA costs. Fisher subsequently acquired KPOU on September 30, 2006, as discussed elsewhere in this filing. In addition, the apportionment of costs relative to the JSA agreement with Univision for KUTH, the Univision affiliate in Salt Lake City, changed in calendar 2006 as compared to 2005. Costs previously identified as JSA Expense in 2005 are now classified based on their content and nature. The total costs vary month to month but the costs incurred in 2006 do not vary materially in nature or amount from the costs incurred in 2005.

- a \$0.9 million increase in labor costs. The primary reason for the increase in labor costs is due, simply, to the growth of the Company. Besides the direct labor costs to staff the sales offices of the new locations, as noted elsewhere, there was also an increase in overhead labor costs, including growth in master control, production, traffic, accounting and the other supporting departments. Also, standard cost of living raises contributed to the increase.

### ***Depreciation and Amortization***

Depreciation and amortization was \$3.3 million in the year ended December 31, 2006, as compared to \$3.7 million in the year ended December 31, 2005. Of those expense amounts, amortization expense was \$126,000 for the year ended December 31, 2006 compared to \$105,000 for the year ended December 31, 2005, an increase of \$21,000.

### ***Rent***

Rent expense was \$2.2 million in the year ended December 31, 2006, as compared to \$1.9 million in the year ended December 31, 2005, an increase of \$0.3 million, or 16%. The increase was due primarily to the expansion by the Company into new markets, the costs related to new office and broadcast tower space and contractual annual increases in existing lease agreements.

### ***Interest Expense, net***

Interest expense, net of interest income, was \$7.4 million in the year ended December 31, 2006, as compared to \$5.1 million in the year ended December 31, 2005, an increase of \$2.3 million, or 45%. This increase was due primarily to:

- A steady and continuing rise in interest rates over the respective periods; and

A steady increase in notes payable during 2006, except for significant reductions in September of \$6 million and in November of \$9.5

- million, both from proceeds from the sale of KPOU, the Portland station. The additions to debt were used primarily for station acquisitions, to increase the investment in broadcast equipment and for general operating purposes.

### ***Gain on sale of assets***

The gain on sale of assets was \$18.8 million in the year ended December 31, 2006, as compared to \$7.7 million in the year ended December 31, 2005, an increase of \$11.1 million, or 145%. The gain on sale in the year ended December 31, 2006, included the sale of low power television stations in Boise and Pocatello, ID, for a gross sales price of \$1.0 million and a net gain of \$0.5 million, the sale of WBMM, a station in Montgomery, AL, for a sales price of \$1.9 million and a net loss of \$0.3 million, the sale of KPOU, a station in Portland, OR, for a sales price of \$19.3 million and a net gain of \$18.4 million, and the sale of other miscellaneous assets for no net gain. The gain on sale in the year ended December 31, 2005, included the sale of WPXS, an independent affiliate serving the St. Louis, MO market, for a net gain of \$8.4 million. The Company received \$5.0 million in cash from the buyer, and three Class-A low power licenses located in Atlanta, GA, Seattle, WA and Minneapolis, MN, respectively, with a combined appraised value of \$14.7 million.

### ***Losses from Joint Ventures***

In December 2004, the Company sold a majority interest in the Arkansas Twisters, an AFL2 football team, to a local investor. Prior to that date the financial activity of the Twisters was consolidated into the Company's financial statements. Subsequent to that date the Company recorded its minority share of any income or loss reported by the Twisters as income or loss from joint ventures. Also, the Company owned approximately a one third interest in Spinner Network Systems, LLC, a specialized media delivery company. During the years ended December 31, 2006 and December 31, 2005, the Company recognized losses from the Twisters of (\$393,000) and (\$240,000), respectively. Also, during the same periods, the Company recognized losses from Spinner of (\$204,000) and (\$317,000), respectively. Other losses from joint ventures during these time periods were immaterial.

### ***Net loss***

The net loss was \$3.2 million for the year ended December 31, 2006, as compared to a net loss of \$12.7 million for the year ended December 31, 2005, a decrease of \$9.5 million, or 75%. This decrease was due to the items discussed above, primarily:

- a decrease in Operating Loss of \$1.0 million;
- an increase in Interest expense, net of \$2.3 million; and
- an increase in Gain on sale of assets of \$11.1 million, all as compared to the year ended December 31, 2005.

## Liquidity and Capital Resources

### Current Financial Condition

As of and for the year ended December 31, 2007 compared to the year ended December 31, 2006:

	For the years ended December 31,	
	2007	2006
	(in thousands)	
Net cash used by operating activities	\$ (30,807 )	\$ (17,293 )
Net cash provided (used) by investing activities	(11,440 )	18,258
Net cash provided (used) by financing activities	41,251	(1,588 )
Net increase (decrease) in cash and cash equivalents	\$ (996 )	\$ (623 )

	As of December 31,	
	2007	2006
	(in thousands)	
Cash and cash equivalents	\$ 634	\$ 1,630
Long term debt including current portion and lines of credit	77,411	57,962
Available credit under senior credit agreement	—	5,440

The Company's existing capital resources are not sufficient to fund its operations. If the Company is unable to obtain adequate additional sources of capital in the near term it will need to cease all or a portion of its operations, seek protection under U.S. bankruptcy laws and regulations, engage in a restructuring or undertake a combination of these and other actions. Additional sources of capital, if obtained, would likely come from sales by the Company of debt and/or equity and/or the sale of material assets of the Company. The Company is currently negotiating potential transactions that would supply it with capital necessary to meet its current requirements. However, these negotiations may not result in successful consummation of any transaction. If the Company is able to successfully consummate a transaction, such transaction may result in substantial dilution to the Company's existing security holdings and/or the incurrence of substantial indebtedness on relatively expensive terms. The terms of any such transaction would also likely involve covenants that serve to substantially restrict the operations of the Company and its management and could result in a change of control of the Company.

On March 20, 2008, the Company entered into an amendment to its Third Amended and Restated Credit Agreement ("Credit Agreement") with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. Under the terms of the Amendment, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company's failure to enter into agreements with respect to the sale of certain of its assets and the Company's failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company's immediate capital requirements. If the Company is unable to meet all criteria under the forbearance agreement, the lender group will have all remedies available to them under the Credit Agreement, including making the loan immediately due and payable.

The principal ongoing uses of cash that affect the Company's liquidity position include the following: the acquisition of and payments under syndicated programming contracts, capital and operational expenditures and interest payments on the Company's debt. It should be noted that no principal is due on the existing senior credit facility (as refinanced in February 2008 – see below) until February 2011, except for mandatory principal payments from proceeds generated from the sale of any collateral assets through that period.

The Company currently has a working capital deficit of approximately \$58.7 million and has experienced losses from operations since inception. During the year ended December 31, 2007, the Company had a net loss of approximately \$40.8 million and experienced cash outflows from operations during the same period of approximately \$30.8 million. In the past, the Company has relied on equity and debt financing and the sale of assets to provide the necessary liquidity for the business to operate and will need to have access to substantial funds over the next twelve months in order to fund its operations. As of December 31, 2007, the Company had approximately \$0.6 million of unrestricted cash on hand, and as more fully discussed in "Notes to Consolidated Financial Statements" - Note 13, the Company had access to a working capital line of credit provided to it from certain banking institutions (the "Credit Facility"). However, as of December 31, 2007, approximately \$7.9 million, available per the terms of the Credit Facility, was not available due to certain restrictions based on the value of the loan collateral.

Prior to the amendment and restatement of the credit facility in February 2008, as well as with certain other notes outstanding, the Company was subject to certain financial covenants, including among others, that the Company meet minimum revenue and EBITDA levels. At December 31, 2007, the Company was in not compliance with these covenants. However, after the amendment and restatement of the credit facility, the Company's previous events of default were waived and eliminated.

On February 13, 2008, the Company and its lenders entered into the Third Amended and Restated Credit Agreement to refinance the credit facility. The amended \$53.0 million credit facility, comprised of an \$8.0 million revolving credit line and term loans of \$45.0 million, matures on February 13, 2011, was used to refinance the existing indebtedness senior credit facility. Outstanding principal balance under the credit facility bears interest at LIBOR or the alternate base rate, plus the applicable margin. The applicable margin is 9.5% for the LIBOR loans and 8.5% on the alternate base rate loan. The minimum LIBOR is 4.5%. The alternate base rate is (i) the greatest of (A) the Prime Rate, (B) the Federal Funds Rate in effect on such day plus fifty (50) basis points (0.50%), and (C) seven and one-half percent (7.50%) per annum. We are required to pay an unused line fee of .5% on the unused portion of the credit facility. The credit facility is secured by the majority of the assets of the company. We are subject to new financial and operating covenants and restrictions based on trailing monthly and twelve month information. We have borrowed \$50,512,500 under the new facility as of March 11, 2008. Due to certain restrictions based on the value of the loan collateral, the Company does not have access to the remaining \$2,487,500 at this time.

Even with the refinanced Credit Facility, the additional funds provided by the Amended Credit Facility are not sufficient to meet all of the anticipated liquidity needs to continue operations of the Company for the next twelve months. Accordingly, the Company will have to raise additional capital or increase its debt immediately to continue operations. If the Company is unable to obtain additional funds when they are required or if the funds cannot be obtained on favorable terms, management may be required to liquidate available assets, restructure the Company or in the extreme event, cease operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

## Sources and Uses of Cash

### For the year ended December 31, 2007 as compared to the year ended December 31, 2006:

#### Operating Activities

##### Operating Activities

Net cash used in operating activities for the year ended December 31, 2007 and 2006 was \$30.8 million and \$17.3 million, respectively. The increase in net cash used by operating activities of \$13.5 million was due primarily to an increase in the net loss of \$34.0 million net of increases in Management Agreement Settlement expense of \$4.8 million, and Share Based Compensation expense of \$2.0 million, both non-cash operating expenses.

##### Investing Activities

Net cash used by investing activities was \$11.4 million in the year ended December 31, 2007, an increase in the use of cash of \$29.7 million compared to the year ended December 31, 2006, when \$18.3 million was provided by investing activities. The increase in use was largely due to the acquisition of three low power television stations located in Oklahoma and Arkansas, including KLRA, the Univision affiliate in Little Rock, Arkansas for \$1.3 million an increase in the investment of property and equipment, primarily in Little Rock for the expansion of our master control facilities in the amount of \$3.9 million, the setup of a restricted cash fund for acquisition of broadcast assets of \$4.2 million and a decrease in the proceeds from the sale of broadcast stations from \$22.2 million in 2006 as compared to \$0 in 2007.

##### Financing Activities

Net cash provided by financing activities was \$41.3 million in the year ended December 31, 2007, compared to uses of \$1.6 million in the year ended December 31, 2006, an increase of \$42.9 million. During the year ended December 31, 2007, the Company completed its merger with the Company. As part of the Merger Transaction, the Company contributed pre-merger assets and liabilities to the surviving accounting entity, including operating cash of \$22.8 million and \$10.9 million of funds held in trust for the retirement of the stock held by the Company shareholders who elected not to participate in the merger. The funds held in trust were paid out by the trustee subsequent to the merger and before September 30, 2007, to the dissenting shareholders for their shares of the Company. Also, as part of the merger transaction, the Company re-purchased its outstanding preferred stock for \$25 million, including the issuance of a note payable of \$15 million. In June 2007, the Company completed a sale of Common Stock shares through a private placement which resulted in net proceeds of \$9.0 million. The Company's net decrease in debt was \$4.7 million for the year ended December 31, 2007 as compared to a net increase of \$1.6 million during the year ended December 31, 2006.

### For the year ended December 31, 2006 as compared to the year ended December 31, 2005:

As of and for the year ended December 31, 2006 compared to the year ended December 31, 2005:

	For the years ended December 31,	
	2006	2005
	(in thousands)	
Net cash used by operating activities	\$(17,293)	\$(15,657)
Net cash provided (used) by investing activities	18,258	3,061
Net cash provided by financing activities	(1,588)	13,630
Net increase (decrease) in cash and cash equivalents	\$(623)	\$1,035

As of December 31,

	2006	2005
	(in thousands)	
Cash and cash equivalents	\$1,630	\$2,254
Long term debt including current portion and lines of credit	57,962	59,550
Available credit under senior credit agreement	5,440	1,643

## *Operating Activities*

Net cash used in operating activities for the years ending December 31, 2006 and 2005 was \$17.3 million and \$15.7 million, respectively. The increase in net cash used by operating activities of \$1.6 million was due primarily to the following factors:

- Gross broadcast revenues were up \$2.9 million, as discussed above.
- Amounts totaling \$1.1 million of cash was received as Deposits Held for Sale and reflecting deposits on options to purchase various the Company television stations.

A net increase of \$10.6 million in gains from the sale of intangibles between periods. the Company sold WPXS, in St. Louis, in June 2005 and recorded a gain of \$8.4 million. the Company received \$4.9 million in cash and three low power television stations with fair values totaling \$14.7 million as consideration. In May 2006, the Company sold stations in Boise and Pocatello Idaho and recorded gains totaling \$0.5 million. The sales price was \$1.0 million in cash which was received at closing. In July 2006, the Company sold its station in Montgomery, Alabama, WBMM, for \$1.9 million in cash and recorded a loss on the sale of \$0.3 million. In September, the Company sold its station in Portland, OR for \$19.3 million in cash and recorded a gain on the sale of \$18.4 million. The cash from the sale was received in increments during 2006, predominately in latter part of the year. Other sales of various assets occurred but did not generate material gains or losses, or receipts of cash.

- Operating expenses were up \$2.0 million as further discussed above in Results of Operations.

Trade accounts receivable, net at December 31, 2006 was approximately \$3.9 million as compared to \$3.2 million at December 31, 2005, or an increase of \$0.7 million. No specific event or set of circumstances outside normal business operations and conditions affected these changes.

Trade accounts payable and accrued expenses increased \$0.2 million in the year ended December 31, 2006 vs. a decrease of \$0.9 million in the year ended December 31, 2005. Trade accounts payable and accrued expenses totaled \$3.4 million at December 31, 2006 as compared to a balance of \$3.2 million at December 31, 2005, a decrease of \$0.7 million. No specific event or set of circumstances outside normal business operations and conditions affected these changes or balances.

The amortization of program broadcast rights was \$6.2 million and \$5.1 million in the years ended December 31, 2006 and 2005, respectively. However, of those amounts \$4.8 million and \$4.0 million, respectively, represented amortization of rights acquired via barter transactions and involved no cash activity.

## *Investing Activities*

Net cash provided by investing activities was \$18.3 million in the year ended December 31, 2006, an increase of \$15.2 million from the prior year ended December 31, 2005, when \$3.1 million was provided by investing activities. The following changes in investing activities were noted:



Capital expenditures increased \$0.3 million from \$2.4 million in the year ended December 31, 2005, to \$2.7 million in the year ended December 31, 2006. The capital expenditures in both years are indications of the continuing growth of the Company and do not include any single material event or set of circumstances.

Proceeds from the sale of broadcast stations, or related capital assets, was \$6.3 million in the year ended December 31, 2005 as compared to \$22.9 million in the year ended December 31, 2006. As noted above the Company received, in 2005, \$4.9 million in cash from the sale of WPXS and \$0.4 million from the sale of certain real estate in Casper, WY. Also as noted above, the Company received, in 2006, \$1.0 million from the sale of stations in Boise and Pocatello, ID, \$1.9 million from the sale WBMM, the Montgomery station, and \$19.1 million from the sale of its station in Portland, OR. In addition, the Company sold its station in Casper, WY, KTWO, but had previously received the majority of the sales price, or \$1.0 million, which had been accounted for as a liability until closing occurred.

In the year ended December 31, 2005, the Company acquired a station, WGMU, located in Burlington, for approximately \$0.7 million cash and a low power television license located in Amarillo, Texas for approximately \$0.2 million. In the year ended December 31, 2006, the Company purchased eight low power television stations located in Grand Rapids, MI, Waco, TX, Nashville, TN, Jacksonville and southwest, FL and Lexington, KY for \$3.1 million cash and promissory notes totaling \$0.8 million.

### *Financing Activities*

Net cash used by financing activities was \$1.6 million in the year ended December 31, 2006, compared to net cash provided of \$13.6 million in the year ended December 31, 2005. Proceeds from the Senior Credit Facility Revolver totaled \$40.8 million and \$19.6 million, in the years ended December 31, 2006 and 2005, respectively. Additionally, payments of \$41.2 million and \$5.1 million were made towards the Senior Credit Facility Revolver in the same years, respectively. The funds used to pay down the revolver originated from the \$19.1 million sales proceeds received on the KPOU transaction, the \$1.0 million received from the sale of the Idaho stations, the \$1.9 million received from the sale of the Montgomery station and the \$6.0 million from the C Piece of the facility, all discussed above, and, in 2005, the \$5.0 million down payment on WPXS, also discussed above. During the year ended December 31 2006, the Company amended the Senior Credit Facility and added the C Piece for \$6.0 million. See "Debt Instruments and Related Covenants" below for further details on the Senior Credit Facility. The net proceeds in both years were primarily to finance the Company's acquisition of television stations, increase the investment in broadcast equipment, and for general operating purposes, as further discussed above.

### **Income Taxes**

EMHC and its subsidiaries file a consolidated federal income tax return and such state and local tax returns as are required. Based on the estimated net operating loss available for carryforward at December 31, 2007, of approximately \$124.1 million the Company does not expect to pay any significant amount of income taxes in the next several years.

### **Debt Instruments and Related Covenants**

The Company's Credit Facility is collateralized by substantially all of the assets, including real estate, of the Company and its subsidiaries. The Credit Facility contains certain restrictive provisions which include, but are not limited to, requiring the Company to achieve certain revenue and earnings goals, limiting the amount of annual capital investments, incur additional indebtedness, make certain acquisitions and investments, sell assets or make other restricted payments, including dividends (all are as defined in the loan agreement and subsequent amendments.) As of December 31, 2007, the Company was not in compliance with all covenants as required by the credit facility before its amendment and restatement on February 13, 2008. In connection with and as part of the amendment and restatement of the credit facility, the lenders waived and eliminated the covenant requirements as of December 31, 2007. The Company is subject to amended covenants as per the new credit agreement.

On March 20, 2008, the Company entered into an amendment to its Third Amended and Restated Credit Agreement (“Credit Agreement”) with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. Under the terms of the Amendment, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company’s failure to enter into agreements with respect to the sale of certain of its assets and the Company’s failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company’s immediate capital requirements. If the Company is unable to meet all criteria under the forbearance agreement, the lender group will have all remedies available to them under the Credit Agreement, including making the loan immediately due and payable.

As of December 31, 2007, the applicable margins for base rate advances and LIBOR advances under the revolver component of the Credit Facility were 6% and 7%, respectively. The amount outstanding under the Credit Facility as of December 31, 2007 was \$50.4 million and is allocated as follows: term loan facility of \$20.0 million, term loan D of \$12.4 million and a revolving loan of \$18.0 million. At December 31, 2007, \$7.9 million was available to borrow under the revolver component of the Credit Facility. However, due to certain restrictions based on the value of the loan collateral, the Company did not currently have access to the \$7.9 million.(as further described in Note 2 – Liquidity and Capital Resources).

## Inflation

Management does not believe that inflation has had a material impact on operations to date, nor is inflation expected to have a material effect on operations in the near future. However, there can be no assurances that a high rate of inflation in the future would not have an adverse impact on our operating results and increase borrowing costs.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

## Contractual Obligations as of December 31, 2007

	Total	Payments due by period			
		Less than 1 year (2008)	1 - 3 years (2009 - 2010)	3 - 5 years (2011 - 2012)	More than 5 years (after 2012)
Long-term debt obligations (1)	\$77,410,558	17,954,944	57,782,302	1,673,312	-
Capital lease obligations (2)	186,036	44,541	74,258	67,237	-
Operating lease obligations (3)	9,654,636	1,690,657	2,531,753	1,516,350	3,915,876
Program rights (4)	3,235,382	2,094,737	974,499	154,218	11,928
	<u>\$90,486,612</u>	<u>21,784,879</u>	<u>61,362,812</u>	<u>3,411,117</u>	<u>3,927,804</u>

- (1) “Long-term debt obligations” represent the current and all future payments of obligations under long-term borrowings referenced in FASB Statement of Financial Accounting Standards No. 47 *Disclosure of Long-Term Obligations*, as may be modified or supplemented. This obligation consists primarily of obligations under the Company’s senior credit facility. These amounts are recorded as liabilities as of the current balance sheet date.
- (2) “Capital lease obligations” represent payment obligations under non-cancelable lease agreements classified as capital leases and disclosed pursuant to FASB Statement of Financial Accounting Standards No. 13 *Accounting for Leases*, as may be modified or supplemented. These amounts are recorded as liabilities as of the current balance sheet date.
- (3) “Operating lease obligations” represent payment obligations under non-cancelable lease agreements classified as operating leases and disclosed pursuant to FASB Statement of Financial Accounting Standards No. 13 *Accounting for Leases*, as may be modified or supplemented. These amounts are not recorded as liabilities as of the current balance sheet date.
- (4) “Program rights” represent obligations for syndicated television programming.

The above table does not include cash requirements for the payment of any dividends that our board of directors may decide to declare in the future on our Coconut Palm Series A preferred stock. See Note 10 to the 2005 consolidated financial statements.

## **Related Party Transactions**

Until the Merger Transaction, Arkansas Media owned 75% of EBC's Class B common shares outstanding. The owners of Arkansas Media held management and board of director positions within EBC. Arkansas Media had provided management services to EBC under the terms of a management agreement. An aspect of the merger of EBC with the Company was a settlement between Arkansas Media and the Company whereby the management agreement with Arkansas Media was terminated effective March 30, 2007, the date of the merger. As consideration for terminating the agreement, EBC paid Arkansas Media \$3.2 million, issued 640,000 shares of the EBC's pre-merger Class A common stock, purchased three low power television stations for \$1.3 million, purchased an office building and land for \$0.3 million and retired a note payable to a company affiliated with Arkansas Media for \$0.5 million. The three owners of Arkansas Media also entered into either employment or consulting agreements with the Company for periods of one to three years, effective the date of the Merger Transaction.

Univision Communications, Inc. is a shareholder in the Company. Univision also acts as the national sales agent for the Company's Spanish-language television stations. The Company pays Univision a 15% commission on those sales. The Company also operates its Salt Lake City Univision television station, KUTH through a local marketing agreement with Univision. Concurrent with the merger, EBC retired its preferred stock and paid Univision \$19,588,670 for its preferred stock holdings. In addition, the Company issued 2,050,519 shares of new preferred stock to pay the dividends that had accrued on the EBC preferred stock since its issuance in June 2001. Those dividends totaled \$10.5 million. The Company also issued a \$15.0 million promissory note to Univision as further compensation for its preferred stock.

Univision also acts as the national sales agent for the Company's Spanish-language television stations. The Company pays Univision a 15% commission on those sales. The Company also operates its Salt Lake City Univision television station, KUTH through a local marketing agreement (LMA) with Univision. The Company incurred expenses related to commissions in the amounts of \$676,255, \$449,848, and \$154,577 for the years ended December 31, 2007, 2006 and 2005, respectively for sales made on behalf of the Company by Univision. Additionally, the Company accrued expenses related to operating fees of \$323,338, \$338,516 and \$349,462 for the years ended December 31, 2007, 2006 and 2005, respectively under the LMA with Univision.

In connection with the approval of the above described transaction, the Company's stockholders ratified the Management Services Agreement between Royal Palm Capital Management, LLLP and the Company. The agreement generally provides that Royal Palm will provide general management and advisory services for an initial term of three years, subject to renewal thereafter on an annual basis by approval of a majority of the independent directors serving on the Company's board of directors. The services to be provided include, but are not limited to, establishing certain office, accounting and administrative procedures, helping the Company obtain financing, advising the Company in securities matters and future acquisitions or dispositions, assisting the Company in formulating risk management policies, coordinating public relations and investor relations efforts, and providing such other services as may be reasonably requested by the Company and agreed to by Royal Palm. Royal Palm shall receive an annual management fee of \$1,500,000, in addition to the reimbursement of budgeted out-of-pocket expenses incurred in the performance of Royal Palm's management services. The management services agreement may be terminated upon the material failure of either party to comply with its stated duties and obligations, subject to a 30-day cure period.

Certain officers and directors of Royal Palm also serve as officers and directors of the Company. For this reason, Royal Palm is generally prohibited from engaging in activities competitive with the business of the Company post-closing, unless such restriction is waived by the board of directors of the Company.

Other related party activities were immaterial to the Company's financial position and results of operations.

## **.CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the appropriate application of certain accounting policies, many of which require the Company to make estimates and assumptions about future events and their impact on amounts reported in the Company's consolidated financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results may differ from the Company's estimates. Such differences may be material to the consolidated financial statements.

The Company believes its application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are periodically reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, the Company has found its application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

The Company's accounting policies are more fully described in Note 2 "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements," included elsewhere in this filing. The Company has identified the following critical accounting policies:

#### ***Program Rights and Contract Costs***

Program rights represent costs incurred for the right to broadcast certain features and syndicated television programs. Program rights are stated at the lower of unamortized cost or estimated realizable value. The cost of such program rights and the corresponding liability are recorded when the initial program becomes available to broadcast under the contract. Generally, program rights are amortized over the life of the contract on a per broadcast usage basis. The portion of the cost estimated to be amortized within one year and after one year, is reflected in the consolidated balance sheets as current and non-current assets, respectively. The gross payments under these contracts that are due within one year and after one year are similarly classified as current and non-current liabilities.

Certain program contracts provide that the Company may exchange advertising airtime in lieu of cash payments for the rights to broadcast certain television programs. The average estimated fair value of the advertising time available in each contract program is recorded as both a program right, an asset, and, correspondingly, as deferred barter revenue, a liability. The current and non-current portion of each are determined as noted above. As the programs are aired and advertising time used, both program rights and unearned revenue are amortized, correspondingly, based on a per usage basis of the available commercial time, to both program expense and broadcast revenue.

#### ***Valuation of Intangible Assets, Goodwill and Long-lived Assets***

The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchased price over the estimated fair values of the tangible and identifiable intangible net assets is recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed requires management's judgments and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other variables.

The Company classifies intangible assets as either finite-lived or indefinite-lived. Indefinite-lived intangibles consist of FCC broadcasting licenses and goodwill which are not subject to amortization, but are tested for impairment at least annually.

At least annually, the Company performs an impairment test for indefinite-lived intangibles and goodwill using various valuation methods to determine the asset's fair value. Certain assumptions are used in determining the fair value, including assumptions about the Company's businesses, market conditions, station operating performance and legal factors. Additionally, the fair values can be significantly impacted by other factors including market multiples and long-term interest rates that exist at the time the impairment analysis is performed.

The Company reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicated that the carrying amount of any asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to fair value, which is determined using quoted market prices or estimates based on the best information available using valuation techniques acceptable in the industry. Management uses third-party, independent appraisals of all stations and operations which are updated on a regular basis upon which it bases its estimate of fair value.

### ***Revenue Recognition***

The Company's primary source of revenue is the sale of television time to advertisers. Revenue is recorded when the advertisements are broadcast. Deferred revenue consists of monies received for advertisements not yet broadcast. The revenues realized from barter arrangements are recorded as the programs are aired and at the estimated fair value of the advertising airtime given in exchange for the program rights.

The revenue recorded by the Company's wholly owned subsidiary, RTN, is primarily from the sale of television time to advertisers. RTN contracts with other television broadcasters across the United States to deliver programming content in a digital format to be broadcast on the broadcaster's digital platform in the local markets in which the broadcasters are located. The agreements between RTN and the broadcasters provide RTN access to a certain portion of the commercial time within the programming for the sale to advertisers by RTN. Specifically, the local affiliate sells advertising time to local advertisers while RTN is able to sell to national and, in some instances, to regional advertisers. The revenue is recognized when the advertisements are broadcast.

Additional broadcast revenue includes uplink services to other media companies under contractual arrangements in which revenues are recognized as services are provided pursuant to the respective agreement. The revenue recorded from these uplink services, as provided to other media companies through the Company's wholly owned subsidiary, C.A.S.H. Services, Inc. ("C.A.S.H."), typically consists of one or more of the following component aspects provided by C.A.S.H. including, but not limited to, access to the Company's available satellite bandwidth, master control services, access to the Company's traffic software and services provided by the Company's traffic personnel. All of these component aspects of the agreement, however, are delivered simultaneously to provide the service of up-linking the client's television signal. The revenue, as defined in each agreement, is recognized as the collective service is provided, which is when the uplink service occurs, which is typically non-stop, twenty-four hours a day as long as the agreement is in force. Once the service is provided, the Company has no further post-delivery obligation. Each individual agreement is negotiated regarding the components of the uplink service to be provided based upon the cost of those components and the needs of the client. Until September 2005, the Company provided broadcast based services to various third parties, consisting of the production and delivery, via satellite, of local news shows. Broadcast revenue from those services was recognized as the shows were aired, or as uplink services were provided. No such news production services were provided to third parties in 2007 and 2006, due to the fact that the Company fully utilized its news production and delivery capacity for internal purposes and, as such, no revenue was recorded in 2007 and 2006.

## ***Income taxes***

In establishing deferred income tax assets and liabilities, the Company makes judgments and interpretations based on enacted tax laws and published tax guidance applicable to its operations. The Company records deferred tax assets and liabilities and evaluates the need for valuation allowances to reduce deferred tax assets to realizable amounts. Changes in the Company's valuation of the deferred tax assets or changes in the income tax provision may affect its annual effective income tax rate. As of December 31, 2007, and 2006 valuation allowances have been provided for the entire amount of our available federal and state net operating loss carryovers.

## ***Stock-Based Compensation***

Effective January 1, 2006, the Company adopted SFAS No. 123(R), which establishes accounting for stock-based awards exchanged for employee services, using the modified prospective application transition method. As of January 1, 2006, the Company was a non-public entity, and it used the exemptions provided by SFAS No. 123(R) and continued to account for the options issued prior to adoption of SFAS No. 123(R) using the previous methodology applying Accounting Principles Board ("APB") No. 25 and related interpretations, as permitted under SFAS No. 123. For awards issued or modified after January 1, 2006, the Company uses the fair value method as required under SFAS No. 123(R) and described below.

The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model that uses the following assumptions: expected volatility, expected life of the options, expected dividend yield and the risk free interest rate. The Company amortizes the fair value of all awards on a straight-line basis over the requisite service periods. Because Black-Scholes valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Until such time as the Company's common stock and related equity instruments have traded for a sufficient time period, the Company will determine the expected volatility of its common stock based on the weighted average of the historical volatility of the daily closing prices of a composite group of public companies with operations similar to the Company's as a television broadcaster. The Company uses historical data to estimate option exercise and employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected life of the options granted represents the period of time that they are expected to be outstanding. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for issues with and equivalent remaining term equal to the expected life of the award. The Company uses an expected dividend yield of zero in the valuation model, consistent with the Company's recent experience.

The exchange of options and change of terms upon consummation of the Merger Transaction was treated for purposes of SFAS 123(R) as a modification of the terms and conditions of the option awards which requires that the Company measure the incremental compensation cost by comparing the fair value of the modified award with the fair value of the award immediately before the modification. Based on a calculation of both the fair value of the original EBC options immediately before the merger and the fair value of the modified options immediately after the merger, it was determined that no incremental value was added due to the modification. Accordingly, there was no additional compensation expense charged to operations as result of the modification.

## **Recent Accounting Pronouncements**

In December 2007, the FASB issued Statement No. 160, "*Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 ("FASB No. 160").*" The objective of FASB No. 160 is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This Statement applies to all entities that prepare consolidated financial statements, except not-for-profit organizations. FASB No. 160 amends ARB 51 to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB 51's consolidation procedures for consistency with the requirements of FASB No. 141 (R). This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141(R). This Statement shall be applied prospectively as of the beginning of the fiscal

year in which this Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented.



In December 2007, the FASB issued SFAS No. 141 (revised 2007) “*Business Combinations*” (“FASB No. 141(R)”). FASB No. 141(R) retains the fundamental requirements of the original pronouncement requiring that the purchase method be used for all business combinations. FASB No. 141(R) defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any non-controlling interest at their fair values as of the acquisition date. FASB No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. FASB No. 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of adopting SFAS No. 141(R) will be dependent on the future business combinations that the Company may pursue after its effective date, if any.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”), which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for the Company on January 1, 2008. We do not expect that the adoption of SFAS No. 159 will have a material impact on our financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plan” (“SFAS No. 158”), which requires employers to fully recognize the obligations associated with single-employer defined benefit pension, retiree healthcare and other postretirement plans in their financial statements. It requires employers to recognize an asset or liability for a plan’s over funded or under funded status, measure a plan’s assets and obligations that determine its funded status as of the end of the employer’s fiscal year and recognize in comprehensive income changes in the fund status of the defined benefit postretirement plan in the year in which changes occur. The requirement to recognize the funded status of a benefit plan and the disclosure requirement are effective for fiscal years ending after December 31, 2006. We have adopted the requirements of SFAS No. 158, which has had no impact on our financial position or results of operations.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”), which applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. SFAS No. 157 establishes a fair value hierarchy that prioritizes the information used to develop the assumption that market participants would use when pricing an asset or liability. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Earlier adoption is encouraged provided that the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this statement is the date that an entity adopts the requirements of this statement. Management does not expect this pronouncement to have a material impact on the Company’s financial position or results of operations.

In June 2006, the FASB issued Financial Interpretation (“FIN”) No. 48, “Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109” (“FIN 48”), regarding accounting for, and disclosure of, uncertain tax positions. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognizing, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this pronouncement did not have a material impact on the consolidated financial statements of the Company.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### *General*

The Company is exposed to market risk from changes in domestic and international interest rates (i.e. prime and LIBOR). This market risk represents the risk of loss that may impact the financial position, results of operations and/or cash flows of the Company due to adverse changes in interest rates. This exposure is directly related to our normal funding activities. The Company does not use financial instruments for trading and, as of December 31, 2007 was not a party to any interest-rate derivative agreements.

### *Interest Rates*

At December 31, 2007, approximately 75% of the Company's total outstanding debt (credit agreement, lines of credit, asset purchase loans, real estate mortgage, etc.) bears interest at variable rates. The fair value of the Company's fixed rate debt is estimated based on current rates offered to the Company for debt of similar terms and maturities and is not estimated to vary materially from its carrying value.

Based on amounts outstanding at December 31, 2007, if the interest rate on the Company's variable debt were to increase by 1.0%, its annual interest expense would be higher by approximately \$0.6 million.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**EQUITY MEDIA HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	December 31	
	2007	2006
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$634,314	\$1,630,973
Restricted cash	4,162,567	
Certificate of deposit	112,107	107,611
Trade accounts receivable, net of allowance for uncollectible accounts; \$1,485,926 in 2007 and \$1,542,114 in 2006	3,514,635	3,893,887
Program broadcast rights	6,921,465	5,104,685
Assets held for sale	9,520,849	12,352,613
Other current assets	321,434	811,231
Prepaid expenses - related party	100,000	-
<b>Total current assets</b>	<b>25,287,371</b>	<b>23,901,000</b>
<b>Property and equipment</b>		
Land and improvements	2,017,698	2,200,330
Buildings	3,956,229	2,348,475
Broadcast equipment	29,174,079	23,354,491
Transportation equipment	283,151	232,776
Furniture and fixtures	4,422,527	3,337,654
Construction in progress	163,716	203,816
	40,017,400	31,677,542
Accumulated depreciation	(16,350,882 )	(12,161,846 )
<b>Net property and equipment</b>	<b>23,666,518</b>	<b>19,515,696</b>
<b>Intangible assets</b>		
<b>Indefinite-lived</b>		
Broadcast licenses	66,498,347	63,064,692
Goodwill	1,940,282	1,940,282
<b>Total indefinite-lived</b>	<b>68,438,629</b>	<b>65,004,974</b>
<b>Other assets</b>		
Broadcasting construction permits	885,665	926,000
Program broadcast rights	4,001,625	4,120,753
Investment in joint ventures	435,860	681,605
Deposits and other assets	98,705	262,630
Broadcasting station acquisition rights pursuant to assignment agreements	440,000	40,000
<b>Total other assets</b>	<b>5,861,855</b>	<b>6,030,988</b>
<b>Total assets</b>	<b>\$123,254,373</b>	<b>\$114,412,658</b>

The accompanying notes are an integral part of these consolidated financial statements

**EQUITY MEDIA HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	December 31	
	2007	2006
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Trade accounts payable	\$3,644,474	\$1,980,509
Due to affiliates and related parties	2,509,480	1,338,557
Lines of credit	994,495	-
Accrued expenses and other liabilities	1,777,240	1,455,526
Deposits held for sales of broadcast licenses	1,024,601	219,024
Deferred revenue	271,728	212,299
Current portion of program broadcast obligations	2,094,741	1,126,580
Current portion of deferred barter revenue	4,393,637	3,903,770
Note payable to Univision	15,000,000	-
Current portion of notes payable	52,233,322	3,934,615
Current portion of capital lease obligations	44,546	35,267
<b>Total current liabilities</b>	<b>83,988,265</b>	<b>14,206,147</b>
<b>Non-current liabilities</b>		
Notes payable, net of current portion	8,996,705	53,966,446
Capital lease obligations, net of current portion	141,491	25,736
Program broadcast obligations, net of current portion	1,140,641	1,020,937
Deferred barter revenue, net of current portion	2,618,143	2,889,424
Due to affiliates and related parties	6,262	51,499
Security and other deposits	213,500	1,024,601
Other liabilities	556,795	-
<b>Total non-current liabilities</b>	<b>13,673,536</b>	<b>58,978,643</b>
<b>Commitments and Contingencies</b>	-	-
<b>Mandatorily redeemable preferred stock</b>	10,519,162	-
<b>Stockholders' equity</b>		
Common stock	4,028	2,537
Additional paid-in capital	136,217,425	98,915,163
Accumulated Deficit	(121,146,692 )	(57,649,832 )
	15,074,761	41,267,868
Treasury stock, at cost	(1,352 )	-
<b>Total stockholders' equity</b>	<b>15,073,409</b>	<b>41,267,868</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$123,254,373</b>	<b>\$114,452,658</b>

The accompanying notes are an integral part of these consolidated financial statements



**EQUITY MEDIA HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Years Ended December 31,		
	2007	2006	2005
Broadcast Revenue	\$28,264,177	\$30,394,732	\$27,470,923
<b>Operating Expenses</b>			
Program, production & promotion	15,028,100	13,413,200	11,539,563
Selling, general & administrative	29,791,043	23,710,623	22,433,191
Selling, general & administrative - related party	1,079,905	884,364	600,039
Management agreement settlement	8,000,000	-	-
Impairment charge on assets held for sale	-	200,000	1,688,721
Amortization	37,135	126,250	105,283
Depreciation	4,122,938	3,156,590	3,547,140
Management fees - related party	1,547,581	1,596,682	1,475,282
Rent	2,499,058	2,191,217	1,937,468
Total operating expenses	62,105,761	45,278,927	43,326,687
Loss from operations	(33,841,584 )	(14,884,194 )	(15,855,764 )
<b>Other income (expense)</b>			
Interest income	189,884	214,483	147,947
Interest expense	(7,310,423 )	(7,591,769 )	(5,232,807 )
Interest expense - related party	(787,500 )	-	-
Gain (loss) on sale of assets	414,378	18,774,772	7,676,468
Other income, net	866,592	1,073,495	1,109,907
Losses from affiliates and joint ventures	(273,657 )	(814,897 )	(563,169 )
Total other income (expense)	(6,900,726 )	11,656,085	3,138,346
Loss before income taxes	(40,742,310 )	(3,228,109 )	(12,717,418 )
Income taxes	-	-	-
Net loss	(40,742,310 )	(3,228,109 )	(12,717,418 )
Preferred dividend	(12,691,737 )	-	-
Net loss available to common shareholders	\$(53,434,048 )	(3,228,109 )	\$(12,717,418 )
<b>Weighted average of common shares outstanding:</b>			
Basic and diluted	36,312,638	25,371,332	25,467,844
<b>Net loss available to common shareholders per share:</b>			
Basic and diluted	(1.47 )	(0.13 )	(0.50 )

The accompanying notes are an integral part of these consolidated financial statements



**EQUITY MEDIA HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCKHOLDERS' EQUITY**

	<u>Common Stock</u>		<u>Paid-in Capital</u>	<u>Accumulated</u>	<u>Treasury Stock</u>		<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>in Excess of Par</u>	<u>Deficit</u>	<u>Shares</u>	<u>Amount</u>	
<b>Balance at December 31, 2004, as restated</b>	25,371,332	\$2,537	\$ 98,915,163	\$ (41,704,305 )	-	\$-	\$57,213,395
Net loss for the year	-	-	-	(12,717,418 )	-	-	(12,717,418)
<b>Balance at December 31, 2005</b>	25,371,332	2,537	98,915,163	(54,421,723 )	-	-	44,495,977
Net loss for the year	-	-	-	(3,228,109 )	-	-	(3,228,109 )
<b>Balance at December 31, 2006</b>	25,371,332	2,537	98,915,163	(57,649,832 )	-	-	41,267,868
Retirement of preferred stock			(29,937,188 )	(10,062,812 )			(40,000,000)
Shares issued per consulting agreement	43,860	4	(4)				-
Common stock issued as payment of preferred dividends	314,966	32	1,615,749	(1,615,781 )			-
Preferred shares issued as payment of preferred dividends	-	-		(10,519,162 )			(10,519,162)
Acquisition of net assets of Coconut Palm Acquisition Corporation	12,091,089	1,209	50,638,304				50,639,513
Charge to additional paid-in capital for prepaid merger costs			(953,223 )				(953,223 )
Common stock portion of settlement to terminate Arkansas Media Management Agreement	935,672	94	4,799,906				4,800,000
Purchase of fractional shares					(260 )	(1,352 )	(1,352 )
Share based compensation costs			2,007,280				2,007,280
Common shares issued in connection with private placement	1,406,250	140	8,999,860				9,000,000
Retirement of Equity Broadcasting Corporation dissenting shareholders			(368,410 )				(368,410 )
Common stock issued as payment of note payable	115,473	12	499,988				500,000
Accretion of preferred dividends	-	-	-	(556,794 )			(556,794 )
Net loss for the year	-	-	-	(40,742,310 )			(40,742,310)
<b>Balance at December 31, 2007</b>	<b>40,278,642</b>	<b>4,028</b>	<b>136,217,425</b>	<b>(121,146,692)</b>	<b>(260 )</b>	<b>(1,352 )</b>	<b>15,073,409</b>



**EQUITY MEDIA HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, 2005**

	2007	2006	2005
<b>Cash flows from operating activities</b>			
Net loss	\$(40,742,310 )	\$(3,228,109 )	\$(12,717,418 )
Adjustment to reconcile net income to net cash provided (used) by operating activities:			
Provision for bad debts	1,273,736	1,721,500	419,457
Depreciation	4,122,938	3,156,590	3,547,140
Amortization of Intangibles	37,135	126,250	105,283
Amortization of program broadcast rights	7,769,321	6,206,367	5,145,937
Amortization of discounts on interest-free debt	29,723	-	-
Equity in (gains) losses of subsidiaries and joint ventures	273,657	814,897	563,169
(Gain) loss on sale of equipment	(453,753 )	44,218	533,643
(Gain) loss on sale of intangibles	39,375	(18,818,990 )	(8,210,113 )
Impairment of Intangibles	-	200,000	1,688,721
Management agreement settlement fees	4,800,000	-	-
Share based compensation	2,007,280	-	-
Changes in operating assets and liabilities:			
(Increase) decrease in trade accounts receivable	(894,485 )	(1,620,866 )	(34,077 )
(Increase) decrease in deposits and other assets	(476,769 )	299,967	(530,119 )
Increase (decrease) in accounts payable and accrued expenses	(486,132 )	228,454	(533,958 )
Decrease in program broadcast rights	(9,466,967 )	(5,489,577 )	(9,283,015 )
Increase (decrease) in program broadcast obligations	1,087,863	(1,095,924 )	1,650,008
Increase in deferred barter revenue	218,584	169,192	2,001,635
Decrease in security Deposits	(5,523 )	(7,200 )	-
Increase in deferred income	59,429	-	-
Decrease in other liabilities	-	-	(3,097 )
Net cash used by operating activities	<u>(30,806,898 )</u>	<u>(17,293,231 )</u>	<u>(15,656,804 )</u>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(7,382,192 )	(2,730,264 )	(2,389,175 )
Proceeds from sale of property and equipment	621,462	595,991	350,956
Proceeds from collection on notes receivable	-	633,973	10,434
Proceeds from sale of intangibles	-	123,332	30,000
Proceeds from sale of broadcast stations	-	22,231,291	5,965,517
Acquisition of broadcast assets	(1,625,000 )	(3,781,027 )	(1,046,386 )
Restriction of cash for acquisitions	(4,162,567 )	-	-
Proceeds from options to sell broadcast assets	-	1,128,666	-
(Purchase) maturities of certificate of deposit	(4,496 )	(3,600 )	46,737
Purchase of other intangible assets	-	(4,565 )	(55,612 )
Net repayments from (advances to) affiliates	<u>1,112,519</u>	<u>63,864</u>	<u>148,671</u>
Net cash provided (used) by investing activities	<u>(11,440,274 )</u>	<u>18,257,661</u>	<u>3,061,142</u>

<b>Cash flows from financing activities</b>			
Proceeds from notes payable	24,934,146	42,910,775	21,682,531
Payments of notes payable	(20,183,227 )	(44,468,272 )	(7,960,584 )
Payments of capital lease obligations	(37,497 )	(30,196 )	(91,729 )
Recapitalization through merger	52,906,853	-	-
Purchase of common stock	(1,352 )	-	-
Purchase of preferred stock	(25,000,000 )	-	-
Issuance of common stock	9,000,000	-	-
Settlement with dissenting shareholders	(368,410 )	-	-
<b>Net cash provided (used) by financing activities</b>	<b>41,250,513</b>	<b>(1,587,693 )</b>	<b>13,630,218</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(996,659 )</b>	<b>(623,263 )</b>	<b>1,034,556</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,630,973</b>	<b>2,254,236</b>	<b>1,219,680</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$634,314</u></b>	<b><u>\$1,630,973</u></b>	<b><u>\$2,254,236</u></b>

The accompanying notes are an integral part of these consolidated financial statements

**Supplemental disclosure of cash flow information**

Cash paid during the period for interest	\$6,827,338	\$7,185,324	\$5,194,140
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**Supplemental disclosures of noncash activities:**

Issuance of note payable to redeem preferred stock	\$15,000,000	\$-	\$-
Settlement with dissenting shareholders	10,899,882	-	-
Issuance of mandatorily redeemable preferred stock to pay preferred dividends	10,519,162	-	-
Assumption of net liabilities of Coconut Palm Acquisition Corporation	(2,267,340 )	-	-
Issuance of common stock to pay preferred dividends	1,615,781	-	-
Charge to stockholders' equity for prepaid merger costs	953,223	-	-
Issuance of common stock to retire debt	500,000	-	-
Acquisition of real property through assumption of debt	205,347	-	-
Accretion of preferred dividends	556,795	-	-
Issuance of common stock as consideration for the purchase of stations	-	-	25,000
Receipt of stock in asset exchange			4,041,023
Exchange of full power television license in St. Louis, MO for three class A low power television licenses located in Atlanta, Seattle and Minneapolis	-		14,747,000

The accompanying notes are an integral part of these consolidated financial statements

**EQUITY MEDIA HOLDINGS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 — ORGANIZATION AND BUSINESS OPERATIONS**

Equity Media Holdings Corporation (the “Company”) was incorporated in Delaware on April 29, 2005 as Coconut Palm Acquisition Corp. (“Coconut Palm”) to serve as a vehicle for the acquisition of an operating business through a merger, capital stock exchange, asset acquisition and/or other similar transaction. On March 30, 2007, Coconut Palm merged with Equity Broadcasting Corporation (“EBC”), with Coconut Palm remaining as the legal surviving corporation; however, the financial statements and continued operations are those of EBC as the accounting acquirer (See Note 4 — Merger Transaction). Immediately following the merger, Coconut Palm changed its name to Equity Media Holdings Corporation.

The Company, headquartered in Little Rock, Arkansas, owns and operates television stations across the United States. As of December 31, 2007, the Company owned 23 full power/network television stations, 38 Class A television stations and 57 low power television stations. The Company also owns and operates Retro Television Network (“RTN”). RTN provides programming, primarily ratings proven programs from the 60’s, 70’s, 80’s and 90’s, to its affiliates in a fully digital format on an individual market basis that allows the affiliates to also broadcast local news, weather and sporting events to their local audiences, This allows the affiliates to sell local advertising spots to generate revenue. As of December 31, 2007, RTN had 15 third-party affiliates under contract. The Company also owns and operates its proprietary uplink services company known as C.A.S.H. Services. The Central Automated Satellite Hub (“CASH”), system provides the means to delivering a fully automated, 24 hour a day custom satellite feed for not only each RTN affiliate, but all of its owned and operated television stations. CASH also has non-affiliated customers that pay for uplink and related delivery services.

The accompanying consolidated financial statements also include the results of operations of a radio station operated by the Company pursuant to a local marketing agreement (“LMA”).

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Principles of Consolidation** – The consolidated financial statements of Equity Media Holdings Corp. include the accounts and balances of the Company and its subsidiaries in which a controlling interest is maintained. Controlling interest is determined by majority ownership and the absence of substantive third party participating rights. The Company applies the guidelines set forth in Financial Accounting Standards Board (“FSAB”) Interpretation 46R “Consolidation of Variable Interest Entities, an Interpretation of ARB No 51” (“FIN 46R”) in assessing its interests in variable interest entities to decided whether to consolidate that entity. Investments over which the Company has a significant interest or ownership of more than 20% but less than 50%, without a controlling interest, are accounted for under the equity method. Investments of 20% or less over which the Company has no significant influence are accounted under the cost method. All inter-company transactions and balances of consolidated entities have been eliminated.

**Cash equivalents** – The Company considers all cash, money market balances and highly liquid instruments with an original maturity date of three months or less to be cash equivalents.

**Revenue recognition** – The Company’s primary source of revenue is the sale of television time to advertisers. Revenue is recorded when the advertisements are broadcast. Deferred revenue consists of monies received for advertisements not yet broadcast. The revenues realized from barter arrangements are recorded as the programs are aired and at the estimated fair value of the advertising airtime given in exchange for the program rights.



The revenue recorded by the Company's wholly owned subsidiary, RTN, is primarily from the sale of television time to advertisers. RTN contracts with other television broadcasters across the United States to deliver programming content in a digital format to be broadcast on the broadcaster's digital platform in the local markets in which the broadcasters are located. The agreements between RTN and the broadcasters provide RTN access to a certain portion of the commercial time within the programming for the sale to advertisers by RTN. Specifically, the local affiliate sells advertising time to local advertisers while RTN is able to sell to national and, in some instances, to regional advertisers. The revenue is recognized when the advertisements are broadcast.

Additional broadcast revenue includes uplink services to other media companies under contractual arrangements in which revenues are recognized as services are provided pursuant to the respective agreement. The revenue recorded from these uplink services, as provided to other media companies through the Company's wholly owned subsidiary, C.A.S.H. Services, Inc. ("C.A.S.H."), typically consists of one or more of the following component aspects provided by C.A.S.H. including, but not limited to, access to the Company's available satellite bandwidth, master control services, access to the Company's traffic software and services provided by the Company's traffic personnel. All of these component aspects of the agreement, however, are delivered simultaneously to provide the service of up-linking the client's television signal. The revenue, as defined in each agreement, is recognized as the collective service is provided, which is when the uplink service occurs, which is typically non-stop, twenty-four hours a day as long as the agreement is in force. Once the service is provided, the Company has no further post-delivery obligation. Each individual agreement is negotiated regarding the components of the uplink service to be provided based upon the cost of those components and the needs of the client. Until September 2005, the Company provided broadcast based services to various third parties, consisting of the production and delivery, via satellite, of local news shows. Broadcast revenue from those services was recognized as the shows were aired, or as uplink services were provided. No such news production services were provided to third parties in 2007 and 2006, due to the fact that the Company fully utilized its news production and delivery capacity for internal purposes and, as such, no revenue was recorded in 2007 and 2006.

**Accounts receivable** – Accounts receivable are recorded at the amounts billed to customers and do not bear interest. The Company reviews customer accounts on a periodic basis and records a reserve for specific amounts that management feels may not be collected. Management deems accounts receivable to be past due based on contractual terms. Amounts are written off at the point when collection attempts have been exhausted. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management considers factors such as current overall economic conditions, industry-specific economic conditions, historical customer performance and anticipated customer performance. While management believes the Company's processes effectively address its exposure to doubtful accounts, changes in the economy, industry or specific customer conditions may require adjustment to any allowance recorded by the Company.

**Program broadcast rights and obligations** – Program rights represent costs incurred for the right to broadcast certain features and syndicated television programs. Program rights are stated at the lower of unamortized cost or estimated realizable value. The cost of such program rights and the corresponding liability are recorded when the initial program becomes available to broadcast under the contract. Generally, program rights are amortized over the life of the contract on a per broadcast usage basis. Any reduction in unamortized costs to fair value is included in amortization of program rights in the accompanying consolidated statement of operations. Such reductions were negligible for all periods presented. The portion of the cost estimated to be amortized within one year and after one year, is reflected in the consolidated balance sheets as current and noncurrent assets, respectively. The gross payments under these contracts that are due within one year and after one year are similarly classified as current and noncurrent liabilities.

Certain program contracts provide that the Company may exchange advertising airtime in lieu of cash payments for the rights to broadcast certain television programs. The average estimated fair value of the advertising time available in each contract program is recorded as both a program right, an asset, and, correspondingly, as deferred barter revenue, a liability. The current and noncurrent portion of each are determined as noted above. As the programs are aired and advertising time used, both program rights and unearned revenue are amortized, correspondingly, based on a per usage basis of the available commercial time, to both program expense and broadcast revenue.



**Barter and trade transactions:** Revenue and expenses associated with barter agreements in which broadcast time is exchanged for programming rights are recorded at the estimated average rate of the airtime exchanged. Trade transactions, which represent the exchange of advertising time for goods or services, are recorded at the estimated fair value of the products or services received. Barter and trade revenue is recognized when advertisements are broadcast. Merchandise or services received from airtime trade sales are charged to expense or capitalized and expensed when used. Barter revenues and expenses for the year ended December 31 were approximately \$5.3 million in 2007, \$4.8 million in 2006, and \$4.0 million in 2005, respectively. Trade revenues and expenses for the year ended December 31 were approximately \$3.1 million in 2007, \$3.9 million in 2006, and \$3.4 million in 2005, respectively.

**Property and equipment** – Purchases of property and equipment, including additions and improvements and expenditures for repairs and maintenance that significantly add to productivity or extend the economic lives of assets, are capitalized at cost. Property and equipment includes assets recorded under capital lease obligations. Capital lease amortization expense is included in depreciation expense on the accompanying consolidated statements of operations. Management reviews on a continuing basis, the financial statements carrying value of property plant and equipment for impairment. If events or changes in circumstances were to indicate that an asset carrying value may not be recoverable a write-down of the asset would be recorded through a charge to operations.

Depreciation is provided using the straight-line method over the following estimated useful lives:

Building and improvements	7 - 39 years
Broadcast equipment	5 – 10 years
Transportation equipment	5 years
Furniture and Fixtures	5 - 10 years

**Intangible assets and goodwill** – The Company classifies intangible assets as either finite-lived or indefinite-lived. Indefinite-lived intangibles consist of Federal Communications Commission (“FCC”) broadcasting licenses and goodwill which are not subject to amortization, but are tested for impairment at least annually.

At least annually, the Company performs an impairment test for indefinite-lived intangibles and goodwill using various valuation methods to determine the assets’ fair values. Certain assumptions are used in determining the fair value, including assumptions about the Company’s businesses. Additionally, the fair values are significantly impacted by macro-economic factors including market multiples and long-term interest rates that exist at the time the impairment analysis is performed.

**Purchase price accounting** – The Company determines the fair value of assets acquired in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 141 “Business Combinations,” with fair values assigned to equipment and fixed assets based on independent third party appraisals when material, to identifiable intangibles such as broadcasting licenses or permits, and finally to goodwill. Generally, acquisitions involve insignificant amounts of equipment and other fixed assets due to the nature of the Company’s ability to provide many broadcast capabilities on a centralized basis.

**Broadcasting construction permits** – Broadcasting construction permits represent permits granted by the FCC, that the Company owns or to which the Company has rights. The individual stations associated with these permits are in various stages of development at December 31, 2007 and 2006. The Company reclassifies these permits to broadcasting licenses once they are granted an operating license by the FCC.

**Security and other deposits** – Security and other deposits include purchase options that have been received from potential buyers of television broadcasting licenses and any related operating assets for which the events required for transferring the broadcasting licenses have not yet been met. These events may include approval from either the FCC or other parties that hold an interest in the broadcasting licenses.

**Assets held for sale** – Assets held for sale represent fixed assets and intangible assets, including FCC licenses and goodwill of television stations, which have been acquired and that management intends to divest during the next 12 months at amounts equal to or exceeding the asset carrying values at December 31, 2007 and 2006.

**Local marketing agreements** – The Company occasionally enters into local marketing agreements (“LMAs”) with stations located in markets in which the Company already owns and operates a station and in connection with acquisitions pending regulatory approval of FCC license transfer. Under the terms of these agreements, the Company makes specified periodic payments to the owner-operator in exchange for the right to program and sell advertising on a specified portion of the station’s inventory of broadcast time. Conversely, the Company will sometimes enter into LMAs for stations it owns and has a desire to sell or otherwise dispose of. The terms of these agreements are similar in that, the Company receives specified periodic payments in exchange for the right by another party to program and sell advertising on the specified station’s inventory of broadcast time. The Company’s consolidated financial statements at December 31, 2007, 2006 and 2005 reflect the operating results and certain assets and liabilities associated with both of these types of agreements.

**Advertising expenses** – Advertising expenses are charged to operations in the period incurred. Advertising expenses for the years ended December 31, 2007, 2006 and 2005, including advertising expenses associated with barter transactions, were approximately \$307,000, \$391,000, and \$352,000, respectively.

**Impairment of long-lived assets** – The Company reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicated that the carrying amount of any asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to fair value, which is determined using quoted market prices or estimates based on the best information available using valuation techniques. Management has obtained an appraisal of all stations and operations which it updates on a regular basis upon which it bases its estimate of fair value. Based on management’s assessment of the impairment indicators during the years ended December 31, 2007 and 2006, certain asset groups were determined to be impaired at December 31, 2006. The impairment resulted from the deterioration in value of certain broadcast equipment which is classified as assets held for sale as of December 31, 2007. This impairment of \$200,000 was charged as an operating expense in 2006.

**Impairment of goodwill and intangible assets** – The Company periodically reviews, but not less than annually, the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. SFAS No. 142, “Goodwill and Other Intangible Assets,” requires that goodwill and certain intangible assets be assessed annually for impairment using fair value measurement techniques. Specifically, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The estimates of fair value of a reporting unit, generally the Company’s operating segments, are determined using various valuation techniques. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting units’ goodwill with the carrying amount of that goodwill. If the carrying amount of that reporting units goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit. Based on this analysis, management determined that no impairment existed at December 31, 2007 or 2006. However, based on management’s analysis at December 31, 2005, there was one asset group in which indefinite-lived intangible assets were determined to be impaired. This impairment resulted from the Company entering into a purchase agreement to sell WBMM in Montgomery for an amount less than the carrying value of the associated assets. The impairment charge of \$1,688,721 was determined to be associated with the indefinite-lived intangible asset and charged as an operating expense in 2005. See further discussion at Note 11.a.

**Income taxes** – The asset and liability method is used in accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are determined based on differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be recovered or settled. The Company’s income tax provision consists of taxes currently payable, if any, and the change during the year of deferred tax assets and liabilities.

**Fair value of financial instruments** – The book values of cash, trade accounts receivable, accounts payable and other financial instruments approximate their fair values principally because of the short-term maturities of these instruments. The fair value of the Company’s long-term debt and notes receivable are estimated based on current rates offered to the Company for instruments of similar terms and maturities with similar risk profiles.

**Stock-based compensation** – Effective January 1, 2006, the Company adopted SFAS No. 123 revised 2004 “Share Based Payments” (“SFAS 123R”). SFAS 123R establishes accounting for stock-based awards exchanged for employee services, using the prospective application transition method. As of January 1, 2006, the Company was a non-public entity, and it used the exemptions provided by SFAS No. 123(R) and continued to account for the options issued prior to adoption of SFAS 123R using the previous methodology applying Accounting Principles Board (“APB”) No. 25 and related interpretations, as permitted under SFAS No. 123. For awards issued or modified after January 1, 2006, the Company uses the fair value method as required under SFAS 123R and described below.

The fair value of each option award is estimated on the date of grant using the Black-Scholes valuation model that uses the following assumptions: expected volatility, expected life of the options, expected dividend yield and the risk free interest rate. The Company amortizes the fair value of all awards on a straight-line basis over the requisite service periods. Because Black-Scholes valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Until such time as the Company’s common stock and related equity instruments have traded for a sufficient time period, the Company will determine the expected volatility of its common stock based on the weighted average of the historical volatility of the daily closing prices of a composite group of public companies with operations similar to the Company’s as a television broadcaster. The Company uses the “simplified method”, as described in Staff Accounting Bulletin No. 107, to determine the expected term, or life, of the options outstanding. The expected life of the options granted represents the period of time that they are expected to be outstanding. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for issues with and equivalent remaining term equal to the expected life of the award. The Company uses an expected dividend yield of zero in the valuation model, consistent with the Company’s recent experience.

The exchange of options and change of terms upon consummation of the Merger Transaction was treated for purposes of SFAS 123(R) as a modification of the terms and conditions of the option awards which requires that the Company measure the incremental compensation cost by comparing the fair value of the modified award with the fair value of the award immediately before the modification. Based on a calculation of both the fair value of the original EBC options immediately before the merger and the fair value of the modified options immediately after the merger, it was determined that no incremental value was added due to the modification. Accordingly, there was no additional compensation expense charged to operations as a result of the modification.

**Net earnings per share:** Basic loss per share is based upon net loss available to common shareholders divided by the weighted average number of common stock shares outstanding during the year. Number of shares for periods before March 30, 2007, the Date of the Merger with Coconut Palm, were converted using the corresponding conversion rate as per the merger agreement based on the outstanding number of shares outstanding during the period. See Note – 4 Merger Transactions.

**New Accounting Pronouncements:** In December 2007, the FASB issued Statement No. 160, “*Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 (“FASB No. 160”)*.” The objective of FASB No. 160 is to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This Statement applies to all entities that prepare consolidated financial statements, except not-for-profit organizations. FASB No. 160 amends ARB 51 to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a

subsidiary. It also amends certain of ARB 51's consolidation procedures for consistency with the requirements of FASB No. 141 (R). This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141(R). This Statement shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) “*Business Combinations*” (“FASB No. 141(R)”). FASB No. 141(R) retains the fundamental requirements of the original pronouncement requiring that the purchase method be used for all business combinations. FASB No. 141(R) defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any non-controlling interest at their fair values as of the acquisition date. FASB No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. FASB No. 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of adopting SFAS No. 141(R) will be dependent on the future business combinations that the Company may pursue after its effective date, if any.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”), which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for the Company on January 1, 2008. We do not expect that the adoption of SFAS No. 159 will have a material impact on our financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plan” (“SFAS No. 158”), which requires employers to fully recognize the obligations associated with single-employer defined benefit pension, retiree healthcare and other postretirement plans in their financial statements. It requires employers to recognize an asset or liability for a plan’s over funded or under funded status, measure a plan’s assets and obligations that determine its funded status as of the end of the employer’s fiscal year and recognize in comprehensive income changes in the fund status of the defined benefit postretirement plan in the year in which changes occur. The requirement to recognize the funded status of a benefit plan and the disclosure requirement are effective for fiscal years ending after December 31, 2006. We have adopted the requirements of SFAS No. 158, which has had no impact on our financial position or results of operations.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”), which applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. SFAS No. 157 establishes a fair value hierarchy that prioritizes the information used to develop the assumption that market participants would use when pricing an asset or liability. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Earlier adoption is encouraged provided that the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this statement is the date than an entity adopts the requirements of this statement. Management does not expect this pronouncement to have a material impact on the Company’s financial position or results of operations.

In June 2006, the FASB issued Financial Interpretation (“FIN”) No. 48, “Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109” (“FIN 48”), regarding accounting for, and disclosure of, uncertain tax positions. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognizing, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of this pronouncement did not have a material impact on the consolidated financial statements of the Company.

**Reclassifications** – Certain amounts in the 2006 and 2005 consolidated financial statements have been reclassified to conform to the 2007 presentation.

### NOTE 3 — LIQUIDITY AND CAPITAL RESOURCES

The Company currently has a working capital deficit of approximately \$58.7 million and has experienced losses from operations since inception. During the year ended December 31, 2007, the Company had a net loss of approximately \$40.8 million and experienced cash outflows from operations during the same period of approximately \$30.8 million. In the past, the Company has relied on equity and debt financing and the sale of assets to provide the necessary liquidity for the business to operate and will need to have access to substantial funds over the next twelve months in order to fund its operations. As of December 31, 2007, the Company has approximately \$0.6 million of unrestricted cash on hand, and as more fully discussed in Note 13, the Company has access to a working capital line of credit provided to it from certain banking institutions (the "Credit Facility"). However, as of December 31, 2007, an additional \$7.9 million, available per the terms of the Credit Facility, was not available due to certain restrictions based on the value of the loan collateral.

In February 2008, we refinanced our previous credit facility with our existing lender group. The amended \$53.0 million credit facility, comprised of an \$8.0 million revolving credit line and term loans of \$45.0 million, matures on February 13, 2011, was used to refinance the existing indebtedness senior credit facility. Outstanding principal balance under the credit facility bears interest at LIBOR or the alternate base rate, plus the applicable margin. The applicable margin is 9.5% for the LIBOR loans and 8.5% on the alternate base rate loan. The minimum LIBOR is 4.5%. The alternate base rate is (i) the greatest of (A) the Prime Rate, (B) the Federal Funds Rate in effect on such day plus fifty (50) basis points (0.50%), and (C) seven and one-half percent (7.50%) per annum. We are required to pay an unused line fee of .5% on the unused portion of the credit facility. The credit facility is secured by the majority of the assets of the company. We are subject to new financial and operating covenants and restrictions based on trailing monthly and twelve month information. We have borrowed \$50,512,500 under the new facility as of March 11, 2008. Due to certain restrictions based on the value of the loan collateral, the Company does not have access to the remaining \$2,487,500 at this time.

On March 20, 2008, the Company entered into an amendment ("Amendment") to its Third Amended and Restated Credit Agreement ("Credit Agreement") with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. Under the terms of the Amendment, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company's failure to enter into agreements with respect to the sale of certain of its assets and the Company's failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company's immediate capital requirements. Pursuant to the Amendment the Lenders may exercise any and all remedies available under the Credit Agreement, including making the loan immediately due and payable.

Even with the refinanced Credit Facility, the additional funds provided by the Amended Credit Facility are not sufficient to meet all of the anticipated liquidity needs to continue operations of the Company for the next twelve months. Accordingly, the Company will have to raise additional capital or increase its debt immediately to continue operations. If the Company is unable to obtain additional funds when they are required or if the funds cannot be obtained on favorable terms, management may be required to liquidate available assets, restructure the company or in the extreme event, cease operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### NOTE 4 — MERGER TRANSACTION

On March 30, 2007 (the "Merger Closing"), the Company consummated a merger with EBC in which EBC merged with and into the Company, with the Company remaining as the legal surviving corporation (the "Merger Transaction"), pursuant to the Agreement and Plan of Merger dated April 7, 2006, as amended on May 5, 2006 and on September 14, 2006, among the Company, EBC and certain shareholders of EBC (the "Merger Agreement"). Upon the Merger Closing, the Company changed its name to "Equity Media Holdings Corporation." In connection with the Merger Transaction, the holders of EBC Class A common stock were issued an aggregate of 20,037,016 shares of the Company's common stock, and the holders of EBC Class B common stock were issued an aggregate of 6,313,848 shares of common stock. The holders of EBC Series A preferred stock were paid \$25,000,000 in cash and issued a promissory note in the amount of \$15,000,000 in

exchange for their shares and were issued an aggregate of 2,050,519 shares of the Company's Series A Convertible Non-Voting Preferred Stock reflecting accrued and unpaid dividends through the date of Merger Closing and 314,966 shares of the Company's common stock.

In connection with the Merger Transaction, on March 29, 2007, the Company's stockholders (i) adopted the Equity Media Holdings Corporation 2007 Stock Incentive Plan under which the Company reserved up to 12,274,853 shares of common stock for issuance under the 2007 Stock Incentive Plan, (ii) adopted the Company's Amended and Restated Certificate of Incorporation to (a) increase the number of authorized shares of common stock from 50,000,000 shares to 100,000,000 shares, (b) increase the number of authorized shares of preferred stock from 1,000,000 shares to 25,000,000 shares, (c) change the Company's name from "Coconut Palm Acquisition Corp." to "Equity Media Holdings Corporation," and (d) authorize the issuance of approximately 2,050,519 shares of Series A Convertible Non-Voting Preferred Stock under a Certificate of Designation, (iii) adopted the Company's Amended and Restated Certificate of Incorporation to continue to provide for a staggered board with three classes of directors, and (iv) ratified the Management Services Agreement between Royal Palm Capital Management, LLLP and the Company. Additional shares of Series A Convertible Non-Voting Preferred Stock were authorized for accrued and unpaid dividends through the date of the completion of the merger, increasing the number of authorized shares of Series A Convertible Non-Voting Preferred Stock from 1,736,746 to 2,050,519.

Additionally, the Company issued 3,187,134 options to purchase its common stock, where each outstanding option to purchase EBC Class A common stock was converted into the right to receive options to purchase 1.461988 shares of the Company's common stock. The fair value of the options at the date of the merger was \$4.7 million based on a Black-Scholes valuation on March 30, 2007, the date of the Merger (see Note 18 — Stock Option Plans).

Because the former owners of EBC ended up with control of the Company, the Merger Transaction has been accounted for as a recapitalization for accounting and financial reporting purposes. Under this method of accounting, the Company was treated as the "acquired" company for financial reporting purposes. In accordance with guidance applicable to these circumstances, the Merger Transaction is considered to be a capital transaction in substance. Accordingly, for accounting purposes, the Merger Transaction was treated as the equivalent of EBC issuing stock for the net monetary assets of the Company, accompanied by a recapitalization. The net monetary assets of the Company were recorded at their fair value, essentially equivalent to historical costs, with no goodwill or other intangible assets recorded. The accumulated deficit of EBC has been carried forward after the Merger Closing. Operations prior to the Merger Closing for all periods presented are those of EBC. The costs of the transaction incurred by EBC were charged directly to additional paid in capital and those incurred by the Company were expensed prior to consummation of the transaction.

On March 30, 2007, upon consummation of the Merger with EBC, the funds held in trust were distributed as follows:

Repurchase of EBC Series A preferred stock	\$25,000,000
Pay down Senior Credit Facility Revolver	17,450,000
Payment to CPAC shareholders electing not to convert their shares	10,899,882
Settlement of Arkansas Media Management Agreement	3,200,000
Purchase of three low power television stations from Arkansas Media	1,300,000
Payment to EBC dissenting shareholders	378,380
Payment of note payable and accrued interest to Actron, Inc.	533,000
Available for working capital, capital expenditures and general corporate needs.	3,858,738
	<u>\$62,620,000</u>

In connection with and prior to the execution of the Merger Transaction, stockholders representing approximately 1,908,911 shares of the Company's common stock elected to convert their shares to cash in accordance with the terms of the Company's governing documents. As result of such conversion, the Company left in deposit with its transfer agent \$10,899,882 in cash to satisfy the demands of these shareholders. Following the merger, the transfer agent completed the distribution of such cash in connection with the conversion.



In connection with the Merger Transaction, shareholders of EBC representing 66,500 shares of EBC Class A common stock elected to convert their shares to cash in accordance with Arkansas law. The Company recorded a liability in the amount of \$368,410 to convert the shares plus \$9,970 of accrued interest based on a conversion rate of \$5.54 per share plus interest accruing from the date of the Merger Transaction at the rate of 9.78% per annum. On July 10, 2007, the dissenting shareholders were paid \$378,380 in cash for the value of their shares including all interest accrued to date. Pursuant to Arkansas Code, the dissenting shareholders have contested the Company's valuation of their shares as of the merger date. As per Arkansas Code, the Company has petitioned the Court for a determination of the fair value of the shares and believes that its valuation will prevail (see Note 20 – Commitment and Contingencies).

#### **NOTE 5 — ARKANSAS MEDIA SETTLEMENT TRANSACTION**

Immediately prior to the closing of the Merger Transaction (see Note 4 — Merger Transaction), EBC entered into a settlement agreement, dated April 7, 2006, by and among EBC, Arkansas Media, a related party (see Note 21 — Related Party Transactions), Larry Morton, Gregory Fess and Max Hooper (the “Arkansas Media Settlement Agreement”) which provided for the resolution of the following matters between the parties:

- The cancellation of a management agreement, dated June 1, 1998, between Arkansas Media and EBC in exchange for the following: (i) payment to Arkansas Media of (a) \$3,200,000 in cash, and (b) 640,000 newly issued shares of EBC's Class A common stock (valued at \$4,800,000); and (ii) payment of all accrued management fees and commissions through the closing date of the Merger Transaction. EBC is also required to reimburse Arkansas Media, Morton, Fess and Hooper for all expenses incurred in negotiating and consummating the settlement agreement. In connection with the cancellation of the management agreement, the Company recorded a charge of \$8,000,000 to operations in March, 2007.
- The purchase by EBC from Arkansas Media of one low-power broadcast station in Oklahoma City, Oklahoma and two low-power broadcast stations in Little Rock, Arkansas, for a combined purchase price of \$1,300,000;
- EBC's payment to Actron, Inc. (a controlling interest in which is owned by Larry Morton and Gregory Fess) of \$533,000 in settlement of EBC's obligations under a Promissory Note to Actron, Inc. dated January 1, 2003, including accrued interest through March 30, 2007. This obligation relates to EBC's purchase of Central Arkansas Payroll Company in 2003;
- EBC's purchase of an office building in Fort Smith, Arkansas from Arkansas Media, which prior to the settlement, the Company leased from Arkansas Media for use as its local sales office. The purchase price was approximately \$268,000; and
- The agreement of Max Hooper and Gregory Fess to resign as directors of Kaleidoscope Foundation, a nonprofit corporation, and a related agreement that Larry Morton may remain as a director of Kaleidoscope Foundation provided his duties do not conflict with those owed to the Company;

#### **NOTE 6 — ASSETS HELD FOR SALE**

Assets held for sale represent fixed assets and intangible assets, including FCC licenses, of television stations, which have been acquired and that management intends to divest within the next 12 months at amounts equal or exceeding the asset carrying values at the respective balance sheet dates.

In connection with the merger the Company and Univision Television Group, preferred stock holders, entered into a one year \$15.0 million promissory note secured by two television stations located in Utah. In lieu of a cash repayment, the Company filed an application with the FCC on July 26, 2007 to transfer the television stations to Univision Television Group, Inc. in satisfaction of the principal amount of the note. The television station assets include broadcast licenses with book values of \$7,884,631 and broadcasting equipment with book values of \$481,363, a total of \$8,365,994, as of December 31, 2007. Accordingly, these assets are classified as held for sale as of December 31, 2007. These assets were included in assets held for sale as of December 31, 2006 since as part of the Merger Transaction these assets were to be

transferred to Univision Television Group, Inc, as payment for their Series A preferred shares. The latter described transfer was exchanged for the \$15 million promissory note at the Merger Closing.

In October, 2007, the Company signed a non-binding letter of intent for the sale of certain television stations which include broadcast licenses with book values of \$1,052,548 and broadcasting equipment with book values of \$102,307, a total of \$1,154,855. The Company has these assets classified as additional assets held for sale as of December 31, 2007.

Assets held for sale at December 31, 2006, included certain television station assets with net book values of \$3,933,793 held for sale under an asset purchase agreement which was terminated in October, 2007. Accordingly, the Company reclassified these assets as held for use and recorded a charge to current operations in the amount of \$263,517 for depreciation that would have been recognized during the period they were classified as held for sale.

#### **NOTE 7 — ASSET PURCHASE AGREEMENT**

The Company entered into an asset purchase agreement (“Agreement”) with Renard Communications Corp. (“Seller”) for the purchase of certain licenses, construction permits and other instruments of authorization (collectively “Licenses,” described below) issued by the Federal Communications Commission (“FCC”) and certain other assets (together with the Licenses, “Assets”). The Agreement became effective on August 15, 2007 upon approval by the Equity Media’s board of directors and the lender.

The Assets include Licenses for Class A television station WMBQ-CA, Channel 46, Manhattan, New York with a corresponding digital authorization for Channel 10 (WMBQ-LD) and WBQM-LP, Channel 3, Brooklyn, New York (collectively, the “Stations”), and related items as specified in the Agreement.

The Company will pay an aggregate of \$8,000,000 for the Assets, which constitute all the assets used in connection with operating the Stations. In connection with the transaction, the Company deposited \$400,000 (“Deposit”), which will be held in escrow pending closing. At the closing, the Company will pay \$6,000,000 in immediately available funds, which amount will include the Deposit, and will deliver a secured promissory note (“Note”) for the remaining \$2,000,000. The Note will have a three-year term and will accrue interest at 6% per year, requiring monthly interest payments only until the expiration of the term, at which time the principal amount will become due and payable. The Seller will have a security interest, documented by a Security Agreement executed simultaneously with the closing, in the Brooklyn station only. The payment will be increased or decreased such that Seller is entitled to all revenue and is liable for all expenses allocable to the period prior to the closing and the Company is entitled to all revenue and is liable for all expenses allocable to the period following the closing. Seller will assign and the Company will assume certain listed contracts.

The closing of the Agreement is subject to conditions, including FCC consent to the assignment of the Licenses. Seller and the Company agree to promptly prepare an application for assignment of the Licenses and to fully prosecute the application, but neither party is required to engage in a trial-type hearing. Each party will bear its own costs, and the filing fees shall be split evenly. The closing will occur between five business days after the FCC grants consent and ten business days after the grant becomes a final order.

The Agreement may be terminated by either party if the closing has not occurred by June 1, 2008; the conditions of the other party have not been met as of the closing date; or the other party is in breach.

#### **NOTE 8 — CASH RESTRICTED FOR ACQUISITION OF BROADCAST ASSETS**

The Company had set aside \$4.2 million in cash which was restricted for the acquisition of broadcast assets. These funds were intended for payment of the assets being acquired pursuant to the Asset Purchase Agreement described in Note 7 — Asset Purchase Agreement. With lender approval, the Company has used these funds for other purposes subsequent to year end.

## NOTE 9 — ACQUISITIONS AND DISPOSITIONS

The Company's significant transactions for the year ended December 31, 2007 were as follow:

On March 15, 2007, the Company sold a broadcast tower and associated real property in central Arkansas for \$625,000 cash.

The Company's significant transactions for the year ended December 31, 2006 were as follows:

On May 5, 2006, the Company sold a low power television station in central Arkansas for \$125,000 cash.

On May 15, 2006, the Company finalized the sale of two low power television stations located in Boise and Pocatello, Idaho, respectively, for \$1,000,000 cash. The APA had been executed on December 7, 2005, but the transaction had not closed prior to December 31, 2005, pending FCC approval.

On May 31, 2006, the Company finalized the sale of a full power television station in Casper, Wyoming with the receipt of \$250,000 in cash from the buyer. The APA had been executed on August 14, 2004, and as of December 31, 2005, the Company had received \$950,000 cash from the buyer toward the purchase price.

On July 3, 2006, the Company exchanged a low power television construction permit in Sherman, Texas for a low power television license located in Ft. Pierce, Florida. No cash or other consideration was included and no assets other than the permit and the license were involved.

On July 26, 2006, the Company finalized the sale of a full power television station in Montgomery, Alabama for \$2,000,000 in cash. The APA had been executed on November 23, 2005, but the transaction had not closed prior to December 31, 2005, pending FCC approval.

On August 14, 2006, the Company finalized the sale of an interest in a full power television construction permit in Hawaii with the receipt of \$122,000. The APA had been executed on November 4, 2004, and as of December 31, 2005, the Company had received \$278,000 in cash from the buyer toward the purchase price.

On October 4, 2006, the Company sold certain real property associated with a full power television station in southwest Missouri for \$615,000 in cash.

On November 1, 2006, the Company finalized the sale of one full power television station and one low power television station for \$19,300,000 cash. The APA had been executed December 7, 2005, but the transaction had not closed prior to December 31, 2005, pending FCC approval.

On November 7, 2006, the Company purchased a low power television station in Grand Rapids, Michigan for \$350,000 cash.

On November 7, 2006, the Company purchased a low power television station permit in Somerville, Texas for \$370,000 cash.

On November 13, 2006, the Company purchased a low power television station in Nashville, Tennessee for \$525,000 cash.

On November 17, 2006, the Company purchased a low power television station in Waco, Texas for \$390,000 cash.

On November 30, 2006, the Company purchased two low power television stations located in southwest Florida for \$1,000,000. The Company paid \$700,000 cash and executed a \$300,000 promissory note bearing interest at an annual rate of 6% and due in 2007.

On December 15, 2006, the Company purchased a low power television station in Jacksonville, Florida for \$800,000 cash.

On December 31, 2006, the Company purchased a low power television station in Lexington, Kentucky for \$500,000. A \$500,000 non-interest bearing promissory note was executed as payment. The note is due and payable in June 2007.

The Company's significant transactions for the year ended December 31, 2005 were as follows:

On January 3, 2005, the Company acquired one Class A and two low power television stations located in Southwest Florida for \$900,000. Of the purchase price, \$800,000 was paid in 2004. The balance was paid in 2005. The Asset Purchase Agreement had been entered into on July 8, 2004, subject to FCC approval.

On April 2, 2005, the Company agreed to be bound by an Investment and Membership Interest Purchase Agreement (the "Agreement") entered into between Spinner Network Systems, LLC ("SNS") and Spinner Investment Partners, LLC ("SIP"). Subsequent to the Agreement the Company and other members of SNS entered into an Amended and Restated Operating Agreement of SNS, whereby the Company converted its ownership of SNS into Class B Units representing a 20% ownership of the capital of SNS. In addition, the Company holds approximately an additional 13% interest through its membership in SIP's Class A Units. Through the Agreement SIP has subscribed for up to \$1,550,000 of class A Units representing up to a 65% ownership of SNS. Through private offerings SIP has raised \$1,370,000 towards that goal.

On May 25, 2005, the Company acquired a group of low power television licenses and construction permits located in Vermont and the surrounding area for \$825,000. The Company paid \$800,000 in cash toward the purchase price. In addition, the Company issued 2,500 shares of Class A common stock to the seller. The shares were issued out of shares held in treasury. The asset purchase agreement had been entered into on February 5, 2003, subject to FCC approval.

On May 13, 2005, the Company sold a low power television station located in south central California for \$30,000.

On June 24, 2005, the Company sold a full power television station and a low power television station both located in the St. Louis, Missouri area for \$10,000,000 in cash. The Company received \$5,000,000 in 2004 and the balance in 2005. In addition to the cash, the Company received from the buyer three Class A low power television stations located in Atlanta, Seattle and Minneapolis.

On August 1, 2005, the Company purchased a low power television station in Amarillo Texas for \$201,000 cash.

On September 1, 2005, the Company entered into a binding letter agreement to exchange certain assets located in Davenport Iowa and other consideration for 100,000 shares of Equity Broadcasting Corporation Class A common stock. The assets included both tangible and intangible assets, such as equipment, furniture, vehicles, the Independent News Network, Inc. ("INN") name and trademark and various contracts. Coincidental with the agreement the Company moved the production of its Spanish language newscasts from the facilities in Davenport to the corporate headquarters in Little Rock, Arkansas. Various on-air and production personnel relocated from Davenport to Little Rock. As a result of this transaction, approximately \$2,700,000 in goodwill was disposed of in the non-cash exchange while \$200,000 was retained on the Company's books.

On November 23, 2005, the Company entered into an APA to sell a full power television station in Montgomery, Alabama, for \$2,000,000 cash. The buyer paid \$200,000 of the cash price at the date the agreement was entered into. The funds were paid to an independent escrow agent and are to be released to the Company at closing. As of December 31, 2005, this transaction had not closed pending FCC approval.

On December 7, 2005, the Company entered into an APA to sell one full power and three low power television stations for \$20,300,000 cash. The buyer paid \$1,000,000 of the cash price at the date the agreement was entered into. The funds were paid to an independent escrow agent and are to be released at closing according to the agreement. As of December 31, 2005, this transaction had not closed pending FCC approval.

**NOTE 10 — OTHER INCOME (EXPENSE)**

At December 31, 2007, 2006 and 2005, other income (expense) consists of the following:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Other income	\$796,990	\$506,907	\$521,488
Rental Income	69,602	291,588	288,419
Litigation Settlement	-	275,000	1,000,000
Other expense	-	-	(700,000 )
	<u>\$866,592</u>	<u>\$1,073,495</u>	<u>\$1,109,907</u>

The nature of the other income (expense) categories is as follows:

- a. Litigation settlement – The Company was awarded this amount in an arbitration settlement in their litigation with the PAX Network. These amounts represent the final settlement payments.
- b. Rental income– The Company receives rental income, primarily from space leased-out in the corporate office building from a non-affiliate tenant. This tenant vacated in January 2007. The Company now uses this space for corporate purposes.

**NOTE 11 — INTANGIBLE ASSETS AND GOODWILL**

Goodwill and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets.” Other intangible assets continue to be amortized over their useful lives.

- a. Indefinite-lived intangibles – Under the guidance in SFAS No. 142, the Company’s broadcasting licenses are considered indefinite-lived intangibles. These assets are not subject to amortization, but will be tested for impairment at least annually.

In accordance with SFAS No. 142, the Company tests these indefinite-lived intangible assets for impairment annually by comparing their fair value to their carrying value. The Company used a fair market value appraisal to value broadcasting licenses, as well as a review of recent broadcasting license transactions from independent third parties. Based on this analysis, management determined that no impairment existed at December 31, 2007 or 2006. However, based on management’s analysis at December 31, 2005, there was one asset group which was determined to be impaired. This impairment resulted from the Company entering into a purchase agreement to sell WBMM in Montgomery for an amount less than the carrying value of the associated assets. This impairment of \$1,688,721 was recorded as a reduction in broadcasting licenses on the accompanying December 31, 2005 consolidated balance sheet and charged as an operating expense in 2005. The asset group was disposed of in 2006 (See Note 9 – Acquisitions And Dispositions).

- b. Goodwill – SFAS No. 142 requires the Company to test goodwill for impairment using a two-step process. The first step is a screen for potential impairment, while the second step measures the amount, if any, of the impairment. The Company completed the first step of the impairment test during the year with no impairment noted.

Goodwill activity for the years ended December 31, 2007 and 2006 was as follows:

Balance December 31, 2006	Increases	Decreases	Balance December 31, 2007
\$ 1,940,282	-	-	\$ 1,940,282

Balance December 31, 2005	Increases	Decreases	Balance December 31, 2006
\$ 1,935,717	4,565	-	\$ 1,940,282



The increased activity in 2006 relates primarily to the Company's purchase of the minority interests previously held by certain shareholders of a subsidiary of the Company, H & H Properties.

#### NOTE 12 — INVESTMENT IN JOINT VENTURES

At December 31, 2007 and December 31, 2006, Investment in Joint Ventures consists of the following:

	December 31, 2007		December 31, 2006	
	Ownership Percentage	Balance	Ownership Percentage	Balance
Little Rock TV 14, LLC	50.0	% \$28,406	50.0	% \$23,282
Spinner Network Systems, LLC	**	407,454	33.0	% 658,323
		<u>\$435,860</u>		<u>\$681,605</u>

\*\* – A reorganization of Spinner Network Systems, LLC resulted in the reduction of the Company's ownership percentage in Spinner from 33% at December 31, 2006 to 4% at December 31, 2007. Because the Company owns less than a 20% interest and exerts no influence over management or the operations of Spinner, the Company has changed from the equity method to the cost method to account for its investment in Spinner Network Systems, LLC. Under the cost method of accounting for investments, the Company will no longer record its proportionate share of Spinner income or loss, but will instead periodically evaluate the fair value of its investment in Spinner and adjust the carrying amount accordingly. During the year December 31, 2007, the Company adjusted the carrying value of its investment in Spinner by \$198,368 to reflect the fair value of its investment. This loss in value is included in losses from affiliates and joint ventures in the consolidated statement of operations.

#### NOTE 13 — NOTES PAYABLE

##### Long-Term Debt

Long-term debt as of December 31, 2007 and 2006 consisted of the following:

	2007	2006
	(In thousands)	
Senior Credit Facility	\$50,317	\$46,265
Merger Related Party - Univision	15,000	-
Installment Notes and other debt	10,913	11,636
Line of Credit	994	-
Capital Lease Obligations	186	61
Total Debt	\$77,410	\$57,962
Less: Current maturities	(68,272)	(3,970)
Long-term debt	<u>\$9,138</u>	<u>\$53,992</u>

## Senior Credit Facility

The Company is party to a Senior Credit Facility with financial institutions and other lenders, which provides for secured revolving and term loan facilities in varying amounts at variable interest rates, maturing in June 2010. As of December 31, 2007, the Company has borrowings under the Credit Facility in the aggregate amount of \$50.32 million and interest rates ranging from 12.5% to 15.8%. Also, as of December 31, 2007, the revolver component of the Credit Facility was fully drawn. However, an additional \$7.9 million is available per the terms of the Credit Facility but was unavailable to borrow at December 31, 2007, due to certain collateral restrictions. The credit facility is secured by the majority of the assets of the Company. As noted below, the entire facility was refinanced in February 2008.

On February 13, 2008, the Company and its lenders entered into the Third Amended and Restated Credit Agreement in which the Company refinanced its previous credit facility. The amended \$53.0 million credit facility, comprised of an \$8.0 million revolving credit line and term loans of \$45.0 million, matures on February 13, 2011, was used to refinance the existing indebtedness senior credit facility. Outstanding principal balance under the credit facility bears interest at LIBOR or the alternate base rate, plus the applicable margin. The applicable margin is 9.5% for the LIBOR loans and 8.5% on the alternate base rate loan. The minimum LIBOR is 4.5%. The alternate base rate is (i) the greatest of (A) the Prime Rate, (B) the Federal Funds Rate in effect on such day plus fifty (50) basis points (0.50%), and (C) seven and one-half percent (7.50%) per annum. We are required to pay an unused line fee of .5% on the unused portion of the credit facility. The credit facility is secured by the majority of the assets of the company. We are subject to new financial and operating covenants and restrictions based on trailing monthly and twelve month information. We have borrowed \$50,512,500 under the new facility as of March 11, 2008. Due to certain restrictions based on the value of the loan collateral, the Company does not have access to the remaining \$2,487,500 at this time.

On March 20, 2008, the Company entered into an amendment to its third amended and restated credit agreement (“Credit Agreement”) with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. Under the terms of the Amendment, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company’s failure to enter into agreements with respect to the sale of certain of its assets and the Company’s failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company’s immediate capital requirements. Pursuant to the Amendment the Lenders may exercise any and all remedies available under the Credit Agreement, including making the loan immediately due and payable.

## Merger Related - Univision

Pursuant to the Merger Transaction, the Company issued a promissory note to Univision Television Group, Inc. as partial consideration for the exchange of their shares of EBC Series A preferred stock (see Note 4 — Merger Transaction). This promissory note in the amount of \$15.0 million is payable in one year and bears interest of 7.0%. The promissory note is secured by two television stations, originally sought to be transferred under an asset purchase agreement entered into for the same purpose.

## Installment notes and other

We have installment and other indebtedness due to financial institutions and various other lenders with a combined outstanding balance of \$10.9 million as of December 31, 2007. The various indebtedness has terms which expire through 2012 with a weighted average interest rate of 8.86% in 2007 and 8.09% in 2006.

## Short Term Borrowings

The Company’s total amounts outstanding under short term borrowings were \$15,994,495 and \$0 at December 31, 2007 and 2006 respectively. Weighted average rates on all short term borrowings were 7.08% in 2007 and 7.5% in 2006.

## Line of Credit

At December 31, 2007, the Company had a \$1.0 million line of credit with an Arkansas bank, with interest payable monthly at 8.25%, originally due in January 2008 and extended until April 2008 and secured by various broadcast assets and Company guarantees. The outstanding balance at December 31, 2007 and 2006 was \$994,495 and \$0, respectively.

## Capital Lease Obligations

We have capitalized the future minimum lease payments of equipment under leases that qualify as capital leases. We had capital lease obligations of approximately \$0.2 million as of December 31, 2007. The capital leases have terms which expire at various dates through 2012.

## Aggregate Maturities of Total Debt

Approximate aggregate annual maturities of total debt (including capital lease obligations) are as follows (in thousands):

<b>2008</b>	\$68,272
<b>2009</b>	392
<b>2010</b>	7,073
<b>2011</b>	1,639
<b>2012</b>	34
<b>Thereafter</b>	-
<b>Total</b>	<u><u>\$77,410</u></u>

## Debt Covenants and Restrictions

The Company's debt obligations contain certain financial and other covenants and restrictions on the Company. None of these covenants or restrictions includes any triggers explicitly tied to the Company's credit ratings or stock price. Prior to the amendment and restatement of the credit facility in February 2008, the Company was subject to certain financial covenants, including among others, that the Company meet minimum revenue and EBITDA levels. At December 31, 2007, the Company was not in compliance with these covenants. However, after the amendment and restatement of the credit facility, the Company's previous events of default were waived and eliminated. Furthermore, pursuant to the March 20, 2008 Amendment to the Credit Agreement, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company's failure to enter into agreements with respect to the sale of certain of its assets and the Company's failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company's immediate capital requirements. Pursuant to the Amendment the Lenders may exercise any and all remedies available under the Credit Agreement, including making the loan immediately due and payable.

## Interest Rate Risk Management

The Company is not involved in any derivative financial instruments. However, we may consider certain interest rate risk strategies in the future such as interest rate swap arrangements or debt-for-debt exchanges.

## Interest Expense

Interest expense for the years ended December 31, 2007, 2006 and 2005 consisted of the following (in thousands):

	2007	2006	2005
<b>Interest on borrowings:</b>			
Senior Credit Facility	\$6,489	\$6,756	\$4,326
Related Party - Univision	788	-	-
Installment notes and other debt	703	718	778
Mortgage Debt	113	114	125
Capital lease obligations	5	4	4
Total interest expense	<u>\$8,098</u>	<u>\$7,592</u>	<u>\$5,233</u>

## NOTE 14 — STOCKHOLDERS' EQUITY

### Private Placement

On June 21, 2007, the Company entered into a Unit Purchase Agreement with certain insiders and institutional investors (each a "Buyer" and collectively, the "Buyers") in connection with a \$9,000,000 private placement (the "Private Placement") of an aggregate of 1,406,250 units (the "Units"), each Unit consisting of one share of the Company's common stock, \$0.0001 par value per share, and two warrants, each warrant exercisable for one share of the Company's common stock at an exercise price of \$5.00 per share (the "Warrants"). The purchase price of each Unit was \$6.40. The Private Placement closed on June 21, 2007 (the "Private Placement Closing Date").

Each Warrant issued at the closing of the Private Placement may be exercised any time on or after the Private Placement Closing date and on or prior to the close of business on September 7, 2009 (the "Termination Date"). The number of shares issuable upon exercise of each Warrant and the exercise price thereof is subject to adjustment from time to time in the event of stock dividends, stock subdivisions, stock splits and stock combinations. The Warrants can be redeemed at the Company's option at a redemption price equal to \$0.01 per Warrant provided that the last sales price of the Company's common stock has been at least \$8.50 per share on each of twenty trading days within any 30 trading day period ending on the third business day prior to the date on which the Company gives notice of redemption.

The Units and Warrants were offered and sold only to institutional and accredited investors in reliance on Section 4(2) of the Securities Act of 1933, as amended. The Units and Warrants sold in the Private Placement have not been registered under the Securities Act or state securities laws and may not be offered or sold in the United States absent registration with the Securities and Exchange Commission or an applicable exemption from the registration requirements. The Company agreed that if at any time during the two year period commencing the Private Placement Closing Date it proposes to file a registration statement with the Securities and Exchange Commission with respect to an offering of equity securities or securities exercisable or convertible into equity securities, the Company will give piggyback registration rights to the Buyers on such number of registrable shares as the Buyer may request.

The net proceeds from the Private Placement, following the payment of offering-related expenses, will be used by the Company to fund acquisitions and for general corporate purposes.

### Shares Issued to Retire Debt

On August 21, 2007, the Company exercised its option, under the terms of a \$500,000 note payable, to retire the note with the issuance of 115,473 shares of common stock in lieu of a cash payment. This note was previously issued in connection with the purchase of certain television stations.

## **Merger Transaction and Recapitalization**

In connection with the Merger Transaction (see Note 4 — Merger Transaction), on March 29, 2007, the stockholders of the Company approved a proposal to amend and restate the Company's Certificate of Incorporation. Upon approval, the Company (i) increased the number of authorized shares of common stock from 50,000,000 shares to 100,000,000 shares, (ii) increased the number of authorized shares of preferred stock from 1,000,000 to 25,000,000, (iii) changed the Company's name from "Coconut Palm Acquisition Corp." to "Equity Media Holdings Corporation", and (iv) authorized the issuance of approximately 2,050,519 shares of the Company Series A Convertible Non-Voting Preferred Stock, pursuant to the Certificate of Designation. Additional shares of Series A Convertible Non-Voting Preferred Stock were authorized for accrued and unpaid dividends through the date of the completion of the merger, increasing the number of authorized shares of Series A Convertible Non-Voting Preferred Stock from 1,736,746 to 2,050,519.

As a result of the Merger Transaction, the Company acquired 1,908,911 shares from stockholders who opted to convert their stock to cash and issued 26,665,830 shares to the shareholders of EBC in exchange for their shares and other consideration.

### **Initial Public Offering**

On September 14, 2005, the Company sold 10,000,000 units (“Units”) in an initial public offering (the “Offering”), and, on September 19, 2005, sold an additional 1,500,000 Units pursuant to the underwriters’ over-allotment option. Each Unit consists of one share of the Company’s common stock and two warrants (“Warrants”). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing after the completion of the Merger Transaction. The Warrants will expire on September 7, 2009. The Warrants may be redeemed, at the Company’s option, with the prior consent of Morgan Joseph and Co. Inc. and EarlyBirdCapital, Inc., the representatives of the underwriters in the Offering (the “Representatives”) in whole and not part, at a price of \$.01 per Warrant upon 30 days notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given.

In connection with the Offering, the Company also issued for \$100 an option to the Representatives to purchase up to a total of 1,000,000 units at a price of \$7.50 per unit. The units issuable upon the exercise of this underwriters’ unit purchase option are identical to those offered in the prospectus of the Offering, except that the exercise price of the warrants included in the underwriters’ unit purchase option is \$6.00. This option is exercisable commencing upon the closing of the Merger Transaction, expires five years from the date of the Offering, and may be exercised on a cashless basis, at the holder’s option. The underwriters’ unit purchase option provides for demand and “piggy back” registration rights.

The underwriters’ unit purchase option and the Warrants (including the warrants underlying the underwriters’ unit purchase option) will be exercisable only if at the time of exercise a current registration statement covering the underlying securities is effective or, in the opinion of counsel, not required, and if the securities are qualified for sale or exempt from qualification under the applicable state securities laws of the exercising holder. The Company has agreed to use its best efforts to maintain an effective registration statement during the exercise period of the unit purchase option and the Warrants; however, it may be unable to do so. Holders of the unit purchase option and the Warrants are not entitled to receive a net cash settlement or other settlement in lieu of physical settlement if the common stock underlying the Warrants, or securities underlying the unit purchase option, as applicable, are not covered by an effective registration statement and a current prospectus. Accordingly, the unit purchase option and the Warrants may expire unexercised and worthless if a current registration statement covering the common stock is not effective and the prospectus covering the common stock is not current. Consequently, a purchaser of a unit may pay the full unit price solely for the shares of common stock of the unit.

## NOTE 15 — MANDATORILY REDEEMABLE SERIES A CONVERTIBLE NON-VOTING PREFERRED STOCK

In connection with the Merger Transaction, the Company issued 2,050,519 shares of the Company's Series A Convertible Non-Voting Preferred Stock (the "Series A Preferred") to a certain holder of EBC Series A preferred stock, in exchange for accrued and unpaid dividends up to the Merger Closing date. The Series A Preferred ranks senior to all outstanding shares of the Company's common stock. The Series A Preferred accrues compounded dividends at the rate of 7% per annum of the original issue price whether or not the Company declares a dividend payable. In addition, if the Company declares a dividend on its common stock at any time, the holders of Series A Preferred automatically participate on an "as if" converted to common stock basis with the common shareholders.

The Series A Preferred contain liquidation provisions that rank senior to any and all claims of the common stockholders, such that upon the involuntary liquidation, dissolution, or winding up of the Company, the holders of Series A Preferred would be entitled to receive a liquidation amount equal to the amount of the original issue price plus accrued dividends. A change of control of the Company is also deemed to be an event equivalent to a liquidation, dissolution or winding up event under the terms of the Certificate of Designation for the Series A Preferred.

The holders of Series A Preferred may convert their shares at any time into shares of the common stock of the Company on a one-for-one basis. The conversion rate is subject to adjustment such that if the Company were to issue any share of common stock, except for (a) issuances pursuant to the exercise of any preferred stock, (b) issuances subject to a compensation plan for employees, directors, consultants or others approved by the board of directors or majority holders of the common stock of the Company, (c) stock issued pursuant to a declared dividend, stock split or recapitalization, (d) stock issued to sellers of companies acquired pursuant to board approval, (e) stock issued to banking institutions as compensation for financing received and (f) stock issued from the treasury of the Company, or any instrument convertible or exercisable into common stock of the Company at a rate which if added to the consideration per share of common stock received for any such purchase right is less than the current rate, the conversion rate automatically adjusts to that lower rate. At any time after five years after issuance, the Company may elect to redeem shares of Series A Preferred in cash. In addition, after five years after issuance and upon a majority of the holders of Series A Preferred voting to redeem their shares, the holders of Series A Preferred may require the Company to redeem their Series A Preferred for cash. The redemption price is equal to the original price of the Series A Preferred plus all accrued Dividends as of the date of redemption.

In connection with the Private Placement, the Board of Directors determined that the fair value of the common stock component of the June 2007 Unit Offering (see note 15 – Stockholders' Equity) was greater than the issue prices of the Series A Convertible Non-Voting Preferred Stock of \$5.13 per share. Additionally, the fair value of the warrants component combined with the exercise price was determined to be greater than the original issue price of \$5.13 for the Series A preferred. Accordingly, the conversion price of the Series A Non-Voting Preferred Stock was not reset in accordance with the provisions of EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios" and EITF 00-27 "Application of EITF 98-5 to Certain Convertible Instruments".

In connection with the issuance of common stock to retire debt, the Board of Directors determined that the fair value of the stock issued had no effect on the Series A Convertible Non-voting Preferred Stock because it falls under the exception for stock issued to sellers of companies acquired pursuant to board approval. Accordingly, the conversion price of the Series A Non-Voting Preferred Stock was not reset in accordance with the provisions of EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios" and EITF 00-27 "Application of EITF 98-5 to Certain Convertible Instruments".

The Company evaluated the embedded conversion feature in the Series A Preferred and determined it did not meet the criteria for bifurcation under SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" during the three and nine months ended September 30, 2007. In addition, the Company accounts for the Series A Preferred in accordance with SEC Accounting Series Release 268 — Presentation in Financial Statements of Redeemable Preferred Stocks" and EITF D-98: "Classification and Measurement of Redeemable Securities," and thus has classified the Series A Preferred outside of stockholders' equity.

The Company believes that it is not probable that the holders of the Series A Preferred would currently elect to convert their shares to common stock because the current trading price of the Company's common stock is lower than the conversion price. Therefore and under the guidance of EITF D-98, the carrying value of the Series A Preferred Stock as of December 31, 2007 is its original issue amount and does not include any accreted dividends or any other adjustment.



For the year ended December 31, 2007, the Company accreted dividends in the amount of \$556,795. As of December 31, 2007 dividends payable to the Series A Preferred shareholders are \$556,795 and included in other non current liabilities.

### **Univision Registration Rights**

Pursuant to the Merger Agreement, the Company has granted to Univision certain “piggy back” registration rights at any time during the two year period following the Merger Closing. The Company shall provide Univision with written notice thereof at least fifteen days prior to the filing, and Univision shall provide written notice of the number of its registrable shares to be included in the registration statement within fifteen days of its receipt of the Company’s notice.

### **NOTE 16 — SHARES HELD IN ESCROW**

At the closing of the Merger Transaction, the Company deposited 2,100,003 shares of its Common Stock with a trust company (the “Escrow”), with each shareholder of EBC funding that portion thereof equal to such shareholder’s ownership of EBC Common Stock relative to the other shareholders contributing to the Escrow. The Escrow has been established for the benefit of the Company solely to satisfy any indemnification obligation of EBC arising pursuant to the Merger Agreement. The term of the Escrow is twelve (12) months from the date of closing of the Merger Transaction. On March 28, 2008, the Company filed a Notice of Indemnification Claim with the Escrow Agent.

### **NOTE 17 — STOCK BASED COMPENSATION PLANS**

On March 29, 2007, the shareholders of the Company approved the adoption of the 2007 Stock Incentive Plan (the “Incentive Plan”), which governs stock-based awards up to an aggregate of 12,274,853 shares of the Company’s common stock, including (i) 3,274,853 shares converted from existing EBC options assumed in the Merger Transaction (only 3,187,138 as of the date of the Merger Transaction), (ii) 2,000,000 and 250,000 shares underlying options issuable to Larry Morton and Gregory Fess, respectively, under employment agreements entered in connection with the Merger Transaction, and (iii) 6,750,000 shares reserved for future grants. The purpose of the 2007 Stock Incentive Plan is to enable the Company to attract, retain, reward and motivate officers, directors, employees and consultants of the Company, its subsidiaries or affiliates by providing them with an opportunity to acquire or increase a propriety interest in the Company. The 2007 Stock Incentive Plan became effective upon the closing of the Merger Transaction and is administered by the Compensation Committee of the Board of Directors.

Prior to the Closing of the Merger, EBC had two stock option plans: the 2001 Equity Participation Plan (which was established on April 16, 2001) and the 2001 Non-Qualified Stock Option Plan (which was established on November 15, 2001). As of March 30, 2007, the date of the Merger, 2,180,000 options were outstanding under these plans. In connection with the Merger Transaction, these options were converted to 3,187,134 options to purchase shares of the Company under the 2007 Stock Incentive Plan as described herein. The 2007 Stock Incentive Plan superseded these plans.

As of December 31, 2007, all stock options awarded under the Incentive Plan were granted with exercise prices equal to the market price of the underlying stock as of the date of grant. Under the Incentive Plan options are exercisable after the period or periods specified in the applicable option agreement, but no option can be exercised after 10 years after the date of the grant, and all awards in 2007 expire no later than seven years after the date of the grant.

The following weighted-average assumptions were used in the Black-Scholes option-pricing model to value options granted during the years ended December 31, 2007, 2006 and 2005:

	2007	2006	2005
Expected life of options (in years)	4.39	N/A	10.00
Expected volatility	34.4	% N/A	32.2 %
Expected risk free interest rate	4.54	% N/A	4.30 %
Expected dividend yield	0.0	% N/A	0.0 %

A summary of option activity under the Incentive Plan is as follows:

	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Term
Outstanding at January 1, 2007	3,187,138	\$4.82		
Granted	3,800,000	4.30		
Forfeited	(21,930 )	5.09		
Exercised	0	N/A		
Expired	0	N/A		
Outstanding at December 31, 2007	<u>6,965,208</u>	<u>\$4.53</u>	<u>\$0</u>	<u>5.47</u>
Exercisable at December 31, 2007	<u>3,907,898</u>	<u>\$4.72</u>	<u>\$0</u>	<u>4.77</u>

Stock-based compensation expense for the year ended December 31, 2007 was \$2.0 million as compared to \$0 in 2006 and 2005. The total deferred tax benefit related thereto was \$0 for the year ended December 31, 2007 compared to \$0 during the same period in 2006 and 2005. As of December 31, 2007, there was \$3.8 million of total unrecognized compensation cost related to unvested share-based compensation awards granted under the Incentive Plan, which does not include the effect of future grants of equity compensation, if any. Of the total \$3.8 million, we expect to recognize approximately 37.1% in 2008 and the balance in 2009 through 2012. The weighted average period over which the \$3.8 million is to be recognized is 2.90 years. The weighted-average grant date fair value was \$1.5268 for options granted during 2007.

Under SFAS No. 123(R), options are valued at their date of grant and then expensed over their vesting period. The values of the Company's options were calculated at the date of grant using the Black-Scholes option-pricing model. The total intrinsic value of options exercised during the years ended December 31, 2007, 2006 and 2005, respectively, was \$0 each year. The total fair value of options vested during the years ended December 31, 2007, 2006 and 2005 was \$1.1 million, \$0 and \$0, respectively. The total number of options vesting during the years ending December 31, 2007, 2006 and 2005 was 750,000, 0 and 0, respectively.

#### NOTE 18 — INCOME TAXES

The Company records deferred income taxes under applicable tax laws using rates for the years in which the taxes are expected to be paid. Deferred income taxes reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets may not be realized. The Company did not record an income tax provision for all periods presented due to its expected benefits from net operating losses being completely offset by valuation allowances.

The Company records deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income taxes reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their

financial reporting amounts. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets may not be realized.

Income taxes are reflected in the consolidated statements of operations as follows:

	2007	2006	2005
Deferred Tax Provision (benefit)	\$(12,808,779 )	\$(1,222,868 )	(4,220,289 )
Change in Valuation Allowance	12,808,779	1,222,868	4,220,289
	\$	\$-	\$-

A reconciliation between income taxes computed at the federal statutory rate and the Company's income tax rates is as follows:

	2007	2006	2005
Federal income taxes at statutory rate	\$(13,418,424 )	\$(1,097,557 )	\$(4,323,922 )
State income taxes net of federal tax benefit	-	(138,486 )	(545,577 )
Change in valuation allowance	12,808,779	1,222,868	4,220,289
Other	609,645	13,175	649,210
		\$-	\$-

Components of the net deferred income tax asset (liability) at December 31, 2007 and 2006 relate to the following:

	2007	2006
<b>Deferred Income Taxes</b>		
Net operating loss carryforwards	\$47,545,803	\$30,114,236
Allowance for uncollectible accounts	568,961	590,475
Other	4,364	1,556
	48,119,128	30,706,267
Less valuation allowance	(37,366,846 )	(24,558,067 )
	10,752,282	6,148,200
Deferred income tax liabilities		
Depreciation and amortization	(10,752,282 )	(6,148,200 )
Net deferred income taxes	\$-	\$-

At December 31, 2007, the Company has net operating loss carryforwards for federal income tax purposes, which are estimated to be approximately \$124.1 million and which expire from tax years 2018 to 2026. The actual amount of net operating losses will be determined at the time the Company's tax returns are filed. The Company made no payments for income taxes for the years ended December 31, 2007, 2006 and 2005.

The Company adopted FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes," effective January 1, 2007. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. FIN 48 also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company had no significant unrecognized tax benefits at the date of adoption or at December 31, 2007. Accordingly, the Company does not have any interest or penalties related to uncertain tax positions. However, if interest or penalties were to be incurred related to uncertain tax positions, such amounts would be recognized in income tax expense. Tax periods for all years after 2003 remain open to examination by the federal and state taxing jurisdictions to which it is subject.



## NOTE 19 — COMMITMENT AND CONTINGENCIES

### Stock options to underwriters

In connection with the initial public offering (“Offering”), the Company sold to the Representatives an option, for \$100, to purchase up to a total of 1,000,000 units at \$7.50 per Unit. The Company accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Offering resulting in an increase and a charge directly to stockholders’ equity. The option has been valued at the date of issuance at \$780,000 based upon a Black-Scholes valuation model, using an expected life of five years, volatility of 15.90% and a risk-free interest rate of 3.980%. The volatility calculation is based on the 180-day volatility of the Russell 2000 Index. An expected life of five years was taken into account for purposes of assigning a fair value to the option. The option may be exercised for cash, or on a “cashless” basis, at the holder’s option, such that the holder may receive a net amount of shares equal to the appreciated value of the option. The Units issuable upon exercise of this option are identical to the Units in the Offering, except that the Warrants included in the option have an exercise price of \$6.00. Although the purchase option and its underlying securities have been registered under the Offering, the option grants to holders demand and “piggy back” registration rights for periods of five and seven years, respectively, from the date of the Offering with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses relating to the registration of the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of common stock at a price below its exercise price.

### Employment Agreements

Effective on the date of the Merger Transaction, the Company entered into employment agreements with Larry Morton and Gregory Fess. The term of the employment under the respective agreements for each individual is three years and provides for: a base salary of \$520,000 and \$315,000, respectively, to be reviewed annually, a bonus compensation amount to be determined at the discretion of the Compensation Committee of the Company’s Board of Directors and stock options including initial grants of 2,000,000 and 250,000 options, respectively. The options, approved and granted by the Compensation Committee on May 9, 2007, have an exercise price equal to the fair market value of the stock in accordance with the 2007 Stock Incentive Plan (\$4.30) and vest in four equal installments commencing March 30, 2007 the date of the signing of the employment agreements, and on each anniversary thereafter. The options are exercisable for a minimum of 5 years.

### Litigation

In connection with the merger between Equity Broadcasting Corporation (“EBC”) and the Company, EBC and each member of EBC’s board of directors was named in a lawsuit filed by an EBC shareholder in the circuit court of Pulaski County, Arkansas on June 14, 2006. As a result of the merger between EBC and the Company, pursuant to which EBC merged into the Company, the Company, which was renamed Equity Media Holdings Corporation, is a party to the lawsuit. The lawsuit contains both a class action component and derivative claims. The class action claims allege various deficiencies in EBC’s proxy used to inform its shareholders of the special meeting to consider the merger. These allegations include: (i) the failure to provide sufficient information regarding the fair value of EBC’s assets and the resulting fair value of EBC’s Class A common stock; (ii) that the interests of holders of EBC’s Class A common stock are improperly diluted as a result of the merger to the benefit of the holders of EBC’s Class B common stock; (iii) failure to sufficiently describe the further dilution that would occur post-merger upon exercise of the Company’s outstanding warrants; (iv) failure to provide pro-forma financial information; (v) failure to disclose alleged related party transactions; (vi) failure to provide access to audited consolidated financial statements during previous years; (vii) failure to provide shareholders with adequate time to review a fairness opinion obtained by EBC’s board of directors in connection with the merger; and (viii) alleged sale of EBC below appraised market value of its assets. The derivative components of the lawsuit allege instances of improper self-dealing, including through a management agreement between EBC and Arkansas Media.

In addition to requesting unspecified compensatory damages, the plaintiff also requested injunctive relief to enjoin EBC's annual shareholder meeting and the vote on the merger. An injunction hearing was not held before EBC's annual meeting regarding the merger so the meeting and shareholder vote proceeded as planned and EBC's shareholders approved the merger. On August 9, 2006, EBC's motion to dismiss the lawsuit was denied. On February 21, 2007, the plaintiff filed a "Motion to Enforce Settlement Agreement" with the court alleging the parties reached an oral agreement to settle the lawsuit. The plaintiff subsequently filed a motion to withdraw the motion to settle and filed a "Third Amended Complaint" on April 10, 2007. This motion added two additional plaintiffs and expanded on the issues recited in the previous complaints. On July 31, 2007, the plaintiff filed a "Fourth Amended Complaint". This pleading added three new plaintiffs and three new defendants to the proceedings. The three additional defendants bear a fiduciary relationship to three previously named defendants. On July 31, 2007, the plaintiffs filed a "Motion for Class Certification." Although the motion has been fully briefed by the parties, the plaintiffs have not yet sought a hearing date on the class certification issue. Currently, the parties continue to engage in discovery. No court date has been set for this case.

Management believes that this lawsuit has no merit and asserts that the Company has negotiated in good faith to attempt to settle the lawsuit. Regardless of the outcome management does not expect this proceeding to have a material impact of its financial condition or results of operations in 2007 or any future period.

Although the Company is a party to certain other pending legal proceedings in the normal course of business, management believes the ultimate outcome of these matters will not be material to the financial condition and future operations of the Company. The Company maintains liability insurance against risks arising out of the normal course of its business.

### **EBC Dissenting Shareholders**

In connection with the Merger Transaction (see Note 4 – Merger Transaction) shareholders of EBC representing 66,500 shares of EBC Class A common stock elected to convert their shares to cash in accordance with Arkansas law. The Company recorded a liability in the amount of \$368,410 to convert the shares plus \$9,970 of accrued interest based on a conversion rate of \$5.54 per share plus interest accruing from the date of the Merger Transaction at the rate of 9.78% per annum. On July 10, 2007, the dissenting shareholders were paid \$378,380 in cash for the value of their shares including all interest accrued to date. Pursuant to Arkansas Code, the dissenting shareholders exercised their right to contest the Company's valuation and have demanded payment of an additional \$17.78 per share plus accrued interest at 9.78% per annum. In accordance with Arkansas Code, the Company has petitioned the court for a determination of the fair value of the shares and believes its valuation will prevail.

### **Obligations**

The Company is obligated under non-cancelable operating leases for office and station space, tower sites, and broadcast and office equipment. The Company is obligated under contracts for the rights to broadcast certain features and syndicated television programs.

At December 31, 2007, future minimum rental commitments under non-cancelable operating leases with initial or remaining terms in excess of one year are as follows:

2008	\$1,690,657
2009	1,387,167
2010	1,144,586
2011	833,265
2012	683,085
Thereafter	3,915,876
	<u>\$9,654,636</u>

Total rent expense under operating leases for the years ended December 31, 2007, 2006 and 2005 was approximately \$2,499,000, \$2,191,000, and \$1,938,000, respectively.

As of December 31, 2007, certain equipment was leased under capital equipment facilities. Future minimum lease payments under capital leases as of December 31, 2007 are as follows:

2008	\$44,546
2009	41,675
2010	32,578
2011	32,781
2012	34,456
Thereafter	-
	<u>\$186,036</u>





Equipment leased under capital equipment facilities had a cost of \$375,795 and accumulated depreciation of \$186,273 as of December 31, 2007.

### Program Broadcast Rights Payable

The Company entered into agreements for program broadcast rights of approximately \$3,927,570 and \$2,181,000, which became available in 2007 and 2006, respectively. Program rights that have been contracted for (excluding barter agreements), but were not currently available for airing aggregated approximately \$1,682,875 and \$1,003,000 and at December 31, 2007 and 2006, respectively.

Future maturities of the Company's program rights payables are as follows:

2008	\$2,094,737
2009	613,400
2010	361,099
2011	141,218
2012	13,000
Thereafter	11,928
	<u>\$3,235,382</u>

### NOTE 20 — RELATED PARTY TRANSACTIONS

Amounts due (to) from affiliates and related parties at December 31, 2007 and December 31, 2006 consist of the following:

	December 31, 2007	December 31, 2006
Univision Communications, Inc.	\$(2,295,837 )	\$(726,003 )
Arkansas Media, LLC and affiliates	19,581	(86,462 )
Royal Palm Capital Management, LLP	(225,000 )	—
Little Rock TV 14, LLC	(78,626 )	(67,622 )
Actron, Inc.	-	(526,092 )
Retro Television Corporation, Inc	(8,224 )	-
Other	<u>72,364</u>	<u>16,123</u>
Due (to) from affiliates and related parties	(2,515,742 )	(1,390,056 )
Less current portion	<u>(2,509,480 )</u>	<u>(1,338,557 )</u>
Non – current portion	<u>\$ (6,262 )</u>	<u>\$ (51,499 )</u>

Arkansas Media, LLC owned 75% of EBC's Class B common shares outstanding at December 31, 2006 and up to the date of the closing of the Merger Transaction (see Note 4 — Merger Transaction). The owners of Arkansas Media, LLC held management and board of director positions within EBC. In addition to the transactions noted below, Arkansas Media, LLC had, at times, acted as a broker on behalf of the Company and others that hold rights to broadcast construction permits which they wish to sell. Arkansas Media, LLC also owned three television stations which were operated by the Company on a fee basis under a LMA's until March 29, 2007 (see Note 5 — Arkansas Media Settlement Transaction).

The Company incurred expenses related to management fees and commissions in the amount of \$1,547,581, \$1,596,682 and \$1,475,282 for the years ended December 31, 2007, 2006 and 2005, respectively, for services rendered to the Company by Arkansas Media, LLC and its affiliates. Additionally, the Company accrued expenses related to operating fees of \$24,000, \$96,000 and \$96,000 for the years ended December 31, 2007, 2006 and 2005, respectively, under LMA's with Arkansas Media, LLC. Subsequent to the Arkansas Media Settlement, the Company determined that an additional \$37,416 in fees and commissions were due to Arkansas Media, LLC for services performed during the three month period ended March 31, 2007. These fees were paid in full on April 16, 2007.

The amount due Arkansas Media as of December 31, 2006 was paid in full as part of the Arkansas Media Settlement (see Note 5 — Arkansas Media Settlement Transaction). Actron, Inc. was due the above amount in connection with the Company's purchase of Central Arkansas Payroll Company, currently a wholly-owned subsidiary of the Company. Larry Morton, Greg Fess and Max Hooper own approximately 85% of Actron, Inc. The amount due Actron, Inc. as of December 31, 2006 was paid in connection with the Arkansas Media Settlement (see Note 5 — Arkansas Media Settlement Transaction).

Other than the amount due Actron, Inc., these related party balances were unsecured, non-interest bearing and did not contain stated repayment terms.

### **Management Services Agreement**

Upon the closing of the Merger Transaction, the Company entered into a management services agreement with Royal Palm Capital Management, LLP ("Royal Palm"). The agreement generally provides that Royal Palm will provide general management and advisory services for an initial term of three years, subject to renewal thereafter on an annual basis by approval of a majority of the independent directors serving on the Company's Board of Directors. The services to be provided include, but are not limited to, establishing certain office, accounting and administrative procedures, helping the Company obtain financing, advising the Company in securities matters and future acquisitions or dispositions, assisting the Company in formulating risk management policies, coordinating public relations and investor relations efforts, and providing such other services as may be reasonably requested by the Company and agreed to by Royal Palm. Royal Palm shall receive an annual management fee of \$1,500,000, in addition to the reimbursement of budgeted out-of-pocket costs and expenses incurred in the performance of Royal Palm's management services. The management services agreement may be terminated upon the material failure of either party to comply with its stated duties and obligations, subject to a 30-day cure period.

Royal Palm has agreed to defer receipt of its management fee so long as the obligation to the lenders under the credit agreement remains outstanding.

Certain officers and directors of Royal Palm also serve as officers and directors of the Company. For this reason, Royal Palm is generally prohibited from engaging in activities competitive with the business of the Company post-closing, unless such restriction is waived by the Board of Directors of the Company.

Management fees of \$1,125,000 and general and administrative expenses of \$40,545 were incurred by the Company for the year ended December 31, 2007 for services rendered by Royal Palm Partners, LLC. As of December 31, 2007, the Company has recorded prepaid expenses of \$100,000 representing amounts advanced to Royal Palm pursuant to the management services agreement.

### **Univision Affiliation Agreement**

Univision owns 100% of the Company's outstanding Series A Convertible Non-Voting Preferred Stock. Immediately following the closing of the Merger Transaction, Univision Network Limited Partnership and Telefutura revised and executed new Affiliation Agreements for all existing television broadcast stations attributable to the Company that are Univision and Telefutura affiliates. These new agreements contain substantially the same terms and conditions as the previous affiliation agreements, but were renewed for 15 year terms beginning at the closing of the Merger Transaction.

Univision also acts as the national sales agent for the Company's Spanish-language television stations. The Company pays Univision a 15% commission on those sales. The Company also operates its Salt Lake City Univision television station, KUTH through a local marketing agreement (LMA) with Univision. The Company incurred expenses related to commissions in the amounts of \$676,255, \$312,180, and \$150,083 for the years ended December 31, 2007, 2006 and 2005, respectively for sales made on behalf of the Company by Univision. Additionally, the Company accrued expenses related to operating fees of \$323,338, \$319,924 and \$332,981 for the years ended December 31, 2007, 2006 and 2005, respectively under the LMA with Univision.

Royal Palm has agreed to defer receipt of its management fee so long as the obligation to the lenders under the credit agreement remains outstanding.

## **RTN Intellectual Property Agreement**

Prior to the Merger Transaction, the Company entered into an intellectual property agreement with Retro Television Network, Inc., a company controlled by Larry Morton, a director, former President and CEO of the Company and current Chairman, President and CEO of Retro Programming Services, Inc, a wholly owned subsidiary of the Company. Under the terms of the agreement, Retro Television Network, Inc. assigned 100% of the creative and intellectual rights for the Retro Television Network (“RTN”) to the Company in exchange for a ten (10) percent royalty fee to be paid solely from the revenues of non-Company owned stations that utilize the RTN concept and/or affiliate with RTN. The agreement also provides that in the event the Company was to sell its assigned rights in RTN to an unrelated third party, Retro Television Network, Inc., at its option, may convert the royalty fee to a twenty (20) percent interest of the sales proceeds. As of December 31, 2007, royalty fees in the amount of \$8,224 have been accrued, and no royalty fees were paid to Retro Television Network, Inc. for the years ended December 31, 2007, 2006 or 2005, respectively.

### **NOTE 21 — CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and cash. Management generally does not require collateral to support accounts receivable. However, accounts receivable are comprised of a diversified customer base that results in a reduction in the concentrations of credit risk. In addition, the Company employs credit-monitoring policies that, in management’s opinion, effectively reduce any potential credit risk to an acceptable level. Credit losses have been within management’s expectations based on the Company’s credit monitoring polices and ongoing relationships with its customers.

Cash accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007 and 2006 and at various times throughout these years, the Company maintained balances in excess of that federally insured limit. The accounts at the brokerage firm contain cash and cash equivalents, and balances are insured up to \$500,000, with a limit of \$100,000 for cash, with the Securities Investor Protection Corporation (“SIPC”). At December 31, 2007 and 2006 and at various times throughout these years, the Company maintained balances in excess of that insured limit.

### **NOTE 22 — EMPLOYEE BENEFIT PLAN**

The Company sponsors a defined contribution plan covering substantially all of the Company’s employees. The plan is qualified under Section 401(k) of the Internal Revenue Code. Under the provisions of the plan, eligible participating employees may elect to contribute up to the maximum amount of tax deferred contribution allowed by the Internal Revenue Code (15% of wages or \$13,000, whichever is less). The Company matches a portion of such contributions up to a maximum percentage of the employees’ compensation (50% of employee contributions, not to exceed \$1,000 per employee annually). The Company’s contributions to the plan for the years ended December 31, 2007, 2006 and 2005 were \$35,241, \$31,353, and \$34,727, respectively.

### **NOTE 23 — SUBSEQUENT EVENTS**

#### **Refinancing of Credit Facility**

On February 13, 2008, Equity Media Holdings Corporation (“Company”) entered into a new credit facility with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. This agreement refinances the existing credit facility with the same parties and provides Equity Media with the release of certain reserves. In order to comply with certain provisions of the new agreement, the Company agreed to pursue the sale of certain assets. Prior to the amendment and restatement of the credit facility in February 2008, the Company was subject to certain financial covenants, including among others, that the Company meet minimum revenue and EBITDA levels. At December 31, 2007, the Company was not in compliance with these covenants. However, after the amendment and restatement of the credit facility, the Company’s previous events of default were waived and eliminated. ( See Note 13 – Notes Payable.)

On March 20, 2008, the Company entered into an amendment (“Amendment”) to its Third Amended and Restated Credit Agreement (“Credit Agreement”) with Silver Point Finance, LLC and Wells Fargo Foothill, Inc. Under the terms of the Amendment, the lender group has agreed to forbear from exercising certain of their rights and remedies with respect to designated defaults under the Credit Agreement through the earlier of (a) April 18, 2008 and (b) the date of occurrence of certain events or by which certain events have failed to occur, including the Company’s failure to enter into agreements with respect to the sale of certain of its assets and the Company’s failure to secure approvals for, and meet other criteria with respect to, financing alternatives necessary to meet the Company’s immediate capital requirements. Pursuant to the Amendment the Lenders may exercise any and all remedies available under the Credit Agreement, including making the loan immediately due and payable.

### Changes in Management

On January 10, 2008, the Board of Directors appointed Patrick G. Doran as Chief Financial Officer.

On February 11, 2008, the Board of Directors of Equity Media Holdings Corp. (“EMHC”) appointed Henry G. Luken III, the existing Chairman, to the positions of President and CEO of EMHC. The Board of Directors also appointed Larry E. Morton, the President and CEO prior to Mr. Luken, to the positions of Chairman, President and CEO of Retro Programming Services, Inc., a wholly owned subsidiary of EMHC, and dedicate his efforts to the continued growth of the Retro Television Network (“RTN”).

### New RTN affiliates and contracts

The following table shows stations that have been launched as RTN affiliates since December 31, 2007.

<b>DMA Ranking</b>	<b>Station</b>	<b>DMA</b>	<b>Launched</b>
70	WBAY-DT2	Green Bay	1/2/08
56	WTEN-DT	Albany	1/7/08
8	WSB-DT	Atlanta	1/28/08
14	KIRO-DT	Seattle-Tacoma	1/28/08
67	WSET-DT	Roanoke-Lynchburg	2/21/08
114	KWSD	Sioux Falls	2/28/08
19	WRDQ-DT	Orlando	3/3/08
118	WSFA	Montgomery-Selma	3/3/08
35	KUSG	Salt Lake City	3/17/08

Since December 31, 2007, RTN has signed affiliation contracts with the following stations in the following markets:

<b>Station</b>	<b>DMA</b>
WJLA-TV	Washington DC
WHTM-TV	Harrisburg-Lancaster, PA
WSET-TV	Roanoke-Lynchburg, VA
KAUN	Sioux Falls, SD
KUSG	Salt Lake City, UT

**NOTE 24 - SEGMENT DATA**

The Company operates its business in three primary reporting segments; the Television Group, Retro Television Network (RTN), and Uplink Services. Operations of the Television Group consist of the sale of air time for advertising, the production and broadcasting of news, and the broadcasting of entertainment and other programming through the Company's television stations. Operations of RTN consist primarily of the combination of popular entertainment programs of past decades with local sports, weather and news to provide a customized digital feed to its affiliate television stations. Uplink Services operations include the provision of programming, traffic, accounting and billing services to Company-owned television stations and third party broadcasters through the Company's centralized facility in Little Rock, Arkansas. The Company does not allocate corporate overhead or the eliminations of intercompany transactions to the primary reporting segments.

	Years Ended December 31,		
	2007	2006	2005
	(in thousands)		
<b>Broadcast Revenue</b>			
Television	\$27,876	\$29,896	\$27,063
Retro Television Network	460	109	-
Uplink Services	586	836	1,050
Corporate and eliminations	(659)	(446)	(641)
	<u>\$28,264</u>	<u>\$30,395</u>	<u>\$27,471</u>
<b>Depreciation and amortization</b>			
Television	\$2,270	\$1,854	\$2,351
Retro Television Network	16	-	-
Uplink Services	1,301	965	876
Corporate and eliminations	573	464	426
	<u>\$4,160</u>	<u>\$3,283</u>	<u>\$3,652</u>
<b>Segment operating income (loss)</b>			
Television	\$(9,098)	\$(6,499)	\$(6,813)
Retro Television Network	(1,673)	(188)	-
Uplink Services	(1,412)	(592)	(1,008)
Corporate and eliminations	(21,659)	(7,406)	(6,346)
<b>Consolidated</b>	<u>\$(33,842)</u>	<u>\$(14,684)</u>	<u>\$(14,167)</u>
Impairment charge	-	200	1,689
<b>Operating income (loss)</b>	<u>(33,842)</u>	<u>(14,884)</u>	<u>(15,856)</u>
<b>Capital Expenditures</b>			
Television	1,772	1,647	1,518
Retro Television Network	506	-	-
Uplink Services	3,663	825	795
Corporate and eliminations	1,441	258	76
Consolidated	<u>\$7,382</u>	<u>\$2,730</u>	<u>\$2,389</u>
<b>Total Assets</b>			

Television	90,589	89,233	94,803
Retro Television Network	3,014	438	-
Uplink Services	10,184	7,211	6,521
Corporate and eliminations	9,946	5,178	10,325
Assets held for sale (Television)	9,521	12,353	8,509
Consolidated	<u>\$123,254</u>	<u>\$114,413</u>	<u>\$120,159</u>



## NOTE 25 — QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the quarterly results of operations for the years ended December 31, 2007 and 2006 (in thousands, except per share data):

<b>Year ended December 31, 2007:</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Broadcast revenue	\$6,774	\$7,015	\$7,508	\$6,967	\$28,264
Net income (loss)	(14,013 )	(9,442 )	(7,656 )	(9,631 )	(40,742 )
Net loss available to common shareholders	(26,148 )	(9,627 )	(7,841 )	(9,818 )	(53,434 )
Net income (loss) available to common shareholders per share, basic and diluted	\$(1.02 )	\$(0.25 )	\$(0.19 )	\$(0.23 )	\$(1.46 )
<b>Year ended December 31, 2006:</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Net revenue	\$7,274	\$8,654	\$7,148	\$7,319	\$30,395
Net income (loss)	(4,559 )	(4,440 )	(5,205 )	20,318	(3,228 )
Net income (loss) per share, basic and diluted	\$(0.18 )	\$(0.18 )	\$(0.21 )	\$0.80	\$(0.13 )

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

[Place Holder for Report]

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of December 31, 2007. Based on the evaluation and the material weaknesses noted below, management concluded that the disclosure controls and procedures were not effective as of December 31, 2007.

## MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control system is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions

are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with the authorization of its management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 based on the framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), referred to as the Internal Control - Integrated Framework. The objective of this assessment is to determine whether the Company's internal control over financial reporting was effective as of December 31, 2007. As a result of management's work, management has concluded that there was an ineffective control environment over the Company's financial reporting.

Management has identified the following specific material weakness in the Company's internal control over financial reporting as of December 31, 2007:

- (i) We did not maintain effective internal controls over the preparation, review, and approval surrounding certain account reconciliations, journal entries and accruals; including and related to analysis and evidence of management review.

Planned remediation for 2008 includes:

The Company recently hired a new Chief Financial Officer, established a Chief Accounting Officer position and added a financial analyst to the accounting and finance department. With these additions, the Company is in the process of establishing more robust reconciliation and review procedures.

Despite our assessment that our system of internal control over financial reporting was ineffective and the above disclosed material weakness, we believe that our consolidated financial statements contained in this Form 10-K filed with the SEC fairly present our financial position, results of operations and cash flows for all years covered thereby in all material respects. We also received an unqualified audit report from our independent registered public accounting firm on those consolidated financial statements.

## **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to affect the Company's internal control over financial reporting.

## **ATTESTATION REPORT OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

See page F-2 of this Annual Report on Form 10-K for the attestation report of Moore Stephens Frost PLC., the Company's independent registered public accounting firm, which is incorporated herein by reference.

## **ITEM 9B. OTHER INFORMATION**

None.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

#### Directors and Executive Officers

The following tables sets forth the names, ages and offices of the present executive officers and directors of the Company. The periods during which such persons have served in such capacities are indicated in the description of business experience of such person below.

#### Directors

<u>Name and Age</u>	<u>Principal Occupation and Business Experience</u>
Henry G. Luken III, 48	Chairman of the Board of Directors since March 30, 2007. Mr. Luken has served as Chairman of Covista Communications, a publicly-held global exchange telephone company since 1999 and has extensive business and telecommunications experience. Prior to purchasing a major interest in Covista in 1999, Mr. Luken founded long distance telephone service re-sellers Telco Communications and Long Distance Wholesale Club in 1993. Telco was a pioneer in dial-around long distance service with Dial and Save, Inc., which grew into a successful telecommunications company and was sold to Excel Communications in 1997 for \$1.2 billion. Mr. Luken also owns interests in several TV and radio stations.
Larry E. Morton 60	Director since March 30, 2007 and served as President and CEO until February 11, 2008. Mr. Morton is one of the founders of Equity Broadcasting Corporation (“EBC”), the predecessor to Equity Media Holders Corporation (“EMHC”). Mr. Morton was a member of EBC’s Board of Directors from its inception in 1998. Prior to forming EBC, Mr. Morton was the President/Manager of Las Vegas Media, LLC and Kaleidoscope Affiliates, LLC, media companies that were the predecessor entities to EBC, from 1994 to 1998. Mr. Morton was very involved in the creation of EMHC’s C.A.S.H. System, which gives the company a programming distribution method that allows for greater cable carriage and lower capital and operating costs at each station, and in the development of RTN, EMHC’s new programming concept that is designed to help broadcasters maximize the value of their digital broadcast spectrum.
Robert B. Becker 59	Director since March 30, 2007. Mr. Becker was a member of EBC’s Board of Directors since June 30, 2000. Since its formation in September 1986, Mr. Becker has been the President of Robert B. Becker, Inc., a private consulting company specializing in business combinations, new business initiatives and contractual negotiations in the broadcasting, entertainment, media and communications segments. Mr. Becker recently served as the Chief Financial Officer, Treasurer, Secretary and a member of the Board of Directors of Juniper Partners Acquisition Corp., a publicly traded blank check company that has filed a Form S-4 to purchase Firestone Communications, Inc. Firestone is a privately owned diversified media and communications company. From 1989 to 1991, he served as Chief Financial Officer and Treasurer of Memry Corporation, a publicly traded company that develops and markets new products. From 1980 until entering the consulting business, Mr. Becker served as Vice President and Controller of HBO, and Director of Programming Finance of HBO from 1978 to 1980. Prior to this, he held various positions in the financial department of Time, Inc.
Robert Farenhem 37	Director since March 30, 2007. Mr. Farenhem is a partner and co-founder of Royal Palm Capital Partners, a private investment firm. Mr. Farenhem serves as President of Devcon International Corp. and sits on the boards of Equity Media Holdings Corporation and American Residential Services. Mr. Farenhem was the Executive Vice President of Strategic Planning and Corporate Development for publicly-held Bancshares of Florida and Chief Financial Officer for Bank of Florida from February 2002 to April 2003. Previously, Mr. Farenhem was an investment banker with Banc of America Securities from October 1998 to February 2002, advising on mergers and acquisitions, public and private equity, leveraged buyouts, and other financings.

- 59 Director since March 30, 2007. Mr. Flynn has served on the board of Airspan Networks, Inc., since 2003, a provider of broadband wireless equipment and is on the boards of iLinc, a provider of web collaboration and audio conferencing services as well as privately held GENBAND and Calix, both manufacturers of next generation broadband access and Voice over IP telecom equipment. He was a Director of WebEx from 2004 to 2007, when it was acquired by Cisco. Prior to his retirement in March 2004, Mr. Flynn served as Assistant to the Chief Executive Officer of Alltel Corporation. From April 19978 to May 2003, Mr. Flynn served as Group President of Communications of Alltel. From June 1994 to April 1997, Mr. Flynn served as President of the Telephone Group of Alltel.

- |                  |    |   |
|------------------|----|---|
| Manuel Kadre     | 42 | Director since March 30, 2007. Mr. Kadre is the Vice President and General Counsel of the de la Cruz Companies (Eagle Brands, Inc., Coca-Cola Puerto Rico Bottlers, Caribbean Bottlers Trinidad & Tobago, CCPRB (Jamaica) Ltd. And Coca-Cola St. Maarten) since 1995. In 2006 Mr. Kadre assumed the role of President of CC1 Caribbean Importers LLC, the companies' import company for the Caribbean. Mr. Kadre also serves in an executive role with AutoNation, Inc. a publicly traded Fortune 500 company since 1997. Mr. Kadre was a member of the law firm of Murai, Wald, Biondo & Moreno from 1991 to 1994 and served as Judicial Law Clerk to the Honorable Federico Moreno, United States District Judge, Southern District of Florida from 1990 to 1991.   |
| John E. Oxendine | 65 | Director since March 30, 2007. Mr. Oxendine has been a lender and investor in the broadcast industry for over twenty years; primarily investing in minority owned or controlled companies. Mr. Oxendine is currently Chairman, President and CEO of Broadcast Capital, Inc., a Virginia corporation ("Broadcap"), and President and CEO of Blackstar Management, LLC, a Florida limited liability company which provides consulting services to the communications industry. Mr. Oxendine served as Broadcap's President from 1981-1995 and has served as Board Chairman from 1999 to present, reassuming the positions of President and CEO in January 2004. Mr. Oxendine also served from 1981-1995 as President, and as Board Chairman from 1999 to Present, of Broadcast Capital Fund, Inc. ("BCFI"), incorporated in 1987, which had as its principal business the acquisition, ownership and operation of commercial television stations. Prior to joining Broadcap in 1981, Mr. Oxendine served as Acting Chief of the Financial Assistance Division-FSLIC of the Federal Home Loan Bank Board, and from 1974 to 1979; he was an Assistant Manager at the First National Bank of Chicago, with overseas assignments in London and Mexico. From 1972 to 1974, Mr. Oxendine held positions with Korn Ferry Associates in Los Angeles, and from 1971 to 1972 with Fry Consultants in San Francisco. |
| Michael Pierce   | 56 | Director since March 30, 2007. Mr. Pierce is the owner of Papa John's Pizza franchises operating in Arkansas, Missouri and Oklahoma since 1991 and the owner of RLB Propertys LLC, a Real Estate investing and development company which he founded in 1990. Mr. Pierce has also served on Papa John's Pizza Board of Directors from 1993 (initial IPO) until 2003 and served on various committees including Chairman of Audit Committee and is presently Vice Chairman of Franchise Advisory Council. Mr. Pierce currently serves on the Board of Baptist Health Hospital.  |

Our board of directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term.

### **Committees of the Board of Directors**

The Board of Directors has the following three standing Committees: The Nominating and Corporate Governance Committee; the Audit Committee and the Compensation Committee.

#### ***Nominating Committee***

The Nominating Committee consists of Messrs. Michael T. Flynn and Manny Kadre. The Nominating Committee did not meet during 2007. The members of the committee are "independent" as defined in the marketplace rules which govern NASDAQ Stock Market. The purpose of the Nominating Committee is to identify individuals qualified to serve on EMHC's Board of Directors, recommend persons to be nominated by the Board of Directors for election as directors at the annual meeting of stockholders, recommend nominees for any committee of the Board of Directors, develop and recommend to the Board of Directors a set of corporate governance principles applicable to EMHC and to oversee the evaluation of the Board of Directors and its committees. The Nominating Committee operates under a written charter adopted by the Board of Directors in April 2007.

#### ***Audit Committee Financial Expert***

The Audit Committee consists of Messrs. Robert B. Becker (Chairman), John E. Oxendine and Mike W. Pierce. The Audit Committee met five times during 2007. The purpose of the Audit Committee is to oversee the quality and integrity of EMHC's accounting, internal auditing and financial reporting practices, to perform such other duties as may be required by the Board of Directors, and to oversee EMHC's relationship with its independent registered public accounting firm. The members of the Audit Committee are "independent" as that term is defined in the National Association of Securities Dealers Listing Standards. The Board of Directors has determined that Mr. Becker is an "audit committee financial expert" in accordance with the applicable rules and regulations of the SEC. The Audit Committee operates under a written charter adopted by the Board of Directors in April 2007.

## Compensation Committee

The Compensation Committee consists of Messrs. John E. Oxendine (Chairman), Robert B. Becker and Michael T. Flynn. The Compensation Committee met three times in 2007.

The Compensation Committee makes all decisions about the compensation of the Chief Executive Officer and also has the authority to review and approve the compensation for the Company's other executive officers. The primary objectives of the Compensation Committee in determining total compensation (both salary and incentives) of the Company's executive officers, including the Chief Executive Officer, are (i) to enable the Company to attract and retain highly qualified executives by providing total compensation opportunities with a combination of elements which are at or above competitive opportunities, (ii) to tie executive compensation to the Company's general performance and specific attainment of long-term incentive for future performance that aligns stockholder interests and executive rewards.

The purpose of the Compensation Committee is to establish compensation policies for Directors and executive officers of EMHC, approve employment agreements with executive officers of EMHC, administer EMHC's stock option plans and approve grants under the plans and make recommendations regarding any other incentive compensation or equity-based plans. The Compensation Committee operates under a written charter adopted by the Board of Directors in April 2007.

## Additional Information concerning the Board of Directors

### Compensation of Directors

#### 2007 DIRECTOR COMPENSATION TABLE

The following table sets forth information concerning compensation to each of our directors (excluding the Named Executive Officer who is also a director disclosed in the Summary Compensation Table) during the fiscal year ended December 31, 2007:

Name	Fees Earned			Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
	Or		Option Awards (\$) <sup>(1)</sup>				
	Paid in Cash (\$)	Stock Awards (\$)					
Henry G. Luken III,	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$-
Larry Morton	-	-	-	-	-	-	-
Robert B. Becker	25,750	-	3,612	-	-	1,027	30,389
Robert Farenhem	-	-	-	-	-	-	-
Michael Flynn	20,500	-	3,612	-	-	-	24,112
Manuel Kadre	15,000	-	3,612	-	-	-	18,612
John Oxendine	24,500	-	3,612	-	-	181	28,293
Michael W. Pierce	19,000	-	3,612	-	-	-	22,612

<sup>(1)</sup> Represents the amount recognized as compensation expense in the Company's financial statements in accordance with SFAS No. 123(R) with respect to all stock options awarded to our directors. See the notes to the Company's consolidated financial statements found elsewhere in this 2007 Form 10-K for discussion of the assumptions made in the valuation of these awards. The amount recognized for financial



statement reporting purposes is recognized ratably over the vesting term of the awards. The aggregate option awards outstanding for each person in the table set forth above as of December 31, 2007 are as follows, excluding Directors who are also Named Executive Officers and whose option awards are listed elsewhere in this Form 10-K.:

<b>Name</b>	<b>Vested</b>	<b>Unvested</b>
Henry G. Luken III,	0	0
Robert B. Becker	23,930	18,000
Robert Farenhem	0	0
Michael Flynn	2,000	18,000
Manuel Kadre	2,000	18,000
John Oxendine	2,000	18,000
Michael W. Pierce	2,000	18,000

Stock options vest equally monthly until the award is fully vested on the fifth anniversary of the grant date and expire seven years from the date of grant.

- (c) Represents reimbursed travel expenses incurred to attend board of directors meetings.

## Executive Officers

Name	Age	Position within the Company(1)
Henry G. Luken III	48	Chairman of the Board, President & Chief Executive Officer
Larry E. Morton	60	Chairman, CEO & President of Retro Programming Services Inc.
Thomas M. Arnost	61	President & CEO – Broadcasting Station Group
Patrick Doran	51	Chief Financial Officer
Mark Dvornik	45	Executive Vice President – Retro Television Network
Mario B. Ferrari	30	Chief Strategic Officer
Gregory Fess	51	Senior Vice President & COO
Glenn Charlesworth	56	Vice President & Chief Accounting Officer
James Hearnberger	56	Vice President – Finance & Administration

(1) Executive officers based on positions held as of March 28, 2008

*Henry G Luken, III*, Chairman of the Board since the March 2007 merger and President and Chief Executive Officer and since February 11, 2008. Mr. Luken has served as chairman of Covista Communications, a publicly-held global exchange telephone company, since 1999 and has extensive business and telecommunications experience. Prior to purchasing a major interest in Covista in 1999, Mr. Luken founded long distance telephone service re-sellers Telco Communications and Long Distance Wholesale Club in 1993. Telco was a pioneer in dial-around long distance service with Dial and Save, Inc, which grew into a successful telecommunication company and was sold to Excel Communications in 1997 for \$1.2 billion. Most recently Mr. Luken moved Covista's headquarters from Little Falls, New Jersey to Chattanooga, Tennessee. Mr. Luken also owns interests in several TV and radio stations.

*Larry E. Morton*, Chairman, President and CEO of Retro Programming Services, Inc. served as President and CEO until February 11, 2008 and is one of the founders of EBC and has been a member of EBC's board of directors since EBC's inception in 1998. Prior to forming EBC, Mr. Morton was the President/ Manager of Las Vegas Media, LLC and Kaleidoscope Affiliates, LLC, media companies that were the predecessor entities to EBC, from 1994 to 1998. Mr. Morton was very involved in the creation of EMHC's C.A.S.H.™ System, which gives the company a programming distribution method that allows for greater cable carriage and lower capital and operating costs at each station, and in the development of RTN, EBC's new programming concept that is designed to help broadcasters maximize the value of their digital broadcast spectrum. Mr. Morton is a graduate of the United States Air Force Academy, where he received a B.S. in Economics. He also graduated from the University of Arkansas where he received a B.S. in Accounting and a Masters in Business Administration.

*Thomas M Arnost*, President/ CEO of EBC Station Group, served as the former Co-President of Univision Communications, Inc. (NYSE: UVN) Station Group, where he joined the company in 1994 following the 1992 acquisition of Univision by A. Jerrold Perenchio for \$550 million. Mr. Arnost served as Co-President of Univision Television Group, which owns and operates 62 television stations in major U.S. Hispanic markets and Puerto Rico, from 1997 to 2005, and prior to that as Executive Vice President of Univision Television Group from 1994 to 1996. He also served as Station Manager for KMEX-TV in Los Angeles, Univision's flagship station, in 1994. In 2002, Mr. Arnost helped oversee the very successful launch of the Telefutura Station Group, which has since, significantly contributed to Univision's overall revenue growth. During Mr. Arnost's tenure, total station group revenue grew from under \$120 million in 1993 to over \$650 million in 2005. Previously, from 1985 to 1993, Mr. Arnost served as General Sales Manager for Tribune Broadcasting Station Group, KTLA-TV in Los Angeles. Positions prior to 1985 included: 1984, Local Sales Manager Golden West Broadcasting, KTLA-TV, 1980-1984, National Sales Manager Golden West Broadcasting, KTLA-TV, and Mr. Arnost started his broadcast career at Petry Media Television, where he served as Account Executive from 1973 to 1979. Mr. Arnost graduated from the University of Arizona with a B.A. degree in Business Administration and a major in finance.



*Patrick Doran*, Chief Financial Officer, joined the Company on January 10, 2008 after serving as consultant for two months. Prior to joining the Company, Mr. Doran was retained on a consulting basis by Orbit Brands Corporation, a publicly held holding company for various diversified subsidiaries, from 2006 to 2007 to act as interim chief financial officer in connection with its restructuring. From 2003 to 2005, he served as President and chief operating officer of Malibu Beach Beverage Group, a specialty beverage manufacturer. From 1997 to 2006 he served in various executive capacities, including President and chief operating officer, of CTN Media Group, an owner of media and online properties targeted at young adults. In this capacity he oversaw the acquisition of CTN's assets by MTV in 2002 and CTN's subsequent wind down following the sale of such assets. Mr. Doran also has worked in various executive and managerial capacities in auditing, syndication, licensing and distribution with many leading media and entertainment companies, including Turner Pictures Worldwide, TBS-Syndication and Licensing Group, MGM/UA and Columbia Pictures.

*Mario B. Ferrari* Chief Strategic Officer, has been a director and vice president of Coconut Palm Acquisition Corp. since April 2005. Mr. Ferrari is a co-founder of RPCP, a private equity investment and management firm, where he has been a partner since July 2002. RPCP focuses on making investments in industries poised for consolidation and growth and partners with world class management teams in respective industries. Mr. Ferrari has also served as a director of publicly-held Devcon International Corporation, a provider of electronic security services, since July 2004 and as vice chairman of publicly-held Sunair Services Corporation, a provider of pest control and lawn care services, since February 2005. From June 2000 to June 2002, he was an investment banker with Morgan Stanley & Co. Previously, Mr. Ferrari co-founded PowerUSA, LLC, a retail renewable energy services company, in October 1997 and was a managing member until September 1999. Mr. Ferrari graduated from Georgetown University, where he received his B.S., magna cum laude, in Finance and International Business.

*Gregory Fess*, Senior Vice President and COO, is one of the founders of EBC and was a member of EBC's board of directors since its inception in 1998. Previously, Mr. Fess was a member of the management committee for Las Vegas Media, LC and Kaleidoscope Affiliates from 1995 to 1998. He has had extensive experience in the acquisition, development and operations of EBC stations, including the launching of EBC's Univision and Telefutera stations. Under his leadership, revenue at these stations has experienced significant growth over the past few years. Mr. Fess is a graduate of the University of Arkansas, where he received a B.A. in Marketing and a Masters in Business Administration. Mr. Fess currently serves on the Arkansas Broadcasters Association Board.

*Mark Dvornik* Executive Vice President of Retro Television Network, served as Executive Vice President and General Sales Manager for Paramount Television Group from September 2001 to January 2007. Previously, from 1999 to 2001, Mr. Dvornik served as Senior Vice President, General Sales Manager in Los Angeles with Paramount. During this time, Paramount assumed control of Worldvision and Rysher first-run and off-net sales, taking the Paramount library to over 55,000 hours of television. Mr. Dvornik previously served as Vice President, Southwestern Regional Manager from 1995 to 1998, Vice President, Southwestern Regional Manager from 1992 to 1995, Southwestern Division Manager from 1990 to 1992, Central Division Manager from 1988 to 1990 and Account Executive from 1986 to 1988. Mr. Dvornik joined Paramount in 1985 as a sales trainee based in Los Angeles. Mr. Dvornik earned a Bachelor of Arts degree in English and Film from the University of Florida.

*Glenn Charlesworth*, Vice President and Chief Accounting Officer has been with EBC since 2001 serving as Controller and Interim Chief Financial Officer until January 10, 2008. He oversees the accounting department and is responsible for financial reporting duties. Mr. Charlesworth has over 25 years experience in public accounting and has previously worked for Cytomedix, Inc, a publicly-traded biotechnology company, as CFO and Vice President of Finance. Mr. Charlesworth is a graduate of the University of Arkansas, where he received a B.S. in Business Administration. Mr. Charlesworth is a member of the American Institute of CPAs.

*James Hearnberger*, Vice President — Administration and Finance, has been vice president of administration with EBC since its 1998 inception. During this time he has been active in all areas of the development of the company including property acquisition, disposition and management, finance, insurance and project development. Mr. Hearnberger is a graduate of Hendrix College, where he received a B.S. in Economics. Mr. Hearnberger is also a graduate of the University of Arkansas, where he received his Masters in Business Administration.

## **Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Securities Exchange Act requires our directors, executive officers and persons who are the beneficial owners of more than ten percent of our common stock (collectively, the “Reporting Persons”) to file reports of ownership and changes in ownership with the Securities and Exchange Commission and to furnish us with copies of these reports.

Based solely on copies of such forms received or written representations from certain Reporting Persons, we believe that, during the fiscal year ended December 31, 2007, all filing requirements applicable to the Reporting Persons were complied with.

## **Code of Ethics**

In December 2005, the Board of Directors adopted a Code of Ethics that applies to our directors, officers and employees. A copy of our code of ethics has been attached as an exhibit to its Annual Report on Form 10-K for the year ended December 31, 2005. Requests for copies of our Code of Ethics should be sent in writing to Equity Media Holdings Corporation, #1 Shackleford Drive, Suite 400, Little Rock, Arkansas 72211, Attention: Corporate Secretary.

## **ITEM 11. EXECUTIVE COMPENSATION**

### ***Compensation Discussion and Analysis***

#### **Introduction**

In this Compensation Discussion and Analysis, we provide a detailed discussion and analysis of our compensation program and policies and the critical factors that are considered in making compensation decisions.

Throughout Item 11 of this Form 10-K, the individuals who served as the Company’s Chief Executive Officer and Chief Financial Officer during fiscal 2007, along with the other five most highly-compensated executive officers, are collectively referred to as the “Named Executive Officers” (or “NEOs”).

#### **Overview and Role of Compensation Committee**

The Compensation Committee of the Board of Directors (the “Compensation Committee”) establishes compensation policies for the directors and executive officers of Company, including the Named Executive Officers. The Compensation Committee approves the employment agreements with the executive officers of Company, administers Company’s stock option plans, approves grants under such plans and makes recommendations regarding other incentive compensation or equity-based plans provided to the Named Executive Officers and other executive officers.

#### **Compensation Philosophy and Objectives**

Our objective is to compensate Company’s NEOs in the manner best designed to create long-term value for its stockholders. The primary objectives of our executive compensation program are to attract talented NEOs to manage and lead the Company, reward them for operating and financial performance and to encourage them to strive to achieve excellent operating and financial results for the Company and its stockholders over the longer term. To achieve these objectives, we maintain a compensation structure consisting of an appropriate blend designed to allow us to appropriately reward performance while simultaneously encouraging both retention and longer term operating success. These elements consist of salary, annual cash bonus, equity incentive compensation and other benefits. Many of these elements simultaneously meet both our near-term and long-term compensation goals.

## **Elements of Compensation**

The principal elements of the Company's executive compensation consist of the following:

- Base Salary
- Annual Cash Bonuses
- Stock Options
- Health Benefits
- Severance Benefits and Change in Control Provisions

### ***Base Salary***

The annual base salary of many of the Company's Named Executive Officers is established in an employment agreement executed with each individual (see "Employment Agreements" in this document). The base salary is established based on the scope of the executive's responsibilities. The remaining NEO is employed at-will. Annual salary increases for the Named Executive Officers are generally consistent, on a percentage basis, with those received by non-executive employees.

### ***Annual Cash Bonuses***

Under the terms of their employment agreements, certain NEOs are eligible to earn targeted annual cash bonuses. These are outlined later. The Company does not utilize defined formulas for bonuses paid to its executive officers, including its NEOs. The payment of cash bonuses are as outlined in employment agreements.

### ***Stock Options***

The Company believes that the granting of stock options is the most appropriate form of long-term compensation since it provides incentive to promote the long-term success of the Company in line with stockholders' interest. The Company's stock option plans are intended to motivate and reward the executive officers and to retain their continued services while providing long-term incentive opportunities including the participation in the long-term appreciation of our common stock value.

The number of stock options awarded to any executive officer during a given year is determined by the Compensation Committee.

During 2007, the Compensation Committee awarded stock options to the NEOs upon the closing of the Merger between the Company and Equity Broadcasting Corporation and throughout the year based on the recommendation of the Chief Executive Officer and pursuant to employment agreements.

The Company currently maintains one equity compensation plan, the 2007 Stock Incentive Plan, (the "Equity Plan"), which provide for the granting of stock options and other stock-based awards. Awards made under the Company's Equity Plan have consisted exclusively of the granting of incentive stock options and non-qualified stock options. With certain limited exceptions, stock option awards vest 20% per year over a five-year period, dependent on continued employment. The exercise price of stock options may not be less than the closing market price of the Company's Class A Common Stock on the date of grant. Stock option awards must be exercised within seven years of the date of grant of the option, subject to earlier expiration upon termination of the individual's employment. The provisions of the Equity Plan limit the number of options that may be granted to any one individual in a calendar year.



### ***Perquisites and Other Compensation***

All other compensation for the Named Executive Officers includes healthcare insurance premiums and group life insurance paid by the Company and 401(k) plan matching contributions.

### ***Health Benefits***

All full-time employees, including our Named Executive Officers, may participate in our health benefit program, including medical, dental and vision care coverage, short-term disability insurance and life insurance.

### ***Severance Benefits and Change in Control Provisions***

All but one of our Named Executive Officers have entered into employment agreements with us. The various employment agreements, among other things, provide for severance compensation to be paid to the executives if they are terminated upon change of control of the Company, or for reasons other than cause or if they resign for good reason, as defined in the agreement.

### ***Determination of 2007 Compensation***

The Compensation Committee reviewed compensation levels for the Named Executive Officers for 2007 and considered various factors, including the executive's job performance. For the executive officers other than the Chief Executive Officer, the Compensation Committee considers the recommendations of the Chief Executive Officer. The Compensation Committee approved the primary components of compensation for each Named Executive Officer, including their annual cash bonus and grant of stock options.

### ***Employment Agreements***

The Company currently has an employment agreement in place with all but one of its Named Executive Officers. The following is summarized information related to the base salary, annual cash bonus and severance compensation and termination provisions contained in the employment agreement of each Named Executive Officer.

#### *Larry E. Morton*

Mr. Morton was employed in 2007 as President and Chief Executive Officer under an employment agreement with us. The term of the agreement expires on March 30, 2010. Mr. Morton will serve as Vice Chairman of the Board of Directors for the two years following the expiration of his employment agreement. Under the agreement, effective as of March 30, 2007, Mr. Morton's base salary was \$520,000. In addition to his base salary, Mr. Morton was granted 2,000,000 stock options per his employment agreement which vest 25% upon the date of the agreement and 25% on each anniversary thereafter for a period of three years. Mr. Morton is entitled to maximum participation of Company's Management Incentive Compensation Plan. In the event of termination upon change of control or for reasons other than cause, or if Mr. Morton resigns for good cause, as defined in the agreement, Mr. Morton is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Morton is eligible to receive continued coverage under the Company's healthcare insurance plan in accordance with the continuation requirements of Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for the term of the agreement with premiums paid by Company. In the event of death or disability, Mr. Morton is entitled to all benefits and compensation under the term of the agreement. In the event of death all payments shall be made to Mr. Morton's spouse or children.

#### *Gregory W. Fess*

Mr. Fess is employed Vice President under an employment agreement with us. The term of the agreement expires on March 30, 2010. Under the agreement, effective as of March 30, 2007, Mr. Fess' base salary was \$315,000. In addition to his base salary, Mr. Fess was granted



250,000 stock options per his employment agreement which vest 25% upon the date of the agreement and 25% on each anniversary thereafter for a period of three years. Mr. Fess is entitled to maximum participation of Company's Management Incentive Compensation Plan, with a minimum amount of not less than \$500,000. In the event of termination upon change of control or for reasons other than cause, or if Mr. Fess resigns for good cause, as defined in the agreement, Mr. Fess is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Fess is eligible to receive continued coverage under the Company's healthcare insurance plan in accordance with the continuation requirements of Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for the term of the agreement with premiums paid by Company. In the event of death or disability, Mr. Fess is entitled to all benefits and compensation under the term of the agreement. In the event of death all payments shall be made to Mr. Fess's spouse or children.

Effective May 9, 2007, Mr. Arnost became the President of the broadcast station group under an employment agreement with us. The term of the agreement expires on May 9, 2010. Under the agreement, Mr. Arnost's base salary is \$350,000. In addition to his base salary, Mr. Arnost is eligible in year 2007 to earn up to 50% of his base salary if certain goals are met. In year 2008, Mr. Arnost is eligible to earn up to 51% and 100% of his base salary if certain goals are met. For years 2009 and 2010, Mr. Arnost is eligible to earn between 51% and 100% of his base salary in bonuses upon the attainment of Company of positive net income during the applicable fiscal year. Any bonuses applicable for year 2007 and 2010 are to be pro-rated based upon the number of days Mr. Arnost was employed by Company during the fiscal year. Mr. Arnost was granted 750,000 stock options per his employment agreement which vest 25% upon the date of the agreement and 25% on each anniversary thereafter for a period of three years. In the event of termination upon change of control or for reasons other than cause, or if Mr. Arnost resigns for good reason, as defined in the agreement, Mr. Arnost is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Arnost is eligible to receive continued coverage under the Company's healthcare insurance plan in accordance with the continuation requirements of COBRA for one year with premiums paid by Company. In the event of termination due to Mr. Arnost's death or disability, Company shall pay all benefits and compensation up until the date of termination.

*Mr. Mark Dvornik*

Effective May 9, 2007, Mr. Dvornik became the Executive Vice President of the Retro Television Network under an employment agreement with us. The term of the agreement expires on May 9, 2009. Under the agreement, Mr. Dvornik's base salary is \$325,000. In addition to his base salary, Mr. Dvornik may earn a bonus in the amount of \$225,000 if certain goals are met and upon approval by the Compensation Committee. Mr. Dvornik was granted 250,000 stock options per his employment agreement which vest 25% upon the date of the agreement and 25% on each anniversary thereafter for a period of three years. In the event of termination upon change of control or for reasons other than cause, or if Mr. Dvornik resigns for good reason, as defined in the agreement, Mr. Dvornik is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Dvornik is eligible to receive continued coverage under the Company's healthcare insurance plan in accordance with the continuation requirements of COBRA for one year with premiums paid by Company. In the event of termination due to Mr. Dvornik's death or disability, Company shall pay all benefits and compensation up until the date of termination.

*James Hearnberger*

Mr. Hearnberger has an employment agreement that carried over from the predecessor company of Equity Broadcasting Corporation. The term of the agreement is one year. The agreement automatically renews unless Company gives Mr. Hearnberger 180 days notice. Under the agreement, Mr. Hearnberger's base salary is the greater of his salary as of the date of the agreement or any subsequent salaries. Upon termination due to death, Mr. Hearnberger's estate would receive all payments, compensation and benefits earned up to the date of death and salary for a period of six months after the date of death. Upon termination due to disability, Mr. Hearnberger would receive all payments, compensation and benefits earned up to the date of termination and salary for a period of six months after the date of termination. In the event of termination by Mr. Hearnberger for Good Reason, Company shall pay Mr. Hearnberger all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater. Company may terminate Mr. Hearnberger's agreement at anytime upon ninety days notice, provided that Company shall pay Mr. Hearnberger all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater.

Mrs. Withrow has an employment agreement that carried over from the predecessor company of Equity Broadcasting Corporation. The term of the agreement is one year. The agreement automatically renews unless Company gives Mrs. Withrow 180 days notice. Under the agreement, Mrs. Withrow's base salary is the greater of her salary as of the date of the agreement or any subsequent salaries. Upon termination due to death, Mrs. Withrow's estate would receive all payments, compensation and benefits earned up to the date of death and salary for a period of six months after the date of death. Upon termination due to disability, Mrs. Withrow would receive all payments, compensation and benefits earned up to the date of termination and salary for a period of six months after the date of termination. In the event of termination by Mrs. Withrow for Good Reason, Company shall pay Mrs. Withrow all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater. Company may terminate Mrs. Withrow's agreement at anytime upon ninety days notice, provided that Company shall pay Mrs. Withrow all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater.

### Executive Compensation Tables

#### Summary Compensation Table

The following table sets forth information that summarizes compensation for the fiscal year ended December 31, 2007 for our Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) (1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension	All Other Compensation (\$) (2)	Total (\$)
							Value and Nonqualified Deferred Compensation Earnings (\$)		
Larry Morton President, Chief Executive Officer and Director	2007	\$ 390,000	\$ -	\$ -	\$ 1,212,861	\$ -	\$ -	\$ 37,852	\$ 1,640,713
Glenn Charlesworth Chief Financial Officer	2007	149,654	47,616	-	22,838	-	-	8,918	229,026
Gregory Fess Chief Operating Officer and Senior Vice President	2007	236,250	-	-	151,608	-	-	26,742	414,600
James Hearnberger, Vice President - Administration and Finance	2007	156,000	10,000	-	22,838	-	-	20,393	209,231
Lori Withrow Corporate Secretary	2007	132,869	9,800	-	22,838	-	-	12,526	178,033
Tom Arnost President and Chief Executive Officer - Equity Broadcasting Corporation	2007	226,154	-	-	454,823	-	-	4,410	685,387
Mark Dvornik Executive	2007	243,750	-	-	67,153	-	-	4,250	315,153

(1) The Company granted stock options to the NEOs in May 2007 pursuant to its 2007 Stock Incentive Plan. The amounts in this column represent the amount recognized as compensation expense in the Company's financial statements in accordance with SFAS No. 123(R) with respect to all stock options awarded to our Named Executive Officers. See the notes to the Company's consolidated financial statements in this Form 10-K for a discussion of the assumptions made in the valuation of these awards. The amount recognized for financial statement reporting purposes with respect to all stock options awarded to our Named Executive Officers is recognized ratably over the vesting term of the awards. The details of the stock option grants are set forth in the section "Compensation Discussion and Analysis".

Amounts in this column consist of the dollar values of perquisites consisting of automobile allowances, premiums for life, health and disability insurance and amounts contributed by the Company on behalf of the NEOs to our 401(K) Savings Plan, and other amounts as identified in the Perquisites table below.

Name	Year	Perquisites and Other			Company Contributions to Retirement		Severance	Change in Control	Total
		Personal Benefits (\$ (a))	Tax Reimbursements (\$)	Insurance Premiums (\$ (b))	and 401(k) Plans (\$)	Payments / Accruals (\$)	Payments / Accruals (\$)		
Larry Morton	2007	\$ -	\$ -	\$ 29,396	\$ 1,000	\$ -	\$ -	\$ 37,852	
Glenn Charlesworth	2007	-	-	8,918	-	-	-	8,918	
Gregory Fess	2007	-	-	18,286	1,000	-	-	26,742	
James Hearnberger	2007	-	-	8,918	1,000	-	-	20,393	
Lori Withrow	2007	-	-	9,926	1,000	-	-	12,526	
Tom Arnost	2007	-	-	4,410	-	-	-	4,410	
Mark Dvornik	2007	-	-	4,250	-	-	-	4,250	

(a) Consists of automobile allowance paid by the Company and the value of the personal use of automobiles

(b) Represents health care insurance premiums, disability insurance premiums, life insurance premiums all paid by the Company, and group life insurance coverage paid by the Company

#### Grants of Plan-Based Awards

The following table sets forth information concerning grants of plan-based awards made to each of the Named Executive Officers listed in the Summary Compensation Table during the fiscal year ended December 31, 2007:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Awards: Number of Shares or Units (#)	All Other Awards: Number of Securities Underlying Options (#) (1)	Exercise or Base Price of Awards (\$ / Sh)	Grant Date Fair Value of Stock and Option Awards (\$ (2))
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Larry Morton	05/09/07	-	-	-	-	-	-	2,000,000	\$ 4.30	\$ 2,951,000	
Glenn Charlesworth	05/09/07	-	-	-	-	-	-	100,000	4.30	177,040	
Gregory Fess	05/09/07	-	-	-	-	-	-	250,000	4.30	368,875	
James Hearnberger	05/09/07	-	-	-	-	-	-	100,000	4.30	177,040	
Lori Withrow	05/09/07	-	-	-	-	-	-	100,000	4.30	177,040	
Tom Arnost	05/09/07	-	-	-	-	-	-	750,000	4.30	1,106,625	
Mark Dvornik	05/09/07	-	-	-	-	-	-	250,000	4.30	414,525	

(1) The Company awarded options pursuant to the 2007 Stock Incentive Plan. The dollar amount recognized in 2007 for financial statement reporting purposes (calculated in accordance with SFAS 123(R)) of the options granted to each NEO pursuant to the plan for the fiscal year ended December 31, 2007 is set forth in the Summary Compensation Table under the columns titled "Option Awards".

(2) The grant date fair value of option granted in May 2007 is calculated in accordance with SFAS 123(R). The exercise price of options is determined by the 2007 Stock Incentive Plan pursuant to which the options were granted. Under that plan, the exercise price is the closing price on the trading day of the option grant.

*Outstanding Equity Awards at Fiscal Year-End*

The following table sets forth information as of December 31, 2007 concerning outstanding equity awards held by the Named Executive Officers listed in the Summary Compensation Table.

Name	Option Awards					Stock Awards				
	Grant Date (1)	Number of Securities Underlying Unexercised Options (#) Exercisable (2)	Number of Securities Underlying Unexercised Options (#) Unexercisable (2)	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Larry Morton	11/15/01	730,994	-	-	5.09	05/09/14	-	-	-	-
	05/16/03	365,497	-	-	5.09	05/09/14	-	-	-	-
	05/09/07	500,000	1,500,000	-	4.30	05/09/14	-	-	-	-
Glenn Charlesworth	06/27/01	19,488	-	-	5.09	05/09/14	-	-	-	-
	11/15/01	126,711	-	-	5.09	05/09/14	-	-	-	-
	05/09/07	-	100,000	-	4.30	05/09/14	-	-	-	-
Gregory Fess	11/15/01	219,298	-	-	5.09	05/09/14	-	-	-	-
	05/16/03	182,749	-	-	5.09	05/09/14	-	-	-	-
	05/09/07	62,500	187,500	-	4.30	05/09/14	-	-	-	-
James Hearnberger	06/27/01	19,488	-	-	5.09	05/09/14	-	-	-	-
	11/15/01	163,261	-	-	5.09	05/09/14	-	-	-	-
	05/16/03	116,959	-	-	5.09	05/09/14	-	-	-	-
	05/09/07	-	100,000	-	4.30	05/09/14	-	-	-	-
Lori Withrow	06/27/01	19,488	-	-	5.09	05/09/14	-	-	-	-
	11/15/01	163,261	-	-	5.09	05/09/14	-	-	-	-
	05/16/03	116,959	-	-	5.09	05/09/14	-	-	-	-

	05/09/					05/09/				
	07	-	100,000	-	4.30	14	-	-	-	-
Tom Arnost	05/09/					05/09/				
	07	187,500	562,500	-	4.30	14	-	-	-	-
Mark Dvornik	05/09/					05/09/				
	07	-	250,000	-	4.30	14	-	-	-	-

All dates prior to the merger date of March 30, 2007, reflect the dates of the grants under the EBC plans in effect prior to the merger.

- (1) All options outstanding as of the date of the merger were converted to options to purchase shares pursuant to the 2007 Stock Incentive Plan as of the date of the merger. All dates subsequent to the date of the merger reflect grants made by the Company pursuant to the Plan.
- (2) All option grants to our NEOs that were converted to the 2007 Stock Incentive Plan from EBC plans were 100% vested as of the date of the conversion, March 30, 2007. The following outlines the vesting schedule for each option grant to each NEO made in May 2007:
- Larry Morton – 25% vested on the date of grant and each anniversary date
  - Glenn Charlesworth – Equally on first five anniversaries of the grant date
  - Gregory Fess – 25% vested on the date of grant and each anniversary date
  - James Hearnberger – Equally on first five anniversaries of the grant date
  - Lori Withrow – Equally on first five anniversaries of the grant date
  - Tom Arnost – 25% vested on the date of the grant and each anniversary date
  - Mark Dvornik – Equally on firsts four anniversaries of the grant date

#### *Options Exercised and Stock Vested*

The following table sets forth information concerning option exercises and stock vested for each of the Named Executive Officers listed in the Summary Compensation Table during the fiscal year ended December 31, 2007:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Larry Morton	-	-	-	-
Glenn Charlesworth	-	-	-	-
Gregory Fess	-	-	-	-
James Hearnberger	-	-	-	-
Lori Withrow	-	-	-	-
Tom Arnost	-	-	-	-
Mark Dvornik	-	-	-	-



## ***Post-Employment Compensation***

### *Pension Benefits*

SEC Regulations require disclosure of information in the Annual Report, in tabular format, of any plans that provide for retirement payments or benefits other than defined contribution plans. We do not have any plan for our executives or employees that provides for payments or other benefits at, following, or in connection with, retirement. As a result, we have omitted presentation of this table.

### *Non-Qualified Deferred Compensation*

SEC regulations require disclosure of information in this annual report, in tabular format, of any defined contribution or other plans that provide for deferral of compensation on a basis that is not tax-qualified. We do not have any plan that provides for such deferral of compensation in connection with retirement. As a result, we have omitted presentation of this table.

### ***Potential Payments upon Termination or Change in Control***

Several of the Named Executive Officers have entered into an employment agreement with the Company (see “Employment Agreements” in this document). Included in each employment agreement are provisions regarding termination of employment, including a change in control of the Company. The circumstances that would result in the payment of severance compensation and other benefits under the employment agreements are different for each Named Executive Officer.

As defined in the various employment agreements, there are three different circumstances that would result in the payment of severance compensation as follows: (1) change in control of the Company; (2) termination by the Company for reasons other than cause; and (3) resignation by the Named Executive Officer with good reason or cause.

In the event of termination for any of the above reasons, as defined in the employment agreements, each Named Executive Officer is eligible to receive the following:

#### *Larry E. Morton*

In the event of termination upon change of control or for reasons other than cause, or if Mr. Morton resigns for good cause, as defined in the agreement, Mr. Morton is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Morton is eligible to receive continued coverage under the Company’s healthcare insurance plan in accordance with the continuation requirements of Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) for the term of the agreement with premiums paid by Company. In the event of death or disability, Mr. Morton is entitled to all benefits and compensation under the term of the agreement. In the event of death all payments shall be made to Mr. Morton's spouse or children.

#### *Gregory W. Fess*

In the event of termination upon change of control or for reasons other than cause, or if Mr. Fess resigns for good cause, as defined in the agreement, Mr. Fess is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Fess is eligible to receive continued coverage under the Company’s healthcare insurance plan in accordance with the continuation requirements of Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) for the term of the agreement with premiums paid by Company.

#### *Thomas Arnost*

In the event of termination upon change of control or for reasons other than cause, or if Mr. Arnost resigns for good reason, as defined in the agreement, Mr. Arnost is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Arnost is eligible to receive continued coverage under the Company’s healthcare insurance plan in

accordance with the continuation requirements of COBRA for one year with premiums paid by Company. In the event of termination due to death or disability, the company shall pay all benefits and compensation up until the date of termination.

*Mark Dvornik*

In the event of termination upon change of control or for reasons other than cause, or if Mr. Dvornik resigns for good reason, as defined in the agreement, Mr. Dvornik is eligible to receive his base salary for the greater of a period of twelve months or the time remaining under his employment agreement and Mr. Dvornik is eligible to receive continued coverage under the Company's healthcare insurance plan in accordance with the continuation requirements of COBRA for one year with premiums paid by Company. In the event of termination due to death or disability, the company shall pay all benefits and compensation up until the date of termination.

*James Hearnberger*

In the event of termination by Mr. Hearnberger for Good Reason, Company shall pay Mr. Hearnberger all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater. Company may terminate Mr. Hearnberger's agreement at anytime upon ninety days notice, provided that Company shall pay Mr. Hearnberger all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater.

*Lori Withrow*

In the event of termination by Mrs. Withrow for Good Reason, Company shall pay Mrs. Withrow all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater. Company may terminate Mrs. Withrow's agreement at anytime upon ninety days notice, provided that Company shall pay Mrs. Withrow all payments, compensation and benefits for a period of six months or through the then remaining term of the agreement, whichever is greater.

The following table sets forth potential payments to our Named Executive Officers under their employment agreements, for various circumstances involving the termination of employment of our Named Executive Officers or change in control of the Company, assuming a December 31, 2007 termination date.

Name	Executive Benefits and Payments Upon Termination	Death (\$)	Disability (\$)	Change in Control (\$)	Involuntary	Involuntary	Voluntary	Voluntary
					Termination (\$)	Not for Cause (\$)	Termination With Good Reason (\$)	Termination Without Good Reason (\$)
Larry Morton	Severance Payments	\$1,170,000	\$1,170,000	\$1,170,000	-	1,170,000	1,170,000	-
	Healthcare Benefits Continuation	17,762	17,762	17,762	-	17,762	17,762	-
Glenn Charlesworth	Severance Payments	-	-	-	-	-	-	-
	Healthcare Benefits Continuation	-	-	-	-	-	-	-
Gregory Fess	Severance Payments	708,750	708,750	708,750	-	708,750	708,750	-
	Healthcare Benefits Continuation	23,716	23,716	23,716	-	23,716	23,716	-
James Hearnberger	Severance Payments	78,000	78,000	-	-	156,000	156,000	-
	Healthcare Benefits Continuation	-	-	-	-	7,027	7,027	-
Lori Withrow	Severance Payments	70,000	70,000	-	-	140,000	140,000	-
	Healthcare Benefits Continuation	-	-	-	-	7,027	7,027	-
Tom Arnost	Severance Payments	-	-	816,667	-	816,667	816,667	-

	Healthcare Benefits							
	Continuation	-	-	25,473	-	25,473	25,473	-
Mark Dvornik	Severance Payments	-	-	433,333	-	433,333	433,333	-
	Healthcare Benefits							
	Continuation	-	-	14,932	-	14,932	14,932	-

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding the beneficial ownership of our common stock as of March 28, 2008 by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our officers and directors; and
- all our officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. The table below assumes that there are 40.3 million shares of common stock issued and outstanding.

Name and Address of Beneficial Owner <sup>(1)</sup>	Amount and Nature of Beneficial Ownership	Approximate Percentage Of Outstanding Common Stock
<b>Directors and Officer:</b>		
Henry G. Luken III	7,068,552 (2)	17.35 %
Larry E. Morton	2,510,364 (3)	6.23 %
Gregory Fess	1,504,082 (4)	3.73 %
Robert B. Becker	19,978 (11)	0.05 %
Manuel Kadre	350,000 (10)	0.86 %
Thomas Arnost	- (12)	
James Hearnberger	- (12)	
Glenn Charlesworth	- (12)	
Patrick G. Doran	- (12)	
Michael Flynn	- (12)	
John E. Oxendine	- (12)	
Michael Pierce	- (12)	
All directors and executive officers as a group (5 individuals)	11,452,976 (5)	27.87 %
<b>Beneficial Owners of More Than 5%:</b>		
RPCP Investments LLLP,	2,500,000 (6)(7)	6.21 %
Richard C. Rochon,	3,115,797 (7)	7.70 %
Paulson & Co. Inc.,	9,352,382 (8)	21.12 %
John Paulson,	9,352,382 (8)	21.12 %
Prentice Capital Management, LP	5,451,400 (9)	12.41 %
Michael Zimmerman	5,451,400 (9)	12.41 %

(1) Unless otherwise indicated, the business address of each of the owners is One Shackleford Drive, Suite 400, Little Rock, Arkansas 72211

(2) These shares include 472,500 warrants to purchase common stock. Mr. Luken's address is 641 Battery Place, Chattanooga, Tennessee 37403.

(3) Shares are indirectly owned by Mr. Morton who serves as trustee for Sandra Morton Life Trust. Mr. Morton also owns 3,096,491 options to purchase common stock.

- (4) Shares are indirectly owned by Mr. Fess who serves as trustee for Judith A. Fess Life Trust.
- (5) Directors include: Mr. Luken, Mr. Morton and Mr. Becker. Executive officers: Mr. Luken, Mr. Morton and Mr. Fess.
- (6) RPCP Investments, LLLP may distribute its shares as a dividend or liquidation distribution to Mr. Richard Rochon, Stephen J. Ruzika, Jack I. Ruff, Mario B. Ferrari, and Robert Farenhem, RPCP Investments' five limited partners. To the extent such shares are not distributed to its limited partners, they will be retained by RPCP Investments. Except for Mr. Rochon, as set forth in footnote 7 below, beneficial ownership of Equity Media common stock held by RPCP Investments is not attributed to its limited partners, Messrs. Ruzika, Ruff, Ferrari and Farenhem. Of the limited partners of RPCP Investments, Mr. Farenhem is a director and Mr. Ferrari is an executive officers of the Company. RPCP Investments address is 595 South Federal Highway, Suite 500, Boca Raton, Florida 33432

- (7) These shares are held by RPCP Investments, LLLP (2,500,000) and CPAC I, LLLP.(452,797), RPCP Investments, Inc. is the general partner of both of these entities. Mr. Rochon is president and director and owns a 54% interest in RPCP Investments, Inc. As such, Mr. Rochon exercises voting and dispositive power over these shares. Mr. Rochon disclaims any beneficial ownership to the extent such beneficial ownership exceeds such pecuniary interest therein. These shares include 163,000 warrants to purchase common stock held by CPACW, LLLP, of which Mr. Rochon is also beneficial owner. Mr. Rochon Address is 595 South Federal Highway, Suite 500, Boca Raton, Florida 33432
- (8) Paulson & Co. Inc. (“Paulson”) is an investment advisor registered under the Investment Advisors Act of 1940. Paulson is the investment manager of Paulson Advantage Ltd., Paulson Advantage Plus Ltd. And to Separately Managed Accounts. Paulson is also the controlling person of Paulson Advisers LLC, the managing general partner of each of Paulson Advantage L.P. and Paulson Advantage Plus L.P. John Paulson is the controlling person of Paulson. Each of Paulson and John Paulson may be deemed to indirectly beneficially own the securities directly owned by Advantage L.P., Advantage Plus L.P , Advantage Ltd., Advantage Plus Ltd. And the other accounts separately managed by Paulson. These shares include 4,000,000 warrants to purchase common stock beneficially owned by Paulson. Paulson’s address is 590 Madison Avenue, New York, NY 10022
- (9) Prentice Capital Management, LP (the “Investment Manager”) serves as investment manager to a number of investment funds (including Prentice Capital Partners, LP, Prentice Capital Partners QP, LP and Prentice Capital Offshore, Ltd.) and manages investments for certain entities in managed accounts with respect to which it has voting and dispositive authority over the Common Stock reported in this Form 3. Michael Zimmerman (“Mr. Zimmerman”) is responsible for the supervision and conduct of all investment activities of the Investment Manager, including, without limitation, for all investment decisions with respect to the assets of such investment funds and managed accounts. These shares include 3,634,000 warrants to purchase common stock beneficially owned by the Investment Manager and Mr. Zimmerman. The address for Investment Manager and Mr. Zimmerman is 623 fifth Ave. 32<sup>nd</sup> Floor, New York , NY, 10022.
- (10) The shares include 350,000 warrants to purchase common stock. Mr. Kadre holds 20,000 options to purchase common stock.
- (11) Mr. Becker holds 56,550 options to purchase common stock.
- (12) These individuals all hold options to purchase common stock as follows: Mr. Arnost 750,000, Mr.Hearnberger 399,708, Mr. Charlesworth 246,199, Mr. Doran 200,000, Mr. Flynn, Mr. Oxendine and Mr. Pierce 20,000 each.

The following table sets forth information regarding the beneficial ownership of our common stock as of March 28, 2008 by our management:

<u>Name and Address of Beneficial Owner<sup>(1)</sup></u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Approximate Percentage Of Outstanding Common Stock</u>	<u></u>
Henry G. Luken III (2)	7,068,552	17.35	%
Larry E. Morton(3)	2,510,364	6.23	%
Gregory Fess(4)	1,504,082	3.73	%
Robert B. Becker	19,978	0.05	%

- (1) Unless otherwise indicated, the business address of each of the owners is One Shackleford Drive, Suite 400, Little Rock, Arkansas 72211
- (2) Mr. Luken’s address is 641 Battery Place, Chattanooga, Tennessee 37403.
- (3) Shares are indirectly owned by Mr.Morton who serves as trustee for Sandra Morton Life Trust
- (4) Shares are indirectly owned by Mr. Fess who serves as trustee for Judith A. Fess Life Trust.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

## **Management Services Agreement**

Upon the closing of the Merger Transaction, the Company entered into a management services agreement with Royal Palm Capital Management, LLP (“Royal Palm”). The agreement generally provides that Royal Palm will provide general management and advisory services for an initial term of three years, subject to renewal thereafter on an annual basis by approval of a majority of the independent directors serving on the Company’s Board of Directors. The services to be provided include, but are not limited to, establishing certain office, accounting and administrative procedures, helping the Company obtain financing, advising the Company in securities matters and future acquisitions or dispositions, assisting the Company in formulating risk management policies, coordinating public relations and investor relations efforts, and providing such other services as may be reasonably requested by the Company and agreed to by Royal Palm. Royal Palm shall receive an annual management fee of \$1,500,000, in addition to the reimbursement of budgeted out-of-pocket costs and expenses incurred in the performance of Royal Palm’s management services. The management services agreement may be terminated upon the material failure of either party to comply with its stated duties and obligations, subject to a 30-day cure period.

Royal Palm has agreed to defer receipt of its management fee so long as the obligation to lenders under the credit agreement remains outstanding.

Certain officers and directors of Royal Palm also serve as officers and directors of the Company.

## **Univision Affiliation Agreement**

Univision owns 100% of the Company’s outstanding Series A Convertible Non-Voting Preferred Stock. Immediately following the closing of the Merger Transaction, Univision Network Limited Partnership and Telefutera revised and executed new Affiliation Agreements for all existing television broadcast stations attributable to the Company that are Univision and Telefutera affiliates. These new agreements contain substantially the same terms and conditions as the previous affiliation agreements, but were renewed for 15 year terms beginning at the closing of the Merger Transaction.

Univision also acts as the national sales agent for the Company’s Spanish-language television stations. The Company pays Univision a 15% commission on those sales. The Company also operates its Salt Lake City Univision television station, KUTH through a local marketing agreement (LMA) with Univision. The Company incurred expenses related to commissions in the amounts of \$676,255, \$312,180, and \$150,083 for the years ended December 31, 2007, 2006 and 2005, respectively for sales made on behalf of the Company by Univision. Additionally, the Company accrued expenses related to operating fees of \$323,338, \$319,924 and \$332,981 for the years ended December 31, 2007, 2006 and 2005, respectively under the LMA with Univision.

## **Univision Registration Rights**

Pursuant to the Merger Agreement, the Company has granted to Univision certain “piggy back” registration rights at any time during the two year period following the Merger transaction. The Company shall provide Univision with written notice thereof at least fifteen days prior to the filing, and Univision shall provide written notice of the number of its registrable shares to be included in the registration statement within fifteen days of its receipt of the Company’s notice.

## **RTN Intellectual Property Agreement**

Prior to the Merger Transaction, the Company entered into an intellectual property agreement with Retro Television Network, Inc., a company controlled by Larry Morton, a director, former President and CEO of the Company and current Chairman, President and CEO of Retro Programming Services, Inc, a wholly owned subsidiary of the Company. Under the terms of the agreement, Retro Television Network, Inc. assigned 100% of the creative and intellectual rights for the Retro Television Network (“RTN”) to the Company in exchange for a ten (10) percent royalty fee to be paid solely from the revenues of non-Company owned stations that utilize the RTN concept and/or affiliate with



RTN. The agreement also provides that in the event the Company was to sell its assigned rights in RTN to an unrelated third party, Retro Television Network, Inc., at its option, may convert the royalty fee to a twenty (20) percent interest of the sales proceeds.

As of December 31, 2007, royalty fees in the amount of \$8,224 have been accrued, and no royalty fees were paid to Retro Television Network, Inc. for the years ended December 31, 2007, 2006 or 2005, respectively.

Royal Palm has agreed to defer receipt of its management fee so long as the obligation to lenders under the credit agreement remains outstanding.

## Family Relationship Between Corporate Officers.

Lori Withrow, the Corporate Secretary, is the daughter of Larry Morton, a director, former President and CEO of the Company and current Chairman, President and CEO of Retro Programming Services, Inc, a wholly owned subsidiary of the Company

### Arkansas Media

Until the Merger Transaction, Arkansas Media owned 75% of EBC's Class B common shares outstanding. The owners of Arkansas Media held management and board of director positions within EBC. Arkansas Media had provided management services to EBC under the terms of a management agreement. An aspect of the merger of EBC with the Company was a settlement between Arkansas Media and the Company whereby the management agreement with Arkansas Media was terminated effective March 30, 2007, the date of the merger. As consideration for terminating the agreement, EBC paid Arkansas Media \$3.2 million, issued 640,000 shares of the EBC's pre-merger Class A common stock valued at \$4,800,000, purchased three low power television stations for \$1.3 million, purchased an office building and land for \$0.3 million and retired a note payable to a company affiliated with Arkansas Media for \$0.5 million.

The three owners of Arkansas Media, Mr. Larry Morton, Mr. Gregory Fess and Mr. Max Hooper also entered into either employment or consulting agreements with the Company for periods of one to three years, effective the date of the Merger Transaction.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following is a summary of fees paid to our principal accountant for services provided.

### Audit Fees, Audit-Related Fees & Other Fees

The firm of Moore Stephens Frost, PLC acts as our principal accountant. The aggregate fees, including expenses, billed for professional services incurred by the Company and rendered by Moore Stephens Frost, PLC in fiscal years 2007 and 2006 for the various services were:

Type of Fees	Fiscal Year Ended	
	December 31, 2007	December 31, 2006
Audit Fees (1)	\$216,975	\$153,175
Tax Fees (2)	35,919	35,056
All Other Fees (3)	19,864	24,672
Total	<u>\$272,758</u>	<u>\$212,902</u>

"Audit Fees" are fees billed by Moore Stephens Frost, PLC for professional services for the audit of our consolidated financial

- (1) statements included in this Form 10-K and review of our financial statements included in our Quarterly Reports on Form 10-Q, or for services normally provided by auditors in connection with statutory and regulatory filings or engagements.
- (2) "Tax Fees" are fees billed by Moore Stephens Frost, PLC for tax compliance, tax advice and tax planning
- (3) "All Other Fees" are fees billed by Moore Stephens Frost, PLC for any professional service not included in the first two categories.

### Board Approval

The Audit Committee has established policies and procedures for the approval and pre-approval of audit and tax services.

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

(1) Financial Statements

See “Item 8. Financial Statements and Supplementary Data” for Financial Statements included with this Annual Report on Form 10-K.

(2) Financial Statement Schedules

None.

(3) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
2.1	Agreement and Plan of Merger, dated April 7, 2006, by and among the Registrant, Equity Broadcasting Corporation and certain shareholders of Equity Broadcasting Corporation (incorporated by reference to Form 8-K filed on April 13, 2006)
2.2	First Amendment to Agreement and Plan of Merger, dated May 5, 2006, between the Registrant and Equity Broadcasting Corporation and Major EBC Shareholders (see Exhibit 10.16)
2.3	Form of Second Amendment to Agreement and Plan of Merger, dated as of September 14, 2006, between the Registrant, Equity Broadcasting Corporation and Major EBC Shareholders (incorporated by reference to Form 8-K filed on September 20, 2006)
3.1	Certificate of Incorporation (incorporated by reference to the exhibits of the same number filed with the Registrant’s Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
3.2	Bylaws (incorporated by reference to the exhibits of the same number filed with the Registrant’s Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
3.3	Amended and Restated Certificate of Incorporation dated March 30, 2007. Incorporated by reference from the Registrant’s Current Report on Form 8-K filed on April 5, 2007.
3.4	Certificate of Designation for the Series A Convertible Non-Voting Preferred Stock dated March 30, 2007. Incorporated by reference from the Registrant’s Current Report on Form 8-K filed on April 5, 2007.
3.5	Amended and Restated Bylaws of Equity Media Holdings Corporation. Incorporated by reference from the Registrant’s Current Report on Form 8-K filed on April 5, 2007.
4.1	Specimen Unit Certificate. Incorporated by reference to the exhibits of the same number filed with the Registrant’s Registration Statement on Form S-1 or amendments thereto (File No. 333-125105).
4.2	Specimen Common Stock Certificate. Incorporated by reference to the exhibits of the same number filed with the Registrant’s Registration Statement on Form S-1 or amendments thereto (File No. 333-125105).

- 4.3 Specimen Warrant Certificates. Incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105).
- 4.4 Form of Unit Purchase Option granted to Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc., David Nussbaum and Steven Levine. Incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105).

- 4.5 Form of Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant. Incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105).
- 4.6 Warrant Clarification Agreement, dated August 17, 2006, between Continental Stock Transfer & Trust Company and the Registrant. Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 and filed on August 18, 2006.
- 4.7 Amended and Restated Warrant Clarification Agreement, dated January 17, 2007, between Continental Stock Transfer & Trust Company and the Registrant Incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 23, 2007.
- 4.8 Unit Purchase Option Clarification Agreement, dated January 17, 2007, among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc., David Nussbaum and Steven Levine. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on January 23, 2007.
- 10.1 Letter Agreement among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc. and RPCP Investments, LLLP (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.2 Letter Agreement among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc. and Richard C. Rochon (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.3 Letter Agreement among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc. and Stephen J. Ruzika (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.4 Letter Agreement among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc. and Jack I. Ruff (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.5 Letter Agreement among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc. and Mario B. Ferrari (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.6 Letter Agreement among the Registrant, Morgan Joseph & Co. Inc., EarlyBirdCapital, Inc. and Robert C. Farenhem (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.7 Form of Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Registrant (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.8 Form of Stock Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and Existing Stockholder (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))

- 10.9 Promissory Note, dated as of May 10, 2005, issued to Royal Palm Capital Management, LLLP (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.10 Form of Registration Rights Agreement among the Registrant and the Investors (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))

- 10.11 Warrant Purchase Agreement dated May 18, 2005 among Morgan Joseph & Co. Inc. and each of Richard C. Rochon, Stephen J. Ruzika, Jack I. Ruff, Mario B. Ferrari and Robert C. Farenhem (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.12 Form of Letter Agreement between Royal Palm Capital Management, LLLP and Registrant regarding administrative support (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.13 Letter agreement dated August 2, 2005, from each of RPCP Investments, LLLP, Richard C. Rochon, Stephen J. Ruzika, Jack I. Ruff, Mario B. Ferrari and Robert C. Farenhem to the Registrant (incorporated by reference to the exhibits of the same number filed with the Registrant's Registration Statement on Form S-1 or amendments thereto (File No. 333-125105))
- 10.15 Form of Voting Agreement and Proxy by and between the Registrant and certain shareholders of Equity Broadcasting Corporation (incorporated by reference to Current Report on Form 8-K dated April 7, 2006 and filed on April 13, 2006)
- 10.16 First Amendment to Agreement and Plan of Merger, dated May 5, 2006, between the Registrant, Equity Broadcasting Corporation and Major EBC Shareholders (incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 and filed on August 18, 2006)
- 10.17 Engagement Letter, dated March 3, 2006, between Morgan Joseph & Co. Inc. and the Registrant (incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 and filed on August 18, 2006)
- 10.18 Agreement to File Schedules, dated November 29, 2006 by the Registrant (incorporated by reference to Amendment No. 1 to Form S-4 filed on December 1, 2006)
- 10.19 Form of Management Services Agreement by and between the Registrant and Royal Palm Capital Management, LLLP (attached hereto as Annex G to Form S-4 filed on March 15, 2007 incorporated by reference).
- 10.20 Asset Purchase Agreement, dated as of April 7, 2006, by and among Logan 12, Inc., Prime Broadcasting, Inc. and Equity Broadcasting Corporation (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)
- 10.21 Second Amended and Restated Credit Agreement, dated as of June 29, 2004, by and among Equity Broadcasting Corporation, its Subsidiaries, and such other Equity Broadcasting Corporation affiliates, as borrowers, and SPCP Group, LLC, SPCP Group III LLC, Wells Fargo Foothill, Inc., and other lenders from time to time parties hereto, Silver Point Finance, LLC, as administrative agent, and Wells Fargo Foothill, Inc, as collateral agent (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)
- 10.22 First Amendment to Second Amended and Restated Credit Agreement, dated June 29, 2004 (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)
- 10.23 Second Amendment to Second Amended and Restated Credit Agreement, dated July 25, 2005 (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)
- 10.24 Third Amendment to Second Amended and Restated Credit Agreement, dated December 23, 2005 (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)





- 10.25 Fourth Amendment to Second Amended and Restated Credit Agreement, dated March 31, 2006 (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)
- 10.26 Fifth Amendment to Second Amended and Restated Credit Agreement, dated December, 2006 (incorporated by reference to Amendment No. 5 to Form S-4 filed on March 16, 2007)
- 10.27 Employment Agreement, dated March 30, 2007, by and between the Company and Larry E. Morton. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on April 5, 2007.
- 10.28 Employment Agreement, dated March 30, 2007, by and between the Company and Gregory Fess. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on April 5, 2007.
- 10.29 Consultant Agreement, dated March 30, 2007, by and between the Company and Hooper Holdings, Inc. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on April 5, 2007.
- 10.30 Unit Purchase Agreement dated June 21, 2007 by and among the Company, and the investors listed on the Schedule of Buyers attached thereto. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on June 27, 2007.
- 10.31 Asset Purchase Agreement, by and between EBC Buffalo, Inc. and Renard Communications Corp., dated August 6, 2007, effective August 15, 2007. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on August 21, 2007.
- 10.32 Consent to Asset Purchase Agreement by Wells Fargo Foothill, Inc., as Collateral Agent and a Lender, and by the Lenders listed on the signature page thereto, dated August 15, 2007. Incorporated by reference from the Registrant's Current Report on Form 8-K filed on August 21, 2007.
- 10.33 Third Amended and Restated Credit Agreement dated February 13, 2008 and related schedules.
- 10.34 Letter Agreement to the Third Amended and Restated Credit Agreement dated February 13, 2008
- 10.35 First Amendment to Third Amended and Restated Credit Agreement and Forbearance Agreement dated March 19, 2008 and related schedules.
- 10.36 Letter Agreement to First Amendment to Third Amended and Restated Credit Agreement dated March 19, 2008
- 21 List of Subsidiaries of Equity Broadcasting Corporation. Incorporated by reference to Amendment No. 4 to Form S-4 filed on March 15, 2007.
- 31.1 Certification by Henry G. Luken III, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by Patrick Doran, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification by Henry G. Luken III, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification by Patrick Doran, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EQUITY MEDIA HOLDINGS CORP.

By: /s/ HENRY G. LUKEN, III

*Chief Executive Officer and Chairman of  
the Board of Directors*

Date March 31, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Henry G. Luken III <b>Henry G. Luken III</b>	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	March 31, 2008
/s/ Patrick Doran <b>Patrick Doran</b>	Chief Financial Officer (Principal Financial Officer)	March 31, 2008
/s/ Glenn Charlesworth <b>Glenn Charlesworth</b>	Vice President and Chief Accounting Officer	March 31, 2008
/s/Larry Morton <b>Larry Morton</b>	Director	March 31, 2008
/s/ Robert B. Becker <b>Robert B. Becker</b>	Director	March 31, 2008
/s/ Robert Farenhem <b>Robert Farenhem</b>	Director	March 31, 2008
/s/ Michael Flynn <b>Michael Flynn</b>	Director	March 31, 2008
/s/ Manuel Kadre <b>Manuel Kadre</b>	Director	March 31, 2008
/s/ John Oxendine <b>John Oxendine</b>	Director	March 31, 2008



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- 32.2 Certification by Patrick Doran, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**THIRD AMENDED AND RESTATED CREDIT AGREEMENT**

**among**

**EQUITY MEDIA HOLDINGS CORPORATION,**

**ITS SUBSIDIARIES THAT ARE SIGNATORIES HERETO**

**and**

**SUCH OTHER OF THEIR AFFILIATES WHO FROM TIME TO TIME  
MAY BECOME PARTIES HERETO,**

**as Borrowers,**

**SPCP GROUP, LLC,  
SPF CDO I, LTD.,  
FIELD POINT III, LTD.,  
FIELD POINT IV, LTD.,  
WELLS FARGO FOOTHILL, INC.,  
AND THE OTHER LENDERS  
FROM TIME TO TIME PARTIES HERETO,**

**as Lenders,**

**SILVER POINT FINANCE, LLC,**

**as Administrative Agent and Documentation Agent for such Lenders  
and**

**WELLS FARGO FOOTHILL, INC.,**

**as Collateral Agent for such Lenders**

**Dated as of February 13, 2008**

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### THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of February 13, 2008, is by and among

SPCP GROUP, LLC, a Delaware limited liability company ("SPCP"), SPF CDO I, LLC, a Delaware limited liability company ("SPF"), FIELD POINT III, LTD., a Cayman Islands limited liability company ("FPIII"), FIELD POINT IV, LTD., a Cayman Islands limited liability company ("FPIV"), WELLS FARGO FOOTHILL, INC., a California corporation ("WFF"), and the other financial institutions which are now, or in accordance with Article XII hereafter become, parties hereto and "Lenders" hereunder (collectively, "Lenders" and each individually, a "Lender");

SILVER POINT FINANCE, LLC, a Delaware limited liability company, as Administrative Agent for Lenders (in such capacity, together with its successors and assigns in such capacity, "Administrative Agent"), and as Documentation Agent for Lenders (in such capacity, together with its successors and assigns in such capacity, "Documentation Agent");

WELLS FARGO FOOTHILL, INC., a California corporation, as Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent"); and

EQUITY MEDIA HOLDINGS CORPORATION, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation) ("EMHC"), ARKANSAS 49, INC., an Arkansas corporation, BORGER BROADCASTING, INC., a Nevada corporation, DENVER BROADCASTING, INC., an Arkansas corporation, EBC HARRISON, INC., an Arkansas corporation, EBC PANAMA CITY, INC., an Arkansas corporation, EBC SCOTTSBLUFF, INC., an Arkansas corporation, FORT SMITH 46, INC., a Nevada corporation ("Fort Smith 46"), EQUITY NEWS SERVICES, INC. (formerly known as Hispanic News Network, Inc.), an Arkansas corporation, LOGAN 12, INC., an Arkansas corporation ("Logan 12"), MARQUETTE BROADCASTING, INC., a Nevada corporation, NEVADA CHANNEL 3, INC., an Arkansas corporation, NEWMONT BROADCASTING CORPORATION, an Arkansas corporation, PRICE BROADCASTING, INC., a Nevada corporation, PULLMAN BROADCASTING INC., an Arkansas corporation ("PBI"), REP PLUS, INC., an Arkansas corporation, RIVER CITY BROADCASTING, INC., an Arkansas corporation ("River City"), ROSEBURG BROADCASTING, INC., a Nevada corporation, TV 34, INC., an Arkansas corporation, VERNAL BROADCASTING, INC., a Nevada corporation, WOODWARD BROADCASTING, INC., a Nevada corporation, EBC MINNEAPOLIS, INC., an Arkansas corporation, EBC DETROIT, INC., an Arkansas corporation, EBC BUFFALO, INC., an Arkansas corporation, EBC WATERLOO, INC., an Arkansas corporation, EBC ATLANTA, INC., an Arkansas corporation, EBC SEATTLE, INC., an Arkansas corporation, EBC KANSAS CITY, INC., an Arkansas corporation, EBC SYRACUSE, INC., an Arkansas corporation, NEVADA CHANNEL 6, INC., an Arkansas corporation, EBC PROVO, INC., an Arkansas corporation, EBC SOUTHWEST FLORIDA, INC., an Arkansas corporation, EBC LOS ANGELES, INC., an Arkansas corporation, C.A.S.H. SERVICES, INC. (formerly known as Skyport Services, Inc.), an Arkansas corporation, EBC NASHVILLE, INC., an Arkansas corporation, and EBC JACKSONVILLE, INC., an Arkansas corporation (together, the "Borrowers" and individually, a "Borrower").

## RECITALS

A. Equity Broadcasting Corporation, an Arkansas corporation (predecessor-by-merger to EMHC) ("**EBC**"), EBC St. Louis, Inc., an Arkansas corporation, River City and Fort Smith 46 (collectively, "**Original Borrowers**"), certain Lenders and Wells Fargo Foothill, Inc., as Agent and as successor Agent to Textron Financial Corporation (in such capacity, "**Original Agent**") were parties to that certain Credit Agreement dated as of November 27, 2002 (as amended from time to time, the "**Original Credit Agreement**") pursuant to which such Lenders made loans (the "**Original Loans**") to repay preexisting indebtedness, finance or refinance Borrowers' Capital Expenditures, interest expense, working capital and other general corporate purposes, including the acquisition or refinancing of certain Stations. The Original Loans are secured by security interests in, and liens on, certain assets of Original Borrowers.

B. Original Borrowers, Shawnee Broadcasting, Inc., an Arkansas corporation, La Grande Broadcasting, Inc., an Arkansas corporation, Logan 12 and PBI (collectively, "**A&R Borrowers**") converted, effective August 15, 2003, the Original Loans made under the Original Credit Agreement to revolving credit loans and increased the maximum amount of revolving credit loans available from Revolving Credit Lenders (the "**A&R Loans**"), as set forth in a certain Amended and Restated Credit Agreement among Original Agent, WFF and A&R Borrowers dated as of August 15, 2003 (as amended from time to time, the "**A&R Credit Agreement**").

C. EBC and the other Borrowers converted, effective June 29, 2004, the A&R Original Loans made under the A&R Credit Agreement to revolving credit loans and added a term loan facility, as set forth in a certain Second Amended and Restated Credit Agreement among Administrative Agent, Collateral Agent, Lenders and Borrowers dated as of June 29, 2004 (as amended from time to time, the "**Second A&R Credit Agreement**").

D. Borrowers desire to renew the revolving credit loans and to renew and restructure the term loans available from Lenders, and Borrowers wish to amend and restate the Second A&R Credit Agreement to evidence the modification of the provisions relating thereto.

E. Borrowers, Lenders, Administrative Agent and Collateral Agent desire to amend and restate the Second A&R Credit Agreement in its entirety, all subject to the terms and conditions of this Agreement.

**NOW THEREFORE**, the parties hereto, intending to be legally bound, and in consideration of the foregoing and the mutual covenants contained herein, hereby agree, and hereby amend and restate the Second A&R Credit Agreement to read in its entirety (but retaining references to the foregoing Recitals), as follows:

**I. DEFINITIONS AND INTERPRETATIONS.**

**Section 1.01. Definitions.**

As used herein the following terms have the following respective meanings:

**A&R Borrowers**: the meaning specified in the **Recitals**.

**A&R Credit Agreement**: the meaning specified in the **Recitals**.

**Accountants**: the meaning specified in **Section 6.05**.

**Acquisition**: the meaning specified in **Section 7.04(a)**.

**Acquisition Agreement**: with respect to any Permitted Acquisition, the acquisition, purchase or other agreement which sets forth the terms and conditions of such Acquisition.

**Act**: the meaning specified in **Section 4.08**.

**Administrative Agent**: Silver Point, in its capacity as Administrative Agent for the Lenders pursuant to this Agreement, its successors and assigns, including any replacement or substituted Administrative Agent appointed and acting in accordance with the terms of this Agreement.

**Advance**: any advance of loan proceeds constituting all or a portion of a Revolving Credit Loan or, on the Closing Date, the Term Loans.

**Affiliate**: any Person that directly or indirectly controls, or is under common control with, or is controlled by, another Person and, if such Person is an individual, any member of the immediate family (including parents, spouse, children and siblings) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. As used in this definition, "control", including, its correlative meanings, "controlled by" and "under common control with", shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or membership, partnership or other ownership interests, by contract or otherwise). Notwithstanding the foregoing, (a) no individual shall be an Affiliate solely by reason of his or her being a director, officer or employee of a Borrower, (b) no Lender shall be deemed to be an Affiliate of a Borrower, and (c) neither Univision Communications, Inc., nor Sycamore Venture Capital, L.P., nor Sycamore Investors' Fund, L.P., shall be deemed to be an Affiliate of a Borrower.

**Affiliate Subordination Agreement**: the meaning specified in **Section 2.16(b)**.

**Agent(s)**: Administrative Agent and Collateral Agent.

**Aggregate Revolving Credit Commitments:** an amount calculated from time to time as Eight Million Dollars (\$8,000,000), as reduced from time to time by aggregate reductions, if any, in the Revolving Credit Commitments from time to time pursuant to **Section 2.05**.

**Aggregate Term Loan A Commitments:** Twelve Million Dollars (\$12,000,000).

**Aggregate Term Loan B Commitments:** Thirty-Three Million Dollars (\$33,000,000).

**Aggregate Term Loan Commitments:** Forty-Five Million Dollars (\$45,000,000).

**Agreement:** this Third Amended and Restated Credit Agreement, as the same may be amended, restated, supplemented, renewed, replaced or extended from time to time.

**Assignment and Acceptance:** the meaning specified in **Article XII**.

**Availability:** as of any date of determination, if such date is a Business Day, and determined at the close of business on the immediately preceding Business Day, if such date of determination is not a Business Day, the sum of Borrowers' cash balances and the Available Revolving Credit Commitments.

**Available Revolving Credit Commitments:** as of any date of determination, if such date is a Business Day, and determined at the close of business on the immediately preceding Business Day, if such date of determination is not a Business Day, the amount that Borrowers are entitled to borrow as Advances under **Section 2.01(a)** (after giving effect to all then outstanding Obligations and all sublimits and reserves applicable hereunder).

**Base Rate:** the per annum interest rate calculated from time to time as being (i) the greatest of (A) the Prime Rate, (B) the Federal Funds Rate in effect on such day plus fifty (50) basis points (0.50%), and (C) seven and one-half percent (7.50%) per annum *plus* (ii) eight and one-half percent (8.50%).

**Base Rate Loan:** a Loan, or portion thereof, during any period in which it bears interest at the Base Rate.

**Billing Agent:** (i) with respect to the Revolving Credit Loans, WFF, for itself and the other Revolving Credit Lenders; (ii) with respect to the Term Loans A, WFF, for itself and the other Term Loan A Lenders; and (iii) with respect to the Term Loans B, Silver Point, for itself and the other Term Loan B Lenders.

**Borrower(s):** the meaning specified in the **Preamble**.

**Borrower Representative:** the meaning specified in **Section 13.18**.

**Borrowing Date:** with respect to any Loan or Loans requested by Borrowers hereunder, any Business Day on which such Loan or Loans are to be made.



**Budget**: the meaning specified in **Section 6.05(e)**.

**Business Day**: any day other than a Saturday, Sunday or legal holiday on which banks in New York, New York, and Los Angeles, California, are open for the transaction of a substantial part of their commercial banking business, and, if the applicable day relates to a LIBOR Loan or an Interest Period for a LIBOR Loan, the day on which dealings in Dollar deposits are also carried on in the London interbank market and banks are open for business in London.

**Capital Expenditures**: for any period, any payment made directly or indirectly by a Person for the purpose of acquiring or constructing fixed assets, real property or equipment which, in accordance with GAAP, would be added as a debit to the fixed asset account of the Person making such expenditure, including, without limitation, the aggregate amount of Capital Lease Obligations, amounts paid or payable for labor or under any conditional sale or other title retention agreement or other periodic payment arrangement which is of such a nature that payment obligations of the lessee or obligor thereunder would be required by GAAP to be capitalized on the balance sheet of such lessee or obligator.

**Capital Lease**: any lease of property (real, personal or mixed) which, in accordance with GAAP and Statement No. 13 of the Financial Accounting Standards Board, would be permitted or required to be capitalized on the lessee's balance sheet or for which the amount of the asset and liability thereunder as if so capitalized should be disclosed in a note to such balance sheet.

**Capital Lease Obligations**: all obligations of a Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) property (real, personal or mixed) to the extent such obligations are required to be classified and accounted for as a capital lease on such Person's balance sheet under GAAP.

**Casualty Event**: any loss of, damage to, condemnation of or other taking of any asset or property of a Person for which such Person receives Insurance Proceeds, proceeds of a condemnation award or other compensation.

**CERCLA**: the Comprehensive Environmental Response, Compensation and Liability Act of 1989 (42 USC 9601, *et. seq.*).

**Closing Date**: the effective date of this Agreement, as evidenced by the Lenders' funding of the Term Loans.

**Code**: the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

**Collateral**: collectively, any and all collateral referred to herein and in the Security Documents, or any of them, as specified in **Section 2.16**, and any and all other collateral pledged to, or in which a security interest is granted to, Collateral Agent for the benefit of Lenders from time to time in connection with the Loan Documents.

**Collateral Agent**: WFF, in its capacity as Collateral Agent for Lenders, and its successors and assigns, including any replacement or substituted Collateral Agent appointed and acting in accordance with the terms of this Agreement.

**Combined or combined**: wherever used in conjunction with a financial statement, covenant or definition, such statement, covenant or definition shall (unless otherwise specifically defined herein) refer to Borrowers and their respective Subsidiaries on a combined basis, determined, calculated or applied in accordance with GAAP.

**Commitment(s)**: the Revolving Credit Commitments and the Term Loan Commitments.

**Commitment Reduction Notice**: the meaning specified in **Section 2.05(a)**.

**Compliance Report**: the meaning specified in **Section 6.05(d)**.

**Compressed Sale Value of Eligible Stations**: means the value attributed to each Station as set forth on Schedule 1.01 attached hereto and made a part hereof, as may be amended from time to time in accordance with **Section 2.18**.

**Consolidated or consolidated**: wherever used in conjunction with a financial statement, covenant or definition, such statement, covenant or definition shall (unless otherwise specifically defined herein) refer to Borrowers and their respective Subsidiaries on a consolidated basis, determined, calculated or applied in accordance with GAAP.

**Continue (or Continuation)**: the act of continuing the election for a successive Interest Period of a LIBOR Loan as a LIBOR Loan or a Base Rate Loan as a Base Rate Loan.

**Control Agreement**: that certain Merrill Lynch Pledged Collateral Account Control Agreement dated as of August 30, 2007 by and among EMHC, Collateral Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as may have been amended from time to time in accordance with this Agreement.

**Controlled Group**: all trades or businesses (whether or not incorporated) under common control that, together with any Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 40001 of ERISA.

**Convert (or Conversion)**: the act of converting at the end of an Interest Period or otherwise a Base Rate Loan to a LIBOR Loan or a LIBOR Loan to a Base Rate Loan.

**Corporate Overhead**: all sums expended by a Person (a) in paying salaries and bonuses to officers of such Person, (b) in reimbursing officers of such Person for usual and customary business expenses incurred in the ordinary course of business for business travel and reasonable accounting, office and secretarial expense incurred by them on behalf of such Person, and (c) in paying other legal, accounting, auditing, office, administrative and other expenses of such Person which are not allocable to or incurred directly in the acquisition, disposition or operation of the Stations or in connection with the Loans.

**Daily Balance**: with respect to each day during the term of this Agreement, the amount of an Obligation owed at the end of such day.

**Damaged Property**: the meaning specified in **Section 6.02(b)**.

**Default**: (a) an Event of Default or (b) an event or condition that, but for the requirement that time elapse or notice be given, or both, would constitute an Event of Default.

**Defaulting Lender**: any Lender who is in breach of any of its obligations hereunder, including, without limitation, any Lender who has failed or refused to fund a Loan when required to do so, as determined by Collateral Agent in its reasonable discretion.

**Default Rate**: the meaning specified in **Section 2.02(e)(i)**.

**Disposition**: any sale, lease, sale and leaseback, assignment, conveyance, transfer, asset swap or other disposition of property.

**Dispute Notice**: the meaning specified in **Section 2.18**.

**Documentation Agent**: Silver Point, in its capacity as Documentation Agent for the Lenders pursuant to this Agreement, its successors and assigns, including any replacement or substituted Documentation Agent appointed and acting in accordance with the terms of this Agreement.

**Dollars** and **\$**: lawful money of the United States of America.

**Duly Authorized Officer**: with respect to any certificate, agreement or other document to be executed by or on behalf of a Borrower, the manager, chairman, president, chief executive officer, chief operating officer, chief financial officer, vice president, treasurer or other representative of such entity, who shall, in any event, be an officer duly authorized by all required action of such entity to execute and deliver such document.

**Early Termination Fee**: the meaning specified in **Section 2.05(d)**.

**EBITDA**: for any fiscal period, Net Income of a Person or a Station (as applicable) for such period, after restoring thereto (without duplication) amounts deducted in the computation thereof for (a) depreciation, (b) amortization (including, without limitation, amortization of Programming Payments), (c) Interest Expense, (d) other non-cash expenses determined in accordance with GAAP, (e) taxes in respect of income and profits expensed during such period, (f) Transaction Costs for such period, (g) Trade expense, (h) extraordinary losses charged to Net Income for such period, and (i) Corporate Overhead payments to the extent such payments were funded solely from cash equity contributions; *minus* (v) Programming Payments, (w) extraordinary and non-cash gains included in Net Income for such period, (x) management fees paid to the extent such fees are not deducted in calculating Net Income, (y) Trade revenue, and (z) income not directly derived from the operation of the Stations (including interest income). For the purposes of the financial covenants in **Sections 5.01** through **5.06**, EBITDA shall be determined on a *pro forma* basis after giving effect to all Acquisitions and Dispositions made by the Borrowers at any time during the applicable fiscal period, in each case as if such Acquisition or Disposition had occurred at the beginning of such fiscal period.

**Effective Date**: the meaning specified in **Section 2.07(b)**.

**Eligible Station**: a Station owned and operated by a Borrower, the assets of which are subject to either (a) a perfected first priority security interest in favor of Collateral Agent for the benefit of Lenders (exclusive, however, of Permitted Liens other than Liens described in **Section 7.02(c)**), or (b) a perfected second priority security interest in favor of Collateral Agent (exclusive, however, of Permitted Liens other than Liens described in **Section 7.02(c)**), and the holder of the first priority security interest in such assets has executed and delivered to Agents an intercreditor agreement in form and substance acceptable to Agents including provisions which, *inter alia*, establish a maximum amount of Indebtedness secured by such prior security interest ("**Maximum First Priority Indebtedness**") and grant to Lenders a right to cure or acquire such Indebtedness, at Lenders' option, in the event of a declared default in respect to such Indebtedness.

**Eligible Transferee**: (a) a commercial bank organized under the laws of the United States, or any state thereof, (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the United States, or (c) a finance company, insurance company, or other financial institution or fund that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business.

**EMHC**: the meaning specified in the **Preamble**.

**Environmental Laws**: any and all present and future Federal, state and local laws, rules or regulations, and any orders or decrees, in each case as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the indoor or outdoor environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes.

**Environmental Questionnaire**: the meaning specified in **Section 4.20(g)**.

**Environmental Site Assessment**: the meaning specified in **Section 4.20(8)**.

**ERISA**: the Employee Retirement Income Security Act of 1974, as amended.

**Equity Holders**: the holders of Equity Securities issued by a Person.

**Equity Securities**: with respect to any Person that is a corporation, the authorized shares of such Person's capital stock, including all classes of common, preferred, voting and nonvoting capital stock, and, as to any Person that is not a corporation or an individual, the equity or the ownership interests in such Person in whatever form they take, including, without limitation, membership interests, limited partnership interests, general partnership interests, limited liability partnership interests, trust certificates and any other right to share in profits and losses, the right to receive distributions of cash and property, and the right to receive allocations of items of income, gain, loss, deduction and credit and similar items from such Person, whether or not such interests include voting or similar rights entitling the holder thereof to exercise control over such Person. Such Equity Securities shall include all rights and interests associated therewith and any warrants, options and other rights to acquire additional interests which accompany or are part of such Equity Securities.

**Event of Default**: the meaning specified in **Article VIII**.

**FAA**: the Federal Aviation Administration or any other federal government agency which may hereafter perform its functions.

**FCC**: the Federal Communications Commission or any other successor federal governmental agency which may hereafter perform its functions.

**FCC Rules**: the meaning specified in **Section 4.08**.

**Federal Funds Rate**: for any period, a fluctuating interest rate per annum (based on a 360 day year) equal for each day during such period to the weighted average of the rates of interest charged on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers on such day, as published for any day which is a Business Day by the Federal Reserve Bank of New York (or, in the absence of such publication, as reasonably determined by Collateral Agent).

**Fee Letter**: collectively, (i) that certain fee letter of even date herewith, between Borrowers and Administrative Agent, and (ii) that certain fee letter dated as of November 9, 2007 between Borrowers and Administrative Agent, each as amended from time to time in accordance with the terms thereof.

**Final Order**: written action or order issued by the FCC setting forth the consent of the FCC (a) which has not been reversed, stayed, enjoined, set aside, annulled or suspended, and (b) with respect to which (i) no requests have been filed for administrative or judicial review, consideration, appeal or stay, and the normal time for filing any such requests and for the FCC to set aside the action on its own motion (whether upon reconsideration or otherwise) has expired, or (ii) in the event of review, reconsideration or appeal, the time for further review, reconsideration or appeal has expired.

**Fiscal Quarters**: the three-month periods ending each March 31, June 30, September 30 and December 31.

**Fiscal Year**: the year ending December 31.

**Fort Smith 46**: the meaning specified in the **Preamble**.

**FPIII, and FPIV**: the respective meanings specified in the **Preamble**.

**GAAP**: generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other entity as may be approved by a significant segment of the accounting profession, as in effect from time to time, applied on a basis consistent with (a) the application of the same in prior fiscal periods, (b) that employed by the Accountants in preparing the financial statements referred to in **Section 6.05(a)** and (c) the accounting principles generally utilized in the television broadcasting and other communications and broadcasting industries. In the event that any accounting change of the Financial Accounting Standards Board shall be promulgated resulting in a change in the method of calculation of financial covenants, financial standards or other terms in this Agreement, then Borrowers and Agents agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such accounting changes to the effect that the criteria for evaluating Borrowers' financial condition shall be the same after such accounting changes as if such accounting changes had not been made. Until such time as such an amendment shall have been executed and delivered by Borrowers, Agents and the Required Lenders, all financial covenants, financial standards and other terms in this Agreement shall continue to be calculated or construed as if such accounting changes had not occurred.

**Governmental Authority**: any nation or government, any state or other political subdivision thereof and any entity exercising any executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

**Guarantee**: with respect to a specified Person:

(a) any guarantee by such Person of the payment or performance of, or any contingent obligation by such Person in respect of, any Indebtedness or other obligation of any primary obligor;

(b) any other agreement, promise or undertaking of such Person on the basis of which credit is extended to a primary obligor (including any binding "comfort letter", "makewell agreement" or "keepwell agreement" written by such Person) to (i) pay the Indebtedness of such primary obligor, (ii) purchase an obligation owed by such primary obligor, (iii) indemnify or hold harmless such primary obligor for or (iv) pay for the purchase or lease of assets or services regardless of the actual delivery thereof or (v) maintain the capital, working capital, solvency or general financial condition of such primary obligor;

(c) any liability of such Person with respect to the tax liability of others as a member of a group (other than a group consisting solely of the Borrowers) that is consolidated for tax purposes; and

(d) any reimbursement obligations, whether contingent or matured, of such Person with respect to letters of credit, bankers acceptances, surety bonds and other financial guarantees,

in each case whether or not any of the foregoing are reflected on the balance sheet of such Person or in a footnote thereto, provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee and the amount of Indebtedness resulting from such Guarantee shall be the maximum amount that the guarantor may become obligated to pay in respect of the obligations (whether or not such obligations are outstanding at the time of computation).

**Hazardous Materials:** (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 ("**PCB's**"), (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.

**Inactive Subsidiaries:** Subsidiaries of Borrowers which do not own or hold any assets and which do not own or operate any business.

**Indebtedness or indebtedness:** with respect to a specified Person as of any date, all liabilities, obligations and reserves, contingent or otherwise, which, in accordance with GAAP, are required to be classified as liabilities on a balance sheet of such Person as of the date as of which Indebtedness is to be determined (except items of capital stock, capital or paid-in surplus or retained earnings and excluding trade accounts payable and accrued expenses arising in the ordinary course of business and payable in accordance with customary practices for businesses comparable to such Person's business), but in any event including (without duplication) (a) all obligations of such Person for borrowed money (whether recourse or non-recourse) or with respect to deposits or advances of any kind, including, without limitation, principal, interest, fees and premiums; (b) indebtedness of such Person evidenced by notes, debentures, bonds or similar instruments; (c) all Capital Lease Obligations of such Person; (d) all liabilities of others secured by any Lien (whether existing or contingent) on property owned or acquired by such Person, whether or not the liability secured thereby shall have been assumed; (e) all obligations of such Person issued or assumed as the deferred purchase price of assets, services or securities, including related noncompetition, consulting and stock repurchase obligations; (f) all obligations of such Person in respect of mandatory redemption or cash dividend rights on Equity Securities; (g) all reimbursement obligations, whether contingent or matured, of such Person with respect to letters of credit, bankers acceptances, surety bonds, and other financial guarantees (without duplication of other Indebtedness supported or guaranteed thereby); and (h) all Guarantees in respect of Indebtedness of others. The Indebtedness of any Person shall include any Indebtedness of any partnership in which such Person is a general partner.

**Indemnified Liabilities**: the meaning specified in **Section 13.14**.

**Indemnified Parties**: the meaning specified in **Section 13.14**.

**Insurance Proceeds**: with respect to any Casualty Event, any proceeds of insurance, condemnation award or other compensation in respect thereof.

**Intellectual Property**: collectively, all rights; priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, patent applications, trade names, trademark registration applications, copyright registration applications, technology, know-how, processes, and other proprietary rights, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

**Interest Expense**: for any period, the aggregate amount of interest accrued by the Borrowers (whether or not paid) in respect of Indebtedness for borrowed money and Capital Leases, including, without limitation, fees payable to any Lender pursuant to this Agreement or the Fee Letter, but excluding deferred finance charges and interest not paid and not required to be paid in respect to Subordinated Debt.

**Interest Period**: with respect to each LIBOR Loan:

(a) initially, the period commencing on the Closing Date or Conversion date, as the case may be, with respect to such LIBOR Loan and ending one (1), three (3) or six (6) months thereafter, as selected by the Borrowers in the Loan Request or Notice of Conversion or Continuation given with respect thereto; and

(b) thereafter, each period commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Loan and ending one (1), three (3) or six (6) months thereafter, as selected by the Borrowers by irrevocable notice to Billing Agent not less than three (3) Business Days prior to the last day of the then current Interest Period with respect thereto;

provided, however, that the foregoing provisions are subject to the following:

(i) if any Interest Period pertaining to a LIBOR Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;



(ii) if the Borrowers shall fail to give notice as provided above, the Borrowers shall be deemed to have selected a LIBOR Loan with a one-month Interest Period to replace the affected LIBOR Loan;

(iii) any Interest Period pertaining to a LIBOR Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(iv) no Interest Period shall extend beyond the Maturity Date and no Interest Period shall extend beyond any principal amortization payment date unless the portion of such Loans consisting of Base Rate Loans together with the portion of such Loans consisting of LIBOR Loans with Interest Periods expiring prior to or concurrently with the date such principal amortization payment date is due, is at least equal to the amount of such principal amortization payment due on such date; and

(v) no more than four (4) LIBOR Loans may be in effect at any time. For purposes hereof, LIBOR Loans with different Interest Periods shall be considered as separate LIBOR Loans, even if they shall begin on the same date and have the same duration, although borrowings, extensions and Conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new LIBOR Loan with a single Interest Period.

If an Interest Period is extended or shortened by the application of the provisions in clause (i) of this definition, the next succeeding Interest Period shall (without prejudice to the application of such provisions) end on a day on which it would have ended if the preceding Interest Period had not been so extended or shortened.

**Issuing Lender**: WFF or any other Lender that, at the request of a Borrower and with the consent of Collateral Agent agrees, in such Lender's sole discretion, to become an Issuing Lender for the purpose of issuing L/Cs or L/C Undertakings pursuant to **Section 2.01(b)**.

**Joinder Agreement**: an agreement in the form of **Exhibit C** attached hereto pursuant to which a Subsidiary of a Borrower, in connection with a Permitted Acquisition, becomes a Borrower hereunder for all purposes as of the date of such Permitted Acquisition.

**L/C**: the meaning specified in **Section 2.01(b)**.

**L/C Disbursement**: a payment made by the Issuing Lender pursuant to a Letter of Credit.

**L/C Undertaking**: the meaning specified in **Section 2.01(b)**.

**Leases**: the meaning specified in **Section 4.09(b)**.

**Lenders**: the meaning specified in the **Preamble**.

**Letter of Credit**: an L/C or an L/C Undertaking, as the context requires.

**Letter of Credit Usage**: as of any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit *plus* 100% of the amount of outstanding time drafts accepted by an Underlying Issuer as a result of drawings under Underlying Letters of Credit.

**LIBOR**: the greater of (i) four and one-half percent (4.50%) per annum, and (ii) the per annum rate of interest determined on the basis of the offered rate for deposits in Dollars in an amount substantially equal to the amount of the applicable LIBOR Loan for a period equal to the applicable Interest Period which appears on the "Telerate Page 3750" at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of the applicable Interest Period (rounded upward, if necessary, to the nearest one-hundredth of one percent (1/100%)). If, for any reason, such rate does not appear on "Telerate Page 3750", or shall cease to be available from the Bloomberg Financial Markets Commodities News, then "LIBOR" shall be determined by the Billing Agent from such financial reporting service or other information as shall be reasonably designated by the Billing Agent, to be the arithmetic average (rounded upward, if necessary, to the nearest one-hundredth of one percent (1/100%)) of the interest rate per annum representing the British Banker's Association average of interbank offered rates for dollar deposits in Dollars in the London Interbank Market approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of the applicable Interest Period for a period equal to such Interest Period and in an amount substantially equal to the amount of the applicable LIBOR Loan. "Telerate Page 3750" means the display on Page 3750 of the Bloomberg Financial Commodities News (or such other page as may replace that page on that service for the purpose of displaying London interbank offered rates of major banks for U.S. dollar deposits).

**LIBOR Loan**: a Loan, or portion thereof, during any period in which it bears interest at a rate based upon the LIBOR Rate.

**LIBOR Rate**: a rate per annum determined for such month in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

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LIBOR

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1.00 - LIBOR Reserve Requirements

**LIBOR Reserve Requirements**: for any month, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of applicable reserve requirements in effect on the first day of such month (including, without limitation, basic, supplemental, marginal and emergency reserves) under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with eurocurrency funding (currently referred to as "**Eurocurrency Liabilities**" in Regulation D of such Board as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof and any successor regulation thereto) maintained by a member bank of such Federal Reserve System.

**License**: a license, authorization, permit, franchise or registration granted by the FCC or any other Governmental Authority necessary or required for the construction, ownership or operation of any Station, together with any extensions or renewals thereof. The term "License" shall include each of the Licenses set forth on **Schedule 4.07**.

**Lien**: any mortgage, security interest, restriction (other than FCC restrictions on the transfer of Equity Securities or Licenses), hypothecation, prior claim, charge, lien, encumbrance of any kind, or priority, including without limitation, liens and encumbrances in respect of unpaid taxes.

**Lien Searches**: the meaning specified in **Section 3.01**.

**LMA**: a local marketing agreement, program service agreement or time brokerage agreement between a broadcaster and a television station licensee or radio station licensee pursuant to which the broadcaster provides programming to, and retains the advertising revenues of, such station in exchange for fees paid to the licensee.

**Loan Documents**: this Agreement, the Notes, the Fee Letter, the Security Documents and all other agreements, instruments and certificates contemplated hereby and thereby.

**Loan Request**: the meaning specified in **Section 2.03**.

**Loan(s)**: Revolving Credit Loans and Term Loans.

**Logan 12**: the meaning specified in the **Recitals**.

**Make Whole Amount**: means, at any time, the excess of, if greater than zero, (i) the present value at such time of (a) all interest payments or accrued interest on the principal amount of the Loans repaid, prepaid, reduced or terminated or deemed repaid, prepaid, reduced or terminated through the Maturity Date plus (b) the principal amount of such Loans repaid, prepaid, reduced or terminated or deemed repaid, prepaid, reduced or terminated, in each case, computed using a discount rate equal to the Treasury Rate plus fifty (50) basis points over (ii) the principal amount of such Loans repaid, prepaid, reduced or terminated or deemed repaid, prepaid, reduced or terminated at the Maturity Date. For purposes of this calculation: (A) such interest payment or accrued interest shall be projected based on the then current one month LIBOR Rate from the date of prepayment or repayment through the Maturity Date, and (B) in cases of a reduction or termination of Revolving Credit Commitments, such interest payments or accrued interest shall be projected assuming that the outstanding principal amount of the Revolving Credit Loans is equal to the principal amount of the Revolving Credit Commitment so permanently reduced or terminated.

**Manager**: Royal Palm Capital Management, LLLP, a Delaware limited liability limited partnership, together with its permitted successors and/or assigns.

**Management Agreement**: that certain Management Services Agreement dated March 30, 2007, between EMHC and Manager, as amended by that First Amendment to Management Services Agreement of even date herewith, as may be further amended from time to time.

**Margin Stock**: the meaning specified in **Section 4.13**.

**Material Adverse Effect**: the occurrence of any event or circumstance which, individually or in the aggregate with other such circumstances, (a) has had, or could reasonably be expected to have, an adverse effect on the validity or enforceability of this Agreement or any of the other Loan Documents in any material respect, (b) has had, or could reasonably be expected to have, an adverse effect on the condition (financial or otherwise), business, results of operations, assets, income or properties of a Borrower, in any material respect, including an adverse effect on the value of Collateral, or (c) has impaired or could reasonably be expected to impair in any material respect, the ability of a Borrower to fulfill its obligations under this Agreement or any other Loan Document to which such Borrower is a party.

**Material Agreement(s)**: means, individually or collectively, those certain agreements, contracts, or other documents listed on **Schedule 4.16** attached hereto and made a part hereof, as may be amended or updated from time to time.

**Maturity Date**: the third anniversary of the Closing Date, or such earlier date as the Obligations shall be declared to be due and payable in full by reason of the occurrence of an Event of Default.

**Maximum First Priority Indebtedness**: the meaning specified in the definition of "**Eligible Station**".

**Monthly Payment Date**: the first day of each month.

**Net Cash Proceeds**: with respect to any Disposition, the aggregate amount of all cash payments received by a Borrower, directly or indirectly, in connection with such Disposition, whether at the time thereof or after the consummation of such Disposition under deferred payment arrangements or investments entered into or received in connection with such Disposition, *minus* the aggregate amount of all reasonable and customary legal, accounting, regulatory, title and recording tax expenses, transfer taxes, amount paid to discharge liens, commissions and other fees and expenses paid at any time by a Borrower in connection with such Disposition, and *minus* any taxes payable or due in connection with such Disposition or cash reserves established therefor in connection with such Disposition. Net Cash Proceeds shall not include, however, any exchange credit received in a tax deferred exchange of property.

**Net Income**: for any period, the net income (or loss) of a Person or Station (as applicable) after deducting all operating expenses, provisions for all taxes and reserves (including reserves for deferred income taxes) and all other proper deductions but excluding all income and expenses arising from any Trades, all determined in accordance with GAAP; provided, however, that all Corporate Overhead payments, management fees and non-compete payments shall be deducted as operating expenses for the purposes of calculating Net Income.

**Notes**: the Revolving Credit Notes and the Term Notes.

**Notice of Conversion or Continuation**: a notice in the form of **Schedule 2.02** hereto.

**Obligations**: the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to a Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other indebtedness, obligations and liabilities of Borrowers and each of them to Administrative Agent, to Collateral Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document or any other document now or hereafter made, delivered or given in connection herewith or therewith, including, without limitation, any and all principal, interest, reimbursement obligations, fees, indemnities, costs and expenses (including all fees, charges and disbursements of counsel to Administrative Agent, to Collateral Agent or to any Lender that are required to be paid by any Borrower pursuant hereto).

**Opening Balance Sheet**: the *pro forma* consolidated opening balance sheet for the Borrowers as of the Closing Date, after giving effect to the transactions contemplated hereby.

**Option Agreement**: the meaning specified in **Section 3.01(b)(xiii)**.

**Organizational Documents**: with respect to a corporation, the certificate or articles of incorporation and by-laws of such corporation; with respect to a partnership, the certificate of partnership (or limited partnership, as applicable) and partnership agreement, together with the analogous documents for any corporate or partnership general partner; with respect to a limited liability company, the certificate of formation or articles of organization and operating agreement; and in any case, any other document governing the formation and conduct of business by such Person.

**Original Borrowers**: the meaning specified in the **Recitals**.

**Original Credit Agreement**: the meaning specified in the **Recitals**.

**Original Loans**: the meaning specified in the **Recitals**.

**Participant**: the meaning specified in **Section 2.12**.

**Patriot Act**: means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001), as amended.

**PBI**: the meaning specified in the **Preamble**.

**Permitted Acquisition**: an Acquisition of a television broadcast property or station which is permitted to be made pursuant to **Section 7.04(b)**.

**Permitted Dispositions**: the meaning specified in **Section 7.03**.

**Permitted Investments**: (a) investments in property to be used by a Person in the ordinary course of business; (b) current assets arising from the sale of goods and services in the ordinary course of business; (c) investments (of one year or less) in direct or guaranteed obligations of the United States, or any agency thereof, (d) investments (of 90 days or less) in certificates of deposit of any domestic commercial bank having capital, surplus and undivided profits in excess of \$10,000,000, membership in the Federal Deposit Insurance Corporation ("**FDIC**") and senior debt rated carrying the highest rating of Standard & Poor's Ratings Service, A Division of McGraw Hill, Inc., or Moody's Investors Service, Inc. (an "**Approved Institution**"); (e) investments (of 90 days or less) in commercial paper given one the highest rating by Standard and Poor's Ratings Service, A Division of McGraw Hill, Inc., or by Moody's Investors Service, Inc.; (f) investments redeemable at any time without penalty in money market instruments placed through an Approved Institution; (g) other investments or short-term loans (including advances to employees in the ordinary course of business for the payment of bona fide, properly documented, business expenses to be incurred on behalf of the Borrowers), in an aggregate amount not to exceed \$50,000 outstanding at any one time; and (h) investments in existing Subsidiaries and other business entities described in **Schedules 4.10** and **4.19**, and investments in Subsidiaries in connection with Permitted Acquisitions if all of the conditions set forth in **Section 7.04(b)** are satisfied. Notwithstanding the foregoing, Permitted Investments shall not include Margin Stock to the extent such investment would cause or result in a violation of any law or regulation (including, without limitation, Regulations U or T of the Federal Reserve Board).

**Permitted Liens**: the meaning specified in **Section 7.02**.

**Person or person**: any individual, corporation, partnership, limited liability company, joint venture, trust, business unit, unincorporated organization, or other organization, whether or not a legal entity, or any government or any agency or political subdivision thereof.

**Pre-Approved Station Sales**: any Disposition by a Borrower of one or more Stations in exchange for consideration resulting in Net Cash Proceeds from such Disposition payable to Borrower in an amount equal to or exceeding the Sale Amount for each such Station as set forth on attached **Schedule 1.01**, as amended from time to time pursuant to **Section 2.18**, provided, however, that Required Lenders shall have the right to approve the sale price for a Station if, prior to the Borrower's execution of a bona fide letter of intent or similar instrument with respect to such Stations with an unrelated third party, Administrative Agent has requested in writing an adjustment of the Sale Amount for the Station being sold and the process for determining the Adjusted Sale Amount pursuant to **Section 2.18(a)** and **(c)** has not been completed.

**Prime Rate**: as of any date, the rate of interest announced within Wells Fargo at its principal office in San Francisco as its "prime rate", with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publication or publications as Wells Fargo may designate.

**Programming**: all programming and film rights and all rights to broadcast television programming of any kind, whether held under license, lease, agreement, contract or otherwise for use by a Person in connection with any of the Stations, including, without limitation, all rights for programming of movies, television series productions, children's programming, sports productions, news coverage and other television viewing products, and the rights to all video tapes, films and other materials now or hereafter constituting or embodying such programming.

**Programming Payments**: for any period, all cash payments required to be made by a Person in respect of Programming pursuant to Programming agreements.

**Projections**: the meaning specified in **Section 4.17**.

**Properties**: the meaning specified in **Section 4.20(a)**.

**Pro Rata; Pro Rata Share and Ratable**: (i) the respective meanings specified in **Section 2.13** with respect to the matters described therein, (ii) with respect to matters deemed to relate solely to Revolving Credit Lenders by the specific terms hereof, the percentage obtained by dividing a Revolving Credit Lender's Revolving Credit Commitment by the Aggregate Revolving Credit Commitments; provided, however, that if the Revolving Credit Commitments have been terminated or the Obligations have been accelerated, Pro Rata Share shall be the percentage obtained by dividing the unpaid principal amount of such Revolving Credit Lender's Revolving Credit Loans by the unpaid principal balance of all Revolving Credit Loans; (iii) with respect to matters relating solely to Term Loan A Lenders, the percentage obtained by dividing the unpaid principal amount of such Term Loan A Lender's Term Loans by the unpaid principal balance of all Term Loans A; (iv) with respect to matters relating solely to Term Loan B Lenders, the percentage obtained by dividing the unpaid principal amount of such Term Loan B Lender's Term Loans by the unpaid principal balance of all Term Loans B; (v) with respect to matters relating solely to Term Loan Lenders, the percentage obtained by dividing the unpaid principal amount of such Term Loan Lender's Term Loans by the unpaid principal balance of all Term Loans; and (vi) with respect to all other matters as to a particular Lender (including the indemnification obligations arising under **Section 10.05**), the percentage obtained by dividing (A) such Lender's Revolving Credit Commitment plus the unpaid principal amount of such Lender's Term Loan, by (B) the Aggregate Revolving Credit Commitments of all Lenders plus the aggregate unpaid principal balance of all Term Loans; provided, however, that in the event the Revolving Credit Commitments have been terminated or the Obligations have been accelerated, Pro Rata Share shall be the percentage obtained by dividing (A) the principal amount of such Lenders' Revolving Credit Loans plus the unpaid principal amount of such Lenders' Term Loans, by (B) the principal amount of all outstanding Revolving Credit Loans plus the aggregate unpaid principal balance of all Term Loans.

**Quarterly Dates:** the last day of March, June, September and December in each year.

**Quarterly Payment Dates:** the first day of each January, April, July and October.

**Recovering Party:** the meaning specified in **Section 2.13(b)**.

**Recovery:** the meaning specified in **Section 2.13(b)**.

**Reduced Interest Rate:** with respect to LIBOR Loans, the applicable LIBOR Rate plus seven and three-quarters percent (7.75%), and with respect to Base Rate Loans, a per annum interest rate calculated from time to time as being (i) the greatest of (A) the Prime Rate, (B) the Federal Funds Rate in effect on such day plus fifty (50) basis points (0.50%), and (C) seven and one-half percent (7.50%) per annum plus (ii) six and three-quarters percent (6.75%)

**Regulation D:** Regulation D of the Board of Governors of the Federal Reserve System, as the same may be amended or supplemented from time to time.

**Regulatory Change:** with respect to any Lender, any change after the date of this Agreement in any law, rule or regulation (including without limitation Regulation D) of the United States, any state or any other nation or political subdivision thereof, including without limitation the issuance of any final regulations or guidelines, or the adoption or making after the date of this Agreement of any interpretation, directive or request, applying to a class of banks or financial institutions in which such Lender is included under any such law, rule or regulation (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation thereof.

**Related Lender Party:** with respect to any Lender, such Lender's parent company and/or any Affiliate of such Lender which is at least fifty percent (50%) owned by such Lender or its parent company or, in the case of any Lender which is a fund or account investing in bank loans, any other fund that invests in bank loans and is managed by the same investment advisor or investment manager of such Lender or by an Affiliate of such investment advisor or investment manager.

**Remedial Work:** all activities, including, without limitation, cleanup design and implementation, removal activities, investigation, field and laboratory testing and analysis, monitoring and other remedial and response actions, taken or to be taken in connection with, or arising out of, Hazardous Materials, including without limitation all activities included within the meaning of the terms "removal," "remedial action" or "response," as defined in 42 U.S.C. Section 9601(23), (24) and (25).

**Replacement Lender:** the meaning specified in Article XI, Section (c).

**Replacement Notice:** the meaning specified in Article XI, Section (c).



**Required Lenders:** at any time, (a) Lenders (who are not Defaulting Lenders) holding in the aggregate at least two-thirds (2/3) of the sum of (i) the aggregate outstanding principal balance of the Revolving Credit Loans and (ii) the aggregate amount of the unutilized Revolving Credit Commitments, if any, excluding from such calculations, however, the Revolving Credit Loans and Revolving Credit Commitments held by the Defaulting Lenders, and (b) Lenders (who are not Defaulting Lenders) holding in the aggregate at least two-thirds (2/3) of the aggregate outstanding principal balance of the Term Loans A, excluding from such calculation any Loans held by the Defaulting Lenders, and (c) Lenders (who are not Defaulting Lenders) holding in the aggregate at least two-thirds (2/3) of the aggregate outstanding principal balance of the Term Loans B, excluding from such calculation any Loans held by the Defaulting Lenders.

**Required Payment:** the meaning specified in **Section 2.14**.

**Reserve:** the funds held in that certain depository account at Merrill Lynch, Pierce, Fenner & Smith Incorporated (Account #68v-02164), or any successor or replacement account, which is subject to the Control Agreement and was established pursuant to that certain letter agreement among the parties dated as of August 20, 2007, as amended.

**Restoration Period:** with respect to any Casualty Event, one hundred eighty (180) days following receipt by a Borrower of Insurance Proceeds paid in connection therewith, and with respect to any Disposition or condemnation proceeding one hundred eighty (180) days following receipt by a Borrower of, respectively, Net Cash Proceeds or condemnation proceeds.

**Restricted Payment:** any distribution or payment of cash or property (other than so-called "payments in kind" or "PIK"), or both, directly or indirectly (a) in respect of Subordinated Debt or (b) to any Equity Holder or other Affiliate of a Borrower for any reason whatsoever, including without limitation, salaries, debt repayment, consulting fees, management fees, expense reimbursements and dividends, distributions, put, call or redemption payments and any other payments in respect of ownership interests in such Borrower; provided, however, that Restricted Payments shall not include:

- (i) reasonable Transaction Costs;
- (ii) reasonable salary payments and benefits made to employees;
- (iii) reasonable director fees paid to independent members of a Borrower's board of directors, not to exceed \$250,000 in the aggregate for any Fiscal Year;
- (iv) amounts paid to Manager pursuant to the terms of the Management Agreement, not to exceed \$1,500,000 in the aggregate for any Fiscal Year plus reasonable out-of-pocket expenses required to be reimbursed to Manager pursuant to the terms of the Management Agreement, provided, however, that until such time as the Obligations have been indefeasibly paid in full (except to the extent such Obligations are meant to survive the termination of this Agreement), the fees due and payable to Manager pursuant to the Management Agreement shall accrue and be paid to Manager only in accordance with **Section 6.12**; and

(v) the reimbursement of reasonable out-of-pocket travel expenses of members of the Borrowers' Board of Directors, not to exceed \$50,000 in the aggregate for any Fiscal Year.

**Revolving Credit Commitment:** with respect to each Revolving Credit Lender, the commitment of such Revolving Credit Lender to make Revolving Credit Loans, as such Revolving Credit Commitment (a) may be reduced from time to time pursuant to **Section 2.05**, and (b) may be reduced or increased from time to time pursuant to **Article XII**. The initial maximum amount of each Revolving Credit Lender's Revolving Credit Commitment is set forth in **Schedule 2.01**.

**Revolving Credit Commitment Period:** the period from and including the Closing Date up to, but not including, the earliest of (a) the Maturity Date and (b) the date of termination of the Revolving Credit Commitments.

**Revolving Credit Lenders:** Lenders holding Revolving Credit Notes and Revolving Credit Commitments.

**Revolving Credit Loans:** the meaning specified in **Section 2.01(a)**.

**Revolving Credit Note(s):** the meaning specified in **Section 2.01(a)**.

**River City:** the meaning specified in the **Recitals**.

**Risk Participation Liability:** means, as to each Letter of Credit, all reimbursement obligations of Borrowers to the Issuing Lender with respect to an L/C Undertaking, consisting of (a) the amount available to be drawn or which may become available to be drawn, (b) all amounts that have been paid by the Issuing Lender to the Underlying Issuer to the extent not reimbursed by Borrowers, whether by the making of an Advance or otherwise, and (c) all accrued and unpaid interest, fees, and expenses payable with respect thereto.

**Sale Amount:** means the value attributed to each Station as set forth on **Schedule 1.01** attached hereto and made a part hereof.

**Second A&R Credit Agreement:** the meaning specified in the **Recitals**.

**Security Document(s):** the meaning specified in **Section 2.16(c)**.

**Senior Debt:** at any time, (i) all outstanding Indebtedness of the Borrowers, or any of them, to Lenders, or any of them, including, without limitation, Indebtedness incurred pursuant to this Agreement, and (ii) all other outstanding funded Indebtedness (including, without limitation, Capital Leases) owed by Borrowers and their Subsidiaries (on a consolidated basis) other than Subordinated Debt existing on the Closing Date as consented to by Required Lenders.

**Services Agreement(s)**: Services Agreement dated November 27, 2002, between EBC and River City; and Services Agreement dated November 27, 2002, between EBC and Fort Smith 46; Services Agreement dated August 15, 2003, between EBC and Logan 12; and Services Agreement dated August 15, 2002, between EBC and PBI, and such other Services Agreements between EBC and certain of its Subsidiaries as are listed in **Schedule 4.16**.

**Silver Point**: Silver Point Finance, LLC, a Delaware limited liability company.

**Specified Authority**: the FCC, the FAA and all other Governmental Authorities having jurisdiction over any Borrowers, any Stations and/or any Licenses.

**SPCP**: the meaning specified in the **Preamble**.

**SPF**: the meaning specified in the **Preamble**.

**SPLenders**: means, collectively, SPCP, SPF, FPIII, and FPIV.

**Station or Stations**: a broadcast television station owned or programmed by a Borrower which consists of all of the properties and operating rights constituting a complete, fully integrated system for transmitting television signals from a transmitter licensed by the FCC, together with all associated boosters and translators, without payment of any fee by the Persons receiving such signals, including, without limitation, each of the Stations described in **Schedule 4.07** hereto.

**Subject Lender**: the meaning specified in Article XI, Section (c).

**Subordinated Debt**: indebtedness owed by a Borrower or a Subsidiary of a Borrower to a Person other than a Lender, which Indebtedness has been subordinated in writing to the prior payment in full of all of the Obligations, on terms approved by Agents in writing (including, without limitation, satisfactory standstill and bankruptcy provisions).

**Subsidiary**: any corporation, partnership, joint venture, association or other business entity, whether now existing or hereafter organized or acquired, (i) in the case of a corporation, of which more than 50% of the total voting power of the equity interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, officers or trustees thereof is held by such Person or any of its Subsidiaries; or (ii) in the case of a partnership, joint venture, association or other business entity, with respect to which such Person or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise or if in accordance with GAAP such entity is consolidated with such Person for financial statement purposes.

**Taxes**: the meaning specified in **Section 2.09**.

**Term Loan A Commitment**: With respect to each Term Loan Lender, the commitment of such Term Loan Lender to make Term Loans A. The amount of each Term Loan Lender's Term Loan A Commitments is set forth in **Schedule 2.01**.

**Term Loan A Lenders**: Lenders holding Term Loan A Notes.

**Term Loan A Notes**: the meaning specified in **Section 2.01(c)(iii)**.

**Term Loan B Lenders**: Lenders holding Term Loan B Notes.

**Term Loan B Commitment**: With respect to each Term Loan Lender, the commitment of such Term Loan Lender to make Term Loans B. The initial amount of each Term Loan Lender's Term Loan B Commitment is set forth in **Schedule 2.01**.

**Term Loan B Notes**: the meaning specified in **Section 2.01(c)(iii)**.

**Term Loan Commitment**: with respect to each Term Loan Lender, the commitment of such Term Loan Lender to make Term Loans. The initial maximum amount of each Term Loan Lender's Term Loan Commitment is set forth in **Schedule 2.01**.

**Term Loan Lenders**: Lenders holding Term Notes.

**Term Loans**: Term Loans A and Term Loans B.

**Term Loans A**: Loans made by Term Loan Lenders to Borrower pursuant to **Section 2.01(c)(i)**.

**Term Loans B**: Loans made by Term Loan Lenders to Borrower pursuant to **Section 2.01(c)(i)**.

**Term Notes**: the meaning specified in **Section 2.01(c)**.

**Terrorism Laws**: means any of the following (a) Executive Order 13224 issued by the President of the United States, (b) the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), (c) the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), (d) the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), (e) the Patriot Act (as it may be subsequently codified), (f) all other present and future legal requirements of any Governmental Authority addressing, relating to, or attempting to eliminate, terrorist acts and acts of war and (g) any regulations promulgated pursuant thereto or pursuant to any legal requirements of any Governmental Authority governing terrorist acts or acts of war.

**Third Parties**: the meaning specified in **Section 13.02**.

**Total Debt**: at any time, all outstanding Indebtedness of Borrowers, or any of them, in respect of borrowed money and Capital Leases (exclusive of intercompany items), excluding any obligations in respect of non-competition agreements.

**Total Debt Service**: for any period, the aggregate amount of principal, Total Interest Expense, fees and other amounts required to be paid during such period in respect of Borrowers' Total Debt.

**Total Fixed Charges:** for any fiscal period, the sum of (a) Total Debt Service for such period, (b) income taxes paid by Borrowers during such period, (c) Capital Expenditures of Borrowers during such period, (d) Restricted Payments made during such period, and (e) to the extent not deducted as expenses in calculating Net Income, payments made by Borrowers under non-competition agreements made during such period.

**Total Interest Expense:** for any period, Interest Expense which is payable, or currently paid, in cash.

**Trades:** those assets and liabilities of Borrowers which do not represent the right to receive payment in cash or the obligation to make payment in cash and which arise pursuant to so-called "trade" or "barter" transactions.

**Transaction Costs:** for any period, shall mean and refer to specific nonrecurring out-of-pocket expenses (including attorneys' fees, investment banking fees and facility fees, but excluding recurring costs such as commitment and agency fees) payable by Borrowers to Persons who are not Affiliates of Borrower during such period in connection with the closing of the transactions under this Agreement, to the extent the same are expensed (rather than capitalized).

**Treasury Rate:** means, the yield to maturity at a time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two business days prior to the date of the applicable repayment or prepayment (or, if such Statistical Release is no longer published, any publicly available source similar market data)) most nearly equal to the period from the applicable date of such repayment or prepayment to the applicable Maturity Date, provided, however, that if the period from the applicable repayment or prepayment date to the applicable Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given.

**Underlying Issuer:** a third Person which is the beneficiary of an L/C Undertaking and which has issued a letter of credit at the request of the Issuing Lender for the benefit of one or more Borrowers.

**Underlying Letter of Credit:** a letter of credit that has been issued by an Underlying Issuer.

**Unused Line Fees:** the meaning specified in **Section 2.06(b)**.

**Wells Fargo:** Wells Fargo Bank, National Association, a national banking association.

**WFF:** the meaning specified in the **Preamble**.

**Section 1.02. Accounting Terms and Determinations.** Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP.

**Section 1.03.**      **Computation of Time Periods.** In this Agreement, with respect to the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding." Periods of days referred to in this Agreement shall be counted in calendar days unless otherwise stated.

**Section 1.04.**      **Construction.** Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular and to the singular include the plural, references to any gender include any other gender, the part includes the whole, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." References in this Agreement to "determination" by Lenders include good faith estimates by Lenders (in the case of quantitative determinations), and good faith beliefs by Lenders (in the case of qualitative determinations). The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. Any reference in this Agreement or any of the Loan Documents to this Agreement or any of the Loan Documents includes any and all permitted alterations, amendments, changes, extensions, modifications, renewals, or supplements thereto or thereof, as applicable.

**Section 1.05.**      **Exhibits and Schedules.** All of the exhibits and schedules attached hereto shall be deemed incorporated herein by reference.

**Section 1.06.**      **No Presumption Against Any Party.** Neither this Agreement, any of the Loan Documents, any other document, agreement, or instrument entered into in connection herewith, nor any uncertainty or ambiguity herein or therein shall be construed or resolved using any presumption against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement, the Loan Documents, and the other documents, instruments, and agreements entered into in connection herewith have been reviewed by each of the parties and their counsel and shall be construed and interpreted according to the ordinary meanings of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

**Section 1.07.**      **Independence of Provisions.** All agreements and covenants hereunder, under the Loan Documents, and the other documents, instruments, and agreements entered into in connection herewith shall be given independent effect such that if a particular action or condition is prohibited by the terms of any such agreement or covenant, the fact that such action or condition would be permitted within the limitations or another agreement or covenant shall not be construed as allowing such action to be taken or condition to exist.

## **II. GENERAL TERMS.**

### **Section 2.01. Loan Facilities.**

(a)      **Revolving Credit Facilities.** (i) Subject to the terms and conditions contained in this Agreement, each Revolving Credit Lender agrees to make one or more Advances pursuant to this **Section 2.01(a)** (collectively, the "**Revolving Credit Loans**") to Borrowers from time to time during the Revolving Credit Commitment Period in an aggregate principal amount at any time outstanding which does not exceed the amount of such Revolving Credit Lender's Revolving Credit Commitment; provided, however, that:

(1) the sum of (x) the aggregate unpaid principal amount of all Revolving Credit Loans outstanding hereunder, *plus* (y) the Letter of Credit Usage shall at no time exceed the Aggregate Revolving Credit Commitments then in effect; and

(2) the sum of (x) the aggregate unpaid principal amount of all Revolving Credit Loans outstanding hereunder, *plus* (y) the Letter of Credit Usage, *plus* (z) the unpaid principal balance of all Term Loans outstanding hereunder, shall at no time exceed the lesser of (i) forty-five percent (45%) of the Compressed Sale Value of Eligible Stations and (ii) \$53,000,000, as may be reduced from time to time by permanent reductions in the Revolving Credit Commitments or repayments of the Term Loan Commitments.

(ii) The borrowings under this **Section 2.01(a)** shall be evidenced by Borrowers' Second Amended and Restated Secured Revolving Credit Notes issued to the respective Revolving Credit Lenders (together with any additional Secured Revolving Credit Notes issued to any assignee(s) of the Revolving Credit Commitments under **Article XII** or otherwise issued in addition to, in substitution therefor or amendment or replacement thereof, collectively the "**Revolving Credit Notes**"), such Revolving Credit Notes to be in the form of **Exhibit A** attached hereto.

(iii) During the Revolving Credit Commitment Period and within the limits of the Aggregate Revolving Credit Commitments, Borrowers may borrow, repay and reborrow under, and as permitted by, this **Section 2.01(a)**. Interest on the Revolving Credit Loans shall be paid as required under **Section 2.02** and under **Section 2.05** in connection with all mandatory and voluntary reductions of the Revolving Credit Commitments.

(iv) The Revolving Credit Commitments shall expire on the last day of the Revolving Credit Commitment Period.

(v) If, at the time any Revolving Credit Loan is made, a Default has occurred and is continuing and such Revolving Credit Loan is not being made solely to pay interest, fees or reasonable expenses due under the Loan, the Revolving Credit Lenders shall obtain the Administrative Agent's consent to such Revolving Credit Loan prior to making the requested Advance.

(b) **Letter of Credit Facility.** (i) Subject to the terms and conditions of this Agreement, the Issuing Lender agrees to issue letters of credit for the account of Borrowers (each, an "**L/C**") or to purchase participations or execute indemnities, guarantees or reimbursement obligations (each such undertaking, an "**L/C Undertaking**") with respect to letters of credit issued by an Underlying Issuer (as of the Closing Date, the prospective Underlying Issuer will be Wells Fargo) for the account of Borrowers. If at the time any L/C is issued, (A) the Issuer waives any conditions precedent to such L/C; or (B) a Default has occurred and is continuing, the Issuer shall get the Administrative Agent's consent to such L/C prior to issuing such L/C. To request the issuance of an L/C or an L/C Undertaking (or the amendment, renewal, or extension of an outstanding L/C or L/C Undertaking), the Borrower Representative, on behalf of the Borrowers, shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Lender) to the Issuing Lender and Collateral Agent (reasonably in advance of the requested date of issuance, amendment, renewal, or extension) a notice requesting the issuance of an L/C or L/C Undertaking, or identifying the L/C or L/C Undertaking to be amended, renewed, or extended, the date of issuance, amendment, renewal, or extension, the date on which such L/C or L/C Undertaking is to expire, the amount of such L/C or L/C Undertaking, the name and address of the beneficiary thereof (or of the Underlying Letter of Credit, as applicable), and such other information as shall be necessary to prepare, amend, renew, or extend such L/C or L/C Undertaking. If requested by the Issuing Lender, the Borrowers also shall be applicants under the application with respect to any Underlying Letter of Credit that is to be the subject of an L/C Undertaking. The Issuing Lender shall have no obligation to issue a Letter of Credit if any of the following would result after giving effect to the requested Letter of Credit:

(A) the Letter of Credit Usage would exceed the amount by which the lesser of (v) the Aggregate Revolving Credit Commitments or (w) forty-five percent (45%) of the Compressed Sale Value of Eligible Stations, exceeds the amount of outstanding Revolving Credit Loans and the amount of outstanding Term Loans, or

(B) the Letter of Credit Usage would exceed \$500,000.

Borrowers and the Revolving Credit Lenders acknowledge and agree that certain Underlying Letters of Credit may be issued to support letters of credit that already are outstanding as of the Closing Date. Each Letter of Credit (and corresponding Underlying Letter of Credit) shall be in form and substance acceptable to the Issuing Lender (in the exercise of its discretion), including the requirement that the amounts payable thereunder must be payable in Dollars. If Issuing Lender is obligated to advance funds under a Letter of Credit, Borrowers immediately shall reimburse such L/C Disbursement to Issuing Lender by paying to Collateral Agent an amount equal to such L/C Disbursement not later than 11:00 a.m., California time, on the date that such L/C Disbursement is made, if Borrowers shall have received written or telephonic notice of such L/C Disbursement prior to 10:00 a.m., California time, on such date, or, if such notice has not been received by Borrowers prior to such time on such date, then not later than 11:00 a.m., California time, on (i) the Business Day that Borrowers receive such notice, if such notice is received prior to 10:00 a.m., California time, on the date of receipt, and, in the absence of such reimbursement, the L/C Disbursement immediately and automatically shall be deemed to be an Advance hereunder and, thereafter, shall bear interest at the rate then applicable to Loans under **Section 2.02**. To the extent an L/C Disbursement is deemed to be an Advance hereunder, Borrowers' obligation to reimburse such L/C Disbursement shall be discharged and replaced by the resulting Advance. Promptly following receipt by Collateral Agent of any payment from Borrowers pursuant to this paragraph, Collateral Agent shall distribute such payment to the Issuing Lender or, to the extent that Revolving Credit Lenders have made payments pursuant to **Section 2.01(b)(v)** to reimburse the Issuing Lender, then to such Revolving Credit Lenders and the Issuing Lender as their interests may appear.



(ii) Promptly following receipt of a notice of L/C Disbursement pursuant to **Section 2.01(b)(i)**, each Revolving Credit Lender with a Revolving Credit Commitment agrees to fund its Pro Rata Share of any Advance deemed made pursuant to the foregoing subsection on the same terms and conditions as if Borrowers had requested such Advance and Collateral Agent shall promptly pay to Issuing Lender the amounts so received by it from the Revolving Credit Lenders. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Lender or the Revolving Credit Lenders with Revolving Credit Commitments, the Issuing Lender shall be deemed to have granted and assigned to each Revolving Credit Lender with a Revolving Credit Commitment, and each Revolving Credit Lender with a Revolving Credit Commitment shall be deemed to have purchased and assumed, a participation in each Letter of Credit, in an amount equal to its Pro Rata Share of the Risk Participation Liability of such Letter of Credit, and each such Revolving Credit Lender agrees to pay to Collateral Agent, for the account of the Issuing Lender, such Revolving Credit Lender's Pro Rata Share of any payments made by the Issuing Lender under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Credit Lender with a Revolving Credit Commitment hereby absolutely and unconditionally agrees to pay to Collateral Agent, for the account of the Issuing Lender, such Revolving Credit Lender's Pro Rata Share of each L/C Disbursement made by the Issuing Lender and not reimbursed by Borrowers on the date due as provided in clause (i) of this **Section 2.01(a)**, or of any reimbursement payment required to be refunded to Borrowers for any reason. Each Revolving Credit Lender with a Revolving Credit Commitment acknowledges and agrees that its obligation to deliver to Collateral Agent, for the account of the Issuing Lender, an amount equal to its respective Pro Rata Share pursuant to this **Section 2.01(b)(ii)** shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in **Section 3** hereof. If any such Revolving Credit Lender fails to make available to Collateral Agent the amount of such Revolving Credit Lender's Pro Rata Share of any payments made by the Issuing Lender in respect of such Letter of Credit as provided in this Section, Collateral Agent (for the account of the Issuing Lender) shall be entitled to recover such amount on demand from such Revolving Credit Lender together with interest thereon at the Federal Funds Rate until paid in full, or if not paid in full within three (3) Business Days, then at the Base Rate until paid in full.

(iii) Each Borrower hereby agrees to jointly and severally indemnify, save, defend, and hold the Revolving Credit Lenders harmless from any loss, cost, expense, or liability, and reasonable attorneys' fees incurred by the Revolving Credit Lenders arising out of or in connection with any Letter of Credit; provided, however, that no Borrower shall be obligated hereunder to indemnify for any loss, cost, expense, or liability that is caused by the gross negligence or willful misconduct of the Issuing Lender or any other Lender. Each Borrower agrees to be bound by the Underlying Issuer's regulations and interpretations of any Underlying Letter of Credit or by Issuing Lender's interpretations of any L/C issued by Issuing Lender to or for such Borrower's account, even though this interpretation may be different from such Borrower's own, and each Borrower understands and agrees that the Revolving Credit Lenders shall not be liable for any error, negligence, or mistake, whether of omission or commission, in following Borrowers' instructions or those contained in the Letter of Credit or any modifications, amendments, or supplements thereto. Each Borrower understands that the L/C Undertakings may require Issuing Lender to indemnify the Underlying Issuer for certain costs or liabilities arising out of claims by Borrowers against such Underlying Issuer. Each Borrower hereby agrees to jointly and severally indemnify, save, defend, and hold the Revolving Credit Lenders harmless with respect to any loss, cost, expense (including reasonable attorneys fees), or liability incurred by the Revolving Credit Lenders under any L/C Undertaking as a result of the Revolving Credit Lenders' indemnification of any Underlying Issuer; provided, however, that no Borrower shall be obligated hereunder to indemnify for any loss, cost, expense, or liability that is caused by the gross negligence or willful misconduct of the Issuing Lender or any other Revolving Credit Lender.

(iv) Each Borrower hereby authorizes and directs any Underlying Issuer to deliver to the Issuing Lender all instruments, documents, and other writings and property received by such Underlying Issuer pursuant to such Underlying Letter of Credit and to accept and rely upon the Issuing Lender's instructions with respect to all matters arising in connection with such Underlying Letter of Credit and the related application.

(v) Any and all charges, commissions, fees, and costs incurred by the Issuing Lender relating to Underlying Letters of Credit immediately shall be reimbursable by Borrowers to Collateral Agent for the account of the Issuing Lender; it being acknowledged and agreed by each Borrower that, as of the Closing Date, the issuance charge imposed by the prospective Underlying Issuer is .825% per annum times the face amount of each Underlying Letter of Credit, that such issuance charge may be changed from time to time, and that the Underlying Issuer also imposes a schedule of charges for amendments, extensions, drawings, and renewals.

(vi) If by reason of (x) any change in any applicable law, treaty, rule, or regulation or any change in the interpretation or application thereof by any Governmental Authority, or (y) compliance by the Underlying Issuer or the Revolving Credit Lenders with any direction, request, or requirement (irrespective of whether having the force of law) of any Governmental Authority or monetary authority including, Regulation D of the Federal Reserve Board as from time to time in effect (and any successor thereto):

(A) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit issued hereunder, or

(B) there shall be imposed on the Underlying Issuer or the Revolving Credit Lenders any other condition regarding any Underlying Letter of Credit or any Letter of Credit issued pursuant hereto;

and the result of the foregoing is to increase, directly or indirectly, the cost to the Lenders of issuing, making, guaranteeing, or maintaining any Letter of Credit or to reduce the amount receivable in respect thereof by the Revolving Credit Lenders, then, and in any such case, Collateral Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Borrower Representative, and Borrowers shall pay on demand such amounts as Collateral Agent may specify to be necessary to compensate the Revolving Credit Lenders for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Revolving Credit Loans hereunder. The determination by Collateral Agent of any amount due pursuant to this Section, as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

(c) **Term Loan Facilities.** (i) Subject to the terms and conditions contained in this Agreement, each Term Loan A Lender agrees to make one or more loans pursuant to this **Section 2.01(c)** (collectively, the "**Term Loans A**") to Borrowers on the Closing Date in an aggregate principal amount which does not exceed the amount of such Lender's Term Loan A Commitment and each Term Loan B Lender agrees to make one or more loans pursuant to this **Section 2.01(c)** (collectively, the "**Term Loans B**") to Borrower on the Closing Date in an aggregate amount which does not exceed the amount of such Lender's Term Loan B Commitment; provided, however, that:

(A) Term Loan Lenders shall have no obligation to make any Term Loan if, after giving effect to any such Term Loan, the sum of the aggregate amount of the Term Loans then outstanding plus the amount of the requested Term Loans would exceed the Aggregate Term Loan Commitments then in effect; and

(B) the sum of (1) the aggregate principal amount of all Term Loans made on the Closing Date, (2) the then outstanding unpaid principal balance of Revolving Credit Loans (after deducting therefrom the amount to be paid on the Closing Date from the proceeds of the requested Term Loans), and (3) the Letter of Credit Usage, shall not exceed the lesser of (i) forty-five percent (45%) of the Compressed Sale Value of Eligible Stations; and (ii) \$53,000,000, as may be reduced from time to time by permanent reductions in the Revolving Credit Commitments or repayments of the Term Loan Commitments.

(ii) The borrowings under this **Section 2.01(c)** shall be evidenced by Borrowers' Secured Promissory Notes issued to the respective Term Loan Lenders (together with any additional Secured Promissory Notes issued to assignee(s) of the Term Loan Lenders under Article XII or otherwise issued in addition thereto, in substitution therefor or amendment or replacement thereof, collectively, the "**Term Notes**"), such Term Notes with respect to Term Loans A to be in the form of Exhibit B-1 (the "**Term Loan A Notes**") attached hereto, such Term Notes with respect to Term Loans B to be in the form of Exhibit B-2 (the "**Term Loan B Notes**") attached hereto.

(iii) Borrowers may borrow Term Loans on the Closing Date under this **Section 2.01(c)** within the limits of the Aggregate Term Loan Commitments; provided, however, that Borrowers shall not have the right to re-borrow principal amounts repaid or prepaid in respect to the Term Loans. Interest on the Term Loans shall be paid as required under **Section 2.02** and under **Section 2.05** in connection with all mandatory and voluntary prepayments of the Term Loans.

(iv) The Term Loan Commitments shall expire at the close of business on the Closing Date.

**Section 2.02.** **Interest on the Notes.**

(a) **Interest Rates.** Subject to the provisions of **Section 2.02(e)**, the outstanding principal balance of each Loan shall bear interest from the date of Loan or Advance until payment in full, both before and after maturity, and be payable by Borrowers, at a rate or rates per annum calculated from time to time in accordance with this **Section 2.02**.

(b) **Determination of Interest Rate for Loans.** Except as hereinafter provided, the interest rate charged by the Lenders in respect to the Loans shall be either (1) the applicable LIBOR Rate pursuant to a Notice of Conversion or Continuation effective on the first day of the Interest Period, *plus* nine and one-half percent (9.50%), or, (2) if such LIBOR Rate is not available or published, or at Borrowers' option, the Base Rate. Notwithstanding anything herein to the contrary, if Borrowers indefeasibly pay all Obligations in full on or prior to March 28, 2008, Lenders shall credit to Borrowers from the Early Termination Fee an amount equal to the difference between the amount of interest actually paid or owing pursuant to the terms hereof and the amount of interest that would have been due or paid if the interest rate on the Closing Date had been the Reduced Interest Rate.

(c) **Choosing Interest Rate Basis and Interest Period.**

(i) At least three (3) Business Days prior to the last day of each Interest Period for each LIBOR Loan, the Borrower Representative shall give the Billing Agent a Notice of Conversion or Continuation specifying whether all or a portion of such LIBOR Loan (1) is to be Continued in whole or in part as or to one or more LIBOR Loans (and such Notice shall set forth the applicable duration of the next Interest Period as one (1), three (3) or six (6) months), (2) is to be Converted in whole or in part into a Base Rate Loan, or (3) is to be repaid. The failure to give such notice shall be deemed to constitute a request by Borrowers to continue such Loan as a LIBOR Loan for a one-month LIBOR Interest Period on the last day of the applicable Interest Period. Upon the last day of such Interest Period, such LIBOR Loan will, subject to the provisions hereof, be so Continued, Converted or repaid, as applicable and as set forth in such Notice or, if no such Notice is given, as provided herein.

(ii) With respect to a Base Rate Loan, such Loan shall continue to bear interest at the Base Rate unless and until the Borrowers request that such Loan be Converted into a LIBOR Loan as follows. The Borrowers may give Billing Agent three (3) Business Days prior written notice in the form of a Notice of Conversion or Continuation specifying that all or a portion of such Base Rate Loan is to be Converted in whole or in part into a LIBOR Loan pursuant to the terms hereof, and the applicable Interest Period (and such Notice shall set forth the applicable duration of the next Interest Period as one (1), three (3) or six (6) month period). Upon the date set forth in such Notice, such Base Rate Loan will, subject to the provisions hereof, be Converted into a LIBOR Loan with an initial Interest Period as set forth in such Notice.

(d) **Interest Payment Dates.** Interest on the Revolving Credit Loans, Term Loans A and Letter of Credit Fees shall accrue as of and after the date hereof and shall be payable by Borrowers, jointly and severally, in arrears, without setoff, deduction or counterclaim on the first day of each month, commencing March 1, 2008, and on the Maturity Date, whether by reason of acceleration, prepayment, payment or otherwise. Interest on the Term Loans B shall accrue as of and after the date hereof and be due and shall be payable by Borrowers, jointly and severally, in arrears, without setoff deduction or counterclaim on the first Business Day of each month, commencing March 1, 2008, and on the Maturity Date, whether by reason of acceleration, prepayment, payment or otherwise.

(e) **Effect of Defaults, Etc.**

(i) During the existence of any Event of Default, the outstanding principal balance under the Loans and, to the extent permitted by applicable law, overdue interest, fees, expenses or other amounts payable hereunder or under the other Loan Documents, shall bear interest, from and including the date such Event of Default occurred until such Event of Default is cured or waived in writing as provided herein, at a rate per annum (the "**Default Rate**") (computed on the basis of the actual number of days elapsed over a 360-day year) equal to two percent (2.00%) above the interest rate(s) otherwise applicable hereunder; and the Letter of Credit fee provided for herein shall be increased by two percent (2.00%) above the per annum rate otherwise applicable hereunder.

(ii) If any installment of interest is not paid within ten (10) days of its due date, Borrowers shall, to the extent permitted by law, pay to Billing Agent for the account of Lenders holding the delinquent interest obligations, a late and handling charge equal to five percent (5%) of the unpaid portion of such overdue installment.

(iii) Nothing in this **Section 2.02(e)** shall affect the rights of Administrative Agent, Collateral Agent or Lenders to exercise any rights or remedies under the Loan Documents or applicable law arising upon the occurrence and continuance of an Event of Default.

(f) **Interest Calculations.** Interest on all Loans shall be computed on the basis of a three hundred sixty (360) day year counting the actual number of days elapsed.

(g) **Intent Not to Violate Usury Laws.** (i) All agreements between or among Borrowers, Administrative Agent, Collateral Agent, Billing Agent and any Lender(s) are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness or otherwise, shall the amount paid or agreed to be paid for the use or forbearance of the indebtedness evidenced by this Agreement, the Notes or any other Loan Document exceed the maximum amount which any Lender is permitted to receive under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement, the Notes or any other Loan Document, at the time performance of such provision shall be due, shall involve exceeding such amount, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if, from any circumstances, any Lender should ever receive as interest an amount which would exceed such maximum amount, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement, the Notes and the other Loan Documents shall be governed by such new law as of its effective date. This provision shall control every other provision of all agreements between or among Borrowers, Administrative Agent, Collateral Agent, Billing Agent and any Lender.

(ii) SPLenders and Borrowers intend that the Term Loans and Revolving Credit Loans qualify for the exemption set forth in Section 25118(b) of the California Corporations Code to California's usury provisions. In this regard, each of SPLenders and each of Borrowers hereby represents, warrants and agrees as follows:

(A) the Loans made to Borrowers by SPLenders pursuant to **Section 2.01(a)** and (c), respectively, constitute a single coordinated loan made to Borrowers by SPLenders;

(B) the advance of the Term Loans and Revolving Credit Loans to Borrowers by SPLenders pursuant to **Section 2.01(a)** and (c) are conditioned upon all the Borrowers' participation in the Term Loans and Revolving Credit Loans; and

(C) each of Borrowers and SPLenders, by reason of its business and financial experience, has the capacity to protect its own interests in connection with the Term Loans and Revolving Credit Loans.

(iii) The Lenders and the Borrowers also intend that the Loans qualify for the exemption set forth in Section 3707 of the California Financial Code to California's usury provisions. In this regard, each of the Lenders and each of the Borrowers hereby acknowledges and agrees that each of the Loans was "arranged by" the Collateral Agent, as the term "arranged by" is used in Section 3707 of the California Financial Code.

**Section 2.03. Loan Requests.**

Each request by Borrowers for Loans (other than the initial Loans, if made concurrently herewith) shall be in an amount not less than \$250,000, and if greater than such amount, an integral multiple of \$50,000, and shall be made by Borrower Representative not later than (i) 11:00 A.M. (California time) on the Business Day prior to the proposed Borrowing Date, by a written Loan Request, in the form of **Schedule 2.03** (each, a "**Loan Request**"), signed by a Duly Authorized Officer of Borrower Representative and indicating (i) the date of such Loans and (ii) the use of proceeds thereof. Billing Agent shall promptly notify Lenders of such Loan Request and the information contained therein. Such Loan Request shall be irrevocable and binding on Borrowers. The Loans shall be made by the applicable Lenders Pro Rata as provided in **Section 2.13**. Not later than 2:00 P.M. (California time) on the date specified for any Loans, each applicable Lender shall make available to Billing Agent the portion of the Loans to be made by it on such date, in immediately available funds, for the account of Borrower. The amount so received by Billing Agent shall, subject to the terms and conditions of this Agreement, be made available to Borrowers by disbursing such funds as indicated in writing in the related Loan Request prior to the date such Loans are proposed to be made.

**Section 2.04. Repayment of Loans.**

(a) (i) Borrowers hereby unconditionally, jointly and severally promise to pay to Collateral Agent for the account of each Revolving Credit Lender on the Maturity Date the then aggregate unpaid principal balance of such Revolving Credit Lender's Revolving Credit Loans.

(ii) Borrowers hereby unconditionally, jointly and severally promise to pay to Billing Agent for the account of each Term Loan Lender on the Maturity Date the then aggregate unpaid principal balance of such Term Loan Lender's Term Loans.

(b) In addition, in connection with any reduction in the Aggregate Revolving Credit Commitments, or at any other time that the aggregate outstanding and unpaid principal balance of the Revolving Credit Loans plus the Letter of Credit Usage exceeds the then applicable Aggregate Revolving Credit Commitments, Borrowers hereby jointly and severally promise to repay the Revolving Credit Loans in an aggregate amount equal to such excess. In addition, at the time that the sum of (x) the aggregate outstanding and unpaid principal balance of the Term Loans, (y) the then outstanding and unpaid principal balance of the Revolving Credit Loans, and (z) the Letter of Credit Usage, shall exceed forty-five percent (45%) of the Compressed Sale Value of Eligible Stations, Borrowers hereby jointly and severally promise to repay the Revolving Credit Loans (or, if the Revolving Credit Loans have been paid in full and the Revolving Credit Commitments terminated, to repay the Term Loans) in an aggregate amount equal to such excess.

(c) If any installment of principal is not paid within ten (10) days of its due date, Borrowers shall, to the extent permitted by law, pay to Billing Agent for the Lenders' account a late and handling charge equal to five percent (5%) of the unpaid portion of such overdue installment.

**Section 2.05. Payments, Prepayments and Termination or Reduction of the Commitments.**

(a) **Voluntary Reduction of Revolving Credit Commitments.** Upon at least three (3) Business Days' prior written notice to Billing Agent in the form of **Schedule 2.05(a)** (each, a "**Commitment Reduction Notice**") signed by a Duly Authorized Officer, Borrowers may permanently terminate or permanently reduce the Revolving Credit Commitments, provided as follows:

(i) any such reduction shall be in an aggregate amount of not less than \$100,000 or, if greater, an integral multiple of \$100,000;

(ii) any such reduction shall apply to each Revolving Credit Lender's Revolving Credit Commitment Pro Rata as provided in **Section 2.13**; and

(iii) no such reduction shall cause the Revolving Credit Commitments to be reduced below the Letter of Credit Usage, unless this Agreement is terminated and all Obligations are paid in full in accordance with **Section 2.05(c)**.

Each Commitment Reduction Notice shall specify the date fixed for such termination or reduction, and the aggregate principal amount thereof and the amounts payable in respect thereof under **Section 2.06** or **2.10**. No voluntary prepayment shall be deemed to reduce the Revolving Credit Commitments unless accompanied by a Commitment Reduction Notice.

(b) **Mandatory Commitment Reductions and Prepayments.**

(i) **Casualty Events.** Subject to the provisions of **Section 6.02**, in the event of receipt by any Borrower of any Insurance Proceeds as a result of a Casualty Event relating to the assets of any Borrower (A) in excess of \$100,000 (except to the extent such proceeds are used by Borrower within the Restoration Period to restore, repair or replace the Damaged Property as provided in **Section 6.02**), (B) at any time that a Default has occurred and is continuing, or (C) at any time a Borrower is deemed to have elected to apply such Insurance Proceeds to prepay the Loans by such amount as provided in **Section 6.02** or to have determined not to restore, repair or replace the asset or property affected by such Casualty Event, the Loans shall be prepaid as provided in **Section 2.05(c)** in an amount equal to 100% of such Insurance Proceeds.

(ii) **Dispositions of Assets.** Without limiting the obligation of Borrowers under **Section 7.03** to obtain the consent of the Required Lenders to any Disposition not otherwise permitted hereunder, Borrowers agree (A) three (3) Business Days prior to the occurrence of any Disposition, to deliver to Billing Agent (in sufficient copies for each Lender) a statement, certified by a Duly Authorized Officer of Borrower Representative and in reasonable detail, of the estimated amount of the Net Cash Proceeds of such Disposition and (B) that in the event such Disposition is closed, Borrowers shall prepay the Loans on the date of such Disposition, in an aggregate amount equal to (x) eighty-six and one-quarter percent (86.25%) of the first Ten Million Dollars (\$10,000,000) in aggregate Sale Amounts; (y) seventy-eight percent (78%) of the second Ten Million Dollars (\$10,000,000) in aggregate Sale Amounts; and (z) sixty-nine and three-quarters percent (69.75%) of any additional Sale Amounts. That portion of the Net Cash Proceeds from each Disposition that exceeds the amount required to be paid to Lenders pursuant to this **Section 2.05(b)(ii)** shall be retained by Borrower at the closing of such Disposition(s) and may be used for any business purpose. Notwithstanding the foregoing, the prepayment requirements of this **Section 2.05(b)(ii)** shall not apply with respect to Dispositions in an aggregate amount not to exceed \$250,000 in any calendar year.

As an example, assume Borrowers dispose of a Station (the "**Sold Station**") in exchange for Net Cash Proceeds of \$10,000,000, and the Sale Amount for the Sold Station (as set forth on **Schedule 1.01**) is \$8,000,000. Assume further that, for purposes of this example, the Disposition of the Sold Station is (i) the first Disposition of a Station to occur after the Closing Date; and (ii) the only Disposition occurring during such Fiscal Year. At the closing of the Disposition of the Sold Station, an amount equal to \$6,900,000 (i.e., the Sale Amount of \$8,000,000 multiplied by 86.25%) would be paid to the Billing Agent, for the benefit of the Lenders, and \$3,100,000 would be retained by the Borrowers.

(iii) **Equity and Debt Issuances.** Borrowers shall jointly and severally pay to Billing Agent for the benefit of Lenders as a prepayment of the principal of the Loans (A) one hundred percent (100%) of the cash proceeds (net of reasonable and customary related out-of-pocket fees and expenses) of the sale or issuance of any Equity Securities by Borrowers to any Person (except to the extent that the Agents in their sole discretion consent in writing to the use of such net proceeds for funding of Borrowers' business operations); and (B) one hundred percent (100%) of the cash proceeds (net of reasonable and customary related out-of-pocket fees and expenses) of the issuance by Borrowers of any Indebtedness to any Person, in each case, within two (2) Business Days of such Borrower's receipt thereof. Notwithstanding anything in this **Section 2.05(b)(iii)** to the contrary, Borrowers may unilaterally elect to not make a mandatory prepayment from issuances of Equity Securities and Indebtedness and use such funds for Borrowers' business operations and related proceeds so long as the net cash proceeds of issuances do not exceed \$5,000,000 in the aggregate.



(iv) **Mandatory Reductions in Revolving Credit Commitments.** All payments of principal under **Section 2.05(b)(i), (ii)** and **(iii)** shall be applied in accordance with **Section 2.05(c)(iv)**, provided, however, that all such payments in respect to the Revolving Credit Loans as a result of the provisions of **Section 2.05(b)(i), (ii)** and **(iii)**, shall effect a simultaneous dollar-for-dollar permanent reduction in the Aggregate Revolving Credit Commitments; provided, further, that at the time of receipt of such proceeds from Casualty Event or condemnation, Borrowers may notify Billing Agent of their intention to use such proceeds for reinvestments permitted by this Agreement during the Restoration Period, in which event (i) the Aggregate Revolving Credit Commitments will be reduced at the expiration of the applicable Restoration Period in the amount of such proceeds not utilized for permitted reinvestments by Borrowers, (ii) except to the extent that the payment is intended to be a permanent prepayment of the Loans and corresponding permanent reduction in the Commitments, and any remaining proceeds from Casualty Event or condemnation not so applied to payment of the Loans shall be held in an interest-bearing deposit account maintained with a financial institution acceptable to Collateral Agent subject to a perfected security interest in favor of Collateral Agent for the benefit of Lenders until such proceeds are used for reinvestment or applied to the payment of the Loans as set forth herein, and (iii) availability for borrowings under the Revolving Credit Commitments in an amount equal to the amount of such payments shall be restricted to permitted reinvestments in accordance with this Agreement and within the Restoration Period, and, provided, further, that each Revolving Credit Lender shall have the right to waive such permanent reduction requirement and may, in lieu thereof, impose a reserve in the amount determined by such Revolving Credit Lender, which shall not exceed the amount of the permanent reduction being waived.

(c) **Application of Reductions, Payments and Prepayments, Cash Collateral; Etc.**

(i) All prepayments of the Loans under this **Section 2.05: (A)** shall be made without set-off, deduction or counterclaim and **(B)** shall be applied in accordance with clauses (ii), (iii) and (iv) hereof.

(ii) In addition, if, following a Disposition, the sum of (x) the aggregate outstanding and unpaid principal balance of the Term Loans, (y) the then outstanding and unpaid principal balance of the Revolving Credit Loans, and (z) the Letter of Credit Usage, shall exceed forty-five percent (45%) of the Compressed Sale Value of Eligible Stations, Borrowers hereby jointly and severally promise to repay the Revolving Credit Loans (or if the Revolving Credit Loans have been repaid in full, the Term Loans) in an aggregate amount equal to such excess. In addition, upon any reductions of the Revolving Credit Commitments, Borrowers shall pay any then accrued Unused Line Fees.

(iii) On the date of termination of this Agreement, all Obligations (including contingent reimbursement obligations of Borrowers with respect to any outstanding Letters of Credit) immediately shall become due and payable without notice or demand (including either (i) providing cash collateral to be held by Collateral Agent for the benefit of those Revolving Credit Lenders with a Revolving Credit Commitment in an amount equal to 105% of the then extant Letter of Credit Usage, or (ii) causing the original Letters of Credit to be returned to the Issuing Lender). No termination of this Agreement, however, shall relieve or discharge Borrowers of their duties, Obligations, or covenants hereunder and the Collateral Agent's Liens in the Collateral shall remain in effect until all Obligations have been fully and finally discharged and the Revolving Credit Lenders' obligations to provide additional credit hereunder have been terminated. When this Agreement has been terminated and all of the Obligations have been fully and finally discharged and the Lenders' obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Collateral Agent will, at Borrowers' sole expense, execute and deliver any UCC termination statements, lien releases, mortgage releases, re-assignments of trademarks, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Collateral Agent's Liens and all notices of security interests and liens previously filed by Collateral Agent with respect to the Obligations.

(iv) All payments shall be remitted to Collateral Agent and all such payments (other than payments received while no Default or Event of Default has occurred and is continuing and which relate to the payment of principal or interest of specific Obligations then due or which relate to the payment of specific fees then due), and all proceeds of Collateral received by Collateral Agent, shall be applied as follows:

A. first, to pay any expenses then due to Administrative Agent and the Collateral Agent and any indemnities owed to the Administrative Agent and the Collateral Agent pursuant to the Loan Documents, each on a ratable basis, under the Loan Documents, until paid in full;

B. second, to pay any expenses then due to Lenders (other than the Term Loan B Lenders) and any indemnities owed to the Lenders (other than the Term Loan B Lenders) pursuant to the terms of the Loan Documents, each on a ratable basis, under the Loan Documents, until paid in full;

C. third, to pay any fees then due to Administrative Agent and Collateral Agent pursuant to the terms of this Agreement, on a ratable basis, under the Loan Documents until paid in full;

D. fourth, to pay any fees then due to Lenders (other than the Term Loan B Lenders) under the Loan Documents, on a ratable basis, until paid in full;

E. fifth, ratably to pay interest due in respect of the Loans (other than the Term Loans B) until paid in full;

F. sixth, to pay the principal of all Revolving Credit Loans until paid in full (provided, however, that each Revolving Credit Lender shall have the right to waive payment under this paragraph (F) in its sole discretion, in which case the proceeds shall be applied as set forth in paragraphs below);

G. seventh, so long as no Default or Event of Default has occurred and is continuing, to pay the principal of all Term Loans A until paid in full (provided, however, that each Term Loan A Lender shall, with the consent of the Administrative Agent which shall not be unreasonably withheld, have the right to waive full payment under this paragraph (G) in its sole discretion, in which case a portion of the sums available after application of the foregoing paragraphs shall be used to pay the principal of all Term Loans until paid in full, such portion to be equal to a fraction of such sums, the numerator of which fraction is the unpaid principal balance of all Term Loans and the denominator of which fraction is the unpaid principal balance of all Term Loans, and the remaining portion of the proceeds shall be applied as set forth in paragraphs below);

H. eighth, so long as no Default or Event of Default has occurred and is continuing, to pay expenses and fees then due to the Term Loan B Lenders and indemnities owed to the Term Loan B Lenders pursuant to the Loan Documents;

I. ninth, so long as no Default or Event of Default has occurred and is continuing, to pay interest due to Term Loan B Lenders in respect of the Term Loans B and to pay the principal of all Term Loans B until paid in full;

J. tenth, if a Default or an Event of Default has occurred and is continuing, to Collateral Agent, to be held by Collateral Agent, for the ratable benefit of Issuing Lender and those Revolving Credit Lenders having a Revolving Credit Commitment, as cash collateral in an amount up to 105% of the then extant Letter of Credit Usage until paid in full;

K. eleventh, if a Default or an Event of Default has occurred and is continuing, to pay the principal of all Term Loans A until paid in full;

L. twelfth, if a Default or an Event of Default has occurred and is continuing, to pay expenses, fees and interest due to Term Loan B Lenders in respect of the Term Loans B, to pay indemnities owed to the Term Loan B Lenders pursuant to the Loan Documents, and to pay the principal of all Term Loans B until paid in full;

M. thirteenth, to pay any other Obligations until paid in full; and

N. last, to Borrowers or such other Person entitled thereto under applicable law.

(v) For purposes of the foregoing, "paid in full" means payment of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any insolvency proceeding), default interest, interest on interest, and expense reimbursements, whether or not the same would be or is allowed or disallowed in whole or in part in any insolvency proceeding.

(vi) In the event of a direct conflict between the priority provisions of this **Section 2.05** and other provisions contained in any other Loan Document, it is the intention of the parties hereto that such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this **Section 2.05** shall control and govern.

(d) **Early Termination Fees.** In the event of any prepayment or repayment of a Loan made with proceeds of any sale of Equity Securities or refinancing with any lender other than the Lender receiving such prepayment or repayment, prior to the date which is thirty-four (34) months after the Closing Date, Borrowers shall pay to Billing Agent for the ratable benefit of Lender or Lenders entitled to such Early Termination Fee a fee (the "**Early Termination Fee**") calculated as the lesser of (i) four and one-half percent (4.50%) of the principal amount so paid or prepaid to such Lenders; and (ii) the Make Whole Amount.

Any prepayment or repayment made on or after that date which is thirty-four (34) months after the Closing Date shall be payable at par. Notwithstanding the foregoing provisions of this **Section 2.05(d)**, no Early Termination Fee shall be payable (a) in connection with any prepayment or repayment from proceeds of a refinancing to any Lender participating in such refinancing, or (b) in respect to any mandatory prepayment of Loans made pursuant to **Section 2.05(b)(i)** or **(ii)** so long as the Commitments are not being terminated in their entirety; provided, however, that if the Lenders waive any mandatory prepayment under **Section 2.05(b)** in connection with any mandatory prepayment event described in **Section 2.05(b)**, any voluntary prepayment of such sums by Borrowers (exclusive, however, of voluntary prepayments of the Revolving Credit Loans and temporary prepayments of the Revolving Credit Loans pending Borrowers' election to reinvest proceeds as permitted by this Agreement) shall be subject to the payment of the Early Termination Fee.

#### **Section 2.06. Fees.**

(a) **Unused Line Fees.** Borrowers agree jointly and severally to pay to Collateral Agent, for the ratable account of each Revolving Credit Lender, from the Closing Date through the Revolving Credit Commitment Period, non-refundable fees (the "**Unused Line Fees**") payable quarterly in arrears on each Quarterly Payment Date, commencing April 1, 2008, without setoff, deduction or counterclaim, with a final payment on the date of the termination of the Revolving Credit Commitments, in the amount equal to one-half of one percent (0.50%) per annum (computed on the basis of the actual number of days elapsed over a 360-day year) times the result of (i) the average daily Aggregate Revolving Credit Commitments during the immediately preceding quarter, less (ii) the sum of (A) the average Daily Balance of Advances that were outstanding during the immediately preceding quarter, plus (B) the average Daily Balance of the Letter of Credit Usage during the immediately preceding quarter. For purposes of calculating the daily Aggregate Revolving Credit Commitments for the period from October 1, 2007 through the Closing Date, the term "Aggregate Revolving Credit Commitment" shall have the meaning set forth in the Second A&R Credit Agreement.

(b) **Audit, Appraisal, and Valuation Charges.** Borrowers agree, jointly and severally, to pay to Administrative Agent and Collateral Agent audit, appraisal and valuation fees and charges as follows: (i) a fee of \$850 per day, per auditor, plus reasonable out-of-pocket expenses for each financial audit of Borrowers, performed by personnel employed by Administrative Agent or Collateral Agent, as applicable, (ii) a fee of \$1,500 per day, per appraiser, plus reasonable out-of-pocket expenses, for each appraisal of the Collateral performed by personnel employed by Administrative Agent or Collateral Agent, and (iii) the actual reasonable charges paid or incurred by Administrative Agent or Collateral Agent if it elects to employ the services of one or more third Persons to perform financial audits of Borrowers, to appraise the Collateral, or any portion thereof, to assess the Borrowers' business valuation or to obtain a credit rating for the Term Loans (if commercially reasonable).

(c) **Letter of Credit Fee.** Borrowers shall pay Collateral Agent (for the ratable benefit of the Revolving Credit Lenders, subject to any letter agreement between Administrative Agent and individual Revolving Credit Lenders), a Letter of Credit fee (in addition to the charges, commissions, fees, and costs set forth in **Section 2.01(b)(v)** which shall accrue at a rate equal to 7.75% per annum times the Daily Balance of the undrawn amount of all outstanding Letters of Credit.

(e) **Fee Letter.** Borrowers agree jointly and severally to pay, when due and payable, to Administrative Agent for the benefit of Administrative Agent and, to the extent applicable, SPLenders and Lenders all fees required to be paid by the Fee Letter.

(f) **Collateral Agency Fee.** Borrowers agree jointly and severally to pay to Collateral Agent for its account from and after the Closing Date and until the later of (i) the Maturity Date and (ii) the date on which the Obligations are paid in full, a collateral administrative fee in the amount of \$8,333.00 per month, payable monthly in arrears on each Monthly Payment Date.

**Section 2.07. Requirements of Law.**

(a) In the event that any Regulatory Change shall:

(i) change the basis of taxation of any amounts payable to any Lender under this Agreement or any Notes in respect of any Loans made by it (other than taxes imposed on the overall net income of such Lender in its jurisdiction of organization or in the jurisdiction where its lending office is located);

(ii) impose or modify any reserve, compulsory loan assessment, special deposit or similar requirement relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, any office of such Lender (including any of such Loans); or

(iii) impose any other conditions affecting this Agreement in respect of Loans (or any of such extensions of credit, assets, deposits or liabilities);

and the result of any of the foregoing shall be to increase such Lender's costs of making or maintaining any Loans or any Commitment, or to reduce any amount receivable by such Lender hereunder in respect of any Commitment, in each case only to the extent that such additional amounts are not included in the Prime Rate applicable to such Loans, then Borrowers shall pay on demand to such Lender, through Billing Agent, and from time to time as specified by such Lender, such additional amounts as such Lender shall reasonably determine are sufficient to compensate such Lender for such increased cost or reduced amount receivable.

(b) If at any time after the date of this Agreement any Lender shall have reasonably determined that the adoption or implementation of any Regulatory Change regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof (whether or not having the force of law), has or will have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of the existence of its obligations hereunder (whether with respect to the Commitments, the Loans or any other Obligation) to a level below that which such Lender or its holding company could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time following written notice by such Lender to Borrowers as provided in paragraph (c) of this Section, within thirty (30) days after written demand by such Lender, Borrowers shall pay to such Lender, through Billing Agent, such additional amount or amounts as such Lender shall reasonably determine will compensate such Lender or such corporation, as the case may be, for such reduction, provided that to the extent that any or all of Borrowers' liability under this Section arises following the date of the adoption of any such Regulatory Change (the "**Effective Date**"), such compensation shall be payable only with respect to that portion of such liability arising after notice of such Regulatory Change is given by such Lender to Borrower.

(c) If any Lender becomes entitled to claim any additional amounts pursuant to this Section, it shall notify Borrowers in writing of the event by reason of which it has become so entitled within thirty (30) days after such Lender becomes aware of such claim. A certificate setting forth in reasonable detail the computation of any additional amounts payable pursuant to this Section submitted by such Lender to Borrowers shall be delivered to Borrowers and the other Lenders promptly after the delivery of the initial notice to Borrowers and, if not objected to reasonably and in good faith by Borrowers within fifteen (15) days of their receipt of such certificate, shall be conclusive so long as it reflects a reasonable basis for the calculation of the amounts set forth therein and does not contain any manifest error. The covenants contained in this Section shall survive for six (6) months following the termination of this Agreement and the payment of the outstanding Loans. No failure on the part of any Lender to demand compensation under paragraph (a) or (b) above on any one occasion shall constitute a waiver of its rights to demand compensation on any other occasion. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of any law, regulation or other condition which shall give rise to any demand by such Lender for compensation thereunder. If any Lender claims increased costs, loss or expenses pursuant to this Section, then such Lender, if requested by the Borrowers, shall use reasonable efforts to take such steps that such Borrowers reasonably request as would eliminate or reduce the amount of such increased costs, losses or expenses so long as taking such steps would not, in the reasonable judgment of such Lender, otherwise be disadvantageous to such Lender. Any recovery by any Lender of amounts previously borne by a Borrower pursuant to this Section shall be promptly remitted, without interest (unless such Lender received interest on such recovered amounts), to such Borrower by such Lender.

(d) Notwithstanding any other provision of this Agreement, if, after the date of this Agreement, any Regulatory Change shall make it unlawful for any Lender to make or maintain any LIBOR Loan or to give effect to its obligations as contemplated hereby with respect to any LIBOR Loan, then, by written notice to the Borrowers and to Billing Agent:

(i) such Lender may declare that LIBOR Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued for additional Interest Periods and Base Rate Loans will not thereafter (for such duration) be Converted into LIBOR Loans), whereupon any request for a LIBOR Loan or to Convert a Base Rate Loan to a LIBOR Loan or to Continue a LIBOR Loan, as applicable, for an additional Interest Period shall, as to such Lender only, be deemed a request for a Base Rate Loan (or a request to Continue a Base Rate Loan as such for an additional Interest Period or to Convert a LIBOR Loan into a Base Rate Loan, as applicable), unless such declaration shall be subsequently withdrawn; and

(ii) such Lender may require that all outstanding LIBOR Loans made by it be Converted to Base Rate Loans, in which event all such LIBOR Loans shall be automatically Converted to Base Rate Loans, as of the effective date of such notice as provided in the last sentence of this **Section 2.07(d)**.

In the event any Lender shall exercise its rights under clauses (i) or (ii) of this **Section 2.07(d)**, all payments and prepayments of principal that would otherwise have been applied to repay the LIBOR Loans that would have been made by such Lender or the Converted LIBOR Loans of such Lender shall instead be applied to repay the Base Rate Loans made by such Lender in lieu of, or resulting from the Conversion of, such LIBOR Loans, as applicable. For purposes of this **Section 2.07(d)**, a notice to the Borrowers by any Lender shall be effective as to each LIBOR Loan made by such Lender, if lawful, on the last day of the Interest Period currently applicable to such LIBOR Loan; in all other cases such notice shall be effective on the date of receipt by the Borrowers.

**Section 2.08.**      **Not Used.**

**Section 2.09.**      **Taxes.**

(a) All payments made by Borrowers under this Agreement and the Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (all such taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "**Taxes**"); provided, however, that the term "Taxes" shall not include net income taxes, franchise taxes (imposed in lieu of net income taxes) and general intangibles taxes (such as those imposed by the State of Florida) imposed on any Agent or any Lender, as the case may be, as a result of a present, former or future connection or nexus between the jurisdiction of the government or taxing authority imposing such tax (or any political subdivision or taxing authority thereof or therein) and such Agent or such Lender other than that arising from such Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement, the Notes or any of the Security Documents. If any Taxes are required to be withheld from any amounts payable to any Agent or any Lender hereunder or under the Notes, the amounts so payable to such Agent or such Lender shall be increased to the extent necessary to yield to such Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the Notes. Whenever any Taxes are payable by Borrowers in respect of this Agreement or the Notes, as promptly as possible thereafter Borrowers shall send to Collateral Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by Borrowers showing payment thereof. If a Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Collateral Agent the required receipts or other required documentary evidence, Borrowers shall indemnify Agents, Documentation Agent and Lenders for any incremental taxes, interest or penalties that may become payable by any Agent or any Lender as a result of any such failure. If, after any payment of Taxes by Borrowers under this Section, any part of any Tax paid by any Agent or any Lender is subsequently recovered by such Agent or such Lender, such Agent or such Lender shall reimburse Borrowers to the extent of the amount so recovered. A certificate of an officer of such Agent or such Lender setting forth the amount of such recovery and the basis therefor shall, in the absence of obvious error, be conclusive. Agents and Lenders shall use reasonable efforts to notify Borrowers of their attempts, if any, to obtain abatements of any such Taxes and the receipt by Agents or Lenders of any funds in connection therewith. The agreements in this subsection shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

(b) If any Lender is a "foreign corporation, partnership or trust" within the meaning of the Code, and such Lender is entitled to an exemption (or is exempt) from or reduction of United States withholding tax under Section 1441 or 1442 of the Code or any other law of the United States, or any treaty to which the United States is a party, such Lender will deliver to Collateral Agent and Borrowers prior to the first date as of which any payment is required to be made to it hereunder (i) two duly completed copies of United States Internal Revenue Service Form W-8 BEN or W-8 ECI, or a successor applicable form, as the case may be, and (ii) two duly completed copies of Internal Revenue Service Form W-9 or a successor applicable form, as the case may be. Each such Lender also agrees to deliver to Borrowers and Collateral Agent two further copies of the said Form W-8 BEN or W-8 ECI and Form W-9, or successor applicable forms or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to Borrowers, and such extensions or renewals thereof as may reasonably be requested by Borrowers or Collateral Agent, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises Borrowers and Collateral Agent. Such Lender shall certify (x) in the case of a Form W-8 BEN or W-8 ECI, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (y) in the case of a Form W-9, that it is entitled to an exemption from United States backup withholding tax. In no event shall Borrowers be responsible for any loss incurred as a result of a Lender's failure to comply with this subsection (b).



(c) If any Lender is entitled to a reduction in the applicable withholding tax, Collateral Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required under subsection (b) above are not executed, completed and/or delivered to Collateral Agent, then Collateral Agent may withhold from any interest payment to such Lender not providing such forms or other documentation an amount equivalent to the applicable withholding tax. For purposes of this Section, a distribution hereunder by Collateral Agent to or for the account of any Lender shall be deemed a payment by Borrowers.

(d) If the Internal Revenue Service or any other Governmental Authority, domestic or foreign, asserts a claim that Agents or Documentation Agent did not properly withhold tax from amounts paid to or for the account of any Lender (whether because the appropriate form was not delivered or was not properly executed, completed and/or delivered, because such Lender failed to notify Collateral Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify each Agent and Borrowers fully for all amounts paid, directly or indirectly, by such Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to an Agent under this subsection (d), together with all costs, expenses and reasonable attorneys' fees incurred or paid in connection therewith.

(e) If at any time a Borrower requests any Lender to deliver any forms other than documentation pursuant to subsection (b) above, then Borrowers shall, upon demand of such Lender, reimburse such Lender for any reasonable costs or expenses incurred by such Lender in the preparation or delivery of such forms or other documentation.

**Section 2.10. Indemnification for LIBOR Breakage Charges.** Borrowers, to the fullest extent permitted by applicable law, shall pay to Billing Agent, for the account of each Lender, promptly upon the request of such Lender delivered to Billing Agent and thereafter delivered by Billing Agent to Borrowers, such amount or amounts as shall compensate such Lender for any actual loss, cost or expense incurred by such Lender (as reasonably determined by such Lender) as a result of (a) failure by Borrowers to borrow, Continue or Convert any LIBOR Loan after having given notice of their intention to borrow, Continue or Convert such Loan in accordance with the provisions of this Agreement (whether by reason of Borrowers' election not to proceed or the non-fulfillment of any of the conditions to such advance), or (b) the payment (or failure to pay after giving notice thereof) of any LIBOR Loan in whole or in part for any reason prior to the end of the Interest Period relating thereto. Losses subject to reimbursement hereunder shall include, without limitation, lost margins, expenses incurred by any Lender or any participant of such Lender permitted hereunder in connection with the re-employment of funds prepaid, paid, repaid, not borrowed, or not paid, as the case may be, and will be payable whether the Maturity Date is changed by virtue of an amendment hereto (unless such amendment expressly waives such payment) or as a result of acceleration of the Obligations. Such indemnification may also include an amount equal to (i) the amount of interest which would have accrued on the amount so prepaid for the period from the date of such repayment (if such date is not the last day of the Interest Period) through the end of such Interest Period at the applicable rate of interest for such Loans provided for herein *minus* (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. Any such calculations of losses or damages may be calculated as described above whether or not the Lender actually match funds LIBOR Loans in the interbank Eurodollar market. The provisions of this **Section 2.10** shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder. The determination by each such Lender of the amount of any such loss or expense, when set forth in a written notice delivered to Billing Agent (and thereafter delivered by Billing Agent to the Borrowers), containing such Lender's calculation thereof in reasonable detail shall be presumed correct absent obvious error. For the purpose of calculating amounts payable to a Lender under this **Section 2.10**, each Lender shall be deemed to have funded its relevant LIBOR Loan through the purchase of a deposit bearing interest at the LIBOR Rate in an amount equal to the amount of that LIBOR Loan and having a maturity comparable to the relevant Interest Period; provided, however, that each Lender may fund each of its LIBOR Loans in any manner it sees fit, and the foregoing assumption shall be utilized only for the purposes of calculating amounts payable to the Lenders under this **Section 2.10**.

**Section 2.11.**      **Payments Under the Notes.**

(a) All payments and prepayments made by Borrowers of principal of, and interest on, the Loans and other sums and charges payable under this Agreement, including without limitation, any payments under **Sections 2.06, 2.07, 2.09 and 2.10**, shall be made in immediately available funds to Billing Agent (as specified in **Section 13.03**) for the accounts of Lenders as provided in **Section 2.13** and otherwise herein and not later than 12:00 P.M. (California time) on the date on which such payment shall become due. Billing Agent shall promptly, following receipt of payment under this Agreement or Notes, distribute such payment to each affected Lender in accordance with this Agreement, and Borrowers shall not be responsible for Billing Agent's failure to do so. The failure by Borrowers to make any such payment by such hour shall not constitute a Default hereunder so long as payment is received later that day, provided that any such payment made after 12:00 P.M. (California time) on such due date shall be deemed to have been made on the next Business Day for the purpose of calculating interest on amounts outstanding on the Notes. Borrowers shall, at the time of making each payment under this Agreement or the Notes, specify to Billing Agent the Loans or amounts payable by Borrowers hereunder to which such payment is to be applied and in the event that it fails to so specify, or if a Default has occurred and is continuing, unless all of the Lenders shall otherwise consent thereto, Billing Agent shall distribute such payments in accordance with **Section 2.05(c)**.

(b) If any payment hereunder or under the Notes shall be due and payable on a day which is not a Business Day, such payment shall be deemed due on the next following Business Day and interest shall be payable at the applicable rate specified herein through such extension period. Billing Agent, or any Lender for whose account any such payment is made, may (but shall not be obligated to) debit the amount of any such payment which is not made by 2:00 P.M. (California time) to any deposit account of Borrowers with Billing Agent or such Lender, as the case may be. Each payment received by Billing Agent under this Agreement or any Note for the account of a Lender shall be paid promptly to such Lender, in immediately available funds, for the account of such Lender for the Note in respect to which such payment is made.

**Section 2.12. Set-Off, Etc.** Each Borrower hereby grants to Lenders, a lien, security interest and right of set-off as security for all Obligations to Lenders, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Lenders or any Affiliate of any Lender and their successors and assigns, or in transit to any of them. At any time, without demand or notice, Lenders may set-off the same or any part thereof and apply the same to any matured liability or obligation of a Borrower regardless of the adequacy of any other collateral securing the Notes. ANY AND ALL RIGHTS TO REQUIRE LENDERS TO EXERCISE THEIR RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LOANS, PRIOR TO EXERCISING THEIR RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER OR EACH BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED. Each Borrower agrees that any Person which purchases a participation (or direct interest) in the Loans (each being hereinafter referred to as a "**Participant**") may, after the identity of such Participant has been disclosed to Borrowers in writing, exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Participant were a direct holder of Loans in the amount of such participation, provided that Borrowers were notified of such purchase. Nothing contained herein shall be deemed to require any Participant to exercise any such right or shall affect the right of any Participant to exercise, and retain the benefits of exercising, any such right with respect to any indebtedness or obligation of Borrowers, other than Borrowers' Indebtedness and Obligations under this Agreement.

**Section 2.13. Pro Rata Treatment; Sharing.**

(a) Except to the extent otherwise provided herein, except with respect to the fees payable to Administrative Agent and its Affiliates pursuant to the Fee Letter and fees payable to Collateral Agent, and except as otherwise agreed by each Lender: (i) each borrowing from Revolving Credit Lenders shall be made from Revolving Credit Lenders pro rata according to the amounts of their respective Revolving Credit Commitments; (ii) each borrowing from Term Loan Lenders shall be made from Term Loan Lenders pro rata according to the amounts of their respective Term Loan Commitments; (iii) each payment and prepayment of principal of the Revolving Credit Loans shall be allocated to Revolving Credit Lenders pro rata in accordance with the outstanding principal amount of the Revolving Credit Loans owed to such Revolving Credit Lenders; (iv) each payment of interest on the Revolving Credit Loans shall be allocated to Revolving Credit Lenders pro rata in accordance with the outstanding principal amount owed to such Revolving Credit Lenders; (v) each payment and prepayment of principal of, and each payment of interest on, the Term Loans A shall be allocated to Term Loan A Lenders pro rata in accordance with the outstanding principal amount owed to such Term Loan A Lenders; (vi) each payment and prepayment of principal of, and each payment of interest on, the Term Loans B shall be allocated to Term Loan B Lenders pro rata in accordance with the outstanding principal amount owed to such Term Loan B Lenders; (vii) each payment of Unused Line Fees shall be allocated to Revolving Credit Lenders pro rata in accordance with their respective Revolving Credit Commitments; (viii) each payment of any other sums and charges payable for Lenders' account under this Agreement (except for the fees under the Fee Letter) shall be allocated, as applicable, to Revolving Credit Lenders pro rata in accordance with their respective Revolving Credit Commitments and Term Loan Lenders in accordance with the outstanding principal amounts of the Term Loans owed to such Term Loan Lenders; (ix) each reduction in the Aggregate Revolving Credit Commitments under **Section 2.05** shall reduce the Revolving Credit Lenders' Commitments pro rata in accordance with their respective Revolving Credit Commitments immediately preceding each such reduction; (x) each payment under **Section 2.07, 2.09** or **2.10** shall be made to each Lender in the amount required to be paid to such Lender as provided in such Section; and (xi) notwithstanding the foregoing, after and during the continuance of a Default, each distribution of cash, property, securities or other value received by any Lender, directly or indirectly, in respect of Borrowers' Obligations hereunder, whether pursuant to any attachment, garnishment, execution or other proceedings for the collection thereof or pursuant to any bankruptcy, reorganization, liquidation or other similar proceeding or otherwise, after payment of collection and other expenses as provided herein and in the Security Documents, shall, subject to **Section 2.05(c)(iv)**, be apportioned among Lenders pro rata based upon the respective aggregate unpaid principal amount of all Loans owed to each of them.

(b) Notwithstanding the foregoing, but subject to **Section 2.05(c)(iv)**, if any Lender (a "**Recovering Party**") shall receive any such distribution referred to in **Section 2.13(a)(ix)** above (a "**Recovery**") in respect thereof, such Recovering Party shall pay to Billing Agent for distribution to Lenders as set forth herein their respective pro rata shares of such Recovery, based on Lenders' pro rata shares of all Loans outstanding at such time, unless the Recovering Party is legally required to return any Recovery, in which case each party receiving a portion of such Recovery shall return to the Recovering Party its pro rata share of the sum required to be returned without interest. For purposes of this Agreement, calculations of the amount of the pro rata share of each Lender shall be rounded to the nearest whole dollar.

(c) Each Borrower acknowledges and agrees that, if any Recovering Party shall be obligated to pay to the other Lenders a portion of any Recovery pursuant to **Section 2.13(b)** and shall make such recovery payment, Borrowers shall be deemed to have satisfied their obligations in respect of Indebtedness held by such Recovering Party only to the extent of the Recovery actually retained by such Recovering Party after giving effect to the pro rata payments by such Recovering Party to the other Lenders. The obligations of Borrowers in respect of Indebtedness held by each other Lender shall be deemed to have been satisfied to the extent of the amount of the Recovery distributed or obligated to be distributed to each such other Lender by the Recovering Party.

**Section 2.14. Non-Receipt of Funds by Billing Agent.** Unless Billing Agent shall have been notified in writing by a Lender or Borrowers prior to the date on which such Lender or Borrowers are scheduled to make payment to Billing Agent of (in the case of a Lender) the proceeds of a Loan to be made by it hereunder or (in the case of Borrowers) a payment to Billing Agent for the account of any or all of Lenders hereunder (such payment being herein referred to as a "**Required Payment**"), which notice shall be effective upon actual receipt, that it does not intend to make such Required Payment to Billing Agent, Billing Agent may (but shall not be required to) assume that the Required Payment has been made and may (but shall not be required to), in reliance upon such assumption, make the amount thereof available to the intended recipient(s) on such date and, if such Lender or Borrowers (as the case may be) has not in fact made the Required Payment to Billing Agent, the recipient(s) of such payment shall, on demand, repay to Billing Agent for Billing Agent's own account the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by Billing Agent until the date Billing Agent recovers such amount at a rate per annum equal to (a) the Federal Funds Rate for such day, with respect to interest paid by such Lender, or (b) the applicable rate provided under **Section 2.02**, with respect to interest paid by Borrowers.

**Section 2.15. Replacement of Notes.** Upon receipt of evidence reasonably satisfactory to Borrowers of the loss, theft, destruction or mutilation of any Note and (a) in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to Borrowers (provided, however, that if the holder of such Note is the original holder of such Note, its own agreement of indemnity shall be deemed to be satisfactory), or (b) in the case of any such mutilation, upon the surrender of such Note for cancellation, Borrowers will execute and deliver, in replacement of such lost, stolen, destroyed, or mutilated Note, a new Note of like tenor.

**Section 2.16. Security for the Obligations; Subordination; Etc.**

(a) **Collateral.** Except as specified in **Schedule 2.16(a)** hereto, the Obligations shall be secured at all times by:

(i) a first priority perfected security interest in and lien upon all presently owned and hereafter acquired tangible and intangible personal property and fixtures of each Borrower, including without limitation any intercompany notes, obligations or agreements, subject only to (A) any Permitted Liens and (B) the exclusion of any License, except to the extent (if any) that such a security interest is permitted or not prohibited by the Act (as defined in **Section 4.08**), and the rules, regulations and policies of the FCC (but including, to the maximum extent permitted by law, all rights incident or appurtenant to any such License, including without limitation the right to receive all proceeds derived or arising from or in connection with the sale, assignment or transfer thereof);

(ii) first mortgages on all presently owned and hereafter acquired real estate owned by each Borrower, subject only to any Permitted Liens, together with mortgagee's title insurance policies acceptable to Administrative Agent and Collateral Agent;

(iii) collateral assignments of or leasehold mortgages on all real estate leases, in each case, in which any of the Borrowers now has or may in the future have an interest, subject only to any Permitted Liens, and such third party consents, lien waivers, non-disturbance agreements and estoppel certificates as Administrative Agent and Collateral Agent shall reasonably require, together with mortgagee's title insurance policies acceptable to Administrative Agent and Collateral Agent;

(iv) a first priority perfected collateral assignment and/or pledge of all of the issued and outstanding Equity Securities of each Borrower and all warrants, options, and other rights to purchase such Equity Securities; and

(v) first priority perfected collateral assignments of the Licenses and all purchase agreements, construction contracts, management agreements, LMAs, programming agreements, licenses, permits, authorizations (except for licenses and permits issued by the FCC to the extent it is unlawful to grant a security interest in such licenses and permits) and other agreements as Administrative Agent and Collateral Agent shall reasonably deem necessary to protect the interests of Lenders, together with such third party consents, lien waiver and estoppel certificates as Administrative Agent and Collateral Agent shall reasonably require and as permitted by the underlying document.

(b) **Subordination.** Without limiting the generality of **Section 7.01**, all existing and hereafter arising Indebtedness of each Borrower to its Affiliates shall be subordinated to any Indebtedness of such Borrower to Lenders pursuant to subordination agreement(s) satisfactory in form and substance to Administrative Agent and Collateral Agent (each an "**Affiliate Subordination Agreement**" and collectively, the "**Affiliate Subordination Agreements**").

(c) **Security Documents.** All agreements and instruments described or contemplated in this **Section 2.16**, together with all intercreditor agreements at any time in effect with respect to Indebtedness affecting Eligible Stations, any and all other agreements and instruments heretofore or hereafter securing the Loans and other Obligations or otherwise executed in connection with this Agreement, as the same may be amended, supplemented, extended, restated, renewed or replaced from time to time, are sometimes hereinafter referred to collectively as the "**Security Documents**" and each individually as a "**Security Document**". Each Borrower agrees to execute and deliver, or cause to be executed and delivered, any and all Security Documents, in form and substance reasonably satisfactory to Collateral Agent, and take such action as Collateral Agent may reasonably request from time to time in order to cause Collateral Agent and Lenders to be secured at all times as described in this Section.

(d) **Collateral Agent.** All Liens under the Security Documents or otherwise securing payment of the Obligations shall be granted to the Collateral Agent, for the benefit of Lenders, Administrative Agent and Collateral Agent. All Security Documents and financing statements heretofore executed by Borrowers or authorized by Borrowers to be filed or recorded by WFF, as Agent, in connection with the Original Credit Agreement, A&R Credit Agreement, Second A&R Credit Agreement or otherwise shall remain in full force and effect, shall continue to secure payment and performance of, and to perfect the Liens intended to secure payment and performance of, the Obligations, and are hereby ratified and affirmed in all respects.

**Section 2.17.** **Use of Proceeds.** The proceeds of the Loans shall be used solely in accordance with **Schedule 2.17** hereto.

**Section 2.18.** **Adjustments to Schedule 1.01.** Adjustments to the attached **Schedule 1.01** may be made from time to time as follows:

(a) The respective Sale Amount of each Station listed on the attached **Schedule 1.01** may be adjusted from time to time (as so adjusted, an "**Adjusted Sale Amount**") upon the written request of the Administrative Agent or with the consent of the Required Lenders following written request by the Borrowers and upon completion of an updated appraisal of the Collateral that is reasonably satisfactory to the Borrowers, provided, however, that, unless an Event of Default has occurred and is continuing, no request for an adjustment shall be submitted by the Administrative Agent with respect to any Station(s) after the earlier to occur of (i) five (5) Business Days after the execution and delivery to Administrative Agent of a bona fide letter of intent or similar document with respect to the Disposition of such Stations; or (ii) the execution by Borrower and an unrelated third party of a bona fide definitive purchase and sale agreement or similar document (which is reasonably acceptable to Administrative Agent in the event that the Disposition is not a Pre-Approved Station Disposition) and delivery thereof to Administrative Agent with respect to such Stations, unless such purchase and sale agreement contemplates the sale of such Station(s) at an amount lower than the current Sale Amount(s), in which case the Administrative Agent may re-appraise such Station(s) down to the proposed sale price. Each appraisal shall be performed by a duly licensed appraiser or appraisal firm reasonably acceptable to the Borrowers and the Required Lenders. To the extent provided in **Section 2.06(b)(ii)** and **(iii)**, and except as provided in **Section 2.18(b)** and except during the continuance of an Event of Default, Borrowers shall pay fees and expenses incurred in the performance of no more than three (3) appraisals of the entire collateral pool during any calendar year.

(b) Borrowers may add Stations to Schedule 1.01 with the approval of the Required Lenders, and the respective Sale Amount of each Station (each, an "**Additional Sale Amount**") shall be determined by an appraisal reasonably satisfactory to Borrowers and Required Lenders, performed by a duly licensed appraiser or appraisal firm reasonably acceptable to the Borrowers and the Required Lenders and paid for by the Borrowers.

(c) If either the Administrative Agent or the Borrower disagrees with the results of an appraisal delivered pursuant to **Section 2.18(a)** or **(b)**, such party may, within fifteen (15) Business Days after receipt of the disputed appraisal, deliver a written notice (a "**Dispute Notice**") to the other party indicating that they are disputing such appraisal and setting forth the reasons for the dispute. If neither party receives a Dispute Notice within such fifteen (15) day period, the appraisal shall be conclusive and binding upon each of the Borrowers and Lenders. If either the Borrowers or the Required Lenders receives a Dispute Notice from the other party within the required time period, the Borrowers and the Required Lenders shall use reasonable efforts to reach an agreement regarding the Adjusted Sale Amount pursuant to **Section 2.18(a)** or the Additional Sale Amount pursuant to **Section 2.18(b)**, as applicable. If an Adjusted Sale Amount or Additional Sale Amount, as applicable, are agreed upon by the Borrowers and Required Lenders, such amount shall replace the then current applicable Sale Amount listed on **Schedule 1.01**. If an Adjusted Sale Price or Additional Sale Price, as applicable, remains under dispute for more than twenty (20) Business Days after receipt by the Borrowers or Administrative Agent of the Dispute Notice, the Borrowers and the Administrative Agent shall retain a second appraiser reasonably satisfactory to each party and paid for by the party that sent the Dispute Notice to conduct a second appraisal. The Adjusted Sale Price or Additional Sale Price, as applicable, shall be deemed to be equal to the average appraised value for such Station, calculated based upon the appraised values determined in the appraisal delivered pursuant to **Section 2.18(a)** or **(b)**, as applicable, and in the appraisal delivered pursuant to this **Section 2.18(c)**, unless another Sale Amount is agreed upon by the Borrowers and the Required Lenders.

### III. CONDITIONS OF MAKING THE LOANS.

**Section 3.01. Conditions to the First Loans.** The obligations of Lenders to enter into this Agreement and to make Loans to Borrowers on the Closing Date are subject to the following conditions:

(a) **Representations and Warranties.** The representations and warranties of each Borrower and its Affiliates set forth in this Agreement and in the other Loan Documents shall be true and correct in all material respects on and as of the date hereof and on the date of the first Advance (except to the extent such representations and warranties are made as of other date(s), in which case such representations and warranties shall be true and correct in all material respects as of such other date(s)) and each Borrower shall have performed all obligations which were to have been performed by it hereunder prior to the Closing Date (unless waived by Agents or the Required Lenders).

(b) **Loan Documents and Organizational Documents.** Borrowers shall have executed and/or delivered to Collateral Agent (or shall have caused to be executed and delivered to Collateral Agent by the appropriate Persons), the following:

(i) the Revolving Credit Notes and the Term Notes (if required);

(ii) In order to create in favor of Collateral Agent, for the benefit of the Secured Parties, a valid, perfected, first priority (except for Permitted Liens) security interest in the personal property Collateral, all of the Security Documents, including without limitation, all Affiliate Subordination Agreements, Uniform Commercial Code Financing Statements and Termination Statements and all mortgages, deeds of trusts and amendments thereto, lessor consents and waivers and related title insurance policies, if any, required by Administrative Agent or its counsel or Collateral Agent or its counsel, in connection with Borrowers' compliance with the provisions of **Section 2.16**;

(iii) Certified copies (attached as required in **Part A** of the form attached as **Schedule 3.01**) of all corporate or other action taken by the Equity Holders of each Borrower authorizing the execution and delivery of the Loan Documents to which it is a party (including all resolutions authorizing the incurrence of the Obligations and the granting of the Liens contemplated by the Loan Documents to which it is a party, to the extent required by the Organizational Documents applicable thereto) which have been properly adopted and have not been modified or amended;

(iv) A copy of the Organizational Documents of each Borrower, with any amendments thereto, certified by a Duly Authorized Officer of such Borrower (attached as required in **Part A** of the form attached as **Schedule 3.01**);

(v) The names, true signatures and incumbency of all Duly Authorized Officers of each Borrower which is party to a Loan Document;

(vi) For each Borrower, certificates of legal existence and good standing (both as to corporate law, if applicable, and, if available, tax matters) issued as of a reasonably recent date by the Secretary of State of such Borrower's state of formation or organization and of any other state in which such Borrower is authorized or qualified to transact business;



(vii) No later than three (3) Business Days prior to the Closing Date, true and correct copies of all Licenses, and all other material governmental licenses, franchises and permits, all material FCC Consents, Final Orders and other third party consents and all other material leases, contracts, agreements, instruments and other documents specified in **Schedules 4.04, 4.06, 4.07, 4.09** and **4.16**;

(viii) Such Uniform Commercial Code, Federal tax lien and judgment searches with respect to the Borrowers and any other third parties as Agents shall require, the results thereof to be satisfactory to Agents;

(ix) The Budget, Projections and historical financial statements of the Stations;

(x) The Environmental Site Assessments for all owned Properties, the Environmental Questionnaires for all leased Properties (as required by Lenders) and similar diligence referenced to in **Section 4.21**;

(xi) Certificates of insurance evidencing the insurance coverage and policy provisions required in this Agreement;

(xii) Such other supporting documents and certificates as Administrative Agent, Collateral Agent or Lenders may reasonably request.

(c) **Officer's Certificates as to Compliance, Documents, Etc.** Each Borrower shall have provided to Collateral Agent a compliance certificate substantially in the form of **Part B** of the form attached as **Schedule 3.01** hereto or such other form as shall be satisfactory to Agents, duly executed on behalf of each Borrower by a Duly Authorized Officer, certifying as to satisfaction by each Borrower of the conditions to lending set forth in this **Section 3.01**, if and as applicable, and, specifically, as to certain matters specified therein.

(d) **No Material Adverse Change.** As of the date hereof and as of the Closing Date, and since the dates of the most recent financial statements delivered to Administrative Agent and Collateral Agent prior to the Closing Date, no event or circumstance shall have occurred which could reasonably be expected to have a Material Adverse Effect.

(e) **Borrower Counsel Opinions.** Administrative Agent shall have received:

(i) the favorable written opinion of general corporate counsel to the Borrowers dated as of the date hereof, addressed to Administrative Agent, Collateral Agent and Lenders and reasonably satisfactory to Administrative Agent in scope and substance;

(ii) the favorable written opinion of special communications counsel to the Borrowers, dated as of the date hereof, addressed to Administrative Agent, Collateral Agent and Lenders and reasonably satisfactory to Administrative Agent in scope and substance;

(iii) the favorable written opinion of special local counsel to the Borrowers in the State of Nevada, dated as of the date hereof, addressed to Administrative Agent, Collateral Agent and Lenders and reasonably satisfactory to Administrative Agent in scope and substance.

(f) **Legal and Other Fees.** As of the Closing Date, all fees owed to Administrative Agent, Collateral Agent, Lenders and their respective Affiliates pursuant to this Agreement and under the Fee Letter, and all legal fees and expenses of counsel to Administrative Agent, Collateral Agent and Lenders incurred through such date shall have been paid in full.

(g) **Site Inspections.** Administrative Agent shall have completed satisfactory field surveys (including audits of the books and records) of each of the Stations owned and operated by Borrowers and interviews with their management and personnel.

(h) **Additional Reviews.** Administrative Agent and Collateral Agent shall have completed satisfactory reviews of Borrowers' business plans and Projections, adjusted for any planned Acquisitions, and received satisfactory reference checks for Borrowers' senior management.

(i) **Review by Agents' Counsel.** All legal matters incident to the transactions hereby contemplated shall be reasonably satisfactory to counsel for Administrative Agent and counsel for Collateral Agent.

**Section 3.02.** **All Loans.** The obligations of Lenders to make any Loans (including Loans made on the Closing Date) or issue a Letter of Credit are, in each case, subject to the following conditions:

(a) **Representations and Warranties.** All warranties and representations set forth in this Agreement and the other Loan Documents shall be true and correct in all material respects as of the Borrowing Date (except to the extent such representations and warranties are made as of a specific date in which case they shall have been true and correct in all material respects as of such date). Each telephonic or written request for Loans or a Letter of Credit shall constitute a representation to such effect as of the date of such request and as of the date such Loans are made.

(b) **No Material Adverse Effect.** As of each Borrowing Date, no event or circumstance shall have occurred which has had or could have a Material Adverse Effect. Each telephonic or written request for Loans or a Letter of Credit shall constitute a representation to such effect as of the date of such request and as of the Borrowing Date.

(c) **No Default.** After giving effect to such Loans (as of the proposed date thereof or, in respect of the covenants set forth in **Article V**, on a *pro forma* basis as of the last day of the most recent Fiscal Quarter for which financial statements have been delivered to Lenders under **Section 6.05**) or Letter of Credit and the use of proceeds thereof (whether for an Acquisition or otherwise), no Default shall have occurred and be continuing. Each telephonic or written request for Loans or a Letter of Credit shall constitute a representation to such effect as of the date of such request and as of the Borrowing Date.

(d) **Loan Request.** Billing Agent shall have received a properly completed Loan Request, together with all such financial and other information as Billing Agent shall require to substantiate the current and *pro forma* certifications of no Default contained therein.

(e) **Supporting Documents.** Administrative Agent and Collateral Agent shall have received such other supporting documents and certificates as Administrative Agent, Collateral Agent and the Required Lenders may reasonably request.

**Section 3.03. Loans Relating to Permitted Acquisitions.** Without in any way limiting the discretion of Required Lenders to approve or withhold approval of any Acquisition, any agreement of Revolving Credit Lenders to make any Revolving Credit Loan with the consent of the Required Lenders in connection with a proposed Permitted Acquisition (except to the extent previously satisfied or provided in connection with the Permitted Acquisitions described on **Schedule 2.17**), is also subject to the satisfaction of the following conditions as of the date of the requested Advance:

(a) **Acquisition Closing.**

(i) The transactions contemplated by the applicable Acquisition Agreement shall be consummated by a Person who is or shall become a Borrower hereunder, contemporaneously with such Advance (except for the payment of that portion of the purchase price thereunder being paid with the proceeds of such Loan) substantially in accordance with the terms thereof and, in any event, in a manner reasonably satisfactory to Agents, including, without limitation, (1) the repayment in full in cash (simultaneously with, and from the proceeds of, the Loan or otherwise) of all Indebtedness of the applicable seller(s) related to the assets and properties transferred under such Acquisition Agreement to the extent such Indebtedness is not being assumed by the buyer, and (2) the valid assumption by the buyer of all other liabilities of the applicable seller(s) in respect of such assets and properties transferred under such Acquisition Agreement, other than liabilities not subject to assumption under such Acquisition Agreement which are otherwise addressed in a manner reasonably satisfactory to the Agents.

(ii) Agents shall have received reasonable evidence of Borrowers' ability to consummate receipt at closing of all licenses, permits, approvals and consents, if any, required with respect to such Acquisition and any other related transaction contemplated by this Agreement (including, without limitation, any necessary consents of the FCC to the sale contemplated by such Acquisition Agreement as evidenced by a Final Order, and any other required consents or filings of or with applicable Governmental Authorities or other third parties).

(iii) Agents shall have received copies of the legal opinions delivered by seller(s) pursuant to the applicable Acquisition Agreement in connection with such Acquisition, together with a letter from each Person delivering an opinion (or authorization within the opinion) authorizing reliance thereon by Lenders and Agents, each in form and substance reasonably satisfactory to Agents.

(iv) Collateral Agent shall have received written evidence reasonably satisfactory to Collateral Agent and its counsel that, except as otherwise disclosed in **Schedule 4.09** hereto, all Leases covering tower and transmitter sites used by the Stations being acquired have lease terms (including all extension and renewal options exercisable unilaterally by Borrowers) through the Maturity Date.

(v) The Borrowers shall have satisfied all conditions and obligations set forth in **Section 7.04(b)**.

(vi) The Borrowers shall have satisfied all other conditions reasonably imposed by Required Lenders in giving their consent to such Permitted Acquisition.

(b) **Officer's Certificates as to Compliance, Solvency, Documents, Etc.** Borrowers shall have provided to Collateral Agent one or more compliance and other closing certificates, in forms reasonably satisfactory to Agents, executed on behalf of Borrowers by their President, chief executive officer or chief financial officer, as applicable, certifying as to satisfaction by Borrowers of the conditions to lending set forth in this **Article III** and, specifically, as to certain matters reasonably specified therein, including a certificate of representations, warranties, compliance and non-default reasonably satisfactory in form and substance to Agents, together with updated versions of all Schedules to this Agreement and of the Exhibits to Borrowers' Security Documents, and otherwise adjusting Borrowers' representations and warranties contained herein and therein, to the extent appropriate in connection with such Acquisition and approved by Agents in writing in its sole discretion (which certificate, only if so approved, shall be deemed an amendment of this Agreement and such Security Documents and shall be incorporated by reference herein and therein).

(c) **Due Diligence.** Agents and their counsel shall have completed their due diligence review with respect to the proposed Permitted Acquisition, including a review of all material agreements, and shall be reasonably satisfied with the results of such review, such review to be undertaken in a reasonably timely manner following delivery of all required information by Borrowers.

(d) **Other Deliveries.** Borrowers shall have executed and/or delivered to Collateral Agent (or shall have caused to be executed and delivered to Collateral Agent by the appropriate persons), the following:

(i) All lien searches reasonably required by Agents with respect to Borrowers and the assets to be acquired pursuant to such Acquisition and the applicable seller(s) (and their predecessors as owners of such assets), together with all financing statements and termination statements (or payoff letters evidencing a commitment to deliver executed termination statements to the Collateral Agent promptly after receipt of payoff) and all Security Documents (including the Joinder Agreement and Security Documents of any new Subsidiaries created or acquired in connection with such Acquisition, such Security Documents to be in form and substance acceptable to Collateral Agent), Mortgages and related title insurance policies reasonably required by Agents in connection with the Borrowers' compliance with the provisions of **Section 2.16**;

- (ii) A certified copy of the resolutions of the Board of Directors of Borrowers, as applicable, authorizing such Acquisition;
- (iii) Such certificates of public officials and copies of material consents, agreements and other documents and such other supporting documents and information as Agents shall reasonably request (including, without limitation, all employment contracts of key employees with appropriate non-compete clauses therein);
- (iv) Not more than five (5) Business Days after a Borrower's execution and delivery thereof, the applicable Acquisition Agreement, including detailed schedules of all owned and leased real property to be acquired thereunder;
- (v) If requested by Agents, engineering reports, environmental site assessments or such other information (including environmental questionnaires) with respect to owned and leased real properties, which shall be reasonably satisfactory in all respects to Agents;
- (vi) A balance sheet for Borrowers and the Station(s) to be acquired and updated projections, *pro forma*, of the Acquisition and the proposed Advances and showing financial covenant compliance, and all other financial information required by **Section 7.04**;
- (vii) A current balance sheet of the seller in such Acquisition (if available and to the extent received by Borrowers or their Subsidiaries) and such seller's statements of income in respect to the Stations to be acquired;
- (viii) Certificates of insurance evidencing the additional insurance coverage and policy provisions required in this Agreement;
- (ix) Such Security Documents and agreements as Collateral Agent shall reasonably require; and
- (x) Such other supporting documents and certificates as Agents may reasonably request.

(e) **Lender Approval.** Required Lenders, after completion of their due diligence, shall in their sole and absolute discretion have approved the requested Acquisition which is to be financed or refinanced by the Loan as a Permitted Acquisition. Agents and Required Lenders shall, on a commercially reasonable effort basis, review and comment within thirty (30) days of Collateral Agent's receipt from Borrowers of a signed letter of intent and preliminary due diligence package in scope and substance reasonably acceptable to Agents, indicating whether any proposed Acquisition is acceptable to Required Lenders, subject to the satisfaction of all conditions set forth herein for funding. For purposes of determining compliance with the conditions precedent referred to in **Sections 3.01, 3.02 and 3.03** as of the Closing Date or, with respect to Advances made hereafter, as of the Borrowing Date of such Advances, each Lender (other than an Agent in its capacity as a Lender) shall be deemed to have consented to, approved or accepted or be satisfied with each document or other matter which is the subject of such Lender's consideration under any of the provisions of such Sections, unless an officer of Collateral Agent responsible for the transactions contemplated by the Loan Documents shall have received written notice from such Lender at least five (5) Business Days prior to the applicable borrowing date specifying its objection thereto and such Lender shall have failed to make available such Lender's ratable share of such Advances, as the case may be.

(f) **Opinions.** Agents shall have received the favorable written opinions of FCC and local counsel to Borrowers, dated the date of such Advance, addressed to Agents and reasonably satisfactory to Agents in scope and substance.

(g) **Fees and Legal Fees.** All fees required to be paid by Borrowers under the Fee Letter at the time of the Advance, and all reasonable legal fees and expenses of counsel to the Agents referred to in **Section 13.02** incurred through the date of such Advance, shall have been paid in full.

(h) **Review by Agents' Counsel.** All legal matters incident to the transactions contemplated hereby shall be reasonably satisfactory to counsel for Agents.

**IV. REPRESENTATIONS AND WARRANTIES.** Each Borrower hereby represents and warrants to Agents and Lenders (which representations and warranties shall give effect to the consummation of all of the transactions referred to in **Section 3.01** and shall survive the delivery of the Notes and the making of the Loans) that:

**Section 4.01. Financial Information.** Borrowers have heretofore furnished to Lenders: (i) the audited balance sheets of Borrowers as at December 31, 2006, and the statements of operations, changes in stockholders' equity and changes in financial position of Borrowers for the Fiscal Year ending on such date, and (ii) the internally prepared balance sheet of Borrowers as at September 30, 2007, and the statement of operations of Borrowers for the nine-month period ending on such date. Said financial statements and balance sheets have been prepared in accordance with GAAP applied on a basis consistent with that of preceding periods, and are complete and correct in all material respects and fairly present the financial condition of Borrowers as at said dates and the results of operations of Borrowers for the periods indicated. Since December 31, 2006, there has occurred no Material Adverse Change other than as disclosed in said balance sheets and financial statements. No Borrower has any material contingent obligations, liabilities for taxes or unusual forward or long-term commitments except as specifically mentioned in the foregoing financial statements. The Projections submitted to Lenders by Borrowers were reasonable in light of all information known or assumed by Borrowers at the time such financial projections were prepared.

**Section 4.02. Organization, Qualification, Etc.** Each Borrower (a) is duly formed, validly existing and in good standing under the laws of its state of incorporation, organization or formation, all as specified in **Schedule 4.02**, (b) has the power and authority to own its properties and to carry out its business as now being conducted and as presently contemplated, (c) has the power and authority to execute and deliver, and perform its respective obligations under, this Agreement, the Notes, the Loans and the Security Documents and all other Loan Documents to which it is a party and (d) is duly qualified to transact business in the jurisdictions specified in such **Schedule 4.02** and in each other jurisdiction where the nature of its activities requires such qualification except where the failure to qualify could not reasonably be expected to have a Material Adverse Effect. **Schedule 4.02** lists all Subsidiaries of each Borrower (including Subsidiaries which are Inactive Subsidiaries). None of the Inactive Subsidiaries owns any material assets or properties or owns, operates or is engaged in any business activity.

**Section 4.03.** **Authorization; Compliance; Etc.** The execution and delivery of, and performance by Borrowers, if any, of their respective obligations under, this Agreement, the Notes, the Loans and the Security Documents, and all other Loan Documents have been duly authorized by all requisite corporate, partnership, limited liability company and other action, as the case may be, and will not violate any provision of law (including without limitation the Act, the FCC Rules and all other rules, regulations, administrative orders and policies of the FCC), any order, judgment or decree of any court or other agency of government, the Organizational Documents of each Borrower or any indenture, agreement or other instrument to which each Borrower is a party, or by which each Borrower is bound or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or except as may be permitted under this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of each Borrower pursuant to, any such indenture, material agreement or instrument. Each of the Loan Documents constitutes the valid and binding obligation of each of the Borrowers and their Affiliates party thereto, enforceable against such party in accordance with its terms, subject, however to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights and remedies of creditors generally or the application of principles of equity, whether in an action in law or proceeding in equity, and subject to the availability of the remedy of specific performance or of any other equitable remedy or relief to enforce any right under any such agreement.

**Section 4.04.** **Governmental and Other Consents. Etc.** No Borrower is required to obtain any consent, approval or authorization from, to file any declaration or statement with or to give any notice to, any Governmental Authority, including, without limitation, any Specified Authority, or any other Person (including, without limitation, any notices required under the applicable bulk sales law) in connection with or as a condition to the execution, delivery or performance of any of the Loan Documents except (i) filings and recordings required under **Section 2.16** and the Security Documents, (ii) from time to time, the Borrowers may be required to obtain certain authorizations of or to make certain filings with the FCC which are required in the ordinary course of business, (iii) copies of certain documents, including without limitation certain Loan Documents, may be required to be filed with the FCC, (iv) the FCC must be notified of the consummation of any assignments or transfers of control of FCC authorizations and ownership reports are required to be filed with the FCC after such consummation, (v) prior to the exercise of certain rights or remedies under the Loan Documents by Agents and Lenders, FCC consents and notifications with respect to such exercise may be required to be timely obtained or made, and (vi) as otherwise set forth on **Schedule 4.04**. Except as set forth in such **Schedule 4.04**, all consents, approvals and authorizations described in such Schedule have been duly granted and are in full force and effect on the date hereof and all filings described in such Schedule have been properly and timely made.

**Section 4.05.** **Litigation.** Except as specified in **Schedule 4.05**, there is no action, suit or proceeding at law or in equity or by or before any Governmental Authority, including, without limitation, any Specified Authority, now pending or, to the knowledge of Borrowers, threatened (nor is any basis therefor known to Borrowers), (a) which questions the validity of any of the Loan Documents, or any action taken or to be taken pursuant hereto or thereto, or (b) against or affecting a Borrower which, if adversely determined, either in any case or in the aggregate, would have a Material Adverse Effect.

**Section 4.06.**      **Compliance with Laws and Agreements.** No Borrower is a party to, or subject to, any agreement or instrument containing any corporate, partnership, limited liability company or other restriction which would prohibit its consummation of the transaction or performance of the obligations contemplated by the Loan Documents. Except as set forth on **Schedule 4.06** attached hereto, no Borrower is in material violation of (a) any provision of its Organizational Documents or of any material indenture, agreement or instrument to which it is a party or by which it is bound, (b) any provision of law (including without limitation the Act, the FCC Rules and all other rules, regulations, administrative orders and policies of the FCC), or (c) any order, judgment or decree of any court or other Governmental Authority, including, without limitation, any Specified Authority.

**Section 4.07.**      **The Stations. Schedule 4.07** hereto accurately and completely lists (a) all material authorizations, licenses, permits and franchises granted or assigned to the respective Borrowers by the FCC or any other public or governmental agency or regulatory body and now held by the respective Borrowers, including all material authorizations, licenses, permits and franchises, for the operation of the Stations including all associated boosters and translators identified on **Schedule 4.07**, and (b) all material authorizations, licenses, permits, franchises and construction permits granted or assigned to Borrowers by the FCC, and the same constitute the only material licenses, permits or franchises or other authorizations of any public or governmental agency or regulatory body required or advisable in connection with the conduct by each Borrower of its business as presently conducted or proposed to be conducted. All existing Licenses are in full force and effect, are duly issued in the name of, or validly assigned to, the Borrowers as identified on **Schedule 4.07**, and each Borrower has full power and authority to operate thereunder and in full material compliance therewith. The Licenses (or true copies thereof) are posted at the Stations in accordance with Section 73.1230 of the FCC Rules. Such Schedule also specifies the expiration date of each existing License. Except as set forth on **Schedule 4.07**, there are no pending applications, requests for special temporary authority, requests for extension of time, replies to complaints or other unresolved filings with the FCC submitted by any Borrower, nor is there pending (or, to Borrowers' knowledge, threatened) any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew in the ordinary course, any of the Licenses. Borrowers shall supplement **Schedule 4.07** from time to time with a list of all material Licenses issued to the Borrowers with respect to all television broadcast stations acquired and other Permitted Acquisitions consummated after the date hereof.

**Section 4.08.**      **Regulatory Compliance.** Borrowers have reviewed and evaluated in detail the applicable provisions of the Communications Act of 1934, as amended (the "**Act**"), and all applicable FCC rules and policies currently in effect (the "**FCC Rules**"), and all rules and policies of any other Specified Authority, including, without limitation, all rules and regulations governing equal employment opportunity. Based upon such review, the Stations are in material compliance with the Act, the FCC Rules and the rules of any other Specified Authority applicable to them. Without limiting the generality of the foregoing (except to the extent that the failure to comply with any of the following could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect):



(i) each Borrower has filed all material reports and other submissions required to be filed with the Specified Authorities by each Borrower or with respect to the Stations and their operations;

(ii) the operation of the Stations is in compliance in all material respects with ANSI Standards C95.1-1982 to the extent required under applicable rules and regulations;

(iii) to Borrowers' knowledge, all of the existing towers used in the operation of the Stations are obstruction-marked and lighted to the extent required by, and in accordance with, the rules and regulations of the Specified Authorities and appropriate notification to the Specified Authorities has been filed for each such tower where required by the rules and policies of the Specified Authorities;

(iv) each Station is being operated substantially in compliance with the applicable Licenses; and

(v) each Borrower and all persons who have an interest in the Borrowers as specified by the FCC Rules are in compliance with the provisions of Section 310 of the Act, relating to the interests of aliens and foreign governments.

(b) Except as specified in **Schedule 4.08**, (i) no FCC proceedings against a Borrower in respect of equal employment opportunity violations are pending or, to Borrowers' knowledge, threatened, and (ii) there is not pending, issued or outstanding by or before the FCC, or to the knowledge of Borrowers threatened, any Order to Show Cause, Notice of Violation, Notice of Apparent Liability, Notice of Forfeiture or other investigation or material complaint against any of the Stations or Borrowers.

(c) The assets of each Station are adequate and sufficient for all of the current operations of such Station as contemplated as of the date hereof.

**Section 4.09. Title to Properties; Condition of Properties; Proprietary Rights.**

(a) Except as set forth on **Schedule 4.09**, Borrowers have good title to all Collateral free and clear of all Liens, except Liens permitted under **Section 7.02** of this Agreement ("**Permitted Liens**"). Such **Schedule 4.09** also sets forth a description of all real properties owned or leased by Borrowers and which are used in the operation of the Stations.

(b) **Schedule 4.09** accurately and completely lists, and sets forth a description of, all agreements between each Borrower and any Person relating to the location of (i) tower and transmitter sites used in the operation of the Stations and (ii) offices, studios and other facilities, and the same constitute the only tower site and other leases necessary in connection with the conduct by Borrowers of their businesses as presently conducted (the "**Leases**"). Each of Borrowers enjoys quiet possession under all Leases to which it is a party as lessee and which relate to the operations of the Stations, and all of such Leases are valid, subsisting and in full force and effect. Except as specified on **Schedule 4.09**, the term of each of such Leases (including unexercised renewal options) extends at least through the Maturity Date. None of such Leases contains any provision restricting the incurrence of indebtedness by the lessee.

(c) Except as specified in such **Schedule 4.09**, none of the improved real property owned or leased by each Borrower that is required to be mortgaged under **Section 2.16(a)** is situated in a flood zone designated as type "A", "B" or "V" by the U.S. Department of Housing and Urban Development.

(d) **Schedule 4.09** sets forth an accurate and complete list of all Intellectual Property, owned by or licensed to each Borrower and used or to be used by each Borrower in connection with the ownership or operation of the Stations. Such Intellectual Property constitute all of such proprietary rights that are necessary for the operation of the Stations, except to the extent that their absence would not have a Material Adverse Effect. To Borrower's knowledge, all documents and agreements relating to such Intellectual Property is in full force and effect and no material default has occurred and is continuing under any such document or agreement.

(e) To Borrowers' knowledge, the use by each Borrower of any Intellectual Property owned by such Borrower does not require the consent of any other Person and the same are freely transferable (except as otherwise provided by law). Except as described on **Schedule 4.09**, the Borrowers have ownership or a valid license to use all Intellectual Property used or to be used by it in connection with the ownership or operation of the Stations, free and clear of any attachments, liens, encumbrances or adverse claims, and, to Borrowers' knowledge, neither the present or contemplated activities or products of any of the Borrowers infringe upon any Intellectual Property of others.

**Section 4.10. Interests in Other Businesses.** Except as reflected in **Schedule 4.10** or **Schedule 4.19** hereto, no Borrower (a) holds or owns any of the issued and outstanding Equity Securities, or any rights to acquire the same, of any corporation, partnership, limited liability company, firm or entity or (b) engages in any business activities or operations other than the ownership and operation of the Stations and the ownership and leasing of available space on broadcast towers used by Borrowers for their broadcast operations.

**Section 4.11. Solvency.**

(a) The aggregate amount of the full saleable value of the present assets and properties of Borrowers exceeds the amount that will be required to be paid on or in respect of Borrowers' existing debts and other liabilities (including probable contingent liabilities) as they mature.

(b) Borrowers' assets and properties do not constitute unreasonably small capital for Borrowers to carry out their business as now conducted and as proposed to be conducted, including Borrowers' capital needs, taking into the account the particular capital requirements of such Borrower's business and the projected capital requirements and capital availability thereof.

(c) Borrowers do not intend to, nor will Borrowers, incur debts beyond their ability to pay such debts as they mature, taking into account the timing and amounts of cash reasonably anticipated to be received by Borrowers and the amounts of cash reasonably anticipated to be payable on or in respect of Borrowers' obligations. Borrowers' cash flow, after taking into account all anticipated sources and uses of cash (including, without limitation, an issuance by EMHC of additional Equity Securities or Indebtedness permitted by the terms hereof in exchange for cash proceeds equal to \$5,000,000), will be sufficient to pay all such amounts on or in respect of its indebtedness when such amounts are required to be paid.

(d) Borrowers believe that no reasonably anticipated final judgment in a pending action or, to its knowledge, any threatened action for money damages will be rendered at a time when, or in an amount such that, each Borrower will be unable to satisfy such judgment promptly in accordance with its terms (taking into account the maximum reasonable amount thereof and the earliest reasonable time at which such judgment might be rendered). The cash available to each Borrower, after taking into account all other anticipated uses of cash (including the payment of all such Borrower's indebtedness) is anticipated to be sufficient to pay any such judgment promptly in accordance with their terms.

(e) No Borrower is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a substantial portion of its property, and Borrowers have no knowledge of any Person contemplating the filing of any such petition against any Borrower.

**Section 4.12. Full Disclosure.** No statement of fact made by or on behalf of any Borrower in this Agreement or any other Loan Document or in any certificate or schedule furnished to Lenders pursuant hereto or thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to Borrowers which has not been disclosed to Lenders in writing which materially and adversely affects any Borrower, or, as far as Borrowers can reasonably foresee, could have a Material Adverse Effect, other than facts and circumstances generally known within the television broadcast industry.

**Section 4.13. Margin Stock.** The Borrowers do not own or have any present intention of acquiring any "margin stock" within the meaning of Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System (herein called "**Margin Stock**").

**Section 4.14. Tax Returns.** Each Borrower has filed all federal, state and local tax and information returns required to be filed (taking into account any extensions filed) and has paid or made adequate provision for the payment of all material federal, state and local taxes, franchise fees, charges and assessments shown thereon.

**Section 4.15. Pension Plans, Etc.**

(a) Except as described in **Schedule 4.15**, neither any Borrower nor any member of the Controlled Group has any pension, profit sharing or other similar plan providing for a program of deferred compensation to any employee.

(b) No Borrower and no member of the Controlled Group has any material liability (i) under Section 412 of the Code for failure to satisfy the minimum funding requirements for pension plans, (ii) as the result of the termination of a defined benefit plan under Title IV of ERISA, (iii) under Section 4201 of ERISA for withdrawal or partial withdrawal from a multiemployer plan, or (iv) for participation in a prohibited transaction with an employee benefit plan as described in Section 406 of ERISA and Section 4975 of the Code.

**Section 4.16. Material Agreements.** Except for matters disclosed in **Schedules 4.07, 4.09, 4.20, and 7.02, Schedule 4.16** hereto accurately and completely lists all material agreements, if any, between Borrowers and their Affiliates, and all material construction, engineering, management, consulting and other agreements, if any, which are in effect on the date hereof in connection with the conduct of the business of Borrowers, including without limitation the acquisition, construction, extension and/or operation of the Stations.

**Section 4.17. Projections.** Attached as **Schedule 4.17** are annual projections of the operation of EMHC's consolidated business through December 31, 2011 (the "**Projections**").

**Section 4.18. Brokers, Etc.** Except as disclosed in **Schedule 4.18** hereto, no Borrower has dealt with any broker, finder, commission agent or other similar Person in connection with the Loans or the transactions contemplated by this Agreement or is under any obligation to pay any broker's fee, finder's fee or commission in connection with such transactions.

**Section 4.19. Capitalization.** Attached as **Schedule 4.19** is a description of the ownership relationships among Borrowers and their respective Affiliates, showing accurate ownership percentages of the Equity Holders (other than Equity Holders of EMHC) of record and accompanied by a statement of authorized and issued Equity Securities for each such entity as of the date hereof. Such **Schedule 4.19** also states, as of the date hereof (a) which securities, if any, carry preemptive rights; (b) whether there are any outstanding subscriptions, warrants or options to purchase any securities; (c) whether each Borrower is obligated to redeem or repurchase any of its securities, and the details of any such committed redemption or repurchase; and (d) any other agreement, arrangement or plan to which each Borrower is a party or participant or of which Borrower has knowledge which will directly or indirectly affect the capital structure of each Borrower. All such Equity Securities of the Borrowers are validly issued and fully paid and nonassessable, and owned as set forth on such **Schedule 4.19**. All such Equity Securities of the Borrowers are owned, legally and beneficially, free of any assignment, pledge, lien, security interest, charge, option or other encumbrance, except for (i) Permitted Liens, (ii) restrictions on transfer imposed by the Organizational Documents of such Person, and (iii) restrictions on transfer imposed by applicable securities laws, as indicated on the certificates evidencing such Equity Securities or as may be imposed by the FCC.

**Section 4.20. Environmental Compliance.** Except as specified in the reports listed on **Schedule 4.20** (copies of which have been provided to Agents)

(a) To the best of each Borrower's knowledge, all real property leased, owned, controlled or operated by the Borrowers (the "**Properties**") and their existing and, to the best of Borrower's knowledge, prior uses and activities thereon, including, but not limited to, the use, maintenance and operation of each of the Properties and all activities in the conduct of business related thereto, comply and have at all times complied in all material respects with all Environmental Laws, except where the failure to comply could not have a Material Adverse Effect.

(b) Neither any of the Borrowers, nor, to the best of any Borrower's knowledge, any previous owner, tenant, occupant or user of any of the Properties or any other Person, has engaged in or permitted any operations or activities upon any of the Properties for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of a material amount of any Hazardous Materials the removal of which is required or the maintenance of which is prohibited or penalized.

(c) To each Borrower's knowledge, no Hazardous Material has been or is currently located in, on, under or about any of the Properties in a manner which materially violates any Environmental Law or which requires cleanup or corrective action of any kind under any Environmental Law.

(d) To each Borrower's knowledge, no notice of violation, lien, complaint, suit, order or other notice or communication concerning any alleged violation of any Environmental Law in, on, under or about any of the Properties, has been received by each Borrower or, to Borrower's knowledge, any prior owner or occupant of any of the Properties which has not been fully satisfied and complied with in a timely fashion so as to bring such Property into full compliance with all Environmental Laws.

(e) The Borrowers have all permits and licenses required under any Environmental Law to be issued to them by any Governmental Authority on account of any or all of their activities on any of the Properties, (except to the extent that the absence of any such permit or license would not have a Material Adverse Effect) and are in material compliance with the terms and conditions of such permits and licenses. To Borrower's knowledge, no change in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses exist, and such permits and licenses are in full force and effect.

(f) To each Borrower's knowledge, no portion of any of the Properties has been listed, designated or identified in the National Priorities List (NPL) or the CERCLA information system (CERCLIS), both as published by the United States Environmental Protection Agency, or any similar list of sites published by any federal, state or local authority proposed for or requiring cleanup, or remedial or corrective action under any Environmental Law.

(g) Each Borrower, at its expense, has provided to Agents and Lenders a "Transaction Screen" or "Phase One" site assessment (as required by Lenders) for each of the owned Properties designated by Lenders (including those owned Properties designated on **Schedule 4.20** and required as a condition to the execution of this Agreement under **Section 2.16**) (collectively, the "**Environmental Site Assessments**"), prepared by an environmental consulting firm of national reputation reasonably satisfactory to Lenders, together with a letter from such firm to Agents authorizing Agents and Lenders to rely thereon. Each of the Environmental Site Assessments provided to Agents and Lenders is, to Borrower's knowledge, true and accurate in all material respects. Borrower has also provided to Agents and Lenders an "Environmental Questionnaire" (as required by Agents) for each of the leased properties designated by Lenders (collectively, the "**Environmental Questionnaires**").

**Section 4.21. Investment Company Act.** No Borrower is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

**Section 4.22.**      **Labor Matters.** To the knowledge of Borrowers, Borrowers and their respective officers, employees, agents and representatives have not committed any material unfair labor practice as defined in the National Labor Relations Act. No Borrower has been or is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There has been and is (a) no unfair labor practice charge or complaint pending against Borrowers, or to the knowledge of Borrowers, threatened against any of them before the National Labor Relations Board or any other Governmental Authority and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement or similar agreement that is so pending against Borrowers or to the knowledge of Borrowers, threatened against any of them, (b) no labor dispute, strike, lockout, slowdown or work stoppage in existence or, to the knowledge of Borrowers, threatened against, involving or affecting Borrowers that could reasonably be expected to have a Material Adverse Effect, (c) no labor union, labor organization, trade union, works council, or group of employees of Borrowers has made a pending demand for recognition or certification, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the knowledge of Borrowers, threatened to be brought or filed with the National Labor Relations Board or any other Governmental Authority, and (d) to the knowledge of Borrowers, no union representation question existing with respect to any of the employees of Borrowers and, to the knowledge of Borrowers, no labor union organizing activity with respect to any employees of Borrowers that is taking place, except (with respect to any matter specified in clause (a), (b), (c), or (d) above, either individually or in the aggregate) such as is not reasonably likely to have a Material Adverse Effect.

**Section 4.23.**      **Delaware Code Provisions.** Except for the Amended and Restated Certificate of Incorporation for EMHC, none of the Organizational Documents of Borrowers contains any provision similar to those set forth in Section 102(b)(2) of Title 8 of the Delaware Code.

**Section 4.24.**      **No Material Adverse Effect.** Since the Closing Date or the date that the representation in this **Section 4.24** was most recently made, no event, circumstance or change has occurred that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect.

**Section 4.25.**      **No Defaults Under Loan Documents or Obligations.** No Events of Default exist, and, to Borrowers' knowledge, no Defaults exist in the Borrowers' performance, observance or fulfillment of any of the obligations, covenants or conditions contained in the Loan Documents or any of Borrowers' Obligations. Notwithstanding any other provision contained herein, however, Borrowers have informed Lenders that Borrowers are in Default under the following provisions of the Second A&R Credit Agreement, and Lenders hereby specifically waive such Defaults:

(a)      With respect to Section 5.04 of the Second A&R Credit Agreement which stipulates that for the twelve-month period ending December 31, 2007, Borrowers' Capital Expenditures shall not exceed \$2,000,000 (subject to certain exceptions), Borrowers' Capital Expenditures for such period, when reported in accordance with the Second A&R Credit Agreement are expected to exceed the permitted amount; and

(b) With respect to Section 5.06 of the Second A&R Credit Agreement, which stipulates that, for the twelve-month period ending on December 31, 2007, Borrowers' consolidated revenues from business operations shall not be less than \$40,220,000, Borrowers' consolidated revenues from business operations for such period, when reported by Borrowers in accordance with the Second A&R Credit Agreement, are expected to be less than the required amount; and

(c) With respect to Section 5.06 of the Second A&R Credit Agreement, which further stipulates that, for the twelve-month period ending on December 31, 2007, Borrowers' minimum consolidated EBITDA shall not be less than \$5,250,000, Borrowers' minimum consolidated EBITDA for such period, when reported by Borrowers in accordance with the Second A&R Credit Agreement is expected to be less than the required amount.

V. **FINANCIAL COVENANTS.** Borrowers hereby covenant and agree that, so long as any Lender has any obligation to extend credit to Borrowers, or any of them, hereunder, and for so long thereafter as there remains outstanding any of the Obligations, whether now existing or arising hereafter, the Borrowers will on a consolidated basis:

**Section 5.01.** **Senior Leverage Ratio.** [Section Intentionally Omitted.]

**Section 5.02.** **Interest Coverage.** [Section Intentionally Omitted.]

**Section 5.03.** **Fixed Charge Coverage.** [Section Intentionally Omitted.]

**Section 5.04.** **Capital Expenditures.** Not make or incur Capital Expenditures (exclusive of Capital Expenditures consisting of Permitted Acquisitions or permitted reinvestments of insurance proceeds) on a consolidated basis in any calendar year in excess of \$6,250,000 in any calendar year (beginning with calendar year 2008); provided, however, that so long as no Event of Default shall then exist, Capital Expenditures permitted, but not made, in any fiscal year may be deferred and made in the subsequent fiscal year in addition to (and computed after the application of) permitted Capital Expenditures for such subsequent fiscal year specified above, provided, further, that no such deferred Capital Expenditures may be further deferred. Notwithstanding the foregoing, Capital Expenditures and Permitted Acquisitions which are either (i) funded solely by additional cash equity or (ii) not financed with the Loans and which are nonrecourse to Borrowers and the Stations, shall not be treated as Capital Expenditures for the purposes of this **Section 5.04.**

**Section 5.05.** **Restricted Payments.** (a) Not directly or indirectly declare, order, pay or make any Restricted Payment or set aside any sum or property therefor without Lenders' prior written consent.

(b) Notwithstanding the limitations set forth in **Section 5.05(a)**, EMHC may make scheduled distributions when due and payable in respect to its preferred stock if (i) no Default has occurred and is then continuing after giving effect to such proposed distributions, and (ii) either the Required Lenders have consented thereto in writing or the Required Lenders have elected to decline Borrowers' written offer, delivered to each Agent not less than three (3) months prior to the date of such proposed distribution, to pay all of their Obligations in full.

**Section 5.06.****Minimum Revenues and EBITDA.**

(a) For each period of a length indicated below and ending on the last day of each calendar month indicated below, earn minimum consolidated revenues from business operations, minimum RTN revenues and minimum consolidated EBITDA of not less than the respective amounts set forth below:

Length of testing period (months):	For the period ending on:	Minimum Broadcasting Revenues to be not less than:	Minimum RTN Revenues to be not less than:	Minimum EBITDA to be not less than:
1	January 31, 2008	\$1,939,000	\$281,000	\$ (2,183,000 )
2	February 29, 2008	3,879,000	561,000	(4,367,000 )
3	March 31, 2008	5,818,000	842,000	(6,550,000 )
4	April 30, 2008	8,180,000	1,705,000	(8,226,000 )
5	May 31, 2008	10,542,000	2,568,000	(9,902,000 )
6	June 30, 2008	12,905,000	3,431,000	(11,577,000 )
7	July 31, 2008	15,462,000	4,907,000	(12,647,000 )
8	August 31, 2008	18,019,000	6,382,000	(13,717,000 )
9	September 30, 2008	20,577,000	7,858,000	(14,787,000 )
10	October 31, 2008	23,291,000	9,757,000	(15,645,000 )
11	November 30, 2008	26,005,000	11,657,000	(16,504,000 )
12	December 31, 2008	28,719,000	13,557,000	(17,362,000 )
12	January 31, 2009	29,055,000	17,117,000	(14,729,000 )
12	February 28, 2009	29,390,000	20,678,000	(12,096,000 )
12	March 31, 2009	29,726,000	24,239,000	(9,463,000 )
12	April 30, 2009	30,135,000	27,929,000	(6,689,000 )
12	May 31, 2009	30,543,000	31,619,000	(3,915,000 )
12	June 30, 2009	30,952,000	35,309,000	(1,141,000 )
12	July 31, 2009	31,394,000	38,954,000	1,477,000
12	August 31, 2009	31,837,000	42,598,000	4,095,000
12	September 30, 2009	32,279,000	46,243,000	6,713,000
12	October 31, 2009	32,749,000	49,933,000	9,469,000
12	November 30, 2009	33,218,000	53,622,000	12,224,000
12	December 31, 2009	33,688,000	57,312,000	14,980,000
12	January 31, 2010	34,513,000	62,415,000	16,433,000
12	February 28, 2010	35,339,000	67,518,000	17,886,000
12	March 31, 2010	36,165,000	72,620,000	19,339,000
12	April 30, 2010	37,170,000	77,597,000	22,891,000
12	May 31, 2010	38,176,000	82,574,000	26,443,000
12	June 30, 2010	39,182,000	87,551,000	29,995,000
12	July 31, 2010	40,271,000	92,319,000	35,000,000
12	August 31, 2010	41,360,000	97,086,000	40,005,000
12	September 30, 2010	42,448,000	101,854,000	45,010,000
12	October 31, 2010	43,604,000	106,320,000	51,145,000
12	November 30, 2010	44,760,000	110,787,000	57,280,000
12	December 31, 2010	45,915,000	115,254,000	63,416,000
12	January 31, 2011	47,004,000	116,577,000	64,122,000



(b) In the event that a Station is sold in a Pre-Approved Station Disposition (i) the Minimum Broadcasting Revenues and the Minimum EBITDA set forth in **Section 5.06(a)** above shall be reduced going forward on a pro forma basis by ninety percent (90%) of the Minimum Broadcasting Revenues and Minimum EBITDA allocated to such Station on **Schedule 5.06**; and (ii) the Minimum RTN Revenues set forth in **Section 5.06(a)** above shall be reduced going forward on a pro forma basis by eighty-five percent (85%) of the Minimum RTN Revenues allocated to such RTN Station owned or operated by a Borrower on **Schedule 5.06**.

**VI. AFFIRMATIVE COVENANTS.** Each Borrower hereby covenants and agrees to and with each of Lenders that, so long as any Lender has any obligation to extend credit to Borrowers, or any of them hereunder, and for so long thereafter as there remains outstanding any of the Obligations, whether now existing or hereafter arising, each Borrower shall, and shall cause each of its Subsidiaries to:

**Section 6.01. Preservation of Assets; Compliance with Laws, Etc.**

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its corporate, partnership, or limited liability company existence and all material rights, licenses, permits and franchises (including all Licenses) and comply in every material respect with all laws and regulations applicable to it (including without limitation the Act, the FCC Rules, and all other rules, regulations, administrative orders and policies of any Governmental Authority, including, without limitation, any other Specified Authority), all material agreements to which it is a party and all agreements with its Equity Holders;

(b) At all times maintain, preserve and protect all material trade names and proprietary rights;

(c) Renew each real property Lease with respect to the operation of the Stations on a timely basis in accordance with its renewal terms or replace such Lease without disruption of Borrowers' broadcast operations or broadcast signal and provide Collateral Agent with all related Security Documents with respect thereto, as required by the Collateral Agent; and

(d) Preserve all the remainder of its material property used or useful in the conduct of its business and keep the same in good repair, working order and condition (reasonable wear and tear and damage by fire or other casualty excepted), and from time to time, make or cause to be made all repairs, renewals, replacements, betterments and improvements thereto, so that the business carried on in connection therewith may be conducted at all times in the ordinary course in a manner substantially consistent with past practices, but taking into account limitations on Capital Expenditures set forth in **Section 5.04** hereof.

**Section 6.02. Insurance.**

(a) Keep all of its insurable properties now or hereafter owned adequately insured at all times against loss or damage by fire or other casualty to the extent customary with respect to like properties of companies conducting similar businesses (with extended coverage endorsement including hurricane, tornado and wind damage coverage); maintain public liability, broadcasters' liability and workers' compensation insurance insuring such Borrower to the extent customary with respect to companies conducting similar businesses; maintain workers' compensation insurance as required by applicable state law, and maintain business interruption insurance in an amount not less than three (3) months' of net profits and Total Fixed Charges of Borrowers' business, all by financially sound and reputable insurers and furnish to Lenders satisfactory evidence of the same (including certification by a Duly Authorized Officer of Borrowers of timely renewal of, and timely payment of all insurance premiums payable under, all such policies, which certification shall be included in the next succeeding Compliance Report delivered pursuant to **Section 6.05(d)**); notify each of Lenders of any material change in the insurance maintained on its properties after the date hereof and furnish each of Lenders satisfactory evidence of any such change; maintain insurance with respect to its tower, transmission and/or studio facilities and related equipment in an amount equal to the full replacement cost thereof, provide that each insurance policy pertaining to any of its insurable properties shall:

(i) name (A) Collateral Agent, on behalf of Lenders, as loss payee pursuant to a so-called "standard mortgagee clause" or "Lender's loss payable endorsement", with respect to property coverage, and (B) each Agent and each Lender, as additional insured, with respect to general liability coverage;

(ii) provide that no action of any Borrower shall void any such policy as to Agents or Lenders, and

(iii) provide that the insurer(s) shall notify Collateral Agent of any proposed cancellation of such policy at least thirty (30) days in advance thereof (unless such proposed cancellation arises by reason of non-payment of insurance premiums in which case such notice shall be given at least ten (10) days in advance thereof) and that Agents and Lenders will have the opportunity to correct any deficiencies justifying such proposed cancellation.

(b) In the event of a Casualty Event affecting any asset or property of a Borrower (whether or not such property constitutes Collateral) (the "**Damaged Property**") and provided that no Default shall have occurred and be continuing, Collateral Agent and Lenders will deliver to Borrowers (for the benefit of such Borrowers) any Insurance Proceeds therefrom, if Borrowers so elect following notice thereof provided by Collateral Agent within ten (10) days of its receipt of any Insurance Proceeds, provided, however that (i) Borrowers shall use such proceeds for the restoration or replacement of the Damaged Property within the applicable Restoration Period, (ii) Borrowers shall have demonstrated to the reasonable satisfaction of Collateral Agent that the Damaged Property will be restored to substantially its previous condition or will be replaced by substantially identical property or assets and (iii) if Collateral Agent, on behalf of Lenders, had a security interest in and lien upon the Damaged Property, Lenders shall have received, at the request of the Required Lenders, a favorable opinion from Borrowers' counsel, in form and substance satisfactory to the Required Lenders, as to the perfection of Collateral Agent's security interest in and lien upon such restored or replaced property or asset and such evidence satisfactory to the Required Lenders as to the priority of such security interest and liens. If Borrowers fail to elect the disbursement of such Insurance Proceeds as provided in the foregoing sentence within thirty (30) days following receipt of Collateral Agent's notice, Borrowers shall be deemed to have elected that such Insurance Proceeds be applied to the prepayment of the Revolving Credit Loans and that the Revolving Credit Commitments be permanently reduced by such amount; and in the event the Revolving Credit Commitments are permanently reduced to zero, the remaining proceeds shall be applied to the prepayment of the Term Loans.

(c) If a Borrower receives any disbursements of Insurance Proceeds as contemplated by **Section 6.02(b)**, but fails to restore or replace the Damaged Property within the applicable Restoration Period, as required under **Section 6.02(b)**, then Borrowers shall return all such disbursements to Collateral Agent for application, together with the balance of any related Insurance Proceeds not so disbursed, to the prepayment of the Revolving Credit Loans and the Revolving Credit Commitments shall be permanently reduced by such amount; and in the event the Revolving Credit Commitments are permanently reduced to zero, the remaining proceeds shall be applied to the prepayment of the Term Loans. Collateral Agent, if directed by the Required Lenders upon the occurrence and during the existence of any Event of Default, may elect to apply any Insurance Proceeds received by Collateral Agent pursuant to this **Section 6.02** to the replacement, restoration and/or repair of the Damaged Property, in lieu of effecting the prepayment of the Revolving Credit Loans and reduction of the Revolving Credit Commitments; and in the event the Revolving Credit Commitments are permanently reduced to zero, the remaining proceeds shall be applied to the prepayment of the Term Loans.

(d) If Borrowers or Collateral Agent, at the direction of the Required Lenders, elect to replace, restore and/or repair the Damaged Property as provided in **Section 6.02(b)** or **(d)**, the related Insurance Proceeds (and any earnings thereon) shall be held by Collateral Agent and shall be applied to the replacement, restoration and repair of the Damaged Property and advanced by Collateral Agent in periodic installments upon compliance by Borrowers with such reasonable conditions to disbursement as may be imposed by the Required Lenders, including, but not limited to, reasonable retention amounts and receipt of lien releases and, if determined by Collateral Agent, disbursement of such Insurance Proceeds jointly to Borrowers and any contractors, subcontractors and materialmen to whom payment is owed in connection with such repair, replacement and/or restoration.

(e) Following the occurrence and the continuance of an Event of Default under either paragraph (b) or (c) of **Article VIII**, Collateral Agent shall have no obligation to release any Insurance Proceeds to Borrowers as provided above and all such proceeds shall be applied in accordance with **Section 2.05(c)**, and the Revolving Credit Commitments shall be permanently reduced by the amount of such proceeds to the extent applied to the payment of the Revolving Credit Loans.

(f) With respect to any Casualty Event resulting in Insurance Proceeds aggregating \$100,000 or more, Collateral Agent shall be entitled at its option to participate in any compromise, adjustment or settlement in connection with any claims for damage or destruction under any policy or policies of insurance, and Borrowers shall, within five (5) Business Days after request therefor, reimburse Collateral Agent for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) incurred by Collateral Agent in connection with such participation. Neither Borrower shall make any compromise, adjustment or settlement in connection with any such claim without the approval of the Required Lenders, which approval shall not be unreasonably withheld or delayed.

(g) To the extent, if any, that any improved real property (whether owned or leased) of the Borrowers that is mortgaged as required under **Section 2.16(a)** is situated in a flood zone designated as type "A", "B" or "V" by the U.S. Department of Housing and Urban Development, obtain and maintain flood insurance in coverage and amount satisfactory to Collateral Agent.

**Section 6.03.**      **Taxes, Etc.** Pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise, which, if unpaid, might become a lien or charge upon such properties or any part thereof; provided that no Borrower shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and it shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, levy or claim so contested; and provided, further that, in any event, payment of any such tax, assessment, charge, levy or claim shall be made before any of its property shall be seized or sold in satisfaction thereof.

**Section 6.04.**      **Notice of Proceedings, Defaults, Adverse Change, Etc.** Promptly (and in any event within ten (10) Business Days after the discovery by a Borrower thereof) give written notice to each of Lenders of (a) any proceedings instituted or threatened against it in writing by or in any federal, state or local court or before any commission or other regulatory body, whether federal, state or local (including, without limitation, any Specified Authority), which, if adversely determined, could have a Material Adverse Effect or which seeks to enjoin or otherwise prevent the consummation or to recover any damages or obtain relief as a result of the transactions contemplated hereby; (b) any notices of default received by each Borrower (together with copies thereof, if requested by any Lender) with respect to (i) any alleged default under or violation of any of its material licenses, permits or franchises, including any License, or any material agreement to which it is a party, or (ii) any alleged default with respect to, or redemption or acceleration or other action under any agreement or instrument relating to any material Indebtedness of each Borrower or any mortgage, indenture or other similar agreement; (c) (i) any notice of any material violation or administrative or judicial complaint or order filed or to be filed against each Borrower and/or any real property owned or leased by it alleging any material violation of any Environmental Law or requiring it to take any action in connection with the release and/or clean-up of any Hazardous Materials, (ii) any notice from any governmental body or other Person alleging that each Borrower is or may be liable for costs associated with a release or clean-up of any Hazardous Materials or any damages resulting from such release; or (iii) any notice by a government entity that alleges any criminal misconduct by any Borrower; (d) any change in the condition, financial or otherwise, of any Borrower which could have a Material Adverse Effect; and (e) the occurrence of any Default.

**Section 6.05.**      **Financial Statements and Reports.** Furnish to each of Administrative Agent and Collateral Agent (with multiple copies for each of Lenders, which Collateral Agent shall promptly provide to the respective Lenders):

(a) Within one hundred twenty (120) days after the end of each Fiscal Year, or, if earlier, within ten (10) Business Days after the filing of such statements and reports with the Securities and Exchange Commission or any state agency in accordance with applicable federal and state securities laws, the consolidated and consolidating balance sheets and statements of income of the Borrowers and statements of stockholder equity and cash flows of the Borrowers, together with supporting schedules in form and substance reasonably satisfactory to each Agent (and accompanied by an unaudited comparison to the prior Fiscal Year and to the Budget and an unaudited breakdown of revenues, expenses and EBITDA for each Borrower and each Station), audited by (except in the case of such consolidating statements), and delivered with the opinion of, independent certified public accountants selected by Borrowers and reasonably acceptable to each Agent (the "**Accountants**"), which opinion (A) shall not be qualified as to going concern or scope of audit, (B) shall be to the effect that such financial statements present fairly in all material respects the consolidated financial condition and results of operation of the Borrowers, as the case may be, as of the dates and for the periods indicated, in accordance with GAAP applied on a basis consistent with that of the preceding year, and shall otherwise be in form reasonably satisfactory to each Agent, and (C) shall be accompanied by a report by the Accountants to the effect that the Accountants have examined the provisions of this Agreement and that, to the best of their knowledge, no Event of Default has occurred under **Article V** (or, if such an event has occurred, a statement explaining its nature and extent); provided, however, that in issuing such statement, the Accountants shall not be required to exceed the scope of normal auditing procedures conducted in connection with their opinion referred to above. If requested by either Agent, Borrowers shall deliver to such Agent a separate set of the foregoing statements and reports with respect to each Borrower;

(b) Within forty-five (45) days after the end of each Fiscal Quarter in each Fiscal Year (including, without limitation, the Fiscal Quarter ending December 31), or, if earlier, within ten (10) Business Days after the filing of such statements and reports with the Securities and Exchange Commission or any state agency in accordance with applicable federal and state securities laws, the consolidated balance sheets and statements of income of the Borrowers, together with supporting schedules, setting forth in each case in comparative form the corresponding figures from the preceding fiscal period of the same duration, prepared by Borrowers in accordance with GAAP (except for the absence of notes) and certified by the chief financial officer of Borrowers, such balance sheets to be as of the close of such quarter, and such statements of income to be for the quarter then ended and the period from the beginning of the then current Fiscal Year to the end of such quarter (in each case subject to normal audit and yearend adjustments) and to include, in the case of the Borrowers' financial statements, (i) a comparison of actual results to results for the comparable period of the preceding Fiscal Year (if available) and projected results set forth in the Budget for such period, and (ii) a breakdown of revenues, expenses and EBITDA for each Borrower. If requested by either Agent, Borrowers shall deliver to such Agent a separate set of the foregoing statements and reports with respect to each Borrower;

(c) Within thirty (30) days after the end of each calendar month in each Fiscal Year (including, without limitation, the calendar month ending December 31), the consolidated balance sheets and statements of income of the Borrowers, together with supporting schedules, setting forth in each case in comparative form the corresponding figures from the preceding fiscal period of the same duration, prepared by Borrowers in accordance with GAAP (except for the absence of notes) and certified by the chief financial officer of Borrowers, such balance sheets to be as of the close of such month, and such statements of income to be for the month then ended and the period from the beginning of the then current Fiscal Year to the end of such month (in each case subject to normal audit and yearend adjustments) and to include, in the case of the Borrowers' financial statements, (i) a comparison of actual results to results for the comparable period of the preceding Fiscal Year (if available) and projected results set forth in the Budget for such period, and (ii) a breakdown of revenues, expenses and EBITDA for each Borrower. If requested by either Agent, Borrowers shall deliver to such Agent a separate set of the foregoing statements and reports with respect to each Borrower;

(d) Concurrently with the delivery of any annual financial statements required by **Section 6.05(a)** and any quarterly financial statements required by **Section 6.05(b)**, a certified report (hereafter, a "**Compliance Report**") in the form of **Schedule 6.05** attached hereto (or otherwise in a form otherwise reasonably satisfactory to each Agent), with appropriate calculations, signed by a Duly Authorized Officer, (i) setting forth the calculations contemplated in **Article V** of this Agreement, and (ii) certifying as to the fact that such Person has examined the provisions of this Agreement and that no Default has occurred and is continuing (or if a Default exists, a statement explaining its nature and extent);

(e) (i) Beginning on or before December 31, 2007, and on or before the same day of each year thereafter, an updated monthly budget approved by Borrowers, including planned Capital Expenditures and projected borrowings for the following Fiscal Year, with updated Projections showing financial covenant compliance (collectively, the "**Budget**"), for the operation of the Borrowers' businesses during the following Fiscal Year, setting forth in detail reasonably satisfactory to each Agent the projected results of operations of each Borrower and stating underlying assumptions, and (ii) within five (5) days after the effective date thereof, notice of any material changes or modifications in the Budget (which shall not include changes resulting from non-material adjustments to the timing of any proposed borrowings);

(f) Within ten (10) Business Days after the receipt or filing thereof by a Borrower, as applicable, copies of any periodic or special reports filed by a Borrower with any Specified Authority and copies of material notices and other material communications from any Specified Authority which specifically relate to a Borrower, any Station or any License, but in each case only if such report or communication indicate any material adverse change in such Borrower's standing before any Specified Authority, any change in respect of any License which could have a Material Adverse Effect, or if copies thereof are requested by any Lender;

(g) Promptly, and in any event within fifteen (15) calendar days after a Borrower or any member of the Controlled Group (i) is notified by the Internal Revenue Service of its liability for the tax imposed by Section 4971 of the Code, for failure to make required contributions to a pension, or Section 4975 of the Code, for engaging in a prohibited transaction, (ii) notifies the PBGC of the termination of a defined benefit pension plan, if there are not or may not be sufficient assets to convert the plan's benefit liabilities as required by Section 4041 of ERISA, (iii) is notified by the PBGC of the institution of pension plan termination proceedings under Section 4042 of ERISA or that it has a material liability under Section 4063 of ERISA, or (iv) withdraws from a multiemployer pension plan and is notified that it has withdrawal liability under Section 4202 of ERISA which is material, copies of the notice or other communication given or sent;

(h) Promptly upon receipt or issuance thereof, and in any event within fifteen (15) calendar days after such receipt, copies of all audit reports submitted to a Borrower by its accountants in connection with each yearly, interim or special audit of the books of any Borrower or a Subsidiary of any Borrower made by such accountants, including any material related correspondence between such accountants and Borrower's management;

(i) Promptly upon circulation thereof, and in any event within five (5) Business Days after such circulation, copies of any material written reports issued by a Borrower to any of its members or material creditors relating to the Loans, the Loan Documents or any material change in each Borrower's financial condition;

(j) If, as a result of any change in accounting principles and policies (or the application thereof) from those used in the preparation of the financial statements delivered as of the Closing Date, the consolidated and consolidating financial statements of the Borrowers delivered pursuant to Section 6.05(a), (b) or (c) will differ in any material respect from the consolidated and consolidating financial statements that would have been delivered pursuant to such Sections 6.05(a), (b) or (c) had no such change in accounting principles and policies been made, then, together with the first delivery of such financial statements after such change, one or more statements of reconciliation for all such prior financial statements in form and substance reasonably satisfactory to Required Lenders.

(k) Promptly, and in any event within ten (10) Business Days (i) after any Material Agreement of a Borrower is terminated or amended in a manner that could reasonably be expected to have a Material Adverse Effect and (ii) after any new Material Agreement is entered into, deliver to Lenders, (A) a copy of such termination, amendment or new Material Agreement, and (B) with respect to a termination or amendment described in clause (i), a summary of actions being taken to limit or eliminate the Material Adverse Effect which may result from such termination or amendment;

(l) Each year, concurrently with the delivery of the annual financial statements required by Section 6.05(a), Borrowers shall deliver to Collateral Agent an officer's certificate which either: (i) confirms that to Borrowers' knowledge, there has been no material change in the information relating to the Collateral since the later of (A) the date such information was disclosed on **Schedules 2.16(a), 4.09, 4.10, 4.19, 7.01, and 7.02** to this Agreement or the Exhibits to any of the Security Agreements or (B) the date of the most recent officer's certificate delivered pursuant to this **Section 6.05(l)** and/or identifies any such changes; or (ii) certifies that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified in such Schedule or Exhibit or pursuant to clause (i) above to the extent necessary to protect and perfect the security interests under the Security Documents for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period);

(m) On or prior to February 28, 2008, a monthly cash flow budget for the Fiscal Year ending December 31, 2008 in the form of **Schedule 5.07**, and based upon the reasonable projections of Borrowers, showing projected cash flow both with and without the Pre-Approved Station Sales incorporated; and

(n) As soon as reasonably possible after request therefor, such other information regarding its operations, assets, business, affairs and financial condition or regarding a Borrower or their Equity Holders or other Affiliates as any Lender may reasonably request, including without limitation copies of any and all material agreements to which a Borrower is a party from time to time.

**Section 6.06.**      **Inspection.** Permit employees, Agents and representatives of each Agent or Lenders to inspect, during normal business hours, its premises and its books and records and to make abstracts or reproductions thereof. In the absence of a Default, such inspections shall be limited to four (4) times per year. In connection with any such inspections, Lenders and each Agent will use reasonable efforts to avoid an unreasonable disruption of Borrowers' businesses and, to the extent possible and appropriate, and absent the existence of a Default, will give reasonable prior notice thereof.

**Section 6.07.**      **Accounting System.** Maintain a system of accounting in accordance with GAAP and maintain a Fiscal Year ending December 31 for each of the Borrowers.

**Section 6.08.**      **Additional Assurances.** From time to time hereafter:

(a)      without limiting the generality of **Section 2.16(a)**, execute and deliver or cause to be executed and delivered, such additional instruments, certificates and documents, and take all such actions, as Agents shall reasonably request for the purpose of implementing or effectuating the provisions of this Agreement and the other Loan Documents, including without limitation (i) the items set forth in **Schedule 2.16(a)** which require action after the date hereof, as stated in such Schedule, and (ii) only if reasonably requested by an Agent, the execution and delivery to Collateral Agent of a mortgage or deed of trust or collateral assignment of lease or leasehold mortgage in form and substance reasonably satisfactory to Collateral Agent (in a recordable form and in such number of copies as Collateral Agent shall have reasonably requested) covering any real properties acquired by the Borrowers, together with any necessary consents relating thereto;

(b)      without limiting the generality of **Section 2.16**, at the request and direction of Collateral Agent, cooperate with Collateral Agent from time to time in preparing, executing and/or filing and recording such (i) timely continuation statements under the Uniform Commercial Code with respect to financing statements filed under **Section 2.16(a)**, (ii) new financing statements and (iii) conforming amendments to the Security Documents as shall be necessary from time to time to reflect the passage of time and other changed circumstances and to assure continued compliance with the Loan Documents and with **Section 2.16**; and

(c)      upon the exercise by either Agent or any Lender of any power, right, privilege or remedy pursuant to this Agreement or any other Loan Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, including, without limitation, any Specified Authority, execute and deliver all applications, certifications, instruments and other documents and papers that such Agent or any Lender may be so required to obtain.

Nothing contained in this **Section 6.08** shall constitute a waiver of any Event of Default arising from each Borrower's failure to locate, deliver and/or file or record any Security Document, any consent of any Governmental Authority or other Person or any other document required under **Section 2.16, Article III** or otherwise under this Agreement.



**Section 6.09.**      **Renewal of Licenses.** Renew the Licenses in a timely manner and in accordance with all applicable provisions thereof.

**Section 6.10.**      **Compliance with Environmental Laws.**

(a) Comply in all material respects with all Environmental Laws and not generate, store, handle, process, dispose of or otherwise use and not permit any tenant or other occupant of any of the Properties to generate, store, handle, process, dispose of or otherwise use Hazardous Materials in, on, under or about the Property in a manner that could lead or potentially lead to imposition on each Borrower or an Agent or any Lender or any of the Properties of any liability or lien of any nature whatsoever under any Environmental Law.

(b) Notify each Agent promptly in the event of any spill or other release of any Hazardous Material in, on, under or about any of the Properties which is required to be reported to a Governmental Authority under any Environmental Law, promptly forward to each Agent copies of any notices received by each Borrower relating to any actual or alleged violation of any Environmental Law and promptly pay when due any fine or assessment against Lenders, each Borrower or any of the Properties relating to any Environmental Law.

(c) If at any time it is determined that the operation or use of any of the Properties violates any applicable Environmental Law or that there is any Hazardous Material located in, on, under or about the Properties which under any Environmental Law requires special handling in collection, treatment, storage or disposal or any other form of cleanup or remedial or corrective action, then, within thirty (30) days after the receipt of notice thereof from a Governmental Authority (or such other time period as may be specified in the notice sent by such Governmental Authority) or from Lenders, take, at its sole cost and expense, such actions as may be necessary to fully comply in all material respects with all Environmental Laws, provided, however, that if such compliance cannot reasonably be completed within such thirty (30) day period, the applicable Borrower shall commence such necessary action within such thirty (30) day period and shall thereafter diligently and expeditiously proceed to fully comply in all material respects and in a timely fashion with all Environmental Laws. Nothing herein shall prohibit Borrowers from asserting any good faith defenses against the applicable Governmental Authority in any governmental demands.

(d) If a lien is filed against any of the Properties by any Governmental Authority resulting from the need to expend or the actual expending of monies arising from an action or omission, whether intentional or unintentional, of each Borrower or for which each Borrower is responsible, resulting in the releasing, spilling, leaking, leaching, pumping, emitting, pouring, emptying or dumping of any Hazardous Material, then, within thirty (30) days from the date that such Borrower is first given notice such lien has been placed against the Properties, either (i) pay the claim and remove the lien or (ii) furnish a cash deposit, bond or such other security with respect thereto as is satisfactory in all respects to the Required Lenders and is sufficient to effect a complete discharge of such lien on the Properties.

(e) At Borrowers' expense, if reasonably requested by an Agent in connection with any Property acquired or leased by each Borrower after the date hereof (whether pursuant to a Permitted Acquisition or otherwise), (i) conduct and deliver to Agents and Lenders, an Environmental Site Assessment prepared by an environmental consulting firm of national reputation reasonably satisfactory to Agents, together with a letter from such firm to Agents authorizing Agents and Lenders to rely thereon, or (ii) prepare and deliver to Agents and Lenders true and accurate responses to each Agent's Environmental Questionnaire as to such Property.

(f) Conduct any further diligence recommended under any Environmental Site Assessment and perform any and all Remedial Work necessary under all Environmental Laws whether as recommended under any Environmental Site Assessment or otherwise.

**Section 6.11. Amendment to EMHC Certificate of Incorporation.** At the first shareholders' meeting for EMHC held following the Closing Date, EMHC shall (i) cause its Amended and Restated Certificate of Incorporation (as filed with the Delaware Secretary of State on March 30, 2007) to be amended to delete any provisions similar to those set forth in Section 102(b)(2) of Title 8 of the Delaware Code and (ii) promptly thereafter, cause such amendment to be duly filed with the Delaware Secretary of State, with filed copies delivered to Administrative Agent and Collateral Agent.

**Section 6.12. Management Agreement.** Until such time as the Obligations are indefeasibly paid in full (except to the extent the Obligations are intended to survive the termination of this Agreement), any amounts due to Manager pursuant to the Management Agreement (other than the reimbursement of reasonable out-of-pocket expenses of the Manager) shall accrue and not be paid to Manager unless the Required Lenders consent to the payment thereof in their sole discretion.

**VII. NEGATIVE COVENANTS.** Each Borrower covenants and agrees that, so long as any Lender has any obligation to extend credit to Borrowers, or any of them, hereunder, and for so long thereafter as there remains outstanding any of the Obligations, whether now existing or arising hereafter, unless the Required Lenders shall otherwise consent in writing in accordance with the terms of **Article XI**, each Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly:

**Section 7.01. Indebtedness.** Incur, create, assume, become or be liable, directly, indirectly or contingently, in any manner with respect to, or permit to exist, any Indebtedness or liability, except:

- (a) Indebtedness of Borrowers to Lenders hereunder and under the Loans, together with Indebtedness owed to Underlying Issuers with respect to Underlying Letters of Credit;
- (b) Indebtedness among Borrowers and their Subsidiaries permitted by the Affiliate Subordination Agreement;
- (c) the Guarantees of Affiliates, if any, required by **Section 2.16**;
- (d) Indebtedness in respect of endorsements of negotiable instruments for collection in the ordinary course of business;

(e) Indebtedness existing on the date hereof and described in **Schedule 7.01** hereto; provided, however, that the terms of such Indebtedness shall not be modified or amended in an adverse respect nor shall payment thereof be modified without the prior written consent of the Required Lenders;

(f) (i) Indebtedness under Capital Leases; (ii) Indebtedness consisting of purchase money indebtedness incurred in the purchase of real estate, equipment and Licenses to be used in the Borrowers' businesses; and (iii) Indebtedness arising under surety, indemnity, performance or other similar bonds posted for a Borrower relating to the construction and/or build-out of any Station and issued in the ordinary course of business, and any other performance or similar bonds posted for a Borrower and issued in the ordinary course of business; provided, however, that (A) all Indebtedness incurred by Borrowers permitted by this subsection (f) shall not exceed \$12,000,000 in the aggregate outstanding at any time, (B) not more than \$2,000,000 of Indebtedness permitted by this subsection (f) shall be owed to a single lender or its Affiliates, and (C) all Indebtedness incurred under clauses (i) and (ii) of this subsection (f) shall not exceed the acquisition price of the assets acquired pursuant thereto;

(g) Judgments against the Borrowers, not to exceed \$250,000 in the aggregate at any time, and discharged, satisfied or bonded in full within sixty (60) days; and

(h) Unsecured Indebtedness that is subordinated in payment and enforcement rights to Borrower's Obligations hereunder pursuant to the terms of a subordination agreement in form and substance satisfactory to Agents.

**Section 7.02. Liens.** Create, incur, assume, suffer or permit to exist any Lien of any nature whatsoever on any of its assets, ownership interests or Equity Securities, now or hereafter owned, other than the following (collectively, the "**Permitted Liens**"):

(a) Liens securing the payment of taxes, assessments or government charges or levies either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which it shall have set aside on its books adequate reserves;

(b) deposits under workers' compensation, unemployment insurance and social security laws, or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations or surety or appeal bonds, or to secure indemnity, performance or other similar bonds, all arising in the ordinary course of business;

(c) Liens existing on the date hereof and described on **Schedule 7.02** attached hereto;

(d) Liens against the Borrowers imposed by law, such as vendors', carriers', lessors', warehouse's or mechanics' liens, incurred in good faith in the ordinary course of business;

(e) Liens arising out of a prejudgment attachment or a judgment or award against each Borrower with respect to which it shall currently be prosecuting an appeal, a stay of execution pending such appeal having been secured, except any such Lien arising in connection with a judgment, attachment or proceeding which gives rise to an Event of Default under paragraph (k) or (l) of **Article VIII**;

(f) Liens in favor of Collateral Agent and Lenders securing the Obligations pursuant to the Security Documents;

(g) Liens against Borrowers arising under or securing Capital Leases and purchase money Liens securing Indebtedness described in and permitted by **Section 7.01(f)**, provided, however, that (i) such Liens on assets of Borrowers shall be no greater than \$5,000,000 for each individual asset and no greater than \$10,000,000 in the aggregate, and (ii) such Liens shall be confined to the assets which are acquired by Borrowers pursuant to such Capital Leases or assets acquired in such permitted purchase money financing; and

(h) zoning ordinances, restrictions, easements and minor irregularities in title which do not and will not interfere with the occupation, use and enjoyment by either Borrower of the properties and assets subject thereto in the normal course of its business as presently conducted or materially impair the value of such properties and assets for the purpose of such business.

**Section 7.03. Disposition of Assets; Etc.** Sell, lease, transfer or otherwise dispose of its properties, assets, rights, licenses and franchises to any Person (including without limitation dispositions in exchange for similar assets and properties and commonly referred to as "asset swaps"), except for (a) Dispositions not required by Section 6.11 made in the ordinary course of business of property with an aggregate fair market value not to exceed \$250,000 in any single transaction or \$1,500,000 in the aggregate over the term of this Agreement (including the disposition, without replacement, of equipment and real estate which is obsolete or no longer needed by the Borrowers in the conduct of their businesses), (b) Dispositions consisting of the replacement of equipment with other equipment of at least equal utility and value (provided that the Lien upon such newly acquired equipment securing the Obligations shall have the same priority as the Lien upon the replaced equipment), (c) Dispositions constituting Pre-Approved Station Sales as defined herein, and (d) the Disposition described in **Section 6.12** (all Dispositions described in this sentence, collectively, the "**Permitted Dispositions**").

**Section 7.04. Fundamental Changes; Acquisitions.**

(a) **Fundamental Changes.**

(i) Form any Subsidiary or permit any Inactive Subsidiary to acquire or hold any assets or own or operate any business (unless such Subsidiary or Inactive Subsidiary, as applicable, becomes an additional Borrower hereunder by means of its execution and delivery to Administrative Agent of a Joinder Agreement) or otherwise change the corporate structure, organization or capitalization of a Borrower from that set forth in **Schedule 4.19** (other than the formation of a Subsidiary in connection with a Permitted Acquisition pursuant to **Section 7.04(b)** which becomes an additional Borrower hereunder by means of its execution and delivery to Administrative Agent of a Joinder Agreement);

(ii) Permit or suffer any amendment of its Organizational Documents which could have a Material Adverse Effect (it being expressly agreed that, except as provided in **Sections 4.23** and **6.11**, the inclusion in any such organizational documents of any provision similar to those set forth in Section 102(b)(2) of Title 8 of the Delaware Code is prohibited under this Section);

(iii) Dissolve or liquidate (except that Borrowers may dissolve or liquidate Inactive Subsidiaries); or consolidate with or merge with, or otherwise acquire any television or radio broadcast properties, stations or properties of, or all or any substantial portion of the ownership interests, Equity Securities or assets or properties of, any corporation, partnership, limited liability company or other entity or acquire any other material assets (collectively, an "**Acquisition**"), other than Permitted Acquisitions and Capital Expenditures permitted hereunder;

(iv) Issue, repurchase or redeem any ownership interests or Equity Securities except for Equity Securities (A) in respect of which such Borrower has no obligation to redeem or to pay cash distributions or dividends, (B) the issuance, repurchase or redemption of which does not result in an Event of Default and (C) which shall have been collaterally assigned or pledged and delivered to Lenders as required hereunder; or

(v) Enter into any agreement to effect any of the foregoing prohibited transactions, other than subject to the consent of the Required Lenders.

(b) **Conditions to Acquisitions.** Not consummate an Acquisition unless the following conditions shall have been satisfied in full:

(i) If the Acquisition involves the purchase of stock or other Equity Securities, the same shall be effected in such a manner so as to assure that the acquired entity becomes a Subsidiary which is wholly owned by the acquiring Borrower and, unless such Acquisition is described on **Schedule 2.17**, immediately following the acquisition thereof, either (A) is merged into such acquiring Borrower, or (B) becomes a Borrower hereunder by means of executing and delivering to Agents a Joinder Agreement.

(ii) Borrowers shall have delivered to Administrative Agent and Collateral Agent for the benefit of Lenders the following:

(A) no later than forty-five (45) days (or such shorter period as may be reasonably practicable, if approved by Required Lenders) prior to the consummation of such Acquisition, copies of the forms of any additional agreements or instruments to be executed at the closing under the applicable Acquisition Agreement (to the extent available), and all applicable financial information, including new Projections, through the Maturity Date, updated to reflect such Acquisition and any related transactions,

(B) promptly following a request therefor, copies of such other information or documents relating to such Acquisition as Administrative Agent or Collateral Agent shall have reasonably requested,

(C) at least forty-five (45) days prior to the closing of such Acquisition, an opening balance sheet showing Borrowers' *pro forma* financial condition after the consummation of such Acquisition and the making of the Loans to be made on the date thereof, as if they occurred on the most recently ended month for which financial information is available, and

(D) promptly following the consummation of such Acquisition, certified copies of the agreements, instruments and documents referred to above to the extent the same has been executed and delivered at the closing under such Acquisition Agreement.

(iii) Administrative Agent, Collateral Agent and their respective counsel shall have had sufficient time prior to the completion of such Acquisition to complete their due diligence review with respect to such Acquisition, including a review of all Acquisition Documents and material agreements, and shall be reasonably satisfied with the results of such review. Any such Acquisition (other than Acquisitions described in **Schedule 2.17**) shall have been approved in writing by Required Lenders, in their sole discretion acting in good faith.

(iv) In connection with such Acquisition, Borrowers shall deliver to Administrative Agent and Collateral Agent a complete and correct copy of the applicable Acquisition Agreement (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith). No party thereto shall be in default in the performance or compliance with any provisions thereof. The Acquisition Agreement shall comply with all applicable laws, and, upon consummation of the transactions contemplated by the Acquisition Agreement, shall not have been terminated, rescinded or withdrawn. All requisite approvals by Governmental Authorities having jurisdiction over the seller, Borrowers and other Persons referenced therein with respect to the transactions contemplated by the Acquisition Agreement, shall have been obtained, and no such approvals shall impose any conditions to the consummation of the transactions contemplated by the Acquisition Agreement or to the conduct by any Borrower of its business thereafter. To Borrowers' knowledge, none of the seller's representations or warranties in the Acquisition Agreement, upon consummation of the transactions contemplated by the Acquisition Agreement, shall contain any untrue statement of a material fact or omit any fact necessary to make the statements therein not misleading. Each of the representations and warranties given by any Borrower in the Acquisition Agreement, upon consummation of the transactions contemplated by the acquisition, shall be true and correct in all material respects.

(v) All consideration paid for each Acquisition shall be payable in full on the date of such Acquisition, whether by cash, by issuance of Equity Securities or by capital contribution of Equity Holders, to the extent such issuances and capital contributions are permitted hereunder, except for customary earn-outs, postclosing adjustments, escrows, holdbacks, indemnities and similar arrangements, provided that, unless such Acquisition is described on **Schedule 2.17**, each of the escrow and other agreements evidencing any such arrangement shall expressly provide for the acknowledgment, confirmation and approval by each of the parties thereto (including, without limitation, any escrow agent or similar party) of Collateral Agent's first priority perfected collateral assignment of, and security interest in, such agreement, any Borrower's rights therein and in the proceeds of such Liens and the enforcement thereof, in each case in a manner reasonably satisfactory to Administrative Agent and Collateral Agent.

(vi) No Borrower shall, in connection with any such Acquisition, assume or become liable with respect to any Indebtedness (including any material tax or ERISA liability) of the related seller, except to the extent permitted under **Section 7.01** and any other such liabilities or obligations not permitted to be assumed or otherwise supported by any of the Borrowers hereunder shall be paid in full or released as to the assets being so acquired on or before the consummation of such Acquisition.

(vii) All assets and properties acquired in connection with any such Acquisition shall be free and clear of any liens, charges and other encumbrances, other than Permitted Liens.

(viii) Borrowers shall have complied with all of the provisions in **Sections 2.12** and **3.03** to the extent applicable, including the execution and delivery of such additional agreements, instruments, certificates, documents, consents, Environmental Site Assessments, Environmental Questionnaires, opinions and other papers as Administrative Agent and Collateral Agent may reasonably require.

(ix) Without limiting the generality of the foregoing, after giving effect to such Acquisition, Borrowers shall be in compliance with the provisions of **Article V**, (i) calculated on a *pro forma* basis as of the end of the fiscal quarter most recently ended prior to the date of such Acquisition for which financial statements are required to be provided (and have been so delivered) under **Section 6.05** and (ii) under Borrowers' updated Projections referred to above. Borrowers shall provide to Administrative Agent and Collateral Agent a certificate signed on behalf of Borrowers by their chief financial officer demonstrating such compliance in reasonable detail and to the effect set forth in paragraph (ii) above.

(x) No Default shall exist as of the date of such Acquisition or after giving effect thereto.

(xi) The Required Lenders shall have consented to and approved such proposed Acquisition.

**Section 7.05. Sale and Leaseback.** Enter into any arrangements, directly or indirectly, with any Person whereby it shall sell or transfer any property, real, personal or mixed, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property, provided, however, that Borrowers may leaseback assets disposed of in a Pre-Approved Station Sale upon terms reasonably satisfactory to Agents and with Agents' consent, not to be unreasonably withheld.

**Section 7.06.**      **Investments.** (a) Except for Permitted Investments and Permitted Acquisitions, purchase, invest in or otherwise acquire or hold Equity Securities, including without limitation capital stock, partnership interests, membership interests and other equity interests and evidences of indebtedness of, or make loans or advances to, or enter into any arrangement for the purpose of providing funds or credit to, any other Person; nor (b) permit any Subsidiary engaged in a broadcasting operation to make an investment in or loan to any Person that is not engaged in a broadcasting operation and EMHC agrees not to make any investment in or loan to any Person that is not engaged in a broadcasting operation with any funds derived from EMHC's broadcasting operations or the broadcasting operations of any of its Subsidiaries.

**Section 7.07.**      **Change in Business.** Engage, directly or indirectly, in any business other than the businesses in which it is currently engaged, being the ownership and operation of television broadcast and radio broadcast properties and the Stations and other activities reasonably related thereto; provided, however, that EMHC may engage in the activities described in the Projections attached hereto as **Schedule 4.17.**

**Section 7.08.**      **Accounts Receivable.** Sell, assign, discount or dispose in any way of any accounts receivable, promissory notes or trade acceptances held by a Borrower, with or without recourse, except for collection (including endorsements) in the ordinary course of business.

**Section 7.09.**      **Transactions with Affiliates.** Except for the agreements set forth on **Schedule 7.09,** enter into any transaction, including, without limitation, the purchase, sale or exchange of property or assets or the rendering or accepting of any service, with or to any Affiliate of a Borrower, except in the ordinary course of business and pursuant to the reasonable requirements of its business and upon terms not less favorable to such Borrower than it could obtain in a comparable arm's-length transaction with an unrelated third party.

**Section 7.10.**      **Amendment of Certain Agreements, Etc.**

(a) Except as set forth in **Schedule 7.10,** amend, modify or terminate the Organizational Documents of a Borrower, any material agreement to which a Borrower is a party, including, without limitation, those agreements listed on **Schedule 4.16,** or enter into any material agreement, if, in any such case, the effect thereof would be (i) to confer additional rights upon the other parties thereto which could have a Material Adverse Effect, or (ii) to increase materially the obligations of a Borrower thereunder; or

(b) Amend or modify any License except for any amendments or modifications (1) required by applicable law; (2) required in connection with the renewal of any License; or (3) which would not materially and adversely change the rights, duties and obligations of a Borrower under such License.

**Section 7.11.**      **ERISA.** (a) Fail to make contributions to pension plans required by Section 412 of the Code, (b) fail to make payments required by Title IV of ERISA as the result of the termination of a single employer pension plan or withdrawal or partial withdrawal from a multiemployer pension plan, or (c) fail to correct a prohibited transaction with an employee benefit plan with respect to which it is liable for the tax imposed by Section 4975 of the Code.



**Section 7.12. Margin Stock.** Use or permit the use of any of the proceeds of the Loans, directly or indirectly, for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry, any Margin Stock or for any other purpose which might constitute the transactions contemplated hereby to be a "purpose credit" within the meaning of Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System, or cause any Loan, the application of proceeds thereof or this Agreement to violate Regulation U, Regulation T or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of such Board or the Securities Exchange Act of 1934, as amended, or any rules or regulations promulgated under such statutes.

**Section 7.13. Negative Pledges, Etc.** Enter into any agreement (excluding this Agreement and the Loan Documents) prohibiting (a) a Borrower from amending or otherwise modifying this Agreement or any other Transaction Document, or (b) the creation or assumption of any Lien upon the properties, revenues or assets of, or the extension of any guaranty by, a Borrower, whether now owned or hereafter acquired.

**Section 7.14. LMAs, Etc.** Except in connection with a Permitted Acquisition and as approved by Required Lenders, enter into any LMA or other similar arrangement other than existing LMAs specified on **Schedule 7.14**.

**Section 7.15. Deposit Account Maintenance.** Maintain at any time funds in any deposit account that is not covered by a control agreement executed by the depository bank with which such account is maintained, the named account holder and the Collateral Agent, except (i) payroll accounts holding funds to be distributed in full in accordance with payroll distribution instructions, (ii) accounts with trust funds payable to the Internal Revenue Service on account of payroll taxes relating to the operations of Borrowers, (iii) in addition to the accounts described in the foregoing clauses (i) and (ii), any single account with funds not in excess of \$25,000 so long as the aggregate funds in all accounts of EMHC and its subsidiaries not covered by a control agreement and not described in clause (i) or (ii) hereof does not exceed \$100,000.

**VIII. DEFAULTS** Upon the occurrence of any of the following events (each of which is herein sometimes called an "**Event of Default**"):

(a) any representation or warranty made by or on behalf of a Borrower, or any of its Affiliates, in this Agreement or any other Loan Document, or in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or the borrowings hereunder, shall prove to have been false or misleading in any material respect when made or reconfirmed;

(b) any default in the payment of the principal of the Loans, when the same shall become due and payable, and continuance of such default for a period of five (5) Business Days;

(c) any default in the payment of any interest on the Loans, or any premium, fee or other Obligation of a Borrower or Borrowers to an Agent or any Lender under any Loan Document when the same shall become due and payable, and continuance of such default for a period of five (5) Business Days;

(d) (i) any default by any Person other than an Agent or any Lender in the due observance or performance of, or compliance with, any covenant, condition or agreement contained in **Sections 6.02, 6.03** (but only if the same involves any seizure of property), **6.04, 6.05, 6.06, 6.07, 6.09, 6.10** or **6.12** of this Agreement and the continuation of such default for a period of ten (10) Business Days following the date a Borrower receives notice of, or has actual knowledge of, the occurrence thereof, or (ii) any default by any Person other than an Agent or any Lender in the due observance or performance of, or compliance with, any covenant, condition or agreement contained in that certain Side Letter Agreement of even date herewith by and among Borrowers, Agents and Lenders, in **Articles V, VI** (other than as set forth in the preceding clause (i)) and **VII** of this Agreement, or in any other Loan Document and, in the case of a default under any Loan Document, continuance of such default unremedied for more than the applicable grace period, if any, specified therein;

(e) any default by any Person other than an Agent or any Lender in the due observance or performance of, or compliance with, any other covenant, condition or agreement to be observed or performed pursuant to the terms of this Agreement, pursuant to the terms of any Loan Document entered into with an Agent, or pursuant to the terms of any other agreement by and between a Borrower or Borrowers on the one hand and any Lender on the other hand, which default is not otherwise referred to in this **Article VIII** and shall continue unremedied for ten (10) Business Days after the earlier to occur of (1) the discovery by a Borrower of such default or (2) written notice thereof from an Agent to Borrowers; provided, however, that if such default cannot be remedied, then such default shall be deemed to be an Event of Default as of the date of the occurrence thereof;

(f) any default with respect to any Indebtedness of any Borrower (other than the Obligations), or default under any agreement giving rise to monetary remedies, in each case which, when aggregated with all other such defaults of the Borrowers, exceeds \$50,000, if the effect of such default is to cause or to permit the holder of such Indebtedness to cause the acceleration of the maturity of such Indebtedness, unless such holder shall have permanently waived the right to accelerate the maturity of such Indebtedness on account of such default;

(g) (i) any Borrower or any Subsidiary shall lose, fail to keep in force, suffer the termination, suspension or revocation of, or terminate, forfeit or suffer an amendment to, any material License at any time held by it; or (ii) any Governmental Authority shall schedule or conduct a hearing on the renewal or revocation of any material License held by such Person and the Required Lenders shall reasonably and in good faith conclude, after consultation with the Agents' special communications counsel, that the result thereof is reasonably likely to be the termination, revocation, suspension, or material adverse amendment of such License;

(h) to the extent that the following could have a Material Adverse Effect, the on-the-air broadcast operations of any Station shall be interrupted at any time for more than (x) seventy-two (72) consecutive hours, or (y) in the event of force majeure, five (5) days;

(i) any Borrower or any Subsidiary shall discontinue its business or shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of it or any of its property, (ii) be unable, or admit in writing its inability, to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent or be the subject of an order for relief under Title 11 of the United States Code or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or corporate action shall be taken for the purpose of effecting any of the foregoing;

(j) there shall be filed against a Borrower or a Subsidiary an involuntary petition seeking reorganization of such Person or the appointment of a receiver, trustee, custodian or liquidator of such Person or a substantial part of its assets, or an involuntary petition under any bankruptcy, reorganization or insolvency law of any jurisdiction, whether now or hereafter in effect, and such involuntary petition shall be granted or shall not have been dismissed within sixty (60) days thereof;

(k) a final judgment for the payment of money which, when aggregated with all other outstanding judgments against the Borrowers, exceeds \$250,000 shall be rendered against a Borrower, and the same shall remain undischarged (unless fully bonded upon terms satisfactory to the Required Lenders) for a period of sixty (60) consecutive days, during which execution shall not be effectively stayed;

(l) the occurrence of any attachment of any deposits or other property of a Borrower in the hands or possession of Administrative Agent, Collateral Agent or any of Lenders, or the occurrence of any attachment of any other property of a Borrower in an amount which, when aggregated with all other attachments against the Borrowers, exceeds \$250,000 and which shall not be discharged within sixty (60) days of the date of such attachment;

(m) for any reason, the Equity Holders of a Borrower (other than the Equity Holders of EMHC) on the date hereof or their respective Affiliates shall together cease to own and control all of the issued and outstanding Equity Securities of such Borrower;

(n) for any reason, the current managers of any Station shall cease to perform their current executive and managerial duties with the Stations and substitutes therefor reasonably acceptable to the Required Lenders shall not have been engaged and commenced employment within 180 days thereafter;

(o) the occurrence of an event of default as defined in any Security Document;

(p) for any reason any Security Document or other Loan Document shall not be in full force and effect or shall not be enforceable in accordance with its terms, or any Lien(s) granted pursuant thereto shall fail to be perfected (other than by any error, omission or act or failure to act by any Lender, Administrative Agent or Collateral Agent), or any Person other than Administrative Agent, Collateral Agent or Lenders shall contest the validity of the Lien(s) granted under, or shall disaffirm its obligations under, any Security Document or other Loan Document;

(q) for any reason less than one hundred percent (100%) of the issued and outstanding Equity Securities of each Borrower (other than EMHC) are pledged to Collateral Agent on behalf of Lenders on terms acceptable to Collateral Agent;

(r) a Borrower or any material part of its business or assets shall be the subject of any seizure or forfeiture proceeding or action instituted or conducted by any agency, office or department of state or federal government;

(s) any Lease of real estate used or to be used by each Borrower as a studio, tower or transmitter site (i) shall not be renewed by such Borrower or the landlord thereunder at least ninety (90) days prior to its scheduled expiration or termination date, unless Agents consent thereto after having received from such Borrower evidence and assurances acceptable to Agents that (A) the Borrower has obtained a replacement location which is not less favorable to the Borrower and its business operations pursuant to a signed written Lease acceptable to Agents, and (B) the Borrower will be able to relocate to such replacement premises without materially adversely affecting its continued business operations or station signal, or (ii) shall be in default as a result of the Borrower's failure to observe or abide by all terms, conditions and covenants contained therein (unless cured within the applicable grace period), or (iii) shall be the subject of a default notice or eviction notice initiated or sent by the landlord thereof to the Borrower, Collateral Agent or Administrative Agent; or

(t) any Borrower shall terminate or suffer termination of any network affiliation agreement to which it is a party without the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld) and Borrowers shall fail to pay all Indebtedness of Borrowers to Lenders within one hundred twenty (120) days of either Agent's giving notice to Borrowers of Required Lenders' objection to such termination; or

(u) any Borrower shall discontinue its business;

(v) a Borrower shall terminate or materially and adversely amend a Services Agreement without the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld); or

(w) a Material Adverse Effect occurs after the Closing Date;

then and upon the occurrence of any such Event of Default and at any time thereafter during the continuance of such Event of Default, at the election of the Required Lenders, each of the Revolving Credit Commitments shall terminate and the Revolving Credit Loans and all other Obligations shall immediately become due and payable, both as to principal and interest, without presentment, demand, prior notice, or protest, all of which are hereby expressly waived, anything contained herein or in the Revolving Credit Notes or other evidences of the Revolving Credit Loans to the contrary notwithstanding (except in the case of an Event of Default under paragraph (i) or (j) of this **Article VIII**, in which event the Commitments shall automatically terminate and the Obligations shall automatically become due and payable).

## **IX. REMEDIES ON DEFAULT, ETC.**

**Section 9.01. General Provisions.** In case any one or more Events of Default shall occur and be continuing, Administrative Agent and Collateral Agent, on behalf of Lenders, may proceed to protect and enforce their rights by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained in this Agreement, the Notes, any Security Document or any other Loan Document, or for an injunction against a violation of any of the terms hereof or thereof or in and of the exercise of any power granted hereby or thereby or by law, all subject to the provisions of **Article XI**.

**Section 9.02. Consent to Receivership.** Without limiting the generality of the foregoing or limiting in any way the rights of Administrative Agent or Collateral Agent under the Security Documents or otherwise under applicable law, at any time after the occurrence, and during the continuance, of an Event of Default, Administrative Agent or Collateral Agent shall be entitled to apply for and have a receiver or receiver and manager appointed under state or Federal law of the United States by a court of competent jurisdiction in any action taken by Administrative Agent, Collateral Agent and Lenders to enforce their rights and remedies hereunder and under the Loan Documents in order to manage, protect, preserve, sell and otherwise dispose of all or any portion of the Collateral and continue the operation of the Stations of the Borrowers, 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 Obligations as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated. Each Borrower hereby irrevocably consents to and waives any right to object to or otherwise contest the appointment of a receiver as provided above. Each Borrower (i) grants such waiver and consent knowingly and voluntarily after having discussed the implications thereof with counsel; (ii) acknowledges that the uncontested right to have a receiver appointed for the foregoing purposes is considered essential by Lenders, Administrative Agent and Collateral Agent in connection with the enforcement of their rights and remedies hereunder and under the Security Documents, and the availability of such appointment as a remedy under the foregoing circumstances was a material factor in inducing Lenders to make the Loans to Borrowers; and (iii) agrees to enter into any and all stipulations in any legal actions and agreements or other instruments in connection with the foregoing and to cooperate fully with Lenders, Administrative Agent and Collateral Agent in connection with the assumption and exercise of control by the receiver over all or any portion of the Collateral.

**Section 9.03. Effect of Termination of Commitments.** On the date of termination of this Agreement, all Obligations (including contingent reimbursement obligations of Borrowers with respect to any outstanding Letters of Credit) immediately shall become due and payable without notice or demand (including either (i) providing cash collateral to be held by Collateral Agent for the benefit of those Lenders with a Revolving Credit Commitment in an amount equal to 105% of the then extant Letter of Credit Usage, or (ii) causing the original Letters of Credit to be returned to the Issuing Lender). No termination of this Agreement, however, shall relieve or discharge Borrowers of their duties, Obligations, or covenants hereunder and the Liens of Administrative Agent and Collateral Agent in the Collateral shall remain in effect until all Obligations have been fully and finally discharged and the Commitments have been terminated. When this Agreement has been terminated and all of the Obligations have been fully and finally discharged and the Commitments have been terminated irrevocably, Collateral Agent will, at Borrowers' sole expense, execute and deliver any UCC termination statements, lien releases, mortgage releases, re-assignments of trademarks, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Collateral Agent's Liens and all notices of security interests and liens previously filed by Collateral Agent with respect to the Obligations.

**Section 9.04. Remedies Not Exclusive.** No right conferred upon Administrative Agent, Collateral Agent and Lenders hereby or by any Security Document or any other Loan Documents shall be exclusive of any other right referred to herein or therein or now or hereafter available at law or in equity, by statute or otherwise.

**X. AGENTS.**

**Section 10.01. Appointment, Powers and Immunities.**

(a) Each Lender hereby irrevocably (subject to **Section 10.08**) designates and appoints Silver Point, which designation and appointment is coupled with an interest, as Administrative Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes Silver Point to act as Administrative Agent of such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Lender hereby irrevocably (subject to **Section 10.08**) designates and appoints WFF, which designation and appointment is coupled with an interest, as Collateral Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes WFF to act as Collateral Agent of such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to Collateral Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Revolving Credit Lender and Term Loan A Lender hereby irrevocably (subject to **Section 10.08**) designates and appoints WFF, which designation and appointment is coupled with an interest, as Billing Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes WFF to act as Billing Agent of such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to Billing Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Term Loan B Lender hereby irrevocably (subject to **Section 10.08**) designates and appoints Silver Point, which designation and appointment is coupled with an interest, as Billing Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes Silver Point to act as Billing Agent of such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to Billing Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Each Lender hereby irrevocably (subject to **Section 10.08**) designates and appoints Silver Point, which designation and appointment is coupled with an interest, as Documentation Agent of such Lender under this Agreement and the other Loan Documents.

(b) The duties and responsibilities of Administrative Agent, Collateral Agent and Billing Agent shall be ministerial and administrative in nature. Each of Administrative Agent, Collateral Agent, Billing Agent and Documentation Agent (which terms as used in this sentence and in **Section 10.05** and the first sentence of **Section 10.06** shall include reference to their respective Affiliates and their own and such Affiliates' officers, directors, employees and agents) shall not: (i) have any duties or responsibilities to be a trustee for any Lender; (ii) be responsible to Lenders for any recitals, statements, representations or warranties contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement, or for the due execution, legality, value, validity, effectiveness, genuineness, enforceability, perfection or sufficiency of this Agreement, any Note, any Security Document or any other document referred to or provided for herein or for any failure by each Borrower or any other Person to perform any of its obligations hereunder or thereunder; (iii) be required to initiate or conduct any litigation or collection proceedings hereunder except to the extent requested by the Required Lenders and permitted under the Loan Documents and applicable law; and (iv) be responsible for any action taken or omitted to be taken by it hereunder or under any other document or instrument referred to or provided for herein or in connection herewith, except for its own gross negligence or willful misconduct.

(c) Each of Administrative Agent, Collateral Agent and Billing Agent may employ and consult with agents, attorneys-in-fact, public accountants and other experts selected by it and shall not be responsible for the negligence or misconduct of any such agents, attorneys-in-fact, public accountants or other experts it selects with reasonable care.

(d) Subject to the foregoing, to **Article XI** and to the provisions of any intercreditor agreement among Lenders in effect from time to time, Administrative Agent, Collateral Agent and Billing Agent, as applicable, shall, on behalf of Lenders, (i) hold and apply any and all Collateral, and the proceeds thereof, at any time received by it, in accordance with the provisions of the Security Documents and this Agreement; (ii) exercise any and all rights, powers and remedies of Lenders under this Agreement, the Security Documents and the other Loan Documents, including the giving of any consent or waiver or the entering into of any amendment; (iii) execute, deliver and file UCC Financing Statements, mortgages, deeds of trust, lease assignments and other such agreements, and possess instruments on behalf of any or all of Lenders; and (iv) in the event of acceleration of Borrower's Obligations hereunder, sell or otherwise liquidate or dispose of any portion of the Collateral held by it and otherwise exercise the rights of Lenders hereunder and under the Security Documents.

(e) Lenders hereby authorize Collateral Agent, at its option and in its discretion after consultation with Administrative Agent, to release any Lien or security interest granted to or held by Collateral Agent upon any Collateral (i) upon termination of the Commitments and payment in full of all of the Obligations, (ii) constituting property sold or to be sold or disposed of as part of or in connection with any Disposition expressly permitted hereunder or under any other Loan Document or to which the Required Lenders have consented or (iii) otherwise pursuant to and in accordance with the provisions of any applicable Loan Document. Upon request by Collateral Agent at any time, Lenders will confirm in writing Collateral Agent's authority to release Collateral pursuant to this Section.

(f) Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Documentation Agent shall not have any duties or responsibilities, nor shall Documentation Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Documentation Agent.

**Section 10.02.** **Reliance by Agents.** (a) Each Agent shall be entitled to rely upon any certification, notice or other communication (including any communication by telephone, telecopy, or e-mail) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Administrative Agent or Collateral Agent, as applicable. Each Agent may treat the payee of any Note as the holder thereof until it receives written notice of the assignment or transfer thereof, in form satisfactory to such Agent, signed by such payee and including the agreement of the assignee or transferee to be bound hereby as it would have been if it had been an original Lender hereunder. As to any matters not expressly provided for by this Agreement, each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Lenders or Lenders, as specified in this Agreement and the other Loan Documents, and such instructions and any action taken or failure to act pursuant thereto shall be binding on Lenders. Except as otherwise provided in the last sentence of **Section 10.03**, and except for ministerial and administrative acts of Administrative Agent, Collateral Agent or Billing Agent, unless such decision is restricted to or reserved for all Lenders as provided in **Article XI**, or specifically permitted at the direction of the Revolving Credit Lenders, any action taken by Administrative Agent, Collateral Agent or Billing Agent under the Loan Documents, including the issuance of any consent or waiver or the execution of any amendment, shall be taken only at the direction of the Required Lenders.

(b) If Administrative Agent or Collateral Agent shall request instructions from Required Lenders or all affected Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Loan Document, then Administrative Agent or Collateral Agent, as the case may be, shall be entitled to refrain from such act or taking such action unless and until Administrative Agent or Collateral Agent, as the case may be, shall have received instructions from Required Lenders or all affected Lenders, as the case may be, and Administrative Agent or Collateral Agent, as the case may be, shall not incur liability to any Person by reason of so refraining. Administrative Agent and Collateral Agent shall be fully justified in failing or refusing to take any action hereunder or under any other Loan Document (i) if such action would, in the opinion of Administrative Agent or Collateral Agent, as the case may be, be contrary to law or the terms of this Agreement or any other Loan Document, (ii) if such action would, in the opinion of Administrative Agent or Collateral Agent, as the case may be, expose Administrative Agent or Collateral Agent, as applicable, to liability under Environmental Laws, or (iii) if Administrative Agent or Collateral Agent, as the case may be, shall not first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Administrative Agent or Collateral Agent, as the case may be, as a result of Administrative Agent or Collateral Agent, as the case may be, acting or refraining from acting hereunder or under any other Loan Document in accordance with the instructions of Required Lenders or all affected Lenders, as applicable.



**Section 10.03. Events of Default.** Neither Administrative Agent nor Collateral Agent shall be deemed to have knowledge of the occurrence of an Event of Default (other than the non-payment of principal of or interest on the Notes which it holds as a Lender hereunder, the Loans or any fees) unless it has received written notice from any Lender or Borrowers specifying such Event of Default and stating that such notice is a "Notice of Default". In the event that either Agent receives such a notice of the occurrence of an Event of Default, such Agent shall give prompt notice thereof to Lenders (and shall give each Lender prompt notice of each non-payment thereafter). Collateral Agent shall (subject to **Section 10.07**) take such action with respect to such Event of Default as shall be directed by the Required Lenders, as provided under **Article XI**, provided that, unless and until Collateral Agent shall have received such directions, Collateral Agent may (but shall not be obligated to) take such action on behalf of Lenders, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable in the best interest of Lenders and Agents.

**Section 10.04. Rights as a Lender.** With respect to its Commitment(s) and the Loans made by WFF and Silver Point hereunder, and the Notes issued to it, each of WFF and Silver Point shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Administrative Agent, Collateral Agent or Billing Agent, as applicable; and the terms "Lender," "Lenders" and "Required Lenders" shall, unless otherwise expressly indicated, include each of WFF and Silver Point in its individual capacity. Administrative Agent, Silver Point, WFF, Collateral Agent, Billing Agent, and their respective Affiliates may, without having to account therefor to Lenders and without giving rise to any fiduciary or other similar duty to any Lender, accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with Borrowers and any of their Affiliates as if it were not acting as an Agent and as if it were not a Lender, and Administrative Agent and Collateral Agent may accept fees and other consideration from each Borrower or any other Affiliate for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

**Section 10.05. Indemnification.** Lenders agree to indemnify each of Administrative Agent, Collateral Agent and Billing Agent (to the extent not reimbursed under **Section 13.02**, but without limiting the obligations of Borrowers under such **Section 13.02**), ratably in accordance with the respective aggregate principal amount of the Notes held by such Lenders, from and against any and all liabilities, obligations, losses, damages, penalties, action, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Administrative Agent, Collateral Agent or Billing Agent in any way relating to or arising out of this Agreement, any Security Document, any other Loan Document or any other document contemplated by or referred to herein or the transactions contemplated by or referred to herein or therein (including, without limitation, the costs and expenses which Borrowers are obligated to pay under **Section 13.02**) or the enforcement of any of the terms of this Agreement, any Security Document or any other Loan Document, or in any way relating to any action taken or omitted by Administrative Agent, Collateral Agent or Billing Agent under this Agreement, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of Administrative Agent, Collateral Agent or Billing Agent. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees, but exclusive of any costs and expenses of syndications) incurred by Administrative Agent, Collateral Agent or Billing Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that such Agent is not reimbursed for such expenses by Borrowers.

**Section 10.06.**      **Non-Reliance on Agents and other Lenders.** Each Lender agrees that it has, independently and without reliance on Administrative Agent, Collateral Agent or Billing Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrowers and its own decision to enter into this Agreement and that it will, independently and without reliance upon Administrative Agent, Collateral Agent, Billing Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement. Administrative Agent, Collateral Agent and Billing Agent do not make any warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement. Neither Agent shall be required to inquire or keep itself informed as to the performance or observance by the Borrowers of this Agreement, any other Loan Document or any other document referred to or provided for herein or to inspect the properties or books of the Borrowers. Except for notices, reports and other documents and information expressly required to be furnished to Lenders by Administrative Agent, Collateral Agent or Billing Agent hereunder, Administrative Agent, Collateral Agent and Billing Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or businesses of the Borrowers (or any of their Affiliates) which may come into the possession of Administrative Agent or Collateral Agent or any of their respective Affiliates. Notwithstanding the foregoing, each of Administrative Agent, Collateral Agent and Billing Agent will, at the requesting Lender's expense, provide to Lenders any and all information reasonably requested by them and reasonably available to Administrative Agent, Collateral Agent or Billing Agent promptly upon such request.

**Section 10.07.**      **Failure to Act.** Except for action expressly required of Administrative Agent, Collateral Agent or Billing Agent hereunder, each of Administrative Agent, Collateral Agent and Billing Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall be indemnified to its satisfaction by Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

**Section 10.08. Resignation of an Agent.** (a) Silver Point (or any other Administrative Agent hereunder) may resign as Administrative Agent at any time by giving ten (10) days' prior written notice thereof to Lenders and Borrowers. Any such resignation shall take effect at the end of such ten (10) day period or upon the earlier appointment of a successor Administrative Agent by the Required Lenders as provided below. Upon any resignation of Silver Point (or any other Administrative Agent hereunder), the Required Lenders shall appoint a successor Administrative Agent from among Lenders or, if such appointment is deemed inadvisable or impractical by the Required Lenders, another financial institution with a combined capital and surplus of at least \$100,000,000. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within said ten (10) days, then the resigning Administrative Agent may, on behalf of Lenders, appoint a successor Administrative Agent, which shall be a Lender, if a Lender is willing to accept such appointment, or otherwise shall be a commercial bank or financial institution or a subsidiary of a commercial bank or financial institution if such commercial bank or financial institution is organized under the laws of the United States of America or any State thereof and has a combined capital and surplus of a least \$100,000,000. If no successor Administrative Agent has been appointed pursuant to the foregoing, such resignation shall become effective and the Required Lenders shall thereafter perform all the duties of Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided above. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent. After the effective date of the resignation of an Administrative Agent hereunder, the retiring Administrative Agent shall be discharged from its duties and obligations hereunder, provided that the provisions of this **Article X** 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 Administrative Agent.

(b) WFF (or any other Collateral Agent hereunder) may resign as Collateral Agent at any time by giving ten (10) days' prior written notice thereof to Lenders and Borrowers. Any such resignation shall take effect at the end of such ten (10) day period or upon the earlier appointment of a successor Collateral Agent by the Required Lenders as provided below. Upon any resignation of WFF (or any other Collateral Agent hereunder), the Required Lenders shall appoint a successor Collateral Agent from among Lenders or, if such appointment is deemed inadvisable or impractical by the Required Lenders, another financial institution with a combined capital and surplus of at least \$100,000,000. If no successor Collateral Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within said ten (10) days, then the resigning Collateral Agent may, on behalf of Lenders, appoint a successor Collateral Agent, which shall be a Lender, if a Lender is willing to accept such appointment, or otherwise shall be a commercial bank or financial institution or a subsidiary of a commercial bank or financial institution if such commercial bank or financial institution is organized under the laws of the United States of America or any State thereof and has a combined capital and surplus of a least \$100,000,000. If no successor Collateral Agent has been appointed pursuant to the foregoing, such resignation shall become effective and the Required Lenders shall thereafter perform all the duties of Collateral Agent hereunder until such time, if any, as the Required Lenders appoint a successor Collateral Agent as provided above. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent. After the effective date of the resignation of a Collateral Agent hereunder, the retiring Collateral Agent shall be discharged from its duties and obligations hereunder, provided that the provisions of this **Article X** 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 Collateral Agent. In the event that there shall not be a duly appointed and acting Collateral Agent, Borrowers agree to make each payment due to Collateral Agent hereunder and under the other Loan Documents, if any, directly to each Lender entitled thereto, pursuant to written instructions provided by the resigning Collateral Agent or, after such resignation, Lenders, and to provide copies of each certificate or other document required to be furnished to Collateral Agent hereunder, if any, directly to each Lender.

**Section 10.09.**      **Cooperation of Lenders.** Each Lender shall (a) promptly notify the other Lenders and each Agent of any Event of Default known to such Lender under this Agreement and not reasonably believed to have been previously disclosed to the other Lenders; (b) provide the other Lenders and each Agent with such information and documentation as such other Lenders or such Agent(s) shall reasonably request in the performance of their respective duties hereunder, including, without limitation, all information relative to the outstanding balance of principal, interest and other sums owed to such Lender by Borrowers, but excluding internally generated reports, analyses, correspondence and other customarily confidential materials and (c) cooperate with Administrative Agent and Collateral Agent with respect to any and all collections and/or foreclosure procedures at any time commenced against Borrowers or otherwise in respect of the Collateral by Administrative Agent and Collateral Agent in the name and on behalf of Lenders.

**Section 10.10.**      **One Lender Sufficient.** This Agreement shall remain in full force and effect, and all agency provisions shall be and remain effective, notwithstanding the fact that there may from time to time be only one Lender hereunder which Lender may be the same Person who is then serving as Administrative Agent or Collateral Agent hereunder.

**XI.      ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS; SEPARATE ACTIONS BY LENDERS.**

(a) This Agreement (including the Schedules hereto) and the other Loan Documents constitute the entire agreement of the parties herein and supersede any and all prior agreements, written or oral, as to the matters contained herein, and no modification or waiver of any provision hereof or of any other Loan Document, nor consent to the departure by each Borrower or Person therefrom, shall be effective unless the same is in writing, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise provided by the terms of this Agreement or other Loan Document, the consent of the Required Lenders shall be required and sufficient (i) to amend, with the consent of Borrowers, any term of this Agreement, the Notes or any other Loan Document or to waive the observance of any such term (either generally or in a particular instance or either retroactively or prospectively); (ii) to take or refrain from taking any action under this Agreement, the Notes, any other Loan Document or applicable law, including, without limitation, (A) the acceleration of the payment of the Notes, (B) the termination of the Commitments, (C) the exercise of Administrative Agent's, Collateral Agent's and Lenders' remedies hereunder and under the Security Documents and (D) the giving of any approvals, consents, directions or instructions required under this Agreement or the Security Documents. Notwithstanding the foregoing provisions of this paragraph (a), no such amendment, waiver, consent or other action shall, without the prior written consent of each Lender (other than a Defaulting Lender),

(1) extend or shorten the payment due dates or the final scheduled maturity of any Loan (it being understood that no waiver or modification of any condition precedent, covenant or Default shall constitute any such extension), or reduce or increase the rate of interest or fees thereon, or reduce or increase the principal amount thereof (it being understood that no amendment or modification to the financial definitions in this Agreement and no waiver or modification of any condition precedent, covenant or Default shall constitute a reduction in any rate of interest or fees for purposes of this clause (1));

(2) release all or substantially all of the Collateral (except in connection with the sale or disposition of such Collateral in accordance with the provisions of this Agreement or the Security Documents) under all of the Security Documents;

(3) amend, modify or waive any provision of this **Article XI**;

(4) reduce any percentage specified in the definition of Required Lenders;

(5) consent to the assignment or transfer by a Borrower of any of its rights and obligations under this Agreement;

and provided, further, that no such amendment, waiver, consent or other action shall

(w) increase the Commitment of any Lender over the amount thereof then in effect without the consent of such Lender (it being understood that (aa) no waiver or modification of any condition precedent, covenant or Default or of any mandatory reduction in the Commitments shall constitute an increase in the Commitment of any Lender and (bb) an increase in the available portion of any Commitment of any Lender shall not constitute an increase in the Commitment of such Lender); or

(x) without the consent of Administrative Agent, amend, modify or waive any provision of **Article X** as same applies to Administrative Agent or any other provision of any Loan Document as same relates to the rights or obligations of Administrative Agent; or

(y) without the consent of Collateral Agent, amend, modify or waive any provision of **Article X** as same applies to Collateral Agent or any other provision of any Loan Document as same relates to the rights or obligations of Collateral Agent;

(z) without the consent of Billing Agent, amend, modify or waive any provision of **Article X** as same applies to Billing Agent or any other provision of any Loan Document as same relates to the rights or obligations of Billing Agent;

and provided, further, that neither notice to, nor the consent of, Borrowers shall be required for any modification, amendment or waiver of the provisions of this **Article XI** decreasing the number of Lenders required to consent to any act or omission under the Loan Documents or, subject to **Article XII**, decreasing the percentage in the definition of "Required Lenders".

(b) Any amendment or waiver effected in accordance with this **Article XI** shall be binding upon each holder of any Note at the time outstanding, each future holder of any Note and Borrowers. Lenders' failure to insist (directly or through either Agent) upon the strict performance of any term, condition or other provision of this Agreement, any Note, or any of the Security Documents or other Loan Documents, or to exercise any right or remedy hereunder or thereunder, shall not constitute a waiver by Lenders of any such term, condition or other provision or Default or Event of Default in connection therewith, nor shall a single or partial exercise of any such right or remedy preclude any other or future exercise, or the exercise of any other right or remedy; and any waiver of any such term, condition or other provision or of any such Default or Event of Default shall not affect or alter this Agreement, any Note or any of the Security Documents or other Loan Documents, and each and every term, condition and other provision of this Agreement, the Notes and the Security Documents and other Loan Documents shall, in such event, continue in full force and effect and shall be operative with respect to any other then existing or subsequent Default or Event of Default in connection therewith. An Event of Default or Default shall be deemed to be continuing unless and until cured or waived in writing by the applicable Lenders, as provided in subsection (a) above.

(c) Each Lender hereby severally agrees as set forth in this Section. If any Lender (a "**Subject Lender**") (i) makes demand upon the Borrowers for (or if the Borrowers are otherwise required to pay) amounts pursuant to **Section 2.07** (ii) gives notice pursuant to **Section 2.07(b)** requiring a Conversion of such Subject Lender's LIBOR Rate Loans to Base Rate Loans or any other change in the basis upon which interest is to accrue in respect of such Subject Lender's LIBOR Rate Loans or suspending such Lender's obligation to make Loans as, or to convert Loans into, LIBOR Rate Loans, or (iii) becomes a Defaulting Lender, the Borrower may, within 180 days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing the Borrower to be required to pay such compensation) or within 180 days of such Lender becoming a Defaulting Lender, give notice (a "**Replacement Notice**") in writing to the Administrative Agent and such Subject Lender of its intention to replace such Subject Lender with a financial institution (a "**Replacement Lender**") designated in such Replacement Notice. Upon the delivery of such notice, such Subject Lender shall, subject to the payment of any amounts due pursuant to **Section 2.07** and including any applicable Early Termination Fees which would have been due pursuant to **Section 2.05(d)** had the Borrowers made a voluntary prepayment on such date, assign, in accordance with **Article XII**, subparagraph (b), all of its Commitments, Loans and other rights and obligations under this Agreement and all other Loan Documents to such designated Replacement Lender; provided, however, that (i) such assignment shall be without recourse, representation or warranty and (ii) the purchase price paid by such designated Replacement Lender shall be in the amount of such Subject Lender's Loans and its Percentage in respect of the Revolving Loan Commitments of all outstanding Loans as to which such Lender shall have made payments, together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under **Section 2.07** and including any applicable make-whole or prepayment premium which would have been due had the Borrowers made a voluntary prepayment on such date), owing to such Subject Lender hereunder. Upon the effective date of an assignment described above, the designated Replacement Lender shall become a "Lender" for all purposes under this Agreement and the other Loan Documents.

## **XII. BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS.**

(a) This Agreement shall be binding upon and inure to the benefit of Borrower, Lenders, Agents and their respective successors and permitted assigns, and all subsequent holders of any of the Notes or any portion thereof.

(b) Each Lender may assign its rights and interests under this Agreement, the Notes and the Security Documents and/or delegate its obligations hereunder and thereunder, in whole or in part, and sell participations in its Commitment(s) and its Loans, provided as follows:

(i) Any such assignment, other than an assignment in whole, made other than to (A) another Lender, (B) a separately organized branch of a Lender or (C) a Related Lender Party, shall reflect an assignment of such assigning Lender's Note and Commitment which is in an aggregate principal amount of at least \$1,000,000, and if greater, shall be in an integral multiple of \$100,000.

(ii) Notwithstanding any provision of this Agreement to the contrary, (A) each Lender may at any time pledge all or any portion of its rights under this Agreement and each of the other Loan Documents, including without limitation its Loans and the Notes held by such Lender, to a Federal Reserve Bank (or equivalent thereof in the case of Lenders chartered outside of the United States) in support of borrowings made by such Lender from such Federal Reserve Bank, (B) with the consent of each Agent, any Lender which is a fund may pledge all or any portion of its Notes or Loans to its trustee in support of its obligations to its trustee, and (C) any such pledgee may enforce such pledge. No pledge pursuant to this subsection (ii), and no enforcement thereof by the pledgee, shall release the transferor Lender from any of its obligations and liabilities under the Loan Documents.

(iii) Any assignments and/or delegations made hereunder shall be pursuant to an instrument of assignment and acceptance (the "**Assignment and Acceptance**") substantially in the form of **Schedule 12** and the parties to each such assignment shall execute and deliver to Collateral Agent for its acceptance the Assignment and Acceptance together with any Note or Notes subject thereto. Upon such execution and delivery, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five (5) Business Days after the execution thereof, (A) the assignee thereunder shall become a party hereto, to the Loan Documents, and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with the applicable Commitment set forth therein and (B) the assigning Lender thereunder shall, to the extent provided in such assignment, be released from its obligations under this Agreement as to that portion of its obligation being so assigned and delegated. The Assignment and Acceptance shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of the assignee as a Lender and the resulting adjustment of Commitments arising from the purchase by and delegation to such assignee of all or a portion of the rights and obligations of such assigning Lender under this Agreement.

(iv) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and the assignee together with the Note subject to such assignment (or a standard indemnity letter from the respective assigning Lender in respect of any lost Note) and payment by the assignee to Collateral Agent of a registration and processing fee of \$5,000, Collateral Agent shall accept such Assignment and Acceptance; provided, however, that in lieu of such processing fee, on not more than two (2) occasions involving assignments to an Affiliate, the assigning Lender shall be obligated to pay to Collateral Agent only Collateral Agent's out-of-pocket expenses incurred in documenting and reviewing such assignment (including reasonable attorneys' fees). Promptly upon delivering such Assignment and Acceptance to Collateral Agent, the assigning Lender shall give notice thereof to Borrowers and Collateral Agent. Within five (5) Business Days after receipt of such notice, Borrowers shall execute and deliver to Collateral Agent in exchange for each such surrendered Note a new Note payable to the order of such assignee in an amount equal to the portion of the Commitment assumed by such assignee pursuant to such Assignment and Acceptance and a new Note payable to the order of the assigning Lender in an amount equal to the portion of the Commitment retained by it hereunder. Such new Notes shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form provided in **Section 2.01**. Canceled Notes shall be returned to Borrowers upon the execution and delivery of such new Notes.

(v) Each Lender may sell participations in all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments and the Notes held by it); provided, however, that, (A) the selling Lender shall remain obligated under this Agreement to the extent as it would if it had not sold such participation, (B) the selling Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) at no time shall the selling Lender agree with such participant to take or refrain from taking any action hereunder or under any other Loan Document, except that the selling Lender may agree not to consent, without such participant's consent, to any of the actions referred to **Article XI**, to the extent that the same require the consent of each Lender hereunder, (D) all amounts payable by Borrower hereunder shall be determined as if such Lender had not sold such participation and no participant shall be entitled to receive any greater amount pursuant to this Agreement than the selling Lender would have been entitled to receive in respect of the amount of the participation transferred by such Lender to such participant had no such transfer occurred, and (E) Borrowers, Collateral Agent, and the other Lenders shall continue to deal solely and directly with the selling Lender in connection with such Lender's rights and obligations under this Agreement.

(vi) Except for an assignment made to (A) another Lender, (B) a separately organized branch of a Lender, (C) a Related Lender Party or (D) an Eligible Transferee, no assignment referred to above shall be permitted without the prior written consent of each Agent, which consent shall not be unreasonably withheld or delayed.

(vii) Borrowers may not assign any of their rights or delegate any of their duties or obligations hereunder.



(viii) To the extent that an assignment of all or any portion of a Lender's Commitment and outstanding Loans pursuant to subsection (b) of **Article XI** or this **Article XII** would, due to circumstances existing at the time of such assignment, result in costs under **Sections 2.07, 2.09 or 2.10** which are increased from those being charged by the assigning Lender prior to such assignment, then Borrowers shall not be obligated to pay such increased costs (although Borrowers shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment).

(ix) Any Lender may, in connection with any assignment or participation pursuant to this Section, disclose to the assignee or participant any information relating to the Borrowers and their Affiliates furnished to such Lender by or on behalf of Borrowers and such assignee or participant shall treat such information as confidential.

(x) No Lender shall sell any Participation or Loan interest to a Person that, by virtue of ownership of debt and/or equity in EMHC, would be deemed to hold an attributable ownership interest in any of the Borrowers in violations of applicable FCC rules and regulations.

### **XIII. MISCELLANEOUS.**

**Section 13.01. Survival.** This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto, shall survive the making by Lenders of the Loans and shall continue in full force and effect so long as any Obligation is outstanding and unpaid or any Lender has any Commitment hereunder. In addition, notwithstanding anything herein or under applicable law to the contrary, the provisions of this Agreement and the other Loan Documents relating to indemnification or payment of fees, costs and expenses, including without limitation the provisions of **Sections 2.06, 2.07, 2.08, 2.09, 2.10, 10.05, 13.02 and 13.14**, shall survive the payment in full of all Loans, the termination or expiration of the Commitments and any termination of this Agreement or of any other Loan Document.

**Section 13.02. Fees and Expenses; Indemnity; Etc.** Borrowers agree jointly and severally (a) to pay or reimburse each of Administrative Agent and Collateral Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation, negotiation, interpretation and execution of, and any amendment, supplement or modification to, this Agreement, the Notes and any other Loan Documents and the consummation and administration of the transactions contemplated hereby, including without limitation the reasonable fees and disbursements of (i) counsel to Administrative Agent and counsel to Collateral Agent, and (ii) such agents of each of Administrative Agent and Collateral Agent not regularly in its employ, and accountants, other auditing services, consultants and appraisers engaged by or on behalf of Administrative Agent, Collateral Agent or by Borrowers at the request of Administrative Agent or Collateral Agent (collectively, "**Third Parties**"); (b) to pay or reimburse Administrative Agent, Collateral Agent and each Lender for all its reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes and any other Loan Documents, including, without limitation, the reasonable fees and disbursements of (i) counsel to Administrative Agent and counsel to Collateral Agent and (ii) Third Parties; (c) following the occurrence of an Event of Default hereunder, to pay or reimburse Lenders for the reasonable fees and disbursements of counsel for the respective Lenders engaged for the preservation or enforcement of such Lender's rights under this Agreement or any other Loan Documents relating to such Event of Default; (d) to pay, indemnify, and hold each Lender, Administrative Agent, Collateral Agent and Billing Agent harmless from, any and all recording and filing fees and taxes, lien discharge fees and taxes, intangible taxes and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the Notes and the Loan Documents; and (e) to pay, indemnify, and hold each Lender, Administrative Agent, Collateral Agent and Billing Agent and their respective directors, officers, employees, agents and other affiliates (collectively, the "**Indemnified Persons**"), harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of, or any transaction contemplated by, this Agreement and the other Loan Documents or the use or proposed use of the proceeds of the Loans or the refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or any proceedings with respect to the bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of each Borrower or any other party other than Lenders, Administrative Agent, Collateral Agent or Billing Agent to any Loan Document (all the foregoing in this clause (e), collectively, the "**indemnified liabilities**"), provided, that Borrower shall have no obligation hereunder to any Indemnified Person with respect to indemnified liabilities arising from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive repayment of the Loans and all other Obligations payable hereunder.

**Section 13.03. Notice.**

(a) All notices, requests, demands and other communications provided for hereunder shall be in writing (including telecopied communication) and sent by certified mail, return receipt requested, by fax, by overnight delivery or by hand to the applicable party at the addresses indicated below.

If to Administrative Agent and/or to Documentation Agent:

Silver Point Finance, LLC  
600 Steamboat Road  
Greenwich, Connecticut 06830  
Attention: Zubin Jariwala  
Telecopy No.: 203-619-2698

in each case (except for routine communications), with a copy to:

Andrew J. Chlebus, Esq.  
Edwards Angell Palmer & Dodge LLP  
2800 Financial Plaza  
Providence, Rhode Island 02903  
Telecopy No.: (401) 276-6611

If to Collateral Agent:

Wells Fargo Foothill, Inc.  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Group Credit Manager – Specialty Finance  
Telecopy No.: (310) 453-7442

in each case (except for routine communications), with a copy to:

Gary G. Null, Esq.  
K&L Gates  
1717 Main Street, Suite 2800  
Dallas, Texas 75201  
Telecopy No.: (214) 939-5849

and if to any Lender, at the address set forth on the appropriate signature page hereto or, with respect to any assignee of the Notes under **Article XII**, at the address designated by such assignee in a written notice to the other parties hereto;

If to a Borrower:

Equity Media Holdings Corporation  
1 Shackleford Drive  
Suite 400  
Little Rock, Arkansas 72111  
Attention: Larry E. Morton, President  
Telecopy No.: (501) 221-1101

in each case (except for routine communications), with a copy to:

Friday, Eldredge and Clark  
2000 Regions Center  
400 West Capitol  
Little Rock, Arkansas 72201  
Attention: James Saxton, Esq.  
Telecopy No.: (501) 244-5301

or, as to each party, at such other address as shall be designated by such parties in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other communication shall be deemed given upon receipt or return by the party to whom such notice is directed. Any notice to be given hereunder may be given by a party's counsel or other authorized representative.

(b) The address of Billing Agent for payment hereunder is as follows (unless and until the Billing Agent gives written notice to Borrowers of another address for payment):

With respect to the Revolving Credit Loans and the Term Loans A:

Wells Fargo Foothill, Inc.  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Group Credit Manager – Specialty Finance  
Telecopy No.: (310) 453-7442  
For Credit To: Equity Media Holdings Corporation

With respect to the Term Loans B:

Silver Point Finance, LLC  
600 Steamboat Road  
Greenwich, Connecticut 06830  
Attention: Zubin Jariwala  
Telecopy No.: 203-619-2698  
For Credit To: Equity Media Holdings Corporation

**Section 13.04.      Acceptance of Documents; Governing Law. This Agreement and the Notes shall be construed in accordance with and governed by the internal laws of the State of California applicable to contracts made and performed in said State.**

**Section 13.05. CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; JUDICIAL REFERENCE.**

(a) EACH BORROWER, TO THE EXTENT THAT IT MAY LAWFULLY DO SO, HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN LOS ANGELES COUNTY, CALIFORNIA, AS WELL AS TO THE JURISDICTION OF ALL COURTS TO WHICH AN APPEAL MAY BE TAKEN FROM SUCH COURTS, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ANY OF ITS OBLIGATIONS ARISING HEREUNDER OR UNDER THE NOTES OR THE SECURITY DOCUMENTS OR WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY, **PROVIDED, HOWEVER,** THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT ADMINISTRATIVE AGENT'S OR COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE ADMINISTRATIVE AGENT OR COLLATERAL AGENT, AS APPLICABLE, ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND; AND EACH BORROWER, TO THE EXTENT THAT IT MAY LAWFULLY DO SO, EXPRESSLY, KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY, WAIVES ANY AND ALL OBJECTIONS IT MAY HAVE AS TO VENUE, INCLUDING, WITHOUT LIMITATION, THE INCONVENIENCE OF SUCH FORUM, IN ANY OF SUCH COURTS. IN ADDITION, TO THE EXTENT THAT IT MAY LAWFULLY DO SO, EACH BORROWER CONSENTS TO THE SERVICE OF PROCESS BY PERSONAL SERVICE OR U.S. CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO BORROWER AT THE ADDRESS PROVIDED HEREIN. TO THE EXTENT THAT A BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH BORROWER HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO THE MAXIMUM EXTENT PERMITTED BY LAW.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER, ADMINISTRATIVE AGENT, COLLATERAL AGENT AND LENDERS HEREBY VOLUNTARILY, KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVE TRIAL BY JURY IN RESPECT OF ANY ACTION BROUGHT ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTES, THE SECURITY DOCUMENTS OR ANY OTHER LOAN DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF LENDERS RELATING TO THE ADMINISTRATION OF THE FINANCING HEREUNDER OR THE ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREES THAT NONE OF THE PARTIES WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, EACH BORROWER HEREBY KNOWINGLY, INTENTIONALLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. EACH BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF LENDERS HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT LENDERS WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR LENDERS TO MAKE THE LOANS.

(c) The parties to this Agreement prefer that any dispute between or among them be resolved in litigation subject to a jury trial waiver as set forth in **Section 13.05(b)**. If, however, under then Applicable Law, a pre-dispute jury trial waiver of the type provided for in **Section 13.05(b)** is unenforceable in litigation to resolve any dispute, claim, cause of action or controversy under this Agreement or any other Loan Document (each, a "**Claim**"), then, upon the written request of any party to such litigation, such Claim, including any and all questions of law or fact relating thereto, shall, to the extent permitted by or available under Applicable Law, be determined exclusively by a judicial reference proceeding. Except as otherwise provided in **Section 13.05(b)**, venue for any such reference proceeding shall be in the state or federal court in the County or District where venue is appropriate under Applicable Law (the "**Court**"). The parties shall select a single neutral referee, who shall be a retired state or federal judge. If the parties cannot agree upon a referee, the Court shall appoint the referee. The referee shall report a statement of decision to the Court. Nothing in this **Section 13.05(c)**, however, shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral or obtain provisional remedies (including, without limitation, replevin, injunctive relief, attachment or the appointment of a receiver). The parties shall bear the fees and expenses of the referee equally unless the referee orders otherwise. The referee also shall determine all issues relating to the applicability, interpretation, and enforceability of this **Section 13.05(c)**. The parties acknowledge that any Claim determined by reference pursuant to this **Section 13.05(c)** shall not be adjudicated by a jury.

**Section 13.06. Severability.** Any provision of this Agreement, the Notes or any of the Security Documents or other Loan Documents 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.

**Section 13.07. Section Headings, Etc.** Any Article and Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**Section 13.08. Several Nature of Lenders' Obligations.** Notwithstanding anything in this Agreement, the Notes or any of the Security Documents to the contrary, all obligations of Lenders hereunder shall be several and not joint in nature, and in the event any Lender fails to perform any of its obligations hereunder, Borrowers shall have no recourse against any other Lender(s) who has (have) performed its (their) obligations hereunder. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out of this Agreement, subject to the provisions of **Article XI**, and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

**Section 13.09. Counterparts.** This Agreement may be executed by the parties hereto in several counterparts hereof and by the different parties hereto on separate counterparts hereof, each of which shall be an original and all of which counterparts shall together constitute one and the same agreement. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as an in-hand delivery of an original executed counterpart hereof.

**Section 13.10. Knowledge and Discovery.** All references in this Agreement to "knowledge" of, or "discovery" by, a Borrower shall be deemed to include, without limitation, any such knowledge of, or discovery by, a Borrower or any executive officer of a Borrower.

**Section 13.11. Amendment of Other Agreements.** All references in this Agreement to other documents and agreements to which Lenders are not parties (including without limitation the Acquisition Agreements in effect as of the date hereof), shall be deemed to refer to such documents and agreements as presently constituted and, except for any amendments and modifications not prohibited under **Section 7.11**, not as hereafter amended or modified unless Lenders shall have expressly consented in writing to such amendment(s) or modification(s).

**Section 13.12. FCC and Other Approvals.** Notwithstanding anything herein or in any of the Security Documents to the contrary, but without limiting or waiving in any way Borrowers' obligations under **Section 2.16**, Administrative Agent's, Collateral Agent's and Lenders' rights hereunder and under the Security Documents are subject to all applicable rules and regulations of all Governmental Authorities, including, without limitation, the Specified Authorities. Lenders will not take any action pursuant to this Agreement or the Security Documents which would constitute or result in any assignment or transfer of control of any License, whether de jure or de facto, if such assignment or transfer of control would require under then existing law (including, without limitation, the FCC Rules), the prior approval of the FCC, without first obtaining such approval. Each Lender specifically agrees that (a) if FCC consent is required, voting rights in the Equity Securities of each Borrower will remain with the Equity Holders thereof even in an Event of Default unless any required prior consent of the FCC shall be obtained to the transfer of such voting rights; (b) in an Event of Default, there will be either a private or public sale of the ownership interests of each Borrower; and (c) prior to the exercise of Equity Holder rights by a purchaser at such sale, the prior consent of the FCC pursuant to 47 U.S.C. § 310(d), in each case only if required, will be obtained prior to such exercise. Each Borrower agrees to take any action which either Agent or any Lender may reasonably request in order to cause Administrative Agent, Collateral Agent and Lenders to obtain and enjoy the full rights and benefits granted by this Agreement and the other Loan Documents, including specifically, at the cost and expense of Borrower, the use of its best efforts to assist in obtaining approval of each Governmental Authority, including, without limitation, each Specified Authority, for any action or transaction contemplated by this Agreement or any Security Document which is then required by law, and specifically, without limitation, upon request following an Event of Default, to prepare, sign and file (or cause to be filed) with the Specified Authority or such other Governmental Authority the assignor's, transferor's or controlling person's portion of any application or applications for consent to (i) the assignment of any License or transfer or control thereof, (ii) any sale or sales of property constituting any Collateral by or on behalf of Lenders or (iii) any assumption by Administrative Agent, Collateral Agent or Lenders or their designees of voting rights or management rights in property constituting any Collateral effected in accordance with the terms of this Agreement.

**Section 13.13. Disclaimer of Reliance.** Borrowers have not relied on any oral representations concerning any of the terms or conditions of the Loans, the Notes, this Agreement or any of the Security Documents in entering into the same. Each Borrower acknowledges and agrees that none of the officers of Administrative Agent, Collateral Agent, Documentation Agent or any Lender has made any representations that are inconsistent with the terms and provisions of this Agreement, the Notes and the Security Documents, and neither a Borrower nor any of its Affiliates has relied on any oral promises or representations in connection therewith.

**Section 13.14. Environmental Indemnification.** Without limiting the generality of **Section 13.02**, in consideration of the execution and delivery of this Agreement by Lenders and the making of the Loans, each Borrower hereby indemnifies, exonerates and holds Lenders, Agents, Documentation Agent and each of their respective officers, directors, employees and agents (collectively, the "**Indemnified Parties**") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and reasonable expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "**Indemnified Liabilities**"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to:

(a) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the release by each Borrower of any Hazardous Material; or

(b) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, release from, any real property owned or operated by each Borrower of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, each Borrower;

except, in each case, for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's negligence or misconduct, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. Notwithstanding anything to the contrary herein contained, the obligations and liabilities under this Section shall survive and continue in full force and effect and shall not be terminated, discharged or released in whole or in part irrespective of whether all the Obligations have been paid in full or the Commitments have been terminated and irrespective of any foreclosure of any mortgage, deed of trust or collateral assignment on any real property or acceptance by any Lender of a deed or assignment in lieu of foreclosure.

**Section 13.15. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of Borrowers, Agents and Lenders and their respective successors and assigns, except that Borrowers shall not have the right to assign any of their rights hereunder or delegate any of its obligations hereunder without the prior written consent of the Required Lenders. Any such impermissible assignment or delegation shall be void and of no effect.



**Section 13.16. Maximum Enforceability.** Notwithstanding any provision contained in this Agreement or any other Loan Document to the contrary, it is the intention and agreement of each Borrower, Lenders and Agents that the obligations of each Borrower under this Agreement and each other Loan Document to which it is a party shall be valid and enforceable against such Borrower to the maximum extent permitted by applicable law. Accordingly, if any provision of this Agreement or any other Loan Document creating any obligation of a Borrower in favor of an Agent or Lenders shall be declared to be invalid or unenforceable in any respect or to any extent, it is the stated intention and agreement of Borrowers, Lenders and Agents that any balance of the obligation created by such provision and all other obligations of such Borrower to Agents and Lenders created by other provisions of this Agreement and Loan Documents shall remain valid and enforceable. Likewise, if any sums which an Agent or any Lender may be otherwise entitled to collect from a Borrower under this Agreement or other Loan Document shall be declared to be in excess of those permitted under any law (including any federal or state fraudulent conveyance or like statute or rule of law) applicable to such Borrower's obligations under this Agreement or other Loan Document, it is the stated intention and agreement of such Borrower, Lenders and Agents that all sums not in excess of those permitted under such Applicable Law shall remain fully collectible by Agents and Lenders from such Borrower, and such excess sums shall nevertheless survive as a subordinate obligation of such Borrower, junior in right to the claims of general unsecured creditors. This provision shall control every other provision of the Loan Documents.

**Section 13.17. Suretyship Waivers and Consents.**

(a) Unless the context clearly indicates to the contrary, each covenant, agreement, obligation, representation and warranty of the Borrowers contained herein constitutes the joint and several undertaking of each Borrower.

(b) Each Borrower acknowledges that the obligations of such Borrower undertaken herein might be construed to consist, at least in part, of the guaranty of obligations of the other Borrowers and, in full recognition of that fact, each Borrower consents and agrees that the Lender may, at any time and from time to time, without notice or demand, whether before or after any actual or purported termination, repudiation or revocation of this Agreement by any Borrower, and without affecting the enforceability or continuing effectiveness hereof as to such Borrower: (i) with the consent of the other Borrowers, supplement, restate, modify, amend, increase, decrease, extend, renew or otherwise change the time for payment or the terms of this Agreement or any part thereof, including any increase or decrease of the rate(s) of interest thereon; (ii) supplement, restate, modify, amend, increase, decrease or waive, or enter into or give any agreement, approval or consent with respect to, this Agreement or any part thereof, or any of the Security Documents, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder; (iii) accept partial payments; (iv) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer or enforce any security or guarantees, and apply any security and direct the order or manner of sale thereof as the Lender in its sole and absolute discretion may determine; (v) release any person from any personal liability with respect to this Agreement or any part thereof, (vi) settle, release on terms satisfactory to Required Lenders or by operation of applicable law or otherwise liquidate or enforce any security or guaranty in any manner, consent to the transfer of any security and bid and purchase at any sale; or (vii) consent to the merger, change or any other restructuring or termination of the corporate or partnership existence of any Borrower or any other person, and correspondingly restructure the obligations evidenced hereby, and any such merger, change, restructuring or termination shall not affect the liability of any Borrower or the continuing effectiveness hereof, or the enforceability hereof with respect to all or any part of the obligations evidenced hereby.

(c) Administrative Agent and Collateral Agent, as applicable, on behalf of Lenders may enforce this Agreement and the other Loan Documents independently as to each Borrower and independently of any other remedy or security the Administrative Agent, Collateral Agent or the Lenders at any time may have or hold in connection with the obligations evidenced hereby, and it shall not be necessary for the Administrative Agent or Collateral Agent to marshal assets in favor of any Borrower or any other person or to proceed upon or against or exhaust any security or remedy before proceeding to enforce this Agreement. Each Borrower expressly waives any right to require Administrative Agent and Collateral Agent to marshal assets in favor of any Borrower or any other Person or to proceed against any other Borrower or any Collateral provided by any Person, and agrees that Administrative Agent or Collateral Agent may proceed against Borrowers or any Collateral in such order as it shall determine in its sole and absolute discretion.

(d) Lenders' rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of a Borrowers' obligations to Lenders which thereafter shall be required to be restored or returned by Lenders, all as though such amount had not been paid.

(e) To the maximum extent permitted by applicable law, each Borrower expressly waives any and all defenses now or hereafter arising or asserted by reason of (i) any disability or other defense of the other Borrowers with respect to the obligations evidenced hereby, (ii) the unenforceability or invalidity of any security or guaranty for the obligations evidenced hereby or the lack of perfection or continuing perfection or failure of priority of any security for the obligations evidenced hereby, (iii) the cessation for any cause whatsoever of the liability of the other Borrowers (other than by reason of the full payment and performance of all Obligations), (iv) any act or omission of Lenders or Agents or others that directly or indirectly results in or aids the discharge or release of any Borrower or the Obligations evidenced hereby or any security or guaranty therefor by operation of law or otherwise, (v) the avoidance of any lien in favor of Lenders or Agents for any reason, or (vi) any action taken by Lenders or Agents that is authorized by this Section or any other provision hereof or of any Security Document. Until such time, if any, as all of the Obligations have been paid and performed in full and no portion of any Commitments under any agreement remains in effect, no Borrower shall have any right of subrogation, contribution, reimbursement or indemnity, and each Borrower expressly waives any right to enforce any remedy that Lenders or Agents now have or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any Collateral now or hereafter held by Lenders or Agents.

(f) Each of the Persons composing Borrowers waives all rights and defenses arising out of an election of remedies by either Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed such Agent's or such Lender's rights of subrogation and reimbursement against such Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

(g) Each of the Persons composing Borrowers waives all rights and defenses that such Borrower may have because the Obligations are secured by real property. This means, among other things:

(i) Agents and Lenders may collect from such Borrower without first foreclosing on any real or personal property Collateral pledged by Borrowers.

(ii) If an Agent or any Lender forecloses on any real property Collateral pledged by Borrowers:

A. The amount of the Obligations may be reduced only by the price for which that Collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

B. Agents and Lenders may collect from such Borrower even if Agents or Lenders, by foreclosing on the real property Collateral, has destroyed any right such Borrower may have to collect from the other Borrowers.

This is an unconditional and irrevocable waiver of any rights and defenses such Borrower may have because the Obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

**Section 13.18** **EMHC as Agent for Borrowers.** Each Borrower hereby irrevocably appoints EMHC as the borrowing agent and attorney-in-fact for all Borrowers (the "**Borrower Representative**") which appointment shall remain in full force and effect unless and until Administrative Agent, Collateral Agent and Billing Agent shall have received prior written notice signed by each Borrower that such appointment has been revoked and that another Borrower has been appointed Borrower Representative. Each Borrower hereby irrevocably appoints and authorizes Borrower Representative (i) to provide Administrative Agent, Collateral Agent, Billing Agent and Lenders with all notices with respect to Loans and Letters of Credit obtained for the benefit of any Borrower and all other notices and instructions under this Agreement and (ii) to take such action as Borrower Representative deems appropriate on its behalf to obtain Loans and Letters of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loans and Collateral of Borrowers in a combined fashion, as more fully set forth herein, is done solely as an accommodation to Borrowers in order to utilize the collective borrowing powers of Borrowers in the most efficient and economical manner and at their request, and that Administrative Agent, Collateral Agent, Billing Agent and Lenders shall not incur liability to any Borrower as a result hereof.

**Section 13.19** **Integration; Effectiveness of Agreement.**

(a) This Agreement supersedes the Borrowers' application for the Loans, the Lenders' commitments and proposal letters in respect of the Loans, the Original Credit Agreement, the A&R Credit Agreement, the Second A&R Credit Agreement and all other prior written or oral agreements and representations between the parties hereto and their respective agents, employees or officers with respect to the credit facilities extended hereby, and this Agreement, together with the other Loan Documents, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof.

(b) This Agreement constitutes an amendment and restatement of the Original Credit Agreement, the A&R Credit Agreement and the Second A&R Credit Agreement in their entirety and supersedes any inconsistent terms or provisions contained in the Original Credit Agreement, the A&R Credit Agreement, and the Second A&R Credit Agreement. All Indebtedness of the Borrowers under the Original Credit Agreement, the A&R Credit Agreement, and the Second A&R Credit Agreement shall hereafter constitute Obligations subject to this Agreement.

(c) This Agreement shall become effective only upon acceptance and execution of this Agreement by Collateral Agent in Santa Monica, California, after its receipt in Santa Monica, California, of counterparts of this Agreement executed by Borrowers, Administrative Agent, Documentation Agent and Lenders.

**Section 13.20** **USA PATRIOT Act.** Each Lender that is subject to the requirements of the USA Patriot Act (Title 111 of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Act**") hereby notifies the Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act.

**[The next page is the signature page.]**

IN WITNESS WHEREOF, Administrative Agent, Collateral Agent, Billing Agent, Lenders and Borrowers have caused this Agreement to be duly executed by their respective duly authorized representatives, as a sealed instrument, all as of the day and year first above written.

**BORROWERS:**

**EQUITY MEDIA HOLDINGS CORPORATION  
ARKANSAS 49, INC.  
BORGER BROADCASTING, INC.  
DENVER BROADCASTING, INC.  
EBC HARRISON, INC.  
EBC PANAMA CITY, INC.  
EBC SCOTTSBLUFF, INC.  
EQUITY NEWS SERVICES, INC., f/k/a  
    Hispanic News Network, Inc.  
FORT SMITH 46, INC.  
LOGAN 12, INC.  
MARQUETTE BROADCASTING, INC.  
NEVADA CHANNEL 3, INC.  
NEWMONT BROADCASTING CORPORATION  
PRICE BROADCASTING, INC.  
PULLMAN BROADCASTING INC.  
REP PLUS, INC.  
RIVER CITY BROADCASTING, INC.  
ROSEBURG BROADCASTING, INC.  
TV 34, INC.  
VERNAL BROADCASTING, INC.  
WOODWARD BROADCASTING, INC.  
EBC MINNEAPOLIS, INC.  
EBC DETROIT, INC.  
EBC BUFFALO, INC.  
EBC WATERLOO, INC.  
EBC ATLANTA, INC.  
EBC SEATTLE, INC.  
EBC KANSAS CITY, INC.  
EBC SYRACUSE, INC.  
NEVADA CHANNEL 6, INC.  
EBC PROVO, INC.  
EBC SOUTHWEST FLORIDA, INC.  
EBC LOS ANGELES, INC.  
C.A.S.H. SERVICES, INC. f/k/a Skyport  
    Services, Inc.  
EBC NASHVILLE, INC  
EBC JACKSONVILLE, INC.**

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

Name: James H. Hearnberger

Title: Vice President of each

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**ADMINISTRATIVE AGENT,  
DOCUMENTATION AGENT AND BILLING  
AGENT:**

**SILVER POINT FINANCE, LLC, as  
Administrative Agent, Documentation Agent and  
Billing Agent**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices to Silver Point Finance, LLC  
600 Steamboat Road  
Greenwich, Connecticut 06830  
Attention: Zubin Jariwala  
Telecopy No.: (203) 618-2698

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**COLLATERAL AGENT AND BILLING  
AGENT:**

**WELLS FARGO FOOTHILL, INC.,  
as Collateral Agent and Billing Agent**

By:

\_\_\_\_\_   
Dena Seki, Vice President

Address for Notice to Wells Fargo Foothill, Inc.  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Group Credit Manager – Specialty Finance Group  
Telecopy No.: (310) 453-7442

**[Third Amended and Restated Credit Agreement - Equity Broadcasting]**

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**LENDER:**

**SPCP GROUP, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices to SPCP Group, LLC:

600 Steamboat Road  
Greenwich, CT 06830  
Attention: Zubin Jariwala  
Telecopy No.: (203) 618-2650

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**LENDER:**

**SPF CDO I, LTD.**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices to SPF CDO I, LTD.:

600 Steamboat Road  
Greenwich, CT 06830  
Attention: Zubin Jariwala  
Telecopy No.: (203) 618-2650

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**LENDER:**

**FIELD POINT III, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices to FIELD POINT III, LLC:

600 Steamboat Road  
Greenwich, CT 06830  
Attention: Zubin Jariwala  
Telecopy No.: (203) 618-2650

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**LENDER:**

**FIELD POINT IV, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Address for Notices to FIELD POINT IV, LLC:

600 Steamboat Road  
Greenwich, CT 06830  
Attention: Zubin Jariwala  
Telecopy No.: (203) 618-2650

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**LENDER:**

**WELLS FARGO FOOTHILL, INC.**

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

Dena Seki, Vice President

Address for Notice to Wells Fargo Foothill, Inc.

2450 Colorado Avenue, Suite 3000 West

Santa Monica, California 90404

Attention: Group Credit Manager – Specialty Finance Group

Telecopy No.: (310) 453-7442

**[Third Amended and Restated Credit Agreement – Equity Broadcasting]**

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**Schedule 1.01****SALE AMOUNTS**

Market	Station	Sale Amount (000's)
Atlanta	WYGA	2,000
Detroit	WUDT	2,000
Seattle	KUSE-LP	2,000
Minneapolis	WUMN, WTMS	2,000
Gainesville	W56EJ	400
Nashville	WNTU	2,000
Kansas City	KUKC-LP	2,000
Salt Lake City	KUTF/KCBU/KBJC and 4 LPTV's	12,000
West Palm Beach	WSLF-LP	1,000
Grand Rapids	WUHQ	300
Las Vegas	KEGS/KBNY and 2 LPTV's	8,000
Oklahoma City/Tulsa	KUOK/KUTU and 4 LPTV's	5,000
Buffalo	WNGS	5,000
Little Rock	KKYK/KWBF and 8 LPTV's	6,000
Lexington	WBLU	500
Ft. Myers/Naples	5 LPTV's	12,500
Springfield, MO	KWBM and 2 LPTV's	3,000
Spokane	KQUP and 1 LPTV	4,000
Syracuse	WNYI	2,500
Cedar Rapids/Waterloo	KWWF	3,000
Burlington	WGMU-CA	1,000
Waco/Temple/Bryan	2 LPTV's	4,000
Ft. Smith/Fayetteville	KPBI and 19 LPTV's	4,500
Reno	KRRI-LP	300
Roseburg/Eugene	KTVC and 1 LPTV	1,500
Amarillo	KEYU and 5 LPTV's	7,500
Monroe/El Dorado	K55JY	600
Wichita Falls/Lawton	3 LPTV's	2,000
Panama City	WBIF	2,000
Missoula	KMMF and 2 LPTV's	2,000
Dothan	W23DJ/WDTH-LP	500
Marquette	WMQF	1,000
Great Falls	KLMN	2,000
Butte/Bozeman	KBTZ and 2 LPTV's	2,000
Cheyenne/Scottsbluff	KKTU/KTUW	1,150
Cheyenne/Denver	KDEV and 3 LPTV's	5,000
<b>TOTAL STATION VALUE</b>		<b>112,250</b>

Allocation of Loans and Commitments

Lender	Revolving	Percentage	Term Loan A	Percentage	Term Loan B	Percentage
	Credit	Revolving		Term Loan A		Term Loan B
	Commitment	Commitments	Commitment	Commitments	Commitment	Commitments
FIELD POINT III, LTD.	\$0	0	% \$0	0	% \$4,408,268.20	13.3583885 %
FIELD POINT IV, LTD.	\$0	0	% \$0	0	% \$4,179,307.01	12.6645667 %
SPF CDO I, LLC	\$0	0	% \$0	0	% \$7,379,311.04	22.3615486 %
SPCP Group, LLC	\$0	0	% \$0	0	% \$17,033,113.75	51.6154962 %
WELLS FARGO FOOTHILL, INC.	\$8,000,000	100	% \$12,000,000	100	% \$0	0 %
<b>TOTAL</b>	<b>\$8,000,000.00</b>	<b>100</b>	<b>% \$12,000,000.00</b>	<b>100</b>	<b>% \$33,000,000.00</b>	<b>100 %</b>

Notice of Conversion or Continuation

\_\_\_\_\_, 200\_\_

Wells Fargo Foothill, Inc., as Collateral Agent  
 under the Credit Agreement referred to below  
 2450 Colorado Avenue, Suite 3000 West  
 Santa Monica, California 90404  
 Attention: Dena Seki, Vice President  
 Telecopy No.: (310) 453-7442

Silver Point Finance, LLC, as Administrative  
 Agent and Documentation Agent under  
 the Credit Agreement referred to below  
 600 Steamboat Road  
 Greenwich, Connecticut 06830  
 Attention: Zubin Jariwala, Vice President  
 Telecopy No.: 203-619-2698

Re: Notice of Conversion or Continuation under the Third Amended and Restated Credit Agreement dated as of February 13, 2008 among Equity Media Holdings Corporation, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation), and certain of its affiliates (collectively, "Borrowers", and each individually, a "Borrower"), the Lenders from time to time party thereto, Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders, and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders (as amended, restated, renewed, replaced, supplemented or otherwise modified from time, the "Credit Agreement")

Pursuant to the terms and conditions of the Credit Agreement, this Notice of Conversion or Continuation ("Notice") is delivered to the Agents pursuant to **Section 2.02** of the Credit Agreement and represents the election by the Borrowers to [check and complete the following language that is appropriate]:

- convert \$ \_\_\_\_\_ in aggregate principal amount of outstanding Base Rate Loans to LIBOR Loans on \_\_\_\_\_. The
- initial Interest Period for such LIBOR Loans is requested to be a \_\_\_\_\_ (\_\_\_\_) month period commencing on \_\_\_\_\_.
- convert \$ \_\_\_\_\_ in aggregate principal amount of outstanding LIBOR Loans with a current Interest Period ending \_\_\_\_\_ to Base Rate Loans on such date.
- continue as LIBOR Loans \$ \_\_\_\_\_ in aggregate principal amount of presently outstanding LIBOR Loans with a current Interest Period ending \_\_\_\_\_. The succeeding Interest Period is requested to be a \_\_\_\_\_ (\_\_\_\_) month period commencing on \_\_\_\_\_.



Unless otherwise defined herein, capitalized terms used in this Notice shall have the meanings given to such terms in the Credit Agreement.

**EQUITY MEDIA HOLDINGS  
CORPORATION  
ARKANSAS 49, INC.  
BORGER BROADCASTING,  
INC.  
DENVER BROADCASTING,  
INC.  
EBC HARRISON, INC.  
EBC PANAMA CITY, INC.  
EBC SCOTTSBLUFF, INC.  
EQUITY NEWS SERVICES,  
INC., f/k/a Hispanic News  
Network, Inc.  
FORT SMITH 46, INC.  
LOGAN 12, INC.  
MARQUETTE  
BROADCASTING, INC.  
NEVADA CHANNEL 3, INC.  
NEWMONT BROADCASTING  
CORPORATION  
PRICE BROADCASTING, INC.  
PULLMAN BROADCASTING  
INC.  
REP PLUS, INC.  
RIVER CITY  
BROADCASTING, INC.  
ROSEBURG  
BROADCASTING, INC.  
TV 34, INC.  
VERNAL BROADCASTING,  
INC.  
WOODWARD  
BROADCASTING, INC. EBC  
MINNEAPOLIS, INC.  
EBC DETROIT, INC.  
EBC BUFFALO, INC.  
EBC WATERLOO, INC.  
EBC ATLANTA, INC.  
EBC SEATTLE, INC.  
EBC KANSAS CITY, INC.  
EBC SYRACUSE, INC.  
NEVADA CHANNEL 6, INC.  
EBC PROVO, INC.**

**EBC SOUTHWEST FLORIDA,  
INC.  
EBC LOS ANGELES, INC.  
C.A.S.H. SERVICES, INC. f/k/  
a Skyport Services, Inc.  
EBC NASHVILLE, INC.  
EBC JACKSONVILLE, INC.**

By: \_\_\_\_\_  
James H. Hearnberger, Vice President of each

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LOAN REQUEST

\_\_\_\_\_, 20\_\_

Wells Fargo Foothill, Inc., as Collateral Agent  
under the Credit Agreement referred to below  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Dena Seki, Vice President  
Telecopy No.: (310) 453-7442

Silver Point Finance, LLC, as Administrative  
Agent and Documentation Agent under  
the Credit Agreement referred to below  
600 Steamboat Road  
Greenwich, Connecticut 06830  
Attention: Zubin Jariwala, Vice President  
Telecopy No.: 203-619-2698

Re: Loan Request under the Third Amended and Restated Credit Agreement dated as of February 13, 2008 among Equity Media Holdings Corporation, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation), and certain of its affiliates (collectively, "Borrowers", and each individually, a "Borrower"), the Lenders from time to time party thereto, Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders, and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders (as amended, restated, renewed, replaced, supplemented or otherwise modified from time, the "Credit Agreement")

Ladies and Gentlemen:

This letter shall serve as a request for [Term Loans A/Term Loans B/Revolving Credit Loans] to be made by the [Term Loan A/Term Loan B/Revolving Credit] Lenders to the Borrowers in the aggregate principal amount of \$ \_\_\_\_\_. The date of such [Term Loans A/Term Loans B/Revolving Credit Loans] should be \_\_\_\_\_, 200\_\_\_. Capitalized terms used herein without definition shall have the meanings assigned to them in the Credit Agreement.

The undersigned hereby certifies that such [Term Loans A/Term Loans B/Revolving Credit Loans] will be used for the purposes set forth in **Section 2.17** of the Credit Agreement.

The undersigned hereby further certifies as follows:

(a) All warranties and representations set forth in the Credit Agreement and the other Loan Documents shall be true and correct as of the Borrowing Date (except to the extent such representations and warranties are made as of a specific date in which case they shall have been true and correct as of such date). Each telephonic or written request for [Term Loans A/Term Loans B/Revolving Credit Loans] shall constitute a representation to such effect as of the date of such request and as of the date such [Term Loans A/Term Loans B/Revolving Credit Loans] are made.

(b) Borrowers have performed and complied with all terms and conditions of the Credit Agreement required to be performed or complied with by them prior to the date of the [Term Loans A/Term Loans B/Revolving Credit Loans] requested hereby.

(c) After giving effect to such [Term Loans A/Term Loans B/Revolving Credit Loans] (as of the proposed date thereof or, in respect of the covenants set forth in **Article V**, on a pro forma basis as of the last day of \_\_\_\_\_, 20\_\_ (the most recent fiscal quarter for which financial statements have been delivered to the Lenders under **Section 6.05** of the Credit Agreement)) and the use of proceeds thereof (whether for an Acquisition or otherwise), no Default shall have occurred and be continuing. Each telephonic or written request for Revolving Credit Loans shall constitute a representation to such effect as of the date of such request and as of the Borrowing Date.

**EQUITY MEDIA HOLDINGS CORPORATION**

**ARKANSAS 49, INC.**

**BORGER BROADCASTING, INC.**

**DENVER BROADCASTING, INC.**

**EBC HARRISON, INC.**

**EBC PANAMA CITY, INC.**

**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a**

**Hispanic News Network, Inc.**

**FORT SMITH 46, INC.**

**LOGAN 12, INC.**

**MARQUETTE BROADCASTING, INC.**

**NEVADA CHANNEL 3, INC.**

**NEWMONT BROADCASTING CORPORATION**

**PRICE BROADCASTING, INC.**

**PULLMAN BROADCASTING INC.**

**REP PLUS, INC.**

**RIVER CITY BROADCASTING, INC.**

**ROSEBURG BROADCASTING, INC.**

**TV 34, INC.**

**VERNAL BROADCASTING, INC.**

**WOODWARD BROADCASTING, INC.**

**EBC MINNEAPOLIS, INC.**

**EBC DETROIT, INC.**

**EBC BUFFALO, INC.**

**EBC WATERLOO, INC.**

**EBC ATLANTA, INC.**

**EBC SEATTLE, INC.**

**EBC KANSAS CITY, INC.**  
**EBC SYRACUSE, INC.**  
**NEVADA CHANNEL 6, INC.**  
**EBC PROVO, INC.**  
**EBC SOUTHWEST FLORIDA, INC.**  
**EBC LOS ANGELES, INC.**  
**C.A.S.H. SERVICES, INC. f/k/a Skyport  
Services, Inc.**  
**EBC NASHVILLE, INC.**  
**EBC JACKSONVILLE, INC.**

By: \_\_\_\_\_  
James H. Hearnberger, Vice President of each

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**COMMITMENT REDUCTION NOTICE**

\_\_\_\_\_, 20\_\_

Wells Fargo Foothill, Inc., as Collateral Agent  
under the Credit Agreement referred to below  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Dena Seki, Vice President  
Telecopy No.: (310) 453-7442

Silver Point Finance, LLC, as Administrative  
Agent and Documentation Agent under  
the Credit Agreement referred to below  
600 Steamboat Road  
Greenwich, Connecticut 06830  
Attention: Zubin Jariwala, Vice President  
Telecopy No.: 203-619-2698

Re: Commitment Reduction Notice under the Third Amended and Restated Credit Agreement dated as of February 13, 2008 among Equity Media Holdings Corporation, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation), and certain of its affiliates (collectively, "Borrowers", and each individually, a "Borrower"), the Lenders from time to time party thereto, Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders, and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders (as amended, restated, renewed, replaced, supplemented or otherwise modified from time, the "Credit Agreement")

Ladies and Gentlemen:

Pursuant to **Section 2.05(a)** of the Credit Agreement, the Borrowers hereby notify the Agents of the Borrowers' election to *[permanently terminate/permanently reduce]* the Aggregate Revolving Credit Commitments as of \_\_\_\_\_, 20\_\_ *[in the aggregate amount of \$\_\_\_\_\_]*. All capitalized terms used herein without definition shall have the meanings assigned by the Credit Agreement.

**EQUITY MEDIA HOLDINGS CORPORATION**  
**ARKANSAS 49, INC.**  
**BORGER BROADCASTING, INC.**  
**DENVER BROADCASTING, INC.**  
**EBC HARRISON, INC.**  
**EBC PANAMA CITY, INC.**  
**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a  
Hispanic News Network, Inc.**  
**FORT SMITH 46, INC.**  
**LOGAN 12, INC.**  
**MARQUETTE BROADCASTING, INC.**  
**NEVADA CHANNEL 3, INC.**  
**NEWMONT BROADCASTING CORPORATION**  
**PRICE BROADCASTING, INC.**  
**PULLMAN BROADCASTING INC.**  
**REP PLUS, INC.**  
**RIVER CITY BROADCASTING, INC.**  
**ROSEBURG BROADCASTING, INC.**  
**TV 34, INC.**  
**VERNAL BROADCASTING, INC.**  
**WOODWARD BROADCASTING, INC.**  
**EBC MINNEAPOLIS, INC.**  
**EBC DETROIT, INC.**  
**EBC BUFFALO, INC.**  
**EBC WATERLOO, INC.**  
**EBC ATLANTA, INC.**  
**EBC SEATTLE, INC.**  
**EBC KANSAS CITY, INC.**  
**EBC SYRACUSE, INC.**  
**NEVADA CHANNEL 6, INC.**  
**EBC PROVO, INC.**  
**EBC SOUTHWEST FLORIDA, INC.**  
**EBC LOS ANGELES, INC.**  
**C.A.S.H. SERVICES, INC. f/k/a Skyport  
Services, Inc.**  
**EBC NASHVILLE, INC.**  
**EBC JACKSONVILLE, INC.**

By: \_\_\_\_\_  
James H. Hearnberger, Vice President of each

**EXCEPTIONS TO SECURITY**

Financing Statements appearing on lien searches delivered to Collateral Agent prior to the date hereof.

Permitted Liens - See also Schedule 7.01

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**USE OF PROCEEDS**

Capital expenditures, repay existing secured debt and general corporate purposes.

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**OMNIBUS OFFICERS' CERTIFICATE**

**A. Document Certification and Incumbency**

I, the undersigned, \_\_\_\_\_, the Secretary \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Company") and, as such, a duly authorized officer of the Company, **DO HEREBY CERTIFY**, in my official capacity and not individually, that:

1. This Certificate is furnished in connection with the Third Amended and Restated Credit Agreement dated as of February 13, 2008 by and among the Company and certain of its affiliates and Wells Fargo Foothill, Inc., as Collateral Agent for the benefit of each of the other financial institutions which are or which become Lenders under, and as defined in, the Credit Agreement, Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for each of the other Lenders, and the Lenders (as the same may be amended, restated, supplemented, renewed, replaced or otherwise modified from time to time, the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in Parts A and B of this Certificate have the meanings assigned to those terms in the Credit Agreement.

2. The person named below is duly elected, qualified and acting officer of the Company, holding the officer set opposite his name, and the signature set opposite his/her name is his/her genuine signature.

Name	Office	Signature
	President	_____
James H. Hearnberger	Vice President	_____
	Secretary	_____

[FOR EMHC OR OTHER NEW ENTITIES: 3. Attached hereto as **Exhibit A** is a copy of the Articles/Certificate of Incorporation of the Company filed with the State of \_\_\_\_\_, together with all amendments thereto adopted through the date hereof, certified by the authorized office of the State of \_\_\_\_\_ as of the most recent practicable date.

4. Attached hereto as **Exhibit B** is a copy of the By-Laws of the Company, together with all amendments thereto.]

[FOR EXISTING BORROWERS: 3. Neither the Articles/Certificate of Incorporation nor the Bylaws for the Company have been amended, modified, supplemented or revoked since \_\_\_\_\_, and remain in full force and effect as of the date hereof.]

[4/5]. Attached hereto as **Exhibit C** is a true and correct copy of resolutions adopted by the Board of Directors of the Company, which resolutions are in full force and effect on the date hereof and have not been amended, modified, supplemented or revoked.

IN WITNESS WHEREOF, I have hereunto set my hand as of February \_\_, 2008.

\_\_\_\_\_, Secretary

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**B. Certifications as to Satisfaction of Conditions, No Default, Etc.**

I, the undersigned, James H. Hearnberger, Vice President of [Borrower], a \_\_\_\_\_ corporation (the "Company"), DO HEREBY CERTIFY, in my official capacity and not individually, that:

1. I am the duly elected and qualified Vice President of the Company and am also duly authorized to execute this Certificate and the signature set forth in Part A above is my genuine signature.
2. The Company has performed and complied with all terms and conditions required to be performed or complied with by it prior to or on the date hereof.
3. On the date hereof, after giving effect to the Loans to be made on the date hereof, and, on a pro forma basis, as of \_\_\_\_\_, 200\_\_\_, no Default exists. I have no knowledge of circumstances or events from which a Default is likely to arise.
4. I know of no proceeding for the dissolution or liquidation of the Company or any of its Affiliates or threatening any of their existences.
5. As of the date hereof, and since the dates of those certain projections attached as **Schedule 4.17** to the Credit Agreement and other financial documents delivered to the Agent and the Lenders prior to the Closing Date (as defined in the Credit Agreement), no event or circumstance shall have occurred which could reasonably be expected to have a Material Adverse Effect.
6. The insurance certificate delivered to the Agent on the date hereof accurately describes the insurance carried and maintained by the Company on behalf of itself and its Subsidiaries, such insurance is in accordance with the requirements of the Credit Agreement and such insurance is in full force and effect and all premiums due and payable thereon have been paid or provisions for the payment thereof has been made.
7. The certifications made by the Company's Secretary in Part A above are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand as of this \_\_\_ day of February, 2008.

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Name  
Title

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**ORGANIZATION, QUALIFICATION, ETC.**

Equity Media Holdings Corporation is a Delaware corporation and registered as a foreign corporation in Arkansas, Nevada, Texas, Oklahoma, Mississippi, and Florida.

Arkansas 49, Inc., is an Arkansas corporation, and not registered as a foreign corporation in any other state.

Borger Broadcasting, Inc., is a Nevada corporation, and registered as a foreign corporation in Texas.

C.A.S.H. Services, Inc. is an Arkansas corporation and is not registered as a foreign corporation in any other state.

Central Arkansas Payroll Company, is an Arkansas corporation and is registered in multiple states.

Denver Broadcasting, Inc., is an Arkansas corporation, and registered as a foreign corporation in Colorado and Wyoming.

EBC Atlanta, Inc., is an Arkansas corporation, and is being registered as a foreign corporation in Georgia.

EBC Buffalo, Inc., is an Arkansas corporation, and is registered as a foreign corporation in New York.

EBC Detroit, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Michigan.

EBC Harrison, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Missouri.

EBC Jacksonville, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Florida.

EBC Kansas City, Inc. is an Arkansas corporation, and is registered as a foreign corporation in Missouri and Kansas.

EBC Los Angeles, Inc. is an Arkansas corporation, and is registered as a foreign corporation in California.

EBC Minneapolis, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Minnesota.

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EBC Nashville, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Tennessee and is being registered as a foreign corporation in Kentucky

EBC Panama City, Inc., an Arkansas corporation, and is registered as a foreign corporation in Florida.

EBC Provo, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Utah.

EBC Scottsbluff, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Nebraska.

EBC Seattle, Inc. is an Arkansas corporation, and is registered as a foreign corporation in Washington.

EBC Southwest Florida, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Florida.

EBC Syracuse, Inc., is an Arkansas corporation, and is registered as a foreign corporation in New York.

EBC Waterloo, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Iowa.

Equity Insurance, is an Arkansas corporation, and is not registered as a foreign corporation in any other state.

Equity News Service, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Iowa.

Fort Smith 46, Inc., is a Nevada corporation and registered as a foreign corporation in Arkansas and Oklahoma.

H&H Properties I Limited Partnership, is an Arkansas limited partnership.

Logan 12, Inc., is an Arkansas corporation and is registered as a foreign corporation in Utah.

Marquette Broadcasting, Inc., is a Nevada corporation, and is registered as a foreign corporation in Michigan.

Montana Broadcasting Group, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Montana.

Nevada Channel 3, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Nevada.

Nevada Channel 6, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Nevada.

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Newmont Broadcasting Corporation, is an Arkansas corporation, and is registered as a foreign corporation in Vermont and is being registered as a foreign corporation in New Hampshire.

Price Broadcasting, Inc., is a Nevada corporation and is registered as a foreign corporation in Utah.

Pullman Broadcasting, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Washington and Idaho.

Rep Plus, Inc., is an Arkansas corporation, and is registered as a foreign corporation in New York and California.

Retro Programming Services, Inc. is an Arkansas corporation, and is not registered as a foreign corporation in any other state.

River City Broadcasting, Inc., is an Arkansas corporation, and is not registered as a foreign corporation in any other state.

Roseburg Broadcasting, Inc., is a Nevada corporation, and is registered as a foreign corporation in Oregon.

TV 34, Inc., is an Arkansas corporation, and is registered as a foreign corporation in Missouri.

Vernal Broadcasting, Inc., is a Nevada corporation, and is not registered as a foreign corporation in any other state.

Woodward Broadcasting, Inc., is a Nevada corporation, and is registered as a foreign corporation in Oklahoma.

#### **INACTIVE SUBSIDIARIES**

KLRA, Inc.

Marianna Broadcasting, Inc.

EBC Flagstaff, Inc.

EBC Wichita Falls, Inc.

EBC Mt. Vernon, Inc.

Kaleidoscope Affiliates of Las Vegas, LLC

EBC Boise, Inc.

EBC Pocatello, Inc.

EBC St. Louis, Inc.

LaGrande Broadcasting, Inc.

Montgomery 22, Inc.

Shawnee Broadcasting, Inc.

EBC Waco, Inc.

Wyoming Channel 2, Inc.

**GOVERNMENTAL AND OTHER CONSENTS**

None

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**LITIGATION**

In connection with the merger between Equity Broadcasting Corporation ("EBC") and the Company, EBC and each member of EBC's board of directors was named in a lawsuit filed by an EBC shareholder in the circuit court of Pulaski County, Arkansas on June 14, 2006. As a result of the merger between EBC and the Company, pursuant to which EBC merged into the Company, the Company, which was renamed Equity Media Holdings Corporation, is a party to the lawsuit. The lawsuit contains both a class action component and derivative claims. The class action claims allege various deficiencies in EBC's proxy used to inform its shareholders of the special meeting to consider the merger. These allegations include: (i) the failure to provide sufficient information regarding the fair value of EBC's assets and the resulting fair value of EBC's Class A common stock; (ii) that the interests of holders of EBC's Class A common stock are improperly diluted as a result of the merger to the benefit of the holders of EBC's Class B common stock; (iii) failure to sufficiently describe the further dilution that would occur post-merger upon exercise of the Company's outstanding warrants; (iv) failure to provide pro-forma financial information; (v) failure to disclose alleged related party transactions; (vi) failure to provide access to audited consolidated financial statements during previous years; (vii) failure to provide shareholders with adequate time to review a fairness opinion obtained by EBC's board of directors in connection with the merger; and (viii) alleged sale of EBC below appraised market value of its assets. The derivative components of the lawsuit allege instances of improper self-dealing, including through a management agreement between EBC and Arkansas Media.

In addition to requesting unspecified compensatory damages, the plaintiff also requested injunctive relief to enjoin EBC's annual shareholder meeting and the vote on the merger. An injunction hearing was not held before EBC's annual meeting regarding the merger so the meeting and shareholder vote proceeded as planned and EBC's shareholders approved the merger. On August 9, 2006, EBC's motion to dismiss the lawsuit was denied. On February 21, 2007, the plaintiff filed a "Motion to Enforce Settlement Agreement" with the court alleging the parties reached an oral agreement to settle the lawsuit. The plaintiff subsequently filed a motion to withdraw the motion to settle and filed a "Third Amended Complaint" on April 10, 2007. This motion added two additional plaintiffs and expanded on the issues recited in the previous complaints. On July 31, 2007, the plaintiff filed a "Fourth Amended Complaint". This motion added three new plaintiffs and three new defendants to the proceedings. The three additional defendants bear a fiduciary relationship to three previously named defendants. No court date has been set for this case.

In connection with the merger transaction shareholders of EBC representing 66,500 shares of EBC Class A common stock elected to convert their shares to cash in accordance with Arkansas law. The Company recorded a liability in the amount of \$368,410 to convert the shares plus \$8,983 of accrued interest and paid these funds to the dissenting shareholders. Pursuant to Arkansas Code, the dissenting shareholders exercised their right to contest EBC's valuation on the merger date. As per Arkansas Code, EMHC has petitioned the court for a determination of the fair value of the shares and believes its valuation will stand.

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**COMPLIANCE WITH LAWS AND AGREEMENTS**

None

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**LICENSES**

Equity Media Holdings Corporation ("EMHC") owns 100% of the following unless otherwise noted:

**Full Power Television**

(Digital Channels subject to FCC releasing Third Report and Order and designating final Channel Allotment). If only one channel is listed, that is proposed post transition channel.

TV 34, Inc., licensee of **KPBI-TV, Facility ID 81593**, Eureka Springs, AR;  
(Channel 34)

Arkansas 49, Inc., licensee of **KKYK(TV), Facility ID 86534**, Camden, AR;  
(Channel 49—Digital On Channel CP expires 4/18/2008)

River City Broadcasting, Inc., licensee of **KWBF(TV), Facility ID No. 37005**, Little Rock, AR;  
(Channel 42/44D –Digital CP expired 11/18/2007– extension request filed)  
(On air with Digital STA)

Pullman Broadcasting, Inc., licensee of **KQUP(TV), Facility ID 78921**, Pullman, WA;  
(Channel 24 – Digital On Channel CP expires 7/16/2008 – FCC is to extend to 2/17/2009)

Nevada Channel 3, Inc., licensee of **KEGS-TV, Facility ID 86201**, Goldfield, NV ;  
(Channel 7/50D)

Nevada Channel 6, Inc., permittee of **KBNY(TV), Facility ID 86538**, Ely, Nevada  
(Channel 6/27D) (CP for Channel 6 tolled) (NPRM to move to Caliente, Nevada still pending)

Borger Broadcasting, Inc., licensee of **KEYU-DT, Facility ID 83715**, Borger, TX;  
(Channel 31D) (license renewal pending)

Montana Broadcasting Group, Inc., 100% owner of Montana License Sub, Inc., licensee of **KBTZ(TV) Facility ID 81438**, Butte, MT  
(Channel 24)\*;

**KLMN(TV), Facility ID 81331**, Great Falls, MT (Channel 26) (License Renewal Pending) (STA Pending)\*; and  
**KMMF(TV) Facility ID 81348**, Missoula, MT (Channel 17) (License Renewal Pending)\*;

Logan 12, Inc., licensee of **KUTF(TV), Facility ID 69694**, Logan, UT (Channel 12);

Vernal Broadcasting, Inc., permittee of **KBCJ(TV), Facility ID 83729**, Vernal, UT (Channel 6 CP expires 1/30/2010 – Digital Channel 16) (NPRM to move to Santanquin pending)

Denver Broadcasting, Inc., licensee of **KDEV(TV), Facility ID 18287**, Cheyenne, Wyoming; (33/11D) (license renewal pending)

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

Marquette Broadcasting, Inc., licensee of **WMQF(TV), Facility ID 81448**, Marquette, Michigan; (Channel 19) (license renewal pending) (Reduced STA expired 9/16/2007 and renewal pending)

Roseburg Broadcasting, Inc., licensee of **KTVC(TV), Facility ID 31437**, Roseburg, Oregon (Channel 36/Digital 18) (license renewal pending);

Price Broadcasting, Inc., licensee of **KCBU(TV), Facility ID 84277**, Price, UT (Channel 3/Digital 11);

Woodward Broadcasting, Inc. permittee of **KUOK(TV), Facility ID 86532**, Woodward, Oklahoma (Channel 35) (Analog license app. Pending/ Digital On Channel CP expires 2/17/2009) (Analog Reduced Power STA expires 9/16/2007 and renewal pending)

EBC Scottsbluff, Inc., licensee of **KTUW-DT, Facility ID 136747**, Scottsbluff, NE (Digital Channel 16/17 allotted)

EBC Panama City, Inc., licensee of **WBIF(TV), Facility ID 81594**, Marianna, Florida;  
(Channel 51)

EBC Harrison, Inc., licensee of **KWBM(TV), Facility ID 78314**, Harrison, AR;  
(Channel 31)

EBC Syracuse, Inc., licensee of **WNYI(TV), Facility ID 34329**, Ithaca, NY;  
(Channel 52/Digital Channel 20) (license renewal pending)

EBC Waterloo, Inc., licensee of **KWWF(TV), Facility ID 81595**, Waterloo, Iowa;  
(Channel 22) (license renewal pending)

EBC Buffalo, Inc., licensee of **WNGS(TV), Facility ID 9088**, Springville, New York.  
(Channel 67/Digital Channel 7)

**Low Power Television/Class A stations**

EMHC is the licensee or permittee of:

Call Sign	Facility ID	Community of License
KHTE-LP	57549	Little Rock, AR
		(Channel 44) (STA with 1 kw from other site expires 12/27/2007)
		(Displacement to Channel 50 expires 6/20/2009)
		(Digital Channel 41 – 167228 – MX Group PENDING)
KRRI-LP	60463	Reno, NV
		(Channel 25)
W63DB	129169	Williston, FL
		(Channel 63)
WJXF-LP	26252	Jackson, MS
		(Channel 49) (license renewal pending)
WJMF-LP	26253	Jackson, MS
		(Channel 53) (displacement to 19 CP expires 7/16/2010)
W56EJ	129987	Williston, FL
		(Channel 56) (reduced facilities)
WDTH-LP	130076	Dothan, AL
		(Channel 59)
K38IP	131310	Amarillo, TX
		(Channel 38)

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

K64GJ	127214	Lawton, OK
(Channel 64) (Displacement to Channel 23 expires 1/19/2010)		
K06OF	128382	Vernal, UT
(Channel 6) (CP expires 8/17/2008)		
K33IF	129067	Delhi, LA
(Channel 33) (CP expires 8/17/2008)		
KTWW-LP	130391	Wichita Falls, TX
(Channel 68) (Displacement on Channel 14 expires 1/19/2010)		
KUWF-LP	125062	Wichita Falls, TX
(Channel 36)		
K38IY	128745	Batesville, AR
(Channel 38) (Expires 8/17/2008)		
K32HT	129593	El Dorado, AR
(Channel 32) (License application pending) (Reduced facilities)		
K47JG	129588	El Dorado, AR
(Channel 47) (reduced facilities)		
K15HI	128899	Bozeman, MT
(Channel 15) (reduced facilities)		
W23DJ	128868	Dothan, AL
(Channel 23) (reduced facilities)		
KLRA-LP	57548	Little Rock, AR
(Channel 58)		
KWDW-LP	36850	Oklahoma City, OK
(Channel 48)		
KWBF-LP	24263	Sheridan, AR
(Channel 47)		

EMHC is the 100% parent of the following unless otherwise noted:

Arkansas 49, Inc., licensee/permittee of the following:

Call Sign	Facility ID	Community of License
KKYK-CA	57545	Little Rock, AR
(Channel 20) (License renewal pending) (STA expired 11/3/2007)		
KTVV-LP(CA)	57547	Hot Springs, AR
(Channel 63) (License renewal pending)(Displacement CP for Channel 18 expires 1/19/2010)		
KWBK-LP	39151	Pine Bluff, AR
(Channel 45)		

Ft. Smith 46, Inc., licensee of the following (Grouped by rebroadcast):

Call Sign	Facility ID	Community of License
KFDF-CA	52418	Ft. Smith, AR (Class A)
(Channel 10) (License renewal pending)		

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

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K33HE 58284 Ft. Smith, AR  
 (Channel 33)  
 KFFS-CA 52430 Fayetteville, AR (Class A)  
 (Channel 36) (License renewal pending)  
 KPBI-CA 52429 Ft. Smith, AR (Class A)  
 (Channel 46) (License renewal pending)  
 KRAH-CA 52423 Paris, AR (Class A)  
 (Channel 60) (License renewal pending)  
 (Digital Channel 10 CP expires 10/12/2009 – Fac. Id 168152)  
 KJBW-CA 52419 Springdale, AR (Class A)  
 (Channel 4) (License renewal pending) (Minor power change CP expires  
 5/16/2010)  
 (Digital Channel 30 CP pending – Facility ID 168157)  
 K66FM 14383 Fort Smith, AR  
 (Channel 66) (CP Displacement to Channel 28 expires 1/19/2010)  
 (Digital Channel 26 pending – Facility ID 168155)  
 K32GH 14384 Fort Smith, AR  
 (Channel 32)  
 KEGW-LP 48534 Fayetteville, AR  
 (Channel 64)  
 KUFS-LP 58281 Ft. Smith, AR  
 (Channel 54)  
 KWNL-CA 52426 Winslow, AR (Class A)  
 (Channel 9) (Channel 31 CP expires 7/16/2010) (STA on 31 from Ch. 9  
 site expired 10/19/2007)  
 (Digital Channel 31 CP expires 10/23/2009 – Facility ID 168156)  
 K48FL 14387 Ft. Smith, AR  
 (Channel 48)  
 KRBF(CA) 52424 Hindsville, AR (Class A)  
 (Channel 59) (License renewal pending) (Displacement CP for Channel  
 40 expires 1/24/2008) (Digital Channel 35 application granted – Facility  
 ID 168153)  
 KSJF-CA 52425 Poteau, OK (Class A)  
 (Channel 50)  
 KKAF-CA 52432 Siloam Springs, AR (Class A)  
 (Channel 33) (License renewal pending)  
 KHMF-CA 52420 Bentonville, AR (Class A)  
 (Channel 14) (License renewal pending)  
 KXUN-LP 14386 Fort Smith, AR  
 (Channel 43)

Logan 12, Inc., licensee of KUBX-LP, Facility ID 70919, Salt Lake City, UT (Channel 58) (Channel 27 Displacement expires 5/14/2010)  
 (Digital CP on Channel 47 expires 1/12/2010 – Facility ID 168071);

EBC Los Angeles, Inc., licensee of KIMG-LP, Facility ID 12732, Ventura, CA (Channel 23) (Channel 17 Displacement expires 11/29/2008)  
 (Digital Channel 19 application pending – Facility ID 168603);

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

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EBC Nashville, Inc., licensee of:

WNTU-LP, Facility ID 61019, Nashville, TN (Channel 26) and

WBLU-LP, Facility ID 58985, Lexington, KY (Channel 62) (CP for increased power on 62 expires 5/16/2010) (CP for Channel 10 expires 5/24/2008)

Borger Broadcasting, Inc., licensee of:

KEYU-LP, Facility ID 130905, Amarillo, TX (Channel 41);

KEAT-LP, Facility ID 48021, Amarillo, TX (Channel 22) (Minor 22 site change expires 4/18/2008);

K59HG, Facility ID 131317, Amarillo, TX (Channel 59) (Displacement to Channel 48 expires 5/14/2010);

KAMT-LP, Facility ID 47363, Amarillo, TX (Channel 50);

KUTW-LP, Facility ID 17496, College Station, TX (Channel 34) ; and

KWKO-LP, Facility ID 47711, Waco, TX (Channel 38).

Denver Broadcasting, Inc., licensee of:

KDEV-LP(CA), Facility ID 29455, Aurora, CO (Channel 39);

K61DX, Facility ID 18294 Laramie, WY (Channel 61);

K21CV, Facility ID 18288 Rawlins, WY (Channel 21); and

KKTU-LP, Facility ID 125255 Cheyenne, WY (Channel 40).

Pullman Broadcasting, Inc., licensee of KQUP-LP, Facility ID 15635, Coeur d'Alene, ID (Channel 47).

Little Rock TV-14, LLC, licensee of KHUG-LP, Facility ID 57546, Little Rock, AR (Channel 14) (EMHC is 50% owner of Little Rock TV-14, LLC).

Marquette Broadcasting, Inc., licensee of WUHQ-LP, Facility ID 41248, Grand Rapids, MI (Channel 29).

Montana Broadcasting Group, Inc., licensee of

KEXI-LP, Facility ID 40102, Kalispell, MT (Channel 35)\*

which in turn is the 100% parent of Montana License Sub, Inc., licensee of

KBTZ-LP, Facility ID 17328, Bozeman, MT (Channel 32) (Digital Flash Cut on Channel 32 expires 8/09/2009)\*,

KMMF-LP, Facility ID 30457, Kalispell, MT (Channel 34) (Operating from STA KEXI-LP Site while CP for higher power from KEXI-LP site expires 11/6/10) (Digital CP for Channel 34 is pending).\*

Nevada Channel 3, Inc., licensee of:

KELM-LP, Facility ID 27416, Reno, NV (Channel 43), and

KEGS-LP, Facility ID 12731, Las Vegas, NV (Channel 30) (Digital CP for Channel 24 expires 1/12/2010 – Facility ID 168004).

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

Nevada Channel 6, Inc., licensee of:

KNBX-CA, Facility ID 33819, Las Vegas, NV (Channel 31) (Digital CP for Channel 51 remains pending (MX) – Facility ID 167999)

EBC Harrison, Inc., licensee of:

KNJE-LP, Facility ID 48533, Aurora, MO (Channel 58) (Displacement CP to Channel 40 expires 7/16/2010) ; and  
KBBL-CA, Facility ID 48514, Springfield, MO (Channel 56) .

Woodward Broadcasting, Inc., licensee of:

KUOK-CA, Facility ID 15873, Norman, Oklahoma (Channel 11) (Silent STA expires 12/29/2007) (STA from different site (KCHM-CA site) expired 11/18/2007);

KCHM-CA, Facility ID 14885, Oklahoma City, OK (Channel 59) (Modification to Channel 36 expires 1/24/2008) (Pending site change CP while remaining on Channel 36) (Digital Channel 45 CP application pending (MX) – Facility ID 168097)

KUTU-CA, Facility ID 31369, Tulsa, Oklahoma (Channel 25) (Digital Channel 33 CP application pending (MX) – Facility ID 168096) (License renewal pending); and

KOKT-LP(CA), Facility ID 72568, Sulphur, Oklahoma (Channel 20) (License renewal pending).

EBC Atlanta, Inc., licensee of WYGA-CA, Facility ID 17541, Atlanta, Georgia (Channel 55) (Pending CP to operate on Channel 45) (STA for Ch. 45 operations at reduced power – expired 12/11/2007) (Digital CP for Channel 16 expires 10/23/2009 – Facility ID 168094)

EBC Seattle, Inc., licensee of KUSE-LP, Facility ID 6692, Seattle, Washington (Channel 58) (CP to move to Channel 30 expires 11/1/2008) (Digital CP for Channel 46 pending – Facility ID 168057) ;

EBC Southwest Florida, Inc., licensee of:

WUVF-CA, Naples, FL, Facility ID 71138 (Channel 2);

WLZE-LP, Ft. Myers, FL, Facility ID 41376 (Channel 51);

WSLF-LP, Port St. Lucie, FL, Facility ID 2258 (Channel 35);

WTLE-LP, Ft. Myers, FL, Facility ID 36967 (Channel 18) ;

WFPI-LP, Facility ID 10268, Ft. Pierce, FL (Channel 8) (Silent and required to return by 12/18/08)(Power increase CP expires 3/27/2009);

WEVU-CA, Facility ID 64579, Ft. Myers, FL (Channel 4); and

WBSP-CA, Facility ID 64580, Naples, FL (Channel 7).

EBC Jacksonville, Inc., licensee of WUJF-LP, Facility ID 19690, Maxville, FL (Channel 33).

EBC Kansas City, Inc., licensee of KUKC-LP, Kansas City, MO, Facility ID 67838

(Channel 48) (Channel 40 CP expired 8/12/2007) (Digital CP Channel 39 expires 1/12/2010 – Facility ID 168023).

EBC Detroit, Inc., licensee of WUDT-CA, Detroit, MI, Facility ID 70421 (Channel 23) (Digital CP Channel 8 expires 10/11/2010 – Facility ID 168267)

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

EBC Minneapolis, Inc., licensee of:

WUMN-CA, Minneapolis, MN, Facility ID 64505 (Channel 13) (license renewal pending) (Digital CP Channel 51 pending – Facility ID 168110);

WTMS-CA, Facility ID 69799, Minneapolis, Minnesota (Channel 7) (license renewal pending) (Digital CP Channel 30 expires 1/12/2010 – Facility ID 168109)

Roseburg Broadcasting, Inc., licensee of KAMK-LP, Facility ID 24009, Eugene, Oregon (Channel 53) (Channel 49 Displacement CP pending).

Price Broadcasting, Inc., licensee of K45GX, Facility ID 72485 Salt Lake City, UT (Channel 45)

TV34, Inc., licensee of the following:

KWFT-LP, Ft. Smith, AR, Facility ID 58282 (Channel 34) (CP on channel to increase ERP expires 3/22/2008); and  
K58FB, Ft. Smith, AR, Facility ID 23892 (Channel 58).

Newmont Broadcasting Corporation, licensee of the following:

W61CE, Rutland, Vermont, Facility ID 18019 (Channel 61) (CP to move to Ch. 35 expires 8/29/2009 and Class A associated cover app. remains pending)

WBVT-CA, Burlington, VT, Facility ID 48412 (Channel 30) (Pending CP to move to different site and higher power)

W52CD, St. Albans, VT, Facility ID 48411 (Channel 52) (CP to move to Channel 41 expires 1/24/2008)

WGMU-CA, Burlington, VT, Facility ID 20588 (Channel 39) (Digital CP Channel 49 expires 10/11/2010 – Facility ID 167563)

W19BR(CA), Monkton, VT, Facility ID 30187 (Channel 19)

W49BI, Ellenburg, NY, Facility ID 30186 (Channel 49) (CP to increase ERP expires 11/6/10)

W17CI, Claremont, NH, Facility ID 48413 (Channel 17)

\*Operated by MMBG, LLC pursuant to that certain Agreement for Sale of Commercial Time, dated August 15, 2003 by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, as amended from time to time.

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**FCC PROCEEDINGS**

None, unless noted in FCC Counsel's Opinion or as noted on Schedule 4.07.

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**TITLE TO PROPERTIES, CONDITIONS OF PROPERTIES;  
PROPRIETARY RIGHTS, ETC.**

**REAL PROPERTY FEE OWNERSHIP**

H&H Properties I Limited Partnership of which EMHC owns 99.37%. EMHC leases the building as it main office building in Little Rock. The property is mortgaged to One Bank.

EBC Buffalo, Inc. owns part of Lot 46, Township 5 Range 6 of the Holland Land Company's survey on Dutch Hill Road, Cattaraugus County, State of New York.

Equity Media Holdings Corporation owns an office building located at 510 N. Greenwood Avenue, Ft. Smith, Arkansas that is used as a sales office for the Northwest Arkansas station group. The property is mortgaged to Citizens Bank & Trust Company, Van Buren, Arkansas

**REAL PROPERTY AND OPERATING LEASES**

The following leases have been assigned to and assumed by or entered into by Arkansas 49, Inc.:

1. Lease Agreement with Telecom Towers, LLC and assigned to American Tower Corporation and Arkansas 49, Inc. commencing on September 23, 2003 for five years. (KKYK)
2. Site Agreement, dated August 26, 2004, between Arkansas 49, Inc. and ABG Arkansas, LLC for fifteen years. (KWBK-LP)
3. Hot Springs, AR Radio Tower Lease by and between Arkansas 49, Inc. and C & W Communications, Inc., commencing on February 1, 2003 for one year. Rent in monthly amount of \$750.00. (KTVV-LP)
4. Antenna lease between Signal Media Corporation, as licensor and Las Vegas Media, LLC, as assigned to Arkansas 49, Inc., as licensee, dated November 1995 for and extended until June 30, 2011. (KKYK-CA)

The following leases have been assigned to and assumed by or entered into by Borger Broadcasting, Inc.

1. Lease by and between F&A Realty Amarillo, LTD. and Borger Broadcasting, Inc., dated April 16, 2004 for Amarillo office. Lease expires April 30, 2011.
2. Lease Agreement by and between American Tower L.P. and Borger Broadcasting, Inc. dated February 27, 2004 for KEYU transmission site. Lease for ten year period. (KEYU, KEYU-LP, KAMT-LP)

3. Antenna Site License Agreement, dated May 15, 2000 between Loutex Amarillo, L.P. and UVN Texas, L.P. and assigned to Borger Broadcasting, Inc. on a month to month basis. (KEAT-LP)
4. License Agreement, dated January 30, 2007, by and between American Towers, L.P. and Borger Broadcasting, Inc. for a ten year period. (KUTW-LP)
5. Antenna Site License Agreement, dated February 26, 1997 by and between Shaffer & Associates, Inc. and National Minority Television, Inc. as assigned to Borger Broadcasting, Inc., extended through June 1, 2011. (KWKO-LP)
6. Tower Lease Agreement for Wichita Falls, Texas, dated January 9, 2006, by and between Ralph C. Parker dba Tower Rental Co. expiring December 31, 2006 and automatically extending on an annual basis thereafter. (KUWF & KTWW)

The following leases have been assigned to and assumed by or entered into by Denver Broadcasting, Inc.:

1. Tower Site license agreement between Pinnacle Towers, Inc. and Denver Broadcasting, Inc. expiring April 1, 2009. (KDEV-DT)
2. Site Agreement between Echo Properties, Inc. and Denver Broadcasting, Inc. for a tower site near Denver. Expires November 31, 2008. (KDEV-LP(CA))
3. License Agreement WY0001 between Spectrasite Broadcast Towers, Inc., as lessor, and Wyoming Channel 2, Inc., as lessee, as assigned to Denver Broadcasting, Inc. for Tower #25 in Cheyenne, WY. Lease expires November 1, 2011. (KDEV)
4. License Agreement, dated March 20, 2007, by and between American Tower Asset Sub, LLC and Equity Broadcasting Corporation d/b/a Denver Broadcasting, Inc., expiring in April 30, 2012. (KKTU-LP)
5. Communications Use Lease, dated August 28, 2007, by and between the United States of America and Denver Broadcasting, Inc. expiring on December 31, 2016 for Laramie Translator Site- (K61DX)
6. Rawlins site- Bureau of Land Management site lease (K21CV)

The following leases have been assigned to and assumed by or entered into by EBC Atlanta, Inc.

1. License Agreement, dated June 28, 2007, by and between American Tower, L.P. and EBC Atlanta, Inc. for an initial five year term and two five year option periods. (WYGA-CA)

The following leases have been assigned to and assumed by or entered into by EBC Detroit, Inc.

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1. Tower Site License Agreement, dated November 16, 2004 by and between CBS Broadcasting, Inc. and EBC Detroit, Inc. The lease is for a five years through November 30, 2009 with options. (WUDT-CA)
2. Lease Agreement, dated June 2005, by and between PDBM, LLC and EBC Detroit, Inc. for office space for a term expiring November 20, 2014.

The following leases have been assigned to and assumed by or entered into by EBC Harrison, Inc.

1. Lease dated, November 16, 2006 by and between W.E.C.S. Corporation and EBC Harrison, Inc. expiring on November 15, 2007 and month to month thereafter. (KWBM office lease)
2. Land Lease Agreement, dated March 10, 1999, by and between Rick and Ronda Turner and R.S. Communications, Limited Partnership, and assumed by EBC Harrison, Inc., as amended and expiring March 24, 2098. (KWBM)
3. Telecommunications Site Lease Agreement, dated November 29, 2005 by and between W.E.C.S. Corporation and EBC Harrison, Inc. expiring on January 1, 2009 (KBBL-CA)

The following leases have been assigned to and assumed by or entered into by EBC Jacksonville, Inc.

1. Broadcast Tower Antenna Sublease Agreement, dated September 29, 2006 by and between TC Florida Towers II, L.L.C. and EBC Jacksonville, Inc. for an initial three year term with four five year option periods. (WUJF-LP)

The following leases have been assigned to and assumed by or entered into by EBC Kansas City, Inc.

1. Sublease agreement, dated December 26, 2006 by and between Meredith Corporation EBC Kansas City, Inc. office lease which expires March 31, 2011. (KUKC office lease)
2. Tower space agreement with Daystar Television Network on a month to month. (KUKC-LP)

The following leases have been assigned to and assumed by or entered into by EBC Los Angeles, Inc.:

1. New American Tower lease in process (KIMG-LP)

The following leases have been assigned to and assumed by or entered into by EBC Minneapolis, Inc.

1. Lumber Exchange Building Office Lease, dated, December 17, 2004, by and between Lumber, LLC and EBC Minneapolis, Inc. for a forty month term.

2. Telecommunications Terminal Site Access Users Agreement, dated January 19, 2005, for tower space on top of the Campbell Mithum Building for a five year period. (WUMN-LP)

3. Telecommunications Terminal Site Access Agreement, dated May 30, 1991, between Broadcast Services Inc. and Ronald A. Kniffen, assigned to North Central LP TV, Inc. on June 15, 1995, subsequently Ventana Television, Inc. on November 9, 2001, subsequently assigned to Word of God Fellowship, Inc., dba as Daystar Television Network, on May 30, 2003, subsequently assigned to EBC St. Louis, Inc. (WTMS-LP)

The following leases have been assigned to and assumed by or entered into by EBC Nashville, Inc.

1. License Agreement, dated April 1, 2005, by and between 401 Church Street, LLC and South Central Communications Corporation and assigned to EBC Nashville, Inc. expiring March 31, 2010 with one five year option period. (WNTU-LP)
2. Lease Agreement, dated June 30, 1998, by and between Lexington Financial Center, LTD and B&C Communications, LLC and assigned to EBC Nashville, Inc. expiring June 30, 2008. (WBLU-LP)

The following leases have been assigned to and assumed by or entered into by EBC Panama City, Inc.

1. License Agreement by and between Pinnacle Towers, Inc. and Marianna Broadcasting, Inc. as assigned to and assumed by EBC Panama City, Inc. for a ten year term commencing January 1, 2002. (WBIF)
2. Lease, dated December 1, 2007, by and between Commerce Five, LTD and EBC Panama City, Inc. for a twelve month office space lease

The following leases have been assigned to and assumed by or entered into by EBC Scottsbluff, Inc.

1. Lease Agreement, dated October 15, 2006, by and between Hometown Family Radio as successor in interest to Tracy Broadcasting Corporation and EBC Scottsbluff, Inc. expiring on October 14, 2007 and month to month thereafter. (KTUW-DT)

The following leases have been assigned to and assumed by or entered into by EBC Seattle, Inc.

1. Telecommunications Terminal Site Access Agreement, dated October 21, 1997, between Broadcast Services, Inc. and Breckenridge Broadcasting Company, Inc. (Columbia Seafirst Center, Seattle, WA) (KUSE-LP)

The following leases have been assigned to and assumed by or entered into by EBC Southwest Florida, Inc.



1. Lease Agreement, dated February 1, 2005, by and between Christa Carr, Lisa Hager, April Cottrell and Jesse Clarke, as amended and EBC Southwest Florida, Inc. expiring on January 31, 2009. (WEVU office lease)
2. Super Towers, Inc. – Bonita Tower License Agreement, dated April 1, 2002 by and between Super Towers, Inc. and Tiger Eye Broadcasting for a five year term ending on October 31, 2007 with two five year options. (WUVF-CA)
3. Antenna Lease Agreement, dated January 30, 2003 by and between Glenn T. McKeever and Tiger Eye Broadcasting Corp as assumed by EBC Southwest Florida, Inc for a five year term ending on January 31, 2008. (WTLE-LP)
4. License Agreement, dated December 8, 2004, by and between American Towers, Inc. and EBC Southwest Florida, Inc. expiring on April 30, 2016 with two five year options. (WLZE-CA)
5. License Agreement, dated May 1, 2006, by and between American Towers, Inc. and EBC Southwest Florida, Inc. expiring February 9, 2010 with two five year options. (WSLF-LP) Port St. Lucie
6. Site License Agreement, dated March 20, 1996, by and between The Amtel Group of Florida, Inc. and Tamami Fort Myers Incorporated and assigned to EBC Southwest Florida, Inc. (WEVU)
7. Super Towers, Inc. – Community License Agreement, dated November 1, 2001 by and between Super Towers, Inc. and Caloosa for WBSP-LP and assigned to EBC Southwest Florida, Inc. (WBSP-CA)

The following leases have been assigned to and assumed by or entered into by EBC Syracuse, Inc.

1. Lease Agreement, dated November 1, 2002 by and between Harold A. Fish, Jr – Tower Talk of Ithaca and B&C Communications, LLC as subsequently assigned to EBC Syracuse, Inc. for a five year tower lease. (WNYI)

The following leases have been assigned to and assumed by or entered into by EBC Waterloo, Inc.

1. Lease – Business Property lease, dated November 14, 2005 by and between Midtown Development and EBC Waterloo, Inc., expiring November 30, 2007 and extended to November 30, 2010. (KWVF office and tower lease)

The following leases have been assigned to and assumed by or entered into by Fort Smith 46, Inc.:

1. Springdale sales office lease, dated April 30, 2001, by and between Sitton Properties, LLC and Fort Smith 46, Inc. for ten years beginning June 1, 2002. Rents of \$3,600 (Springdale sales office). Sitton Properties, LLC has assigned its interest to Albert Moretti.

2. Channels 46, 43 and 10 - Tower Lease Agreement (Vista tower), dated April 18, 1995, by and between Westark Towers, Inc., now American Tower, as lessor, and Pharis Broadcasting, Inc., as assumed by Fort Smith 46, Inc., as lessee, for space on its Mount Vista, Van Buren, AR tower. Ten year lease beginning at \$1,175.00 per month plus electricity with payment beginning May 1, 1995 as modified in an Addendum executed July 14, 1995. (KPBI-CA, KXUN-LP & KFDF-CA)
3. Channel 50 - Tower Space Lease Agreement (Mt. Cavanal tower), dated February 1, 2000 by and between Clark Communications, Inc. and assigned to AAT Communications, as lessor, and Pharis Broadcasting, Inc., as lessee, as assumed by Fort Smith 46, Inc., for space on its Mt. Cavanal, Poteau, Oklahoma tower. (KSJF-CA)
4. Channel 53/60 - Tower Space Lease Agreement (Mt. Magazine tower), dated February 1, 2000 by and between Clark Communications, Inc. and assigned to AAT Communications, as lessor, and Pharis Broadcasting, Inc., as lessee, as assumed by Fort Smith 46, Inc. for space on its Mt. Magazine, Paris, Arkansas tower. (KRAH-CA)
5. Channel 31 (Winslow tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1, 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (K32GH)
6. Channel 4 & 31 (Johnson I tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1, 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (KJBW-CA & KWNL-CA)
7. Channel 14 (Bentonville II tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1, 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (KHMF-CA)
8. Channel 33 (Siloam Springs tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1, 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (KKAF-CA)
9. Channel 59 (Hindsville tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1, 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (KRBF-CA)
10. Channel 48 (Salisaw, OK) tower lease between Hash Communications, LLC, and Fort Smith 46, Inc., commencing August 7, 2003 for five years. (K48FL)

11. Channel 18/54 (Poteau, OK) tower license agreement between Hash Communications, LLC and Fort Smith 46, Inc., commencing August 7, 2003 for a term of five years. (KUFS-LP)
12. Channel 33 (Clarksville) tower license agreement between Hash Communications, LLC and Fort Smith 46, Inc., commencing August 7, 2003 for a term of five years. (K33HE)
13. Channel 64 (Johnson II tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (KEGW-LP)
14. Channel 36 (Johnson I tower)- Tower Space Lease Agreement by and between Clark Communications, Inc. and Fort Smith 46, Inc. dated June 1, 2003 expiring June 1, 2004 with automatic annual renewals unless terminated by Lessee upon 60 days notice. (KFFS-CA)

The following leases have been assigned to and assumed by or entered into by Logan 12, Inc.:

1. Lease and Access Agreement, dated June 6, 2000, between Windmill Land and Stock Company, as owner, and Logan 12, Inc., as lessee, for 15 years, with option to extend for two additional 15-year terms. Covers land in Box Elder County, Utah. (KUTF)
2. Office Lease, dated October 15, 2004 by and between Parkside Salt Lake Corporation and Logan 12, Inc. and Price Broadcasting, Inc. for 98 months. (KUTF office lease)
3. Space and Service Lease and Agreement, dated October 1, 2002, between Questar InfoComm, Inc., as lessor, and Logan 12, Inc., as lessee/customer, covering building and circuits, for initial term of 5 years, with automatic annual renewals thereafter. (KUBX-CA)

The following leases have been assigned to and assumed by or entered into by Marquette Broadcasting, Inc.:

1. Antenna Lease Agreement between Marquette Broadcasting, Inc. and Great Lakes Radio, Inc., commencing February 25, 2001 for a 20-year term. (WMQF)
2. Tower and Building Agreement, dated May 15, 2003 by and between Furniture City Broadcasting Corporation and Media Adventures, Inc. and assigned to Marquette Broadcasting, Inc. for a three year period with four five year option periods. (WUHQ-LP)

The following leases have been assigned to and assumed by or entered into by Nevada Channel 3, Inc.:

1. Tonapah, Nevada site lease for KEGS between Nevada Channel 3 Inc. and Terry Payne, commencing March 15, 2002 on a month-to-month basis. (KEGS)

2. License Agreement, dated July 25, 2007 by and between American Tower, Inc. and Nevada Channel 3, Inc. for a five year term. (KELM-LP)
3. Tower Lease, as assumed by Nevada Channel 3, Inc., with Tower Management on a month to month basis. (KEGS)

The following leases have been assigned to and assumed by or entered into by Nevada Channel 6, Inc.

1. Lease Agreement, dated May 1, 2003 and modified on September 1, 2004 by and between Journal Broadcast Corporation and Equity Broadcasting Corporation as assigned to Nevada Channel 6, Inc. for a tower lease through April 30, 2006 and month to month thereafter. (KNBX-CA)

The following leases have been assigned to and assumed by or entered into by Newmont Broadcasting Corporation.

1. Lease Agreement, dated July 17, 2003, by and between Bluewater Realty, LLC and Newmont Broadcasting Corporation for the Burlington office. (office lease)
2. License Agreement, dated December 8, 2004 by and between American Towers, Inc. and Newmont Broadcasting Corporation for a ten year term. (WGMU & W19BR(CA))
3. License Agreement, dated July 1, 2004, between Vermont ETV, Inc. and Newmont Broadcasting Corporation. This tower lease commenced July 1, 2004 and expires on June 30, 2009. (W61CE)
4. License Agreement, dated May 1, 2005, between Vermont ETV, Inc. and Newmont Broadcasting Corporation. This tower lease commenced May 1, 2005 and expires on June 30, 2009. (W17CI)
5. Lease Agreement by and between WBVT Television, as assumed by Newmont Broadcasting Corporation and North Country Repeaters on a month to month term. (W49BI)
6. Lease Agreement by and between Pinewood Manor, Inc. as assigned to AFB, LLC and New York Network, LLC and assumed by Newmont Broadcasting Corporation. (W52CD)
7. Lease agreement by and between Russ Kinsley and Newmont Broadcasting Corporation on a month to month term. (WBVT)

The following leases have been assigned to and assumed by or entered into by Price Broadcasting, Inc.:

1. Lease Agreement, dated June 28, 2002, between American Towers, Inc., and Price Broadcasting, Inc., for five years for a tower site in Helper, Utah. (KCBU)

- Space Lease and Service Agreement, dated October 7, 2002, to be effective as of August 1, 2002, between Questar InfoComm, Inc., as lessor, and Price Broadcasting, Inc. (assignee of R&D Media Group, Inc.), as lessee/customer, covering building and circuits, for initial term of 5 years, with automatic annual renewals thereafter. (K45GX)

The following leases have been assigned to and assumed by or entered into by Pullman Broadcasting, Inc.:

- Office lease for KQUP, Spokane, Washington between Pullman Broadcasting, Inc. and The Spokane Club, commencing on September 1, 2003 and expiring September 30, 2011.
- Site Lease on Idaho Blossom Mountain with Switzer Communications, Inc. for Couer 'd Alene tower site, assumed June 1, 2000 for five years and now on a month to month basis. (KQUP-LP)
- Site Lease/Use Agreement, dated October 1, 2005 by and between Technology Services Management Group, LLC and Pullman Broadcasting, Inc. beginning on October 15, 2005 and expiring on October 15, 2010. (KQUP)

The following operating leases have been assigned to and assumed by or entered into by River City Broadcasting, Inc.:

- Antenna License Agreement (Shinall Mountain KWBF tower site), dated May 1997 by and between Signal Media of Arkansas, Inc., as Licensor and Channel 42 of Little Rock, Inc, as Licensee, as assumed by River City Broadcasting, Inc. expires 6/30/2011. (KWBF)
- Basic Lease Agreement (Sales Office), dated June 21, 2004 by and between Flake and Kelley Commercial and River City Broadcasting, Inc. for three years beginning August 1, 2004 and ending on July 31, 2008.
- Antenna Site Lease in Benton, AR by and between Samuel Bridges and Arkansas 49, Inc. and assigned to River City Broadcasting, Inc. commencing on May 15, 2003 for five years. (KWBF-LP)
- Antenna License Agreement, dated July 1, 2006 by and between Signal Media Corporation, as Licensor and River City Broadcasting, Inc. expires February 29, 2009. (KWBF-DT)

The following leases have been assigned to and assumed by or entered into by Roseburg Broadcasting, Inc.:

- Roseburg, Oregon transmitter site lease by and between Roseburg Broadcasting, Inc. and South West Oregon TV Broadcasting Corp, commencing on September 2, 2002 on a month-to-month basis. (KTVC)
- Eugene, Oregon site lease by and between Roseburg Broadcasting, inc. and James D. Silke, commencing on January 11, 1993 and is on a month to month basis. (KAMK-LP)

3. Joint Sales Agreement dated August 19, 2002 by and between Roseburg Broadcasting, Inc. and Fisher Broadcasting – Oregon TV, LLC for office space for KTVC at no additional cost.

The following leases have been assigned to and assumed by or entered into by TV 34, Inc.:

1. Tower/Ground Lease Agreement, dated September 2, 2004 by and between Jerry Clark d/b/a Clark Communications, Inc. and TV 34, Inc. commencing on January 1, 2005 for a fifteen year period. (KPBI)
2. Site lease between TV 34, Inc. and Hash Communications, LLC commencing July 31, 2000 expires on August 31, 2010. (KWFT-LP)  
  
Aurora, Missouri tower site lease between TV 34, Inc. and Magic Circle Radio, Inc., as assigned to Falcon Broadcasting, Inc. commencing on December 1, 2003 for a two year term and month to month thereafter. (KNJE-LP) (To be assigned from TV 34, Inc. to EBC Harrison, Inc. at or shortly after closing)

The following leases have been assigned to and assumed by or entered into by Woodward Broadcasting, Inc.

1. Commercial Lease Multi-Tenant lease, dated November 29, 2004, by and between THB/Quadrum, LLC and Woodward Broadcasting, Inc. for office space in Oklahoma City. Expires on January 1, 2008 and extended on a month to month basis
2. Service Agreement, dated February 1, 2005, by and between Woodward Broadcasting, Inc. and Brooke and Douglas Williams d/b/a Omni Media Group, Inc. for office space and other services on a month to month basis at \$3,500/month. (KUOK)
3. Antenna Site Lease, dated October 26, 2000, by and between Pinnacle Towers, Inc. and Tiger Eye Broadcasting, as assigned to and assumed by Woodward Broadcasting, Inc. expiring on November 30, 2008. (KCHM-CA)
4. Standard Lease, by and between Garnett Crossing, LLC and Woodward Broadcasting, Inc. commencing on April 1, 2005 and expiring on June 30, 2010. (Tulsa office lease)  
  
Roof Space Lease, dated December 1, 1995, by and between Bank Tower Limited Partnership as successor to Fourth National Associates Limited Partnership and Woodward Broadcasting, Inc. as successor to Kaleidoscope Affiliates, LLC for a tower space lease expiring on October 31, 2007 and now on a month to month basis at rents beginning at \$993.04 (extention is in process). (KUTU-CA)
6. Lease, dated August 16, 1991, by and between Oklahoma City Tower Company and LeSea Broadcasting Corporation as assumed by Woodward Broadcasting, Inc. (KWDW-LP)
7. Antenna Site Lease, dated May 1997, by and between Mahorney Radio and Woodward Broadcasting, Inc., expiring May 2009. (KOKT)

## INTELLECTUAL PROPERTY:

Arkansas 49, Inc. – KKYK, KKYK-CA, KWBK-LP, KTVV-CA  
Borger Broadcasting, Inc. – KEYU, KEYU-LP, KAMT-LP, K59HG, KEAT-LP, KUTW-LP, KWKO-LP  
Denver Broadcasting, Inc. – KKTU-LP, KDEV, KDEV-CA, K61DX, K21CV  
EBC Atlanta, Inc. - WYGA-CA  
EBC Buffalo, Inc. - WNGS  
EBC Detroit, Inc. – WUDT-CA  
EBC Harrison, Inc. – KWBM, KBBL-CA, KNJE-LP  
EBC Jacksonville, Inc. – WUJF-LP  
EBC Kansas City, Inc. –KUKC-LP  
EBC Los Angeles, Inc. –KIMG-LP  
EBC Minneapolis, Inc. – WUMN-CA, WTMS-CA  
EBC Nashville, Inc. – WNTU-LP, WBLU-LP  
EBC Panama City, Inc. – WBIF  
EBC Scottsbluff, Inc. – KTUW  
EBC Seattle, Inc. – KUSE-LP  
EBC Southwest Florida, Inc. –WTLE-LP, WUVF-CA, WLZE-CA, WEVU-CA, WBSP-CA, WSLF-LP, WFPI-LP  
EBC Syracuse, Inc. –WNYI  
EBC Waterloo, Inc. - KWWF  
Fort Smith 46, Inc. – KPBI-CA, KMHF-CA, KJBW-CA, KKAF-CA, KRAH-CA,  
KSJF-CA, KRBF-CA, KEGW-LP, KWNL-CA, KXUN-LP, K66FM, K48FL, K33HE,  
K32GH, KFDF-CA, KFFS-CA, KUFS-CA  
Little Rock TV-14, LLC – KHUG-CA  
Logan 12, Inc. – KUTF, KUBX-LP  
Marquette Broadcasting, Inc. – WMQF, WUHQ-LP  
Nevada Channel 3, Inc. – KEGS, KELM-LP, KEGS-LP  
Nevada Channel 6, Inc. –KBNY, KNBX-CA  
Newmont Broadcasting Corporation – WGMU-CA, W61CE,  
WBVT-CA, W52CD, W19BR-CA, W49BI, W17CI  
Price Broadcasting, Inc. – KCBU, K45GX  
Pullman Broadcasting, Inc. – KQUP, KQUP-LP  
River City Broadcasting, Inc. – KWBF  
Roseburg Broadcasting, Inc. – KTVC, KAMK-LP  
TV 34, Inc. – KPBI, K58FB, KWFT-LP  
Vernal Broadcasting, Inc. - KBCJ  
Woodward Broadcasting, Inc. – KUOK, KUOK-CA, KCHM-CA, KOKT-LP(CA), KUTU-CA  
Rep Plus, Inc.  
Equity Media Holdings Corporation – KHTE-LP, KRRI-LP, WJXF-LP, WJMF-LP, KTTW-LP, KUWF-LP, KLRA-LP, KWDW-LP,  
KWBF-LP

**Trademarks:**

LICK

**Domain Names:**

ARKANSASTWISTERS.COM

EBCORP.NET

EMDAHOLDINGS.COM

EQUITYBROADCASTING.COM

FOXFFS.COM

KQUP.COM

MY31TV.COM

MY42LR.COM

MYTV-BURLINGTON.COM

MYTV-NWARKANSAS.COM

RETROTELEVISION.NET

RTNVILLE.BIZ

RTNVILLE.INFO

RTNVILLE.US

UNIVISION-AMARILLO.COM

UNIVISION-MN.COM

UNIVISION-NWA.COM

UNIVISION-OK.COM

UNIVISION-SWFLORIDA.COM

UNIVISION-TULSA.COM

UNIVISION-WACO.COM

UPN51.COM

WMQF19.COM



## INTERESTS IN OTHER BUSINESSES (All 100% owned unless noted)

ARKANSAS 49, INC.  
 BORGER BROADCASTING, INC.  
 C.A.S.H. SERVICES, INC.  
 CENTRAL ARKANSAS PAYROLL COMPANY  
 DENVER BROADCASTING, INC.  
 EBC ATLANTA, INC.  
 EBC BUFFALO, INC.  
 EBC DETROIT, INC.  
 EBC HARRISON, INC.  
 EBC JACKSONVILLE, INC.  
 EBC KANSAS CITY, INC.  
 EBC LOS ANGELES, INC.  
 EBC MINNEAPOLIS, INC.  
 EBC NASHVILLE, INC.  
 EBC PANAMA CITY, INC.  
 EBC PROVO, INC.  
 EBC SEATTLE, INC.  
 EBC SCOTTSBLUFF, INC.  
 EBC SOUTHWEST FLORIDA, INC.  
 EBC SYRACUSE, INC.  
 EBC WATERLOO, INC.  
 FORT SMITH 46, INC.  
 EQUITY NEWS SERVICE, INC.  
 LITTLE ROCK TV-14, LLC 50%  
 LOGAN 12, INC.  
 MARQUETTE BROADCASTING, INC.  
 MONTANA BROADCASTING GROUP, INC.  
 NEVADA CHANNEL 3, INC.  
 NEVADA CHANNEL 6, INC.  
 NEWMONT BROADCASTING CORPORATION  
 PRICE BROADCASTING, INC.  
 PULLMAN BROADCASTING INC.  
 RIVER CITY BROADCASTING, INC.  
 ROSEBURG BROADCASTING, INC.  
 REP PLUS, INC.  
 SPINNER NETWORK SYSTEMS, LLC (4%)  
 VERNAL BROADCASTING, INC.  
 WOODWARD BROADCASTING, INC.  
 TV 34, INC.  
 Arena Football II Sports Teams  
 ARKANSAS SPORTS ENTERTAINMENT, INC./ARKANSAS TWISTERS, INC. (49%)  
 Office Building – General Limited Partner of H&H PROPERTIES I LIMITED PARTNERSHIP (99.37%)

EMHC owns interests in certain other corporations listed as "Inactive Subsidiaries" on Schedule 4.02, all of which have no assets, are inactive or are in the process of being dissolved.



**PENSION PLANS**

As outlined in the Employee Handbook, the Company has a 401(k) and profit sharing plan for employees. Employees receive a matching contribution of 50 cents for each dollar contributed with the maximum matching contribution per year being \$1,000.

The Company has a 2007 Stock Incentive Plan wherein option grants are allowed to certain individuals.

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**MATERIAL AGREEMENTS**

1. Management Services Agreement, dated March 30, 2007 between Equity Media Holdings Corporation and Royal Palm Capital Management, LLLP.
  2. Services Agreement, dated November 27, 2002, between EMHC and River City Broadcasting, Inc.
  3. Services Agreement, dated November 27, 2002, between EMHC and Fort Smith 46, Inc.
  4. Services Agreement, dated August 15, 2003, between EMHC and Logan 12, Inc.
  5. Services Agreement, dated August 15, 2003, between EMHC and Price Broadcasting, Inc.
  6. Services Agreement, dated June 21, 2004, between EMHC and Arkansas 49, Inc.
  7. Services Agreement, dated June 21, 2004, between EMHC and Borger Broadcasting, Inc.
  8. Services Agreement, dated June 21, 2004, between EMHC and Denver Broadcasting, Inc.
  9. Services Agreement, dated June 21, 2004, between EMHC and EBC Buffalo, Inc.
  10. Services Agreement, dated June 21, 2004, between EMHC and EBC Detroit, Inc.
  11. Services Agreement, dated June 21, 2004, between EMHC and EBC Harrison, Inc.
  12. Services Agreement, dated June 21, 2004, between EMHC and EBC Minneapolis, Inc.
  13. Services Agreement, dated June 21, 2004, between EMHC and EBC Scottsbluff, Inc.
  14. Services Agreement, dated June 21, 2004, between EMHC and EBC Panama City, Inc.
  15. Services Agreement, dated June 21, 2004, between EMHC and Marquette Broadcasting, Inc.
  16. Services Agreement, dated June 21, 2004, between EMHC and Nevada Channel 3, Inc.
  17. Services Agreement, dated June 21, 2004, between EMHC and Newmont Broadcasting, Inc.
  18. Services Agreement, dated June 21, 2004, between EMHC and Pullman Broadcasting, Inc.
  19. Services Agreement, dated June 21, 2004, between EMHC and Roseburg Broadcasting, Inc.
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20. Services Agreement, dated June 21, 2004, between EMHC and TV 34, Inc.
  21. Services Agreement, dated June 21, 2004, between EMHC and Vernal Broadcasting, Inc.
  22. Services Agreement, dated June 21, 2004, between EMHC and Woodward Broadcasting, Inc.
  23. Services Agreement, dated June 21, 2004 between EMHC and Equity News Services, Inc. (f/k/a Hispanic News Network, Inc.).
  24. Services Agreement, dated June 21, 2004, between EMHC and Rep Plus, Inc.
  25. Services Agreement, dated August 27, 2004, between EMHC and EBC Waterloo, Inc.
  26. Services Agreement, dated February 20, 2007, between EMHC and EBC Jacksonville, Inc.
  27. Services Agreement, dated November 9, 2006, between EMHC and EBC Nashville, Inc.
  28. Services Agreement, dated July 8, 2005, between EMHC and EBC Kansas City, Inc.
  29. Services Agreement, dated July 8, 2005, between EMHC and EBC Syracuse, Inc.
  30. Services Agreement, dated July 8, 2005, between EMHC and EBC Southwest Florida, Inc.
  31. Services Agreement, dated July 8, 2005, between EMHC and Nevada Channel 6, Inc.
  32. Services Agreement, dated July 8, 2005, between EMHC and EBC Atlanta, Inc.
  33. Services Agreement, dated July 8, 2005, between EMHC and EBC Seattle, Inc.
  34. Services Agreement, dated July 8, 2005, between EMHC and EBC Los Angeles, Inc.
  35. Services Agreement, dated July 8, 2005, between EMHC and Skyport Services, Inc.
  36. MyNetwork TV affiliation agreement between Twentieth Television, Inc. and River City Broadcasting, Inc. (KWBF), dated March 29, 2006, for a term of five years with one-year extension periods.
  37. MyNetwork TV affiliation agreement between Twentieth Television, Inc. and EBC Harrison, Inc. (KWBM), dated March 29, 2006, for a term of five years with one-year extension periods.
  38. MyNetwork TV affiliation agreement between Twentieth Television, Inc. and Newmont Broadcasting Corporation (WGMU), dated May 9, 2006, for a term of five years with one-year extension periods.
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39. MyNetwork TV affiliation agreement between Twentieth Television, Inc. and Fort Smith 46, Inc. (KPBI), dated March 29, 2006, for a term of five years with one-year extension periods.
  40. Fox affiliation agreement between Fox Broadcasting Corporation and Marquette Broadcasting, Inc. (WMQF) dated March 30, 2005. Expires June 30, 2008.
  41. *Network Affiliation Agreement* by and between Borger Broadcasting, Inc. (KEYU) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  42. *Network Affiliation Agreement* by and between EBC Detroit, Inc. (WUDT) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  43. *Network Affiliation Agreement* by and between EBC Jacksonville, Inc. and Univision Network Limited Partnership dated April 16, 2007 and expires March 31, 2022.
  44. *Network Affiliation Agreement* by and between EBC Kansas City, Inc. (KUCK-LP) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  45. *Network Affiliation Agreement* by and between EBC Minneapolis, Inc. (WUMN-CA) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  46. *Network Affiliation Agreement* by and between EBC Nashville, Inc. (WNTU) and Univision Network Limited Partnership dated April 16, 2007 and expires March 31, 2022.
  47. *Network Affiliation Agreement* by and between EBC Southwest Florida, Inc. (WUVF) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  48. *Network Affiliation Agreement* by and between EBC Syracuse, Inc. (WNYI) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  49. *Network Affiliation Agreement* by and between Fort Smith 46, Inc. (KXUN) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  50. *Network Affiliation Agreement* by and between River City Broadcasting, Inc. (KLRA) and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022.
  51. *Network Affiliation Agreement* by and between Woodward Broadcasting, Inc. and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022. (Station KUOK-TV)
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52. *Network Affiliation Agreement* by and between Woodward Broadcasting, Inc. and Univision Network Limited Partnership dated March 30, 2007 and expires March 31, 2022. (Station KUTU-CA)
53. *Network Affiliation Agreement* by and between Borger Broadcasting, Inc. (KAMT-LP) and Telefutera dated March 30, 2007 and expires March 31, 2022.
54. *Network Affiliation Agreement* by and between EBC Southwest Florida, Inc. (WTLE) and Telefutera dated March 30, 2007 and expires March 31, 2022.
55. *Master Network Program Licensing Agreement* by and between CBS Paramount Studios, Inc. and EMHC dated March 10, 2007.
56. *Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated December 1, 2004.
57. *First Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated March 30, 2005.
58. *Second Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated June 3, 2005.
59. *Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated February 28, 2003.
60. *First Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated August 12, 2003.
61. *Second Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated June 30, 2004.
62. *Third Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated December 1, 2004.
63. *Fourth Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated March 30, 2005.
64. *Fifth Amendment to Full-Time Transponder Capacity Agreement* by and between PanAmSat Corporation and EMHC dated June 3, 2005.
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**PROJECTIONS**

Delivered prior to Closing Date.

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**BROKERS, ETC.**

EMHC has dealt with Patrick Communications, Inc. as a broker relative to the transactions contained this Credit Agreement.

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## CAPITALIZATION

(All 100% owned unless noted)	Shares Outstanding All Owned by EMHC
ARKANSAS 49, INC.	100
BORGER BROADCASTING, INC.	100
CENTRAL ARKANSAS PAYROLL COMPANY	300
DENVER BROADCASTING, INC.	1000
EBC ATLANTA, INC.	1000
EBC BUFFALO, INC.	1000
EBC DETROIT, INC.	1000
EBC HARRISON, INC.	1000
EBC JACKSONVILLE, INC.	1000
EBC KANSAS CITY, INC.	1000
EBC LOS ANGELES, INC.	1000
EBC MINNEAPOLIS, INC.	1000
EBC NASHVILLE, INC.	1000
EBC PANAMA CITY, INC.	1000
EBC PROVO, INC.	1000
EBC SCOTTSBLUFF, INC.	100
EBC SEATTLE, INC.	1000
EBC SOUTHWEST FLORIDA, INC.	1000
EBC ST. LOUIS, INC.	100
EBC SYRACUSE, INC.	1000
EBC WATERLOO, INC.	1000
FORT SMITH 46, INC.	100
EQUITY NEWS SERVICE, INC.	1000
LITTLE ROCK TV-14, LLC	50%
LOGAN 12, INC.	100
MARQUETTE BROADCASTING, INC.	100
MONTANA BROADCASTING GROUP, INC.	100
NEVADA CHANNEL 3, INC.	100
NEVADA CHANNEL 6, INC.	1000
NEWMONT BROADCASTING CORPORATION	100
PRICE BROADCASTING, INC.	100
PULLMAN BROADCASTING INC.	100
REP PLUS, INC.	100
RETRO PROGRAMMING SERVICES, INC.	1000
RIVER CITY BROADCASTING, INC.	100
ROSEBURG BROADCASTING, INC.	100
C.A.S.H. SERVICES, INC.	1000
SPINNER NETWORK SYSTEMS, LLC	4%
TV 34, INC.	100
VERNAL BROADCASTING, INC.	100
WOODWARD BROADCASTING, INC.	100
ARKANSAS TWISTERS, INC.	49%

EMHC has granted options to certain employees to acquire shares of EMHC.

Note: Stock ownership in parent previously provided. EMHC owns interests in certain other corporations listed as "Inactive Subsidiaries" on Schedule 4.02, all of which have no assets, are inactive or are in the process of being dissolved.

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**ENVIRONMENTAL COMPLIANCE**

None

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**REDUCTIONS TO FINANCIAL COVENANT LEVELS**

See attached.

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**EQUITY MEDIA HOLDINGS CORPORATION  
AND CERTAIN OF ITS SUBSIDIARIES**

**COMPLIANCE REPORT**

The undersigned \_\_\_\_\_ of **EQUITY MEDIA HOLDINGS CORPORATION**, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation) ("EMHC"), HEREBY CERTIFIES that:

This Report is furnished pursuant to **Section 6.05(c)** of the Third Amended and Restated Credit Agreement dated as of February 13, 2008, by and among EMHC and certain of its affiliates (collectively, "Borrowers" and individually, a "Borrower"), the Lenders party thereto, Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders (the "Agent"), and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders, as amended, restated, renewed, replaced, supplemented or otherwise modified from time to time (the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Report have the meanings assigned to them in the Credit Agreement.

As required by **Section/s/ 6.05(a) [and/or] (b)** of the Credit Agreement, the financial statements of the Borrowers for the [year/quarter] ended \_\_\_\_\_, 20\_\_ (the "Financial Statements"), prepared in accordance with generally accepted accounting principles, consistently applied, accompany this Report. The Financial Statements present fairly the financial position of the Borrowers as at the date thereof and their results of operations for the period covered thereby [(subject only to normal recurring year-end adjustments)].

Based on the Financial Statements provided with this Report [*and with the Reports previously furnished for the quarters ended \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_*], the figures set forth in **Exhibit A** hereto for determining compliance with the financial covenants contained in **Article V** of the Credit Agreement for the applicable reporting periods are true, complete and correct.

The activities of the Borrowers during the periods covered by such Financial Statements have been reviewed by the undersigned, as [\_\_\_\_\_] of the Borrowers, or by employees or agents under my immediate supervision. Based on such review, to the best knowledge and belief of the undersigned, and as of the date of this Report, no Default has occurred.

Without limiting the generality of the foregoing, the Borrowers are in compliance with the requirements of **Section 6.02** of the Credit Agreement regarding insurance coverage. The following policies [*were reviewed/took effect*] during the quarter ended \_\_\_\_\_:

[Insert information relating to new or renewed policies for the Borrowers, including dates and attaching insurance certificates with lender's loss payable endorsements.]

WITNESS my hand this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

**EQUITY MEDIA HOLDINGS  
CORPORATION**

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

Title:

The undersigned Borrowers consent to and agree  
with the foregoing.

**ARKANSAS 49, INC.**

**BORGER BROADCASTING, INC.**

**DENVER BROADCASTING, INC.**

**EBC HARRISON, INC.**

**EBC PANAMA CITY, INC.**

**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a**

**Hispanic News Network, Inc.**

**FORT SMITH 46, INC.**

**LOGAN 12, INC.**

**MARQUETTE BROADCASTING, INC.**

**NEVADA CHANNEL 3, INC.**

**NEWMONT BROADCASTING CORPORATION**

**PRICE BROADCASTING, INC.**

**PULLMAN BROADCASTING INC.**

**REP PLUS, INC.**

**RIVER CITY BROADCASTING, INC.**

**ROSEBURG BROADCASTING, INC.**

**TV 34, INC.**

**VERNAL BROADCASTING, INC.**

**WOODWARD BROADCASTING, INC.**

**EBC MINNEAPOLIS, INC.**

**EBC DETROIT, INC.**

**EBC BUFFALO, INC.**

**EBC WATERLOO, INC.**

**EBC ATLANTA, INC.**

**EBC SEATTLE, INC.**

**EBC KANSAS CITY, INC.**

**EBC SYRACUSE, INC.**

**NEVADA CHANNEL 6, INC.**

**EBC PROVO, INC.**

**EBC SOUTHWEST FLORIDA, INC.**

**EBC LOS ANGELES, INC.**

**C.A.S.H. SERVICES, INC. f/k/a Skyport**

**Services, Inc.**

**EBC NASHVILLE, INC**

**EBC JACKSONVILLE, INC.**

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

Name:

Title:

**[Wells Fargo Foothill/Equity Broadcasting Compliance Report]**

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**FINANCIAL COVENANTS**

**A. CAPITAL EXPENDITURES (Section 5.04)**

**1. MAXIMUM PERMITTED CAPITAL EXPENDITURES FOR THE FISCAL YEAR ENDED \_\_\_\_\_**

<u>Year Ending</u>	<u>Maximum Capital Expenditures</u>
December 31, 2008 and each year thereafter	\$6,250,000 on a consolidated basis in any calendar year thereafter; provided, however, that so long as no Event of Default shall then exist, Capital Expenditures permitted, but not made, in any fiscal year may be deferred and made in the subsequent fiscal year in addition to (and computed after the application of) permitted Capital Expenditures for such subsequent fiscal year specified above, provided, further, that no such deferred Capital Expenditures may be further deferred. Notwithstanding the foregoing, Capital Expenditures and Permitted Acquisitions which are either (i) funded solely by additional cash equity or (ii) not financed with the Loans and which are non-recourse to Borrowers and the Restricted Stations, shall not be treated as Capital Expenditures for the purposes of this <b>Section 5.04</b> .

**2. ACTUAL CAPITAL EXPENDITURES** \$ \_\_\_\_\_

**E. RESTRICTED PAYMENTS (Section 5.05)**

**1. DIVIDENDS AND DISTRIBUTIONS (See Attachment)**

*Please detail in an attached sheet each dividend and distribution (including Tax Distributions, distributions with respect to Preferred Stock, etc.)*

**F. MINIMUM REVENUES AND EBITDA (Section 5.06)**

**1. MINIMUM REVENUES AND EBITDA FOR THE PERIOD ENDED \_\_\_\_\_** *(Please circle appropriate amounts)*

Length of testing period (months):	For the period ending on:	Minimum Broadcasting Revenues to be not less than:	Minimum RTN Revenues to be not less than:	Minimum EBITDA to be not less than:
1	January 31, 2008	\$1,939,000	\$281,000	(\$2,183,000 )
2	February 29, 2008	3,879,000	561,000	(4,367,000 )
3	March 31, 2008	5,818,000	842,000	(6,550,000 )
4	April 30, 2008	8,180,000	1,705,000	(8,226,000 )
5	May 31, 2008	10,542,000	2,568,000	(9,902,000 )
6	June 30, 2008	12,905,000	3,431,000	(11,577,000 )
7	July 31, 2008	15,462,000	4,907,000	(12,647,000 )
8	August 31, 2008	18,019,000	6,382,000	(13,717,000 )
9	September 30, 2008	20,577,000	7,858,000	(14,787,000 )
10	October 31, 2008	23,291,000	9,757,000	(15,645,000 )
11	November 30, 2008	26,005,000	11,657,000	(16,504,000 )
12	December 31, 2008	28,719,000	13,557,000	(17,362,000 )
12	January 31, 2009	29,055,000	17,117,000	(14,729,000 )
12	February 28, 2009	29,390,000	20,678,000	(12,096,000 )
12	March 31, 2009	29,726,000	24,239,000	(9,463,000 )
12	April 30, 2009	30,135,000	27,929,000	(6,689,000 )
12	May 31, 2009	30,543,000	31,619,000	(3,915,000 )
12	June 30, 2009	30,952,000	35,309,000	(1,141,000 )
12	July 31, 2009	31,394,000	38,954,000	1,477,000
12	August 31, 2009	31,837,000	42,598,000	4,095,000
12	September 30, 2009	32,279,000	46,243,000	6,713,000
12	October 31, 2009	32,749,000	49,933,000	9,469,000
12	November 30, 2009	33,218,000	53,622,000	12,224,000
12	December 31, 2009	33,688,000	57,312,000	14,980,000
12	January 31, 2010	34,513,000	62,415,000	16,433,000
12	February 28, 2010	35,339,000	67,518,000	17,886,000
12	March 31, 2010	36,165,000	72,620,000	19,339,000
12	April 30, 2010	37,170,000	77,597,000	22,891,000
12	May 31, 2010	38,176,000	82,574,000	26,443,000
12	June 30, 2010	39,182,000	87,551,000	29,995,000
12	July 31, 2010	40,271,000	92,319,000	35,000,000
12	August 31, 2010	41,360,000	97,086,000	40,005,000
12	September 30, 2010	42,448,000	101,854,000	45,010,000
12	October 31, 2010	43,604,000	106,320,000	51,145,000
12	November 30, 2010	44,760,000	110,787,000	57,280,000
12	December 31, 2010	45,915,000	115,254,000	63,416,000
12	January 31, 2011	47,004,000	116,577,000	64,122,000

**2. ACTUAL BROADCASTING REVENUE EARNED FOR SUCH PERIOD:** \$ \_\_\_\_\_

**3. ACTUAL RTM REVENUE EARNED FOR SUCH PERIOD:** \$ \_\_\_\_\_

**4. ACTUAL EBITDA EARNED FOR SUCH PERIOD:** \$ \_\_\_\_\_

**INDEBTEDNESS****EQUITY MEDIA HOLDINGS  
CORPORATION  
INDEBTEDNESS**

<u>Lender/Lessor</u>	<u>Loan#</u> <u>Loan Date</u>	<u>Repayment terms</u>	<u>Mo. Pymt</u>	<u>Balance</u>
<b><u>Equity Media Holdings Corporation</u></b>				
Bankcorp South	2680000190826 11/14/2003	Monthly installments of \$486.19 including interest of at 6.25% with an 11/2008 balloon.	486.19	5,654.78
Wells Fargo Foothill, Inc./Silver Point Finance		Term loans & Revolving Line, Secured by various assets.		49,874,981.80
GMAC-Pinnacle Bank	24907593053 8/16/2005	Sixty monthly installments of \$1,037.22 until June 2010. Secured by an automobile.	1,037.22	31,829.73
Univision Communications, Inc. 5999 Center Drive Los Angeles, CA 90045		One year 7% interest only note due April 1, 2008. Secured by KUTF and K45GX		15,000,000.00
Citizens Bank	2663640	First mortgage on Fort Smith sales office	2,250.00	197,766.39
De Lage Landen Financial 1111 Old Eagle School Rd Wayne, PA 19087	MBS 7061	Six monthly payments of \$50 and 36 monthly payments of \$3,342. Interest at 8.41% secured by computer equipment and software	3,342.00	83,576.88
<b><u>Arkansas 49, Inc.</u></b>				
Bank of Little Rock 200 North State Street Little Rock, AR 72201	LOC 515106 12/18/2005	Monthly interest only payments at 7.5% balance due on 12/18/06 secured by stock pledge, equipment and EBC guarantee.		988,987.46
<b><u>Fort Smith 46, Inc.</u></b>				
Pharis Broadcasting 523 Garrison Avenue, Ste. 201 Fort Smith, AR 72901	1/4/2001	Monthly installment of \$3,117.24 including interest at 8.00% until December 31, 2008 when the remaining principal and interest is due. Noncompete Secured by satellite truck.	3,117.24	6,191.80

**EBC Waterloo, Inc.**

Valley Bank Davenport, Iowa	9/7/2004	Interest only for 18 months at 5.25% and then 60 monthly payments at prime plus 1.25% and a balloon		1,885,092.15
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**Denver Broadcasting, Inc./  
Hispanic News  
Network, Inc.**

Valley Bank Davenport, Iowa	80386 12/20/ 2003	Interest only for 18 months at 5.25% and then 60 monthly payments at prime plus 1.25% and a balloon		5,681,548.55
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**EBC Southwest Florida, Inc.**

Coloosa Television Corporation	Acq. Loan	Due 11/30/07		300,000.00
Bank of Little Rock	11/7/2007	Monthly installments of \$543 beginning 12/1/2007 at 8.5% secured by a van.	543.00	17,200.00

**Woodward Broadcasting, Inc.**

Bank of Little Rock 200 North State Street Little Rock, AR 72201	531096 2/1/ 2005	Thirty six payments of \$1,482.25 at 7% secured by vehicles	1,482.25	3,029.99
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**H&H Properties I, Ltd Partnership**

One Bank 300 West Capital Little Rock, AR 72201	Nov-04	Monthly installments of \$14,622 beginning 12/1/07 at 8.0% interest. Secured by corporate office building	13,320.00	1,649,908.37
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**CAPITAL LEASES****Equity Media Holdings Corporation**

City Business Machines P.O. Box 3855 Little Rock, AR 72203	LRG 0001	Thirty six monthly installments of \$1,369.	1,369.00	26,828.98
Kyocera Mita 1961 Hirst Drive Moberly, MO 65270	9012772212 1/1/2003	Monthly payments of \$2,132.50 at 7.75% until December 2007, secured by copiers and faxes	2,132.50	818.83
		Total		<u>\$76,840,915.71</u>

Balances as of November 30, 2007

**PERMITTED LIENS**

Liens reflected in lien searches obtained by Agent or as noted on Schedules 2.16 or 7.01.

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**TRANSACTIONS WITH AFFILIATES**

Except for those otherwise disclosed in the Credit Agreement or the schedules thereto, none.

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**PERMITTED AMENDMENTS TO ORGANIZATIONAL DOCUMENTS**

Amendment to EMHC Articles of Incorporation required pursuant to Section 6.11 of the Credit Agreement.

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**LOCAL MARKETING AGREEMENTS**

Time Brokerage Agreement, dated January 24, 1997, by and between Arkansas Media, LLC and assumed by Equity Broadcasting Corporation, as assigned to Equity Media Holdings Corporation, and Flinn Broadcasting Corporation, for the provision of programming to KWBF-FM (formerly KDRE-FM), 101.1 FM, North Little Rock, Arkansas. ("KDRE")

Time Brokerage Agreement, dated January 1, 2006, by and between EBC Syracuse, Inc. and Metro TV, Inc., for the provision of programming to WOBX-LP(CA), Channel 35, Syracuse, New York.

Agreement for the Sale of Commercial Time, dated August 15, 2003, by and between Montana Broadcasting Group, Inc. and Montana License Sub, Inc. and MMBG, LLC, for the purchase of advertising time by MMBG, LLC.

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ASSIGNMENT AND ACCEPTANCE

**THIS ASSIGNMENT AND ACCEPTANCE** (this "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between ("Assignor"), and \_\_\_\_\_ ("Assignee").

1. **Recitals.** (a) Assignor is a party to the Third Amended and Restated Credit Agreement dated as of February 13, 2008 (which, as the same has been and may from time to time be amended, modified, renewed, extended or restated, is hereinafter called the "Credit Agreement") among Equity Media Holdings Corporation, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation), and certain of its affiliates (collectively, "Borrowers", and each individually, a "Borrower"), certain Persons named therein as "Lenders" (each, a "Lender" and collectively, the "Lenders"), Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders (the "Agent"), and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders.

(b) Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

(c) Immediately prior to the assignment and assumption provided herein, Assignor's Commitments and its outstanding Loans are as specified in **Schedule A** attached hereto. Assignor desires to assign and delegate to Assignee, and Assignee desires to acquire and assume from Assignor, a portion (the "Purchased Percentage") of Assignor's Commitments and outstanding Loans and all related claims for interest and fees after the Effective Date (as defined below).

2. **Assignment.** For and in consideration of the assumption of obligations by Assignee set forth in **Section 3** hereof and the other consideration set forth herein, and effective as of \_\_\_\_\_, 20\_\_\_\_ which date is at least five (5) Business Days following the execution hereof (the "Effective Date"), Assignor does hereby sell, assign, transfer and convey all of its right, title and interest in and to, and does hereby delegate its obligations in respect of, the Purchased Percentage of (a) the Commitments of Assignor (as in effect on the Effective Date), (b) all Loans made by Assignor and outstanding on the Effective Date; and (c) the Credit Agreement and the other Loan Documents. Pursuant to **Article XIII** of the Credit Agreement, on and after the Effective Date, Assignee shall have the rights, benefits and obligations of a Lender under the Loan Documents with respect to the Purchased Percentage. After giving effect to the assignment and delegation provided herein, the respective Commitments and outstanding Loans of the parties hereto shall be as set forth on **Schedule A** hereto, which Schedule also contains certain additional information with respect to Assignee.

3. **Assumption.** For and in consideration of the assignment of rights by Assignor set forth in **Section 2** hereof and the other consideration set forth herein, and effective as of the Effective Date, Assignee does hereby accept the foregoing assignment of rights and delegation of obligations, and does hereby assume and covenant and agree fully, completely and timely to perform, comply with and discharge, each and all of the obligations, duties and liabilities of Assignor under the Credit Agreement, which are assigned and delegated to Assignee hereunder, which assumption includes, without limitation, the obligation to fund the unfunded portion of the Purchased Percentage of the Assignor's Commitment in accordance with the provisions set forth in the Credit Agreement. Assignee agrees to be bound by all provisions relating to the Lenders under, and as defined in, the Credit Agreement, including, without limitation, provisions relating to the dissemination of information and the payment of indemnification. From and after the Effective Date, Assignor is released from Assignor's obligations with respect to the Purchased Percentage.

4. **Fees; Etc.** Assignor and Assignee have made arrangements with respect to (a) the portion, if any, to be paid, and the date or dates for payment, by Assignor to Assignee of any fees heretofore received by Assignor pursuant to the Credit Agreement prior to the Effective Date and (b) the portion, if any, to be paid, and the date or dates for payment, by Assignee to Assignor of fees or interest received by Assignee pursuant to the Credit Agreement from and after the Effective Date.

5. **Payment Obligations.** On and after the Effective Date, Assignee shall be entitled to receive from Agent all payments of principal, interest and fees with respect to the Purchased Percentage (if any) of Assignor's respective Commitment and Loans. Assignee shall advance funds directly to the Agent with respect to all Loans made on or after the Effective Date. In consideration for the sale and assignment of Loans hereunder, (a) on the date of execution hereof, Assignee shall pay to the Agent the registration and processing fee referred to in paragraph **(b)(iv)** of **Article XIII** of the Credit Agreement, and (b) on the Effective Date, Assignee shall pay Assignor an amount equal to the Purchased Percentage (if any) of all Loans made by Assignor outstanding on the Effective Date or such other purchase price for the Purchased Percentage of the applicable Loans agreed to by Assignor and Assignee. On and after the Effective Date, Assignee will also remit to Assignor any amounts of interest on Loans and fees received from Agent which relate to the Purchased Percentage of the applicable Loans made by Assignor accrued for periods prior to the Effective Date. In the event that either party hereto receives any payment to which the other party hereto is entitled under this Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

6. **Representations and Certain Agreements.**

(a) **Assignee's Representations, Warranties and Agreements.** Assignee represents, warrants and agrees to and with Assignor as follows:

(i) Assignee has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under, and consummate the transactions contemplated by, this Agreement;

(ii) the making and performance by Assignee of this Agreement and all documents required to be executed and delivered by it hereunder do not and will not violate any law or regulation of the jurisdiction of its organization or any other law or regulation applicable to it;

(iii) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligations of the Assignee, enforceable against it in accordance with its terms;

(iv) all approvals and authorizations of, all filings with and all actions by any governmental or other administrative or judicial authority necessary for the validity or enforceability of Assignee's obligations under this Agreement have been obtained;

(v) Assignee has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the most recent financial statements and Compliance Report delivered pursuant to **Sections 6.05(a), (b), (c), (d) and (e)** thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement;

(vi) Assignee appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and

(vii) Assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender, including, without limitation, obligations to make Loans to the full amount of the portion of the Commitment acquired by Assignee.

(b) **Assignor's Representations and Warranties**. Assignor represents and warrants to Assignee as follows:

(i) Assignor has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under, and consummate the transactions contemplated by, this Agreement;

(ii) the making and performance by Assignor of this Agreement and all documents required to be executed and delivered by it hereunder do not and will not violate any law or regulation of the jurisdiction of its organization or any other law or regulation applicable to it;

(iii) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligations of Assignor, enforceable against it in accordance with its terms;

(iv) all approvals and authorizations of, all filings with and all actions by any governmental or other administrative or judicial authority necessary for the validity or enforceability of Assignor's obligations under this Agreement have been obtained;

(v) the amount of Assignor's Commitment and the aggregate outstanding principal amount of the Loans held by the Assignor are, on and as of the date of this Agreement (immediately prior to giving effect to the sale, assignment and transfer contemplated by **Section 2**), correctly set forth in **Schedule A** hereto; and

(vi) immediately prior to giving effect to the sale, assignment and transfer contemplated by **Section 2**, the Assignor has good title to, and is the sole legal and beneficial owner of, the Purchased Percentage, free and clear of all liens, security interests, participations and other encumbrances.

7. **Credit Determination; Limitations on Assignor's Liability.** It is understood and agreed that Assignee has independently made its own credit determinations and analysis based upon such information as Assignee deems sufficient to enter into the transaction contemplated hereby and not based on any statements or representations by Assignor and that it will, independently and without reliance upon Assignor, any other Lender or Agent 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 the Credit Agreement. It is understood and agreed that the assignment and assumption hereunder are made **WITHOUT RECOURSE** to Assignor and that Assignor makes no representation or warranty of any kind to Assignee (except as set forth in **Section 5(b)** above) and shall not be responsible for (a) the due execution, legality, validity, enforceability, genuineness, sufficiency, value or collectibility of the Credit Agreement or any other Loan Document, including without limitation, documents granting the Assignor and other Lenders a security interest in assets of the Borrowers or any of their Subsidiaries, (b) any representation, warranty or statement made in or in connection with any of the Loan Documents, (c) the financial condition or creditworthiness of the Borrowers or any of their Subsidiaries, (d) the performance or compliance with any of the terms or provisions of any of the Loan Documents, (e) inspecting any of the property, books or records of the Borrowers or (f) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Loans. Neither Assignor nor any of its officers, directors, employees, agents or attorneys shall be liable for any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents, except for its or their own gross negligence or willful misconduct.

8. **Indemnity.** Assignee agrees to indemnify and to hold harmless Assignor from and against any and all losses, costs, damages, expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by Assignor in connection with or arising in any manner from Assignee's performance or nonperformance of obligations assumed under this Agreement.

9. **Subsequent Assignments.** After the Effective Date, Assignee shall have the right to assign the rights which are assigned to Assignee hereunder to any entity or person, provided that (a) any such subsequent assignment does not violate any of the terms and conditions of the Loan Documents or any law, rule, regulation, order, writ, judgment, injunction or decree and that any consent required under the terms of the Loan Documents has been obtained and (b) Assignee is not thereby released from any of its obligations to Assignor hereunder.

10. **Governing Law.** This Agreement shall be governed by the internal law, and not the law of conflicts, of the State of New York.

11. **Notices.** Notices shall be given under this Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the addresses set forth under the parties' respective name(s) on the signature pages hereto.

12. **Further Assurances.** Assignor and Assignee hereby agree to execute and deliver such other instruments, and take such other actions, as either party may reasonably request in connection with the transaction contemplated by this Agreement.

13. **Expenses.** Each party hereto shall bear its own expenses in connection with the execution, delivery and performance of this Agreement.

14. **Amendment, Modification or Waiver.** No provision of this Agreement may be amended, modified or waived except by an instrument in writing signed by Assignor and Assignee.

15. **Jurisdiction; Venue.** Each of the parties hereto hereby submits to the exclusive jurisdiction of the State and Federal Courts located in Los Angeles County, California for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, any objective which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

16. **WAIVER OF JURY TRIAL.** EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be identical and all of which, taken together, shall constitute one instrument.

(The next page is the signature page.)

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**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement by their duly authorized officers as of the date first above written.

[ ]

By:

Name:

Title:

Address:

Telephone:

Telecopy:

[ ]

By:

Name:

Title:

Address:

Telephone:

Telecopy:

**ACCEPTED:**

**WELLS FARGO FOOTHILL, INC.,  
As Administrative Agent**

By: \_\_\_\_\_  
\_\_\_\_\_, Vice President

**SCHEDULE A  
TO ASSIGNMENT AND  
ACCEPTANCE AGREEMENT**

**LIST OF LENDING OFFICES, ADDRESSES  
FOR NOTICES AND COMMITMENT AND LOAN AMOUNTS**

**ASSIGNOR:**

*[Insert Name of Assignor]*

---

	Revolving Credit Commitment	Revolving Credit Loans	Term Loan A Commitment	Term Loans A	Term Loan B Commitment	Term Loans B
Amount	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Percentage	_____ %	_____ %	_____ %	_____ %	_____ %	_____ %

Following assignment of the Purchased Percentage, Assignor's portions of the Commitments and outstanding Loans will be as follows:

	Revolving Credit Commitment	Revolving Credit Loans	Term Loan A Commitment	Term Loans A	Term Loan B Commitment	Term Loans B
Revised Amount	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Revised Percentage	_____ %	_____ %	_____ %	_____ %	_____ %	_____ %

**ASSIGNEE:**

*[Insert Name of Assignee]*

---

	Revolving Credit Commitment	Revolving Credit Loans	Term Loan A Commitment	Term Loans A	Term Loan B Commitment	Term Loans B
Amount	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Percentage	_____ %	_____ %	_____ %	_____ %	_____ %	_____ %

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Following assignment of the Purchased Percentage, Assignee's respective portions of the respective Commitments and outstanding Loans will be as follows:

	Revolving Credit Commitment	Revolving Credit Loans	Term Loan A Commitment	Term Loans A	Term Loan B Commitment	Term Loans B
Revised Amount	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Revised Percentage	_____ %	_____ %	_____ %	_____ %	_____ %	_____ %

Address for Notices:

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telecopy: \_\_\_\_\_

Confirmation: \_\_\_\_\_

Domestic Lending Office:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**FORM OF SECURED REVOLVING CREDIT NOTE**  
**[ ] AMENDED AND RESTATED SECURED REVOLVING CREDIT NOTE**

Santa Monica, California

Dated as of \_\_\_\_, 200\_\_

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (collectively, the "**Borrowers**" and individually, a "**Borrower**"), hereby jointly and severally promise to pay to [ ], a [ ] [ ], with an address at [ ] (the "**Payee**"), the principal sum of [ ] **DOLLARS** (\$[ ]) or the aggregate unpaid principal amount of all advances made by the Payee to the Borrowers pursuant to Section 2.01(a) of that certain Third Amended and Restated Credit Agreement dated as of February 13, 2008, as the same may be amended, restated, renewed, replaced, supplemented or otherwise modified from time to time hereafter (the "**Credit Agreement**"), by and among the Borrowers, the Payee, the other Lenders referred to therein and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders, and Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders (with its successors and assigns in such capacity, the "**Collateral Agent**"), whichever amount is less, together with interest in arrears on any and all principal amounts outstanding and remaining unpaid hereunder from time to time from the date hereof until payment in full, payable on the dates and at the interest rate or rates specified in the Credit Agreement. Capitalized terms used in this Note without definition have the meanings assigned to them in the Credit Agreement.

The aggregate principal amount outstanding hereunder shall be payable as provided in Section 2.04 of the Credit Agreement. This Note may be prepaid in accordance with the terms and provisions of the Credit Agreement.

All principal and interest hereunder are payable in lawful money of the United States of America to the Payee c/o the Collateral Agent at its address specified in the Credit Agreement in immediately available funds as provided in the Credit Agreement on the dates on which such payments shall become due. Payments of principal and interest hereunder which are not made by such dates may be made by debiting the deposit account(s), if any, in the names of the respective Borrower with the Collateral Agent. Each Borrower hereby irrevocably authorizes the Collateral Agent to so debit such deposit account(s).

Subject to the terms and conditions of the Credit Agreement and all other instruments or agreements evidencing or securing the indebtedness hereunder, the Borrowers, for themselves and their respective legal representatives, to the extent they may lawfully do so, hereby expressly waive presentment, demand, protest, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws, and consent that the Collateral Agent or the Lenders may release or surrender, exchange or substitute any personal property or other collateral security now held or which may hereafter be held as security for the payment of this Note, and may extend the time for payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby to the extent provided in the Credit Agreement without in any way affecting the liability of the Borrowers.

This Note is one of the "**Revolving Credit Notes**" referred to in, and is entitled to the benefits of, the Credit Agreement (including Schedules thereto) and all other instruments and agreements evidencing and/or securing the indebtedness hereunder, which Credit Agreement and other instruments and agreements are hereby made part of this Note and are deemed incorporated herein in full. The occurrence or existence of an Event of Default shall constitute a default under this Note and shall entitle the Payee to accelerate the entire indebtedness hereunder and to take such other action as may be provided for in the Credit Agreement or any other instrument or agreement evidencing and/or securing this Note, all in accordance with the terms of the Credit Agreement.

All agreements between or among the Borrowers, the Collateral Agent and any Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness or otherwise, shall the amount paid or agreed to be paid for the use or forbearance of the indebtedness evidenced hereby exceed the maximum amount which the Payee or any other Lender is permitted to receive under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Credit Agreement, at the time performance of such provision shall be due, shall involve exceeding such amount, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if, from any circumstances, the Payee or any other Lender should ever receive as interest an amount which would exceed such maximum amount, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. This provision shall control every other provision of all agreements between or among the Borrowers, the Collateral Agent, and each Lender.

**This Note and all transactions hereunder and/or evidenced herein shall be construed in accordance with and governed by the internal laws of the State of California applicable to contracts made and performed in said State.**

If this Note shall not be paid when due and shall be placed by the holder hereof in the hands of any attorney for collection, through legal proceedings or otherwise, the Borrowers hereby jointly and severally agree to pay reasonable attorneys' fees to the holder hereof together with reasonable costs and expenses of collection, including, without limitation, any such attorneys' fees, costs and expenses relating to any proceedings with respect to the bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of any Borrower or any party (other than the Payee or any other Lender) to any instrument or agreement securing this Note.

This Note amends, restates, modifies, and replaces, but does not extinguish the indebtedness evidenced by, that [ ] executed by Borrowers payable to the order of Payee, and all liens and pledges securing such indebtedness are hereby reaffirmed and continued.

IN WITNESS WHEREOF, each Borrower has caused this Second Amended and Restated Secured Revolving Credit Note to be executed under seal by its duly authorized representative as of the date first above written.

**EQUITY MEDIA HOLDINGS CORPORATION**

**ARKANSAS 49, INC.**

**BORGER BROADCASTING, INC.**

**DENVER BROADCASTING, INC.**

**EBC HARRISON, INC.**

**EBC PANAMA CITY, INC.**

**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a**

**Hispanic News Network, Inc.**

**FORT SMITH 46, INC.**

**LOGAN 12, INC.**

**MARQUETTE BROADCASTING, INC.**

**NEVADA CHANNEL 3, INC.**

**NEWMONT BROADCASTING CORPORATION**

**PRICE BROADCASTING, INC.**

**PULLMAN BROADCASTING INC.**

**REP PLUS, INC.**

**RIVER CITY BROADCASTING, INC.**

**ROSEBURG BROADCASTING, INC.**

**TV 34, INC.**

**VERNAL BROADCASTING, INC.**

**WOODWARD BROADCASTING, INC.**

**EBC MINNEAPOLIS, INC.**

**EBC DETROIT, INC.**

**EBC BUFFALO, INC.**

**EBC WATERLOO, INC.**

**EBC ATLANTA, INC.**

**EBC SEATTLE, INC.**

**EBC KANSAS CITY, INC.**

**EBC SYRACUSE, INC.**

**NEVADA CHANNEL 6, INC.**

**EBC PROVO, INC.**

**EBC SOUTHWEST FLORIDA, INC.**

**EBC LOS ANGELES, INC.**

**C.A.S.H. SERVICES, INC. f/k/a Skyport**

**Services, Inc.**

**EBC NASHVILLE, INC**

**EBC JACKSONVILLE, INC.**

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

James H. Hearnberger, Vice President of each

STATE OF ARKANSAS

COUNTY OF PULASKI

On \_\_\_\_, 20\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared James H. Hearnberger , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_

Notary Public

My Commission Expires:

\_\_\_\_\_

[SEAL]

\_\_\_\_\_

**FORM OF SECURED PROMISSORY NOTE A**  
**AMENDED AND RESTATED SECURED PROMISSORY NOTE (TERM LOAN A)**

Santa Monica, California

Dated as of \_\_\_\_\_, 200\_

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (collectively, the "**Borrowers**" and individually, a "**Borrower**"), hereby jointly and severally promise to pay to [ ], a [ ], with an address at [ ] (the "**Payee**"), the principal sum of [ ] **DOLLARS** (\$[ ]) or the aggregate unpaid principal amount of all advances made by the Payee to the Borrowers pursuant to Section 2.01(c) of that certain Third Amended and Restated Credit Agreement dated as of February 13, 2008, as the same may be amended, restated, renewed, replaced, supplemented or otherwise modified from time to time hereafter (the "**Credit Agreement**"), by and among the Borrowers, the Payee, the other Lenders referred to therein and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders, and Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders (with its successors and assigns in such capacity, the "**Collateral Agent**"), whichever amount is less, together with interest in arrears on any and all principal amounts outstanding and remaining unpaid hereunder from time to time from the date hereof until payment in full, payable on the dates and at the interest rate or rates specified in the Credit Agreement. Capitalized terms used in this Note without definition have the meanings assigned to them in the Credit Agreement.

The aggregate principal amount outstanding hereunder shall be payable as provided in Section 2.04 of the Credit Agreement. This Note may be prepaid only in accordance with the terms and provisions of the Credit Agreement.

All principal and interest hereunder are payable in lawful money of the United States of America to the Payee c/o the Collateral Agent at its address specified in the Credit Agreement in immediately available funds as provided in the Credit Agreement on the dates on which such payments shall become due. Payments of principal and interest hereunder which are not made by such dates may be made by debiting the deposit account(s), if any, in the names of the respective Borrower with the Collateral Agent. Each Borrower hereby irrevocably authorizes the Collateral Agent to so debit such deposit account(s).

Subject to the terms and conditions of the Credit Agreement and all other instruments or agreements evidencing or securing the indebtedness hereunder, the Borrowers, for themselves and their respective legal representatives, to the extent they may lawfully do so, hereby expressly waive presentment, demand, protest, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws, and consent that the Collateral Agent or the Lenders may release or surrender, exchange or substitute any personal property or other collateral security now held or which may hereafter be held as security for the payment of this Note, and may extend the time for payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby to the extent provided in the Credit Agreement without in any way affecting the liability of the Borrowers.

This Note is one of the "**Term Loan A Notes**" referred to in, and is entitled to the benefits of, the Credit Agreement (including Schedules thereto) and all other instruments and agreements evidencing and/or securing the indebtedness hereunder, which Credit Agreement and other instruments and agreements are hereby made part of this Note and are deemed incorporated herein in full. The occurrence or existence of an Event of Default shall constitute a default under this Note and shall entitle the Payee to accelerate the entire indebtedness hereunder and to take such other action as may be provided for in the Credit Agreement or any other instrument or agreement evidencing and/or securing this Note, all in accordance with the terms of the Credit Agreement.

All agreements between or among the Borrowers, the Collateral Agent and any Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness or otherwise, shall the amount paid or agreed to be paid for the use or forbearance of the indebtedness evidenced hereby exceed the maximum amount which the Payee or any other Lender is permitted to receive under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Credit Agreement, at the time performance of such provision shall be due, shall involve exceeding such amount, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if, from any circumstances, the Payee or any other Lender should ever receive as interest an amount which would exceed such maximum amount, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. This provision shall control every other provision of all agreements between or among the Borrowers, the Collateral Agent, and each Lender.

**This Note and all transactions hereunder and/or evidenced herein shall be construed in accordance with and governed by the internal laws of the State of California applicable to contracts made and performed in said State.**

If this Note shall not be paid when due and shall be placed by the holder hereof in the hands of any attorney for collection, through legal proceedings or otherwise, the Borrowers hereby jointly and severally agree to pay reasonable attorneys' fees to the holder hereof together with reasonable costs and expenses of collection, including, without limitation, any such attorneys' fees, costs and expenses relating to any proceedings with respect to the bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of any Borrower or any party (other than the Payee or any other Lender) to any instrument or agreement securing this Note.

This Note amends, restates, modifies, and replaces, but does not extinguish the indebtedness evidenced by, that certain [ ] executed by Borrowers payable to the order of Payee, and all liens and pledges securing such indebtedness are hereby reaffirmed and continued.

This Note shall become effective upon acceptance of this Note by the Collateral Agent on behalf of the Payee in Santa Monica, California. Borrowers hereby waive notice of acceptance hereof by Payee and Collateral Agent.

IN WITNESS WHEREOF, each Borrower has caused this Secured Promissory Note to be executed under seal by its duly authorized representative as of the date first above written.

**EQUITY MEDIA HOLDINGS CORPORATION**

**ARKANSAS 49, INC.**

**BORGER BROADCASTING, INC.**

**DENVER BROADCASTING, INC.**

**EBC HARRISON, INC.**

**EBC PANAMA CITY, INC.**

**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a**

**Hispanic New Network, Inc.**

**FORT SMITH 46, INC.**

**LOGAN 12, INC.**

**MARQUETTE BROADCASTING, INC.**

**NEVADA CHANNEL 3, INC.**

**NEWMONT BROADCASTING CORPORATION**

**PRICE BROADCASTING, INC,**

**PULLMAN BROADCASTING, INC.**

**REP PLUS, INC.**

**RIVER CITY BROADCASTING, INC.**

**ROSEBURG BROADCASTING, INC.**

**SHAWNEE BROADCASTING, INC.**

**TV 34, INC.**

**VERNAL BROADCASTING, INC.**

**WOODWARD BROADCASTING, INC.**

**EBC MINNEAPOLIS, INC.**

**EBC DETROIT, INC.**

**EBC BUFFALO, INC.**

**EBC WATERLOO, INC.**

**EBC ATLANTA, INC.**

**EBC SEATTLE, INC.**

**EBC KANSAS CITY, INC.**

**NEVADA CHANNEL 6, INC.**

**EBC PROVO, INC.**

**EBC SOUTHWEST FLORIDA, INC.**

**EBC LOS ANGELES, INC.**

**C.A.S.H. SERVICES, INC. f/k/a Skyport**

**Services, Inc.**

**EBC NASHVILLE, INC.**

**EBC JACKSONVILLE, INC.**

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

James H. Hearnberger, Vice President of each

STATE OF ARKANSAS

COUNTY OF PULASKI

On \_\_\_ \_\_\_, 200\_, before me, \_\_\_\_\_, a Notary Public, personally appeared James H. Hearnberger, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the persons, or the entities upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

[SEAL]

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**FORM OF SECURED PROMISSORY NOTE B**  
**AMENDED AND RESTATED SECURED PROMISSORY NOTE (TERM LOAN B)**

Santa Monica, California

Dated as of \_\_\_\_\_, 200\_

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (collectively, the "**Borrowers**" and individually, a "**Borrower**"), hereby jointly and severally promise to pay to [ ], a [ ] [ ], with an address at [ ] (the "**Payee**"), the principal sum of [ ] **DOLLARS** (\$[ ]) or the aggregate unpaid principal amount of all advances made by the Payee to the Borrowers pursuant to Section 2.01(c) of that certain Third Amended and Restated Credit Agreement dated as of February 13, 2008, as the same may be amended, restated, renewed, replaced, supplemented or otherwise modified from time to time hereafter (the "**Credit Agreement**"), by and among the Borrowers, the Payee, the other Lenders referred to therein and Silver Point Finance, LLC, as Administrative Agent and Documentation Agent for the Lenders, and Wells Fargo Foothill, Inc., as Collateral Agent for the Lenders (with its successors and assigns in such capacity, the "**Collateral Agent**"), whichever amount is less, together with interest in arrears on any and all principal amounts outstanding and remaining unpaid hereunder from time to time from the date hereof until payment in full, payable on the dates and at the interest rate or rates specified in the Credit Agreement. Capitalized terms used in this Note without definition have the meanings assigned to them in the Credit Agreement.

The aggregate principal amount outstanding hereunder shall be payable as provided in Section 2.04 of the Credit Agreement. This Note may be prepaid only in accordance with the terms and provisions of the Credit Agreement.

All principal and interest hereunder are payable in lawful money of the United States of America to the Payee c/o the Collateral Agent at its address specified in the Credit Agreement in immediately available funds as provided in the Credit Agreement on the dates on which such payments shall become due. Payments of principal and interest hereunder which are not made by such dates may be made by debiting the deposit account(s), if any, in the names of the respective Borrower with the Collateral Agent. Each Borrower hereby irrevocably authorizes the Collateral Agent to so debit such deposit account(s).

Subject to the terms and conditions of the Credit Agreement and all other instruments or agreements evidencing or securing the indebtedness hereunder, the Borrowers, for themselves and their respective legal representatives, to the extent they may lawfully do so, hereby expressly waive presentment, demand, protest, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws, and consent that the Collateral Agent or the Lenders may release or surrender, exchange or substitute any personal property or other collateral security now held or which may hereafter be held as security for the payment of this Note, and may extend the time for payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced hereby to the extent provided in the Credit Agreement without in any way affecting the liability of the Borrowers.

This Note is one of the "**Term Loan B Notes**" referred to in, and is entitled to the benefits of, the Credit Agreement (including Schedules thereto) and all other instruments and agreements evidencing and/or securing the indebtedness hereunder, which Credit Agreement and other instruments and agreements are hereby made part of this Note and are deemed incorporated herein in full. The occurrence or existence of an Event of Default shall constitute a default under this Note and shall entitle the Payee to accelerate the entire indebtedness hereunder and to take such other action as may be provided for in the Credit Agreement or any other instrument or agreement evidencing and/or securing this Note, all in accordance with the terms of the Credit Agreement.

All agreements between or among the Borrowers, the Collateral Agent and any Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness or otherwise, shall the amount paid or agreed to be paid for the use or forbearance of the indebtedness evidenced hereby exceed the maximum amount which the Payee or any other Lender is permitted to receive under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of the Credit Agreement, at the time performance of such provision shall be due, shall involve exceeding such amount, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if, from any circumstances, the Payee or any other Lender should ever receive as interest an amount which would exceed such maximum amount, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. This provision shall control every other provision of all agreements between or among the Borrowers, the Collateral Agent, and each Lender.

**This Note and all transactions hereunder and/or evidenced herein shall be construed in accordance with and governed by the internal laws of the State of California applicable to contracts made and performed in said State.**

If this Note shall not be paid when due and shall be placed by the holder hereof in the hands of any attorney for collection, through legal proceedings or otherwise, the Borrowers hereby jointly and severally agree to pay reasonable attorneys' fees to the holder hereof together with reasonable costs and expenses of collection, including, without limitation, any such attorneys' fees, costs and expenses relating to any proceedings with respect to the bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of any Borrower or any party (other than the Payee or any other Lender) to any instrument or agreement securing this Note.

This Note amends, restates, modifies, and replaces, but does not extinguish the indebtedness evidenced by, that certain [ ] executed by Borrowers payable to the order of Payee, and all liens and pledges securing such indebtedness are hereby reaffirmed and continued.

This Note shall become effective upon acceptance of this Note by the Collateral Agent on behalf of the Payee in Santa Monica, California. Borrowers hereby waive notice of acceptance hereof by Payee and Collateral Agent.

IN WITNESS WHEREOF, each Borrower has caused this Secured Promissory Note to be executed under seal by its duly authorized representative as of the date first above written.

**EQUITY MEDIA HOLDINGS CORPORATION**

**ARKANSAS 49, INC.**

**BORGER BROADCASTING, INC.**

**DENVER BROADCASTING, INC.**

**EBC HARRISON, INC.**

**EBC PANAMA CITY, INC.**

**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a**

**Hispanic New Network, Inc.**

**FORT SMITH 46, INC.**

**LOGAN 12, INC.**

**MARQUETTE BROADCASTING, INC.**

**NEVADA CHANNEL 3, INC.**

**NEWMONT BROADCASTING CORPORATION**

**PRICE BROADCASTING, INC,**

**PULLMAN BROADCASTING, INC.**

**REP PLUS, INC.**

**RIVER CITY BROADCASTING, INC.**

**ROSEBURG BROADCASTING, INC.**

**TV 34, INC.**

**VERNAL BROADCASTING, INC.**

**WOODWARD BROADCASTING, INC.**

**EBC MINNEAPOLIS, INC.**

**EBC DETROIT, INC.**

**EBC BUFFALO, INC.**

**EBC WATERLOO, INC.**

**EBC ATLANTA, INC.**

**EBC SEATTLE, INC.**

**EBC KANSAS CITY, INC.**

**NEVADA CHANNEL 6, INC.**

**EBC PROVO, INC.**

**EBC SOUTHWEST FLORIDA, INC.**

**EBC LOS ANGELES, INC.**

**C.A.S.H. SERVICES, INC. f/k/a Skyport**

**Services, Inc.**

**EBC NASHVILLE, INC.**

**EBC JACKSONVILLE, INC.**

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

James H. Hearnberger, Vice President of each

STATE OF ARKANSAS

COUNTY OF PULASKI

On \_\_\_\_ \_\_\_\_, 200\_, before me, \_\_\_\_\_, a Notary Public, personally appeared James H. Hearnberger, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the persons, or the entities upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

[SEAL]

**FORM OF JOINDER AGREEMENT**  
**JOINDER AGREEMENT**

**THIS JOINDER AGREEMENT** (this "Agreement") is dated as of \_\_\_\_\_, 20\_\_ among [Name of New Borrower], a [] (the "New Borrower"), and **WELLS FARGO FOOTHILL, INC.**, as collateral agent (in such capacity, together with its successors and assigns in such capacity, the "Agent") on behalf of the financial institutions which are or which become Lenders under, and as defined in, the Credit Agreement referred to below (collectively, the "Secured Parties").

**RECITALS**

A. **EQUITY MEDIA HOLDINGS CORPORATION**, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation), certain of its affiliates (collectively, the "Borrowers"), the Agent and certain of the Secured Parties are parties to a Third Amended and Restated Credit Agreement dated as of February 13, 2008 (as amended, restated, renewed, replaced, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein without definition have the meanings assigned to them in Credit Agreement.

B. Certain of the Borrowers, the Agent and certain of the Secured Parties are parties to several Security and Pledge Agreements dated as November 27, 2002, August 15, 2003 or June 29, 2004 (as the same may be amended, restated, renewed, replaced, supplemented or otherwise modified from time to time, the "Security Agreements") pursuant to which the Borrowers granted to the Secured Parties and the Agent the liens and security interests contemplated thereby.

C. The Borrowers, the Agent and the Secured Parties are also parties to a Second Amended and Restated Affiliate Subordination Agreement dated as of February 13, 2008 (as the same may be amended, restated, renewed, replaced, supplemented or otherwise modified from time to time, the "Subordination Agreement") providing that all Subordinated Indebtedness (as defined in the Subordination Agreement) shall at all times be, subordinate and junior to all Senior Indebtedness (as defined in the Subordination Agreement) to the extent and in the manner set forth therein.

D. It is a condition to the Secured Parties' willingness to continue to provide to the Borrowers the financing contemplated by the Credit Agreement to the Borrowers that the New Borrower shall agree to (i) become a party to, and a Borrower under, the Credit Agreement for all purposes, (ii) grant to the Secured Parties and the Agent the liens and security interests contemplated thereby by executing a Security Agreement; and (iii) become a party to the Subordination Agreement.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. **Joinder**. The New Borrower hereby, jointly and severally with the other Borrowers, assumes payment and performance of all Obligations and agrees to be bound by all of the liabilities and obligations which bind the Borrowers under the Credit Agreement and other Loan Documents whether now existing or hereafter arising and whether or not currently contemplated, and agrees fully, completely and timely to perform, comply with and discharge each and all of the covenants, promises, obligations, duties and liabilities of the Borrowers under the Credit Agreement. Therefore, the New Borrower hereby joins in the execution of and agrees to be bound by, and is hereby deemed a "Borrower" under and party to, (i) the Credit Agreement and all "Notes" as defined in the Credit Agreement, as one of the "Borrowers" thereunder for all purposes thereof, and in furtherance of and not in limitation of the foregoing, hereby jointly and severally with the other "Borrowers" thereunder unconditionally and irrevocably assumes the due and punctual payment and performance by the Borrowers of all of their indebtedness, liabilities and obligations to the Secured Parties and the Agent under the Credit Agreement and such Notes as if it was an original signatory thereof; and (ii) the Subordination Agreement as one of the "Borrowers" and "Subordinated Lenders" thereunder for all purposes thereof and in accordance with the terms and conditions set forth therein.

2. **Grant of Security Interest**. In order to secure the performance of the Obligations, the New Borrower hereby agrees to execute and deliver to Agent for the Lender's benefit a Security Agreement and all other Security Documents required by the Credit Agreement.

3. **Representations and warranties of the New Borrower**. The New Borrower hereby represents and warrants to and with the Agent and the Lenders as follows:

(a) New Borrower has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under, and consummate the transactions contemplated by, this Agreement.

(b) The making and performance by the New Borrower of this Agreement and all agreements contemplated hereby do not and will not violate any law or regulation of the jurisdiction of its organization or any other law or regulation applicable to the New Borrower.

(c) This Agreement and all agreements contemplated hereby have been duly executed and delivered by the New Borrower and constitute the legal, valid and binding obligations of the New Borrower, enforceable against it in accordance with its terms.

(d) All approvals and authorizations of, all filings with and all actions by any Governmental Authority necessary for the validity or enforceability of the obligations of the New Borrower under this Agreement and all agreements contemplated hereby have been obtained.

4. **Notices**. Notices shall be given to the New Borrower at Equity Broadcasting Corporation's address, as set forth in the Credit Agreement.

5. **No Further Amendments**. Except for the amendments set forth herein or otherwise set forth in any agreement signed by the Lenders and dated the date hereof, the Credit Agreement and the Loan Documents shall remain unchanged and in full force and effect.

6. **Miscellaneous.** (a) This Agreement shall be governed by and construed in accordance with the laws of the State of N applicable to contracts made and performed in said state. It is intended that this Agreement shall take effect as a sealed instrument.

(b) This Agreement may be executed by the parties hereto in several counterparts hereof and by the different parties hereto on separate counterparts hereof, each of which shall be an original and all of which shall together constitute one and the same agreement. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as an in hand delivery of an original executed counterpart hereof.

**\*The Next Page is the Signature Page\***

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as a sealed instrument by their duly authorized representatives, all as of the day and year first above written.

**NEW BORROWER:**

[ ]

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

Name:

Title:

**THE AGENT:**

**WELLS FARGO FOOTHILL, INC.**

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

Name:

Title:

The undersigned Borrowers hereby consent to and accept the foregoing Joinder Agreement.

**EQUITY MEDIA HOLDINGS CORPORATION**

**ARKANSAS 49, INC.**

**BORGER BROADCASTING, INC.**

**DENVER BROADCASTING, INC.**

**EBC HARRISON, INC.**

**EBC PANAMA CITY, INC.**

**EBC SCOTTSBLUFF, INC.**

**EQUITY NEWS SERVICES, INC., f/k/a**

**Hispanic News Network, Inc.**

**FORT SMITH 46, INC.**

**LOGAN 12, INC.**

**MARQUETTE BROADCASTING, INC.**

**NEVADA CHANNEL 3, INC.**

**NEWMONT BROADCASTING CORPORATION**

**PRICE BROADCASTING, INC.**

**PULLMAN BROADCASTING INC.**

**REP PLUS, INC.**

**RIVER CITY BROADCASTING, INC.**

**ROSEBURG BROADCASTING, INC.**

**TV 34, INC.**

**VERNAL BROADCASTING, INC.**

**WOODWARD BROADCASTING, INC.**

**EBC MINNEAPOLIS, INC.**

**EBC DETROIT, INC.**

**EBC BUFFALO, INC.**

**EBC WATERLOO, INC.**

**EBC ATLANTA, INC.**



**EBC SEATTLE, INC.**

**EBC KANSAS CITY, INC.**

**EBC SYRACUSE, INC.**

**NEVADA CHANNEL 6, INC.**

**EBC PROVO, INC.**

**EBC SOUTHWEST FLORIDA, INC.**

**EBC LOS ANGELES, INC.**

**C.A.S.H. SERVICES, INC. f/k/a Skyport  
Services, Inc.**

**EBC NASHVILLE, INC.**

**EBC JACKSONVILLE, INC.**

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

Name: James H. Hearnberger

Title: Vice President of each

**SILVER POINT FINANCE, LLC**

Two Greenwich Plaza  
Greenwich, CT 06830

Dated as of February 13, 2008

Equity Media Holdings Corporation, as Borrower Representative  
1 Shackleford Drive, Suite 400  
Little Rock, Arkansas 72111  
Attention: Larry E. Morton, President  
Fax No.: (501) 221-1101

Re: Third Amended and Restated Credit Agreement of even date herewith (as amended, supplemented and joined, the "Credit Agreement") among **EQUITY MEDIA HOLDINGS CORPORATION**, as successor by merger to Equity Broadcasting Corporation ("EMHC"), certain of EMHC's affiliates (together with EMHC, "Borrowers"), **SILVER POINT FINANCE, LLC**, as administrative agent and documentation agent (in such capacity, "Administrative Agent"), **WELLS FARGO FOOTHILL, INC.**, as collateral agent (in such capacity, "Collateral Agent", and together with Administrative Agent, the "Agents"), and the lenders that are from time to time parties thereto (each a "Lender" and collectively the "Lenders").

Ladies and Gentlemen:

Unless otherwise indicated, all capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

**I. Required Dispositions.**

(a) Within the time frames set forth in the chart below, Borrowers shall deliver to Agents, and maintain in full force and effect through closing thereunder, executed bona fide purchase agreements with third parties for Dispositions of Stations that will generate, in the aggregate, minimum Net Cash Proceeds as follows:

Within:	Minimum Aggregate Net Cash Proceeds:
Forty-five (45) days after the Closing Date	\$7,500,000
Four (4) months after the Closing Date	\$10,000,000
Seven (7) months after the Closing Date	\$20,000,000
Ten (10) months after the Closing Date	\$30,000,000

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(b) Within the time frames set forth in the chart below, Borrowers shall close on Dispositions of Stations that will generate, in the aggregate, minimum Net Cash Proceeds as follows:

Within:	Minimum Aggregate Net Cash Proceeds:
Six (6) months after the Closing Date	\$7,500,000
Nine (9) months after the Closing Date	\$10,000,000
Eleven (11) months after the Closing Date	\$20,000,000
Thirteen (13) months after the Closing Date	\$30,000,000

(c) Notwithstanding the time periods set forth herein, Borrowers will not be in violation of this **Section I** if a delay in closing Dispositions (other than Permitted Dispositions) required to meet the benchmarks set forth above is due solely to either: (i) the Required Lenders' failure to respond to Borrowers' request for consent to such Dispositions prior to the proposed closing date thereof; or (ii) the Administrative Agent requests an updated appraisal in connection with an adjustment to the Sale Amount during the first five (5) Business Days after the execution of a bona fide letter of intent with respect to such Disposition is accordance with **Section 2.18(a)(i)** of the Credit Agreement. In either situation, the right of Borrowers to extend the deadlines set forth in paragraphs (a) and (b) above shall be limited to the delay caused solely by the Required Lenders' failure to respond to Borrowers' request for consent to the Disposition described in (i) above or the number of days it takes for a the Administrative Agent to receive a revised appraisal pursuant to (ii) above.

(d) Proceeds of the Dispositions required by this **Section I** will be applied pursuant to **Section 2.05(b)** of the Credit Agreement.

**II. Disposition of KWBF-TV.** Upon receipt by Borrowers, Borrowers shall accept any bona fide written offer to sell KWBF-TV (Little Rock, Arkansas) for no less than an amount that would result in Net Cash Proceeds of at least \$8,000,000; provided that the terms and conditions of any such offer shall otherwise be reasonably acceptable to Borrowers.

**III. Financial Officers.** Borrowers shall, at any time after March 28, 2008 upon the Required Lenders' or Administrative Agent's request, hire a financial advisor and/or chief restructuring officer at Borrowers' cost and expense, provided, that such date shall be extended to April 30, 2008 if EMHC issues additional Equity Securities or Indebtedness permitted by the Credit Agreement and receives cash proceeds of \$5,000,000 in exchange therefor prior to March 28, 2008. Such financial advisor and/or chief restructuring officer shall be selected and hired by EMHC, shall be reasonably acceptable to Agents and shall have duties and rights reasonably satisfactory to Agents.

**IV. Cash Flow Forecasts and Covenants.** Prior to the Closing Date, Borrowers shall have delivered to Agents and Lenders a 13-week cash flow forecast in the form of **Exhibit A** (beginning on the Closing Date). On the first (1<sup>st</sup>) Business Day of each calendar week thereafter, Borrowers shall deliver to Agents an updated 13-week cash flow forecast which includes one additional week into the future than the previous week's forecast and the same next 12-week forecast as in the prior week's cash flow forecast, each in the form of **Exhibit A** based on Borrowers' reasonable cash flow projections, and each showing projected cash flow for the next thirteen (13) weeks as well as a historical comparison of actual performance to projected performance based on the previously submitted 13-week cash flow forecasts. Borrowers shall maintain a minimum cumulative cash flow for each date listed under "Week Ending" in the amount set forth on **Exhibit A** under the heading "Covenant". For the purposes hereof, "minimum cumulative cash flow" shall be determined by aggregating the "Net Change" for each testing date with each of the previous week's "Net Change" listings, each as set forth on **Exhibit A**. This cash flow covenant shall be tested weekly upon the delivery of each 13-week cash flow forecast required pursuant to this **Section IV**.

**V. Release of Reserve.** On the second (2<sup>nd</sup>) Business Day of each calendar week following the "Week Ending" date set forth on **Exhibit A**, Agents and Lenders shall release funds from the Reserve (as defined in the Credit Agreement) in an amount equal to the "Amount Released" corresponding with such "Week Ending" date on **Exhibit A** hereto so long as sufficient funds remain in the Reserve and no Default or Event of Default has occurred hereunder, under the Credit Agreement or under any of the Loan Documents.

**VI. Miscellaneous Provisions.**

(a) THIS LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THAT REQUIRE OR PERMIT APPLICATION OF THE LAWS OF ANY OTHER STATE OR JURISDICTION.

(b) Borrowers acknowledge and agree that, a failure to comply in all respects with the terms of this letter shall constitute an Event of Default under the Credit Agreement and the other Loan Documents.

(c) This letter shall, for all purposes, constitute a Loan Document.

(d) This letter may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

(e) Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

(f) By signing this letter, Borrowers agree to be bound by the terms and conditions hereof.

(Signatures begin on the next page.)

Very truly yours,

**WELLS FARGO FOOTHILL, INC.**, as Collateral Agent and a Lender

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

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

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

**SILVER POINT FINANCE, LLC**, as Administrative Agent and Documentation Agent

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

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

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

**SPF CDO I, LTD.**, as a Lender

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

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

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

**SPCP GROUP, LLC**, as a Lender

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

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

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

**FIELD POINT III, LTD.**, as a Lender

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

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

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

**FIELD POINT IV, LTD.**, as a Lender

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

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

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

Accepted and agreed as of the day and year first above written.

BORROWERS:

EQUITY MEDIA HOLDINGS CORPORATION

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

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

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

ARKANSAS 49, INC.

BORGER BROADCASTING, INC.

DENVER BROADCASTING, INC.

EBC HARRISON, INC.

EBC PANAMA CITY, INC.

EBC POCATELLO, INC.

EBC SCOTTSBLUFF, INC.

EBC ST. LOUIS, INC.

EQUITY NEWS SERVICES, INC.,

f/k/a Hispanic News Network, Inc.

FORT SMITH 46, INC.

LA GRANDE BROADCASTING, INC.

LOGAN 12, INC.

MARQUETTE BROADCASTING, INC.

MONTGOMERY 22, INC.

NEVADA CHANNEL 3, INC.

NEWMONT BROADCASTING CORPORATION

PRICE BROADCASTING, INC.

PULLMAN BROADCASTING INC.

REP PLUS, INC.

RIVER CITY BROADCASTING, INC.

ROSEBURG BROADCASTING, INC.

SHAWNEE BROADCASTING, INC.

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EBC ATLANTA, INC.

EBC SEATTLE, INC.

EBC KANSAS CITY, INC.

EBC SYRACUSE, INC.

NEVADA CHANNEL 6, INC.

EBC PROVO, INC.

EBC SOUTHWEST FLORIDA, INC.

EBC LOS ANGELES, INC.

EBC BOISE, INC.

C.A.S.H. SERVICES, INC. f/k/a Skyport

Services, Inc.

EBC NASHVILLE, INC.

EBC JACKSONVILLE, INC.

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

James Hearnberger  
Vice President of Each

**Exhibit A**  
**Cash Flow Projections**

Week#	Week Ending	Net Cash Flow	Covenant	Amount Released
				\$406,200 less actual net change from week ending
1	2/15/08	\$ (546,700 )	\$ (546,700 )	2/15/08
2	2/22/08	(406,200 )	(952,900 )	—
3	2/29/08	157,300	(795,600 )	805,200
4	3/7/08	(805,200 )	(1,600,800 )	575,500
5	3/14/08	(575,500 )	(2,176,300 )	520,200
6	3/21/08	(520,200 )	(2,696,500 )	—
7	3/28/08	135,300	(2,561,200 )	805,200
8	4/4/08	(805,200 )	(3,366,400 )	42,200
9	4/11/08	(42,200 )	(3,408,600 )	1,053,500
10	4/18/08	(1,053,500 )	(4,462,100 )	—
11	4/25/08	165,300	(4,296,800 )	617,200
12	5/2/08	(617,200 )	(4,914,000 )	

	Actual Prior WK	Variance Prior WK	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13	13 Week Totals
	8-Feb	8-Feb	15-Feb	22-Feb	29-Feb	7-Mar	14-Mar	21-Mar	28-Mar	4-Apr	11-Apr	18-Apr	25-Apr	2-May	9-May	
<b>FORECASTS - MIN (WZ)</b>																
<b>Receipts:</b>																
Operational Revenue - Trade AP	244,382	14,382	240,000	250,000	250,000	230,000	240,000	250,000	250,000	230,000	240,000	250,000	250,000	230,000	240,000	3,270,000
Interest Income	-	-	-	-	-	1,500	-	-	-	-	-	-	-	-	1,500	4,500
Rent Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>244,382</b>	<b>14,382</b>	<b>240,000</b>	<b>250,000</b>	<b>250,000</b>	<b>231,500</b>	<b>240,000</b>	<b>250,000</b>	<b>250,000</b>	<b>230,000</b>	<b>240,000</b>	<b>250,000</b>	<b>250,000</b>	<b>230,000</b>	<b>241,500</b>	<b>3,274,500</b>
<b>Disbursements:</b>																
Payroll	(234,876)	(8,138)	(243,014)	(250,000)	(250,000)	(228,500)	(240,000)	(250,000)	(250,000)	(230,000)	(240,000)	(250,000)	(250,000)	(230,000)	(240,000)	(3,328,000)
Health Insurance	0	29,552	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(978,000)
Trade AP & Misc CapEx (act)	(107,204)	(30,556)	(141,700)	(248,700)	(41,700)	(248,700)	(41,700)	(248,700)	(41,700)	(248,700)	(41,700)	(248,700)	(41,700)	(248,700)	(41,700)	(852,100)
Programming	0	(90,000)	(90,000)	0	0	(90,000)	0	0	0	(90,000)	0	0	0	0	0	(270,000)
Inter-Sell	0	278,000	(278,000)	0	0	(288,000)	0	0	0	(288,000)	0	0	0	0	(288,000)	(1,142,000)
Note Payments	0	60,000	(96,000)	(22,000)	(1,050,000)	(60,000)	(24,000)	(22,000)	(105,000)	(60,000)	(24,000)	(22,000)	(1,050,000)	(60,000)	(22,000)	(729,000)
Lease Payments-Tower/Office	0	51,000	(102,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(51,000)	(714,000)
SPC - Interest & Fees (D Paid)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SPC - Refinance	0	0	0	0	0	(533,300)	0	0	0	0	0	0	0	0	0	(1,066,600)
WFF/SPC - Residue Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cap Ex - major (act)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (act)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade AP & Misc - Past Due 91+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Disbursements</b>	<b>(841,955)</b>	<b>238,725</b>	<b>(788,700)</b>	<b>(888,700)</b>	<b>(92,700)</b>	<b>(1,838,700)</b>	<b>(815,500)</b>	<b>(800,200)</b>	<b>(114,700)</b>	<b>(1,038,700)</b>	<b>(282,200)</b>	<b>(1,333,000)</b>	<b>(114,700)</b>	<b>(848,700)</b>	<b>(486,200)</b>	<b>(8,428,700)</b>
<b>Net Change</b>	<b>(297,633)</b>	<b>384,117</b>	<b>(548,700)</b>	<b>(438,700)</b>	<b>157,300</b>	<b>(607,200)</b>	<b>(575,500)</b>	<b>(550,200)</b>	<b>136,300</b>	<b>(808,700)</b>	<b>(42,200)</b>	<b>(1,083,000)</b>	<b>168,300</b>	<b>(917,200)</b>	<b>(245,200)</b>	<b>(5,154,200)</b>



**FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT  
AGREEMENT AND FORBEARANCE AGREEMENT**

**THIS FIRST AMENDMENT TO THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT AND FORBEARANCE AGREEMENT** (this "**Agreement**") is made as of the 19<sup>th</sup> day of March, 2008, by and among

**EQUITY MEDIA HOLDINGS CORPORATION**, a Delaware corporation (successor-by-merger to Equity Broadcasting Corporation, an Arkansas corporation) ("**EMHC**"), **ARKANSAS 49, INC.**, an Arkansas corporation, **BORGER BROADCASTING, INC.**, a Nevada corporation, **DENVER BROADCASTING, INC.**, an Arkansas corporation, **EBC HARRISON, INC.**, an Arkansas corporation, **EBC PANAMA CITY, INC.**, an Arkansas corporation, **EBC SCOTTSBLUFF, INC.**, an Arkansas corporation, **FORT SMITH 46, INC.**, a Nevada corporation ("**Fort Smith 46**"), **EQUITY NEWS SERVICES, INC.** (formerly known as Hispanic News Network, Inc.), an Arkansas corporation, **LOGAN 12, INC.**, an Arkansas corporation ("**Logan 12**"), **MARQUETTE BROADCASTING, INC.**, a Nevada corporation, **NEVADA CHANNEL 3, INC.**, an Arkansas corporation, **NEWMONT BROADCASTING CORPORATION**, an Arkansas corporation, **PRICE BROADCASTING, INC.**, a Nevada corporation, **PULLMAN BROADCASTING INC.**, an Arkansas corporation ("**PBI**"), **REP PLUS, INC.**, an Arkansas corporation, **RIVER CITY BROADCASTING, INC.**, an Arkansas corporation ("**River City**"), **ROSEBURG BROADCASTING, INC.**, a Nevada corporation, **TV 34, INC.**, an Arkansas corporation, **VERNAL BROADCASTING, INC.**, a Nevada corporation, **WOODWARD BROADCASTING, INC.**, a Nevada corporation, **EBC MINNEAPOLIS, INC.**, an Arkansas corporation, **EBC DETROIT, INC.**, an Arkansas corporation, **EBC BUFFALO, INC.**, an Arkansas corporation, **EBC WATERLOO, INC.**, an Arkansas corporation, **EBC ATLANTA, INC.**, an Arkansas corporation, **EBC SEATTLE, INC.**, an Arkansas corporation, **EBC KANSAS CITY, INC.**, an Arkansas corporation, **EBC SYRACUSE, INC.**, an Arkansas corporation, **NEVADA CHANNEL 6, INC.**, an Arkansas corporation, **EBC PROVO, INC.**, an Arkansas corporation, **EBC SOUTHWEST FLORIDA, INC.**, an Arkansas corporation, **EBC LOS ANGELES, INC.**, an Arkansas corporation, **C.A.S.H. SERVICES, INC.** (formerly known as Skyport Services, Inc.), an Arkansas corporation, **EBC NASHVILLE, INC.**, an Arkansas corporation, and **EBC JACKSONVILLE, INC.**, an Arkansas corporation (together, the "**Borrowers**" and individually, a "**Borrower**").

**SPCP GROUP, LLC**, a Delaware limited liability company ("**SPCP**"), **SPF CDO I, LLC**, a Delaware limited liability company ("**SPF**"), **FIELD POINT III, LTD.**, a Cayman Islands limited liability company ("**FPIII**"), **FIELD POINT IV, LTD.**, a Cayman Islands limited liability company ("**FPIV**"), **WELLS FARGO FOOTHILL, INC.**, a California corporation ("**WFF**"), and the other financial institutions which are now, or in accordance with **Article XII** hereafter become, parties hereto and "Lenders" hereunder (collectively, "**Lenders**" and each individually, a "**Lender**");

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**SILVER POINT FINANCE, LLC**, a Delaware limited liability company, as Administrative Agent for Lenders (in such capacity, together with its successors and assigns in such capacity, "**Administrative Agent**"), and as Documentation Agent for Lenders (in such capacity, together with its successors and assigns in such capacity, "**Documentation Agent**");

**WELLS FARGO FOOTHILL, INC.**, a California corporation, as Collateral Agent (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**").

**WITNESSETH THAT**

WHEREAS, Borrowers are indebted to the Lenders pursuant to a certain Third Amended and Restated Credit Agreement dated as of February 13, 2008 (as the same may be amended, restated, supplemented and otherwise modified from time to time, the "**Credit Agreement**"); and

WHEREAS, Borrowers are in default under the Credit Agreement as described in **Exhibit A** attached hereto and made a part hereof (the "**Designated Defaults**"); and

WHEREAS, Borrowers have requested that Lenders, Administrative Agent and Collateral Agent (collectively, "**Lender Group**") forbear from exercising their rights and remedies under the Credit Agreement, and the related Security Documents as a result of such Designated Defaults until April 18, 2008; and

WHEREAS, Borrowers have requested that certain Term Loan B Lenders provide additional financing to Borrowers as hereinafter provided; and

WHEREAS, Lender Group is willing to agree to forbear from exercising its rights and remedies with respect to the Designated Defaults for the Forbearance Period specified herein and on the terms and conditions specified herein and certain Lenders are willing to extend such additional financing on the terms and conditions specified herein and in the Credit Agreement, as amended hereby; and

WHEREAS, the parties hereto desire to amend the Credit Agreement as hereinafter provided;

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

**1. Definitions.**

Unless otherwise defined herein, all capitalized terms used herein shall have the identical meanings assigned to them in the Credit Agreement, as amended hereby.

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## 2. **Forbearance.**

(a) **Acknowledgment of Indebtedness.** Borrowers hereby acknowledge, confirm and agree that as of the date hereof and prior to taking into account any Additional Term Loans B (as hereinafter defined), Borrowers are indebted to Lenders in respect of: (i) the Revolving Credit Loan in the aggregate outstanding principal amount of \$5,512,500.00 plus accrued and unpaid interest; (ii) the Term Loans A in the aggregate outstanding principal amount of \$12,000,000.00, plus accrued and unpaid interest; (iii) the Term Loans B in the aggregate outstanding principal amount of \$33,000,000.00, plus accrued and unpaid interest and (iv) all legal and other fees in connection with this Agreement, the Credit Agreement and/or any other Loan Document, including, without limitation, all reasonable fees and expenses of Edwards Angell Palmer & Dodge LLP, special counsel to Administrative Agent, and Paul Hastings, special counsel to Collateral Agent, in each case accrued to the date hereof. The Revolving Credit Loan, the Term Loans A and the Term Loans B, together with interest accrued and accruing thereon, and fees, costs, expenses and other charges now or hereafter payable by Borrowers to Lender, are unconditionally owing by Borrowers, without offset, defense or counterclaim of any kind, nature or description whatsoever.

(b) **Acknowledgement of Security Interests.** Borrowers hereby acknowledge, confirm and agree that Lender Group has and shall continue to have valid, enforceable and perfected first-priority liens upon, and security interests in, the Collateral heretofore granted to Collateral Agent for the benefit of Lenders pursuant to the Loan Documents or otherwise granted to or held by Lender Group, subject to permitted encumbrances, if any.

### (c) **Acknowledgement Concerning Loans.**

Borrowers hereby acknowledge, confirm and agree that no Borrower is entitled to request any further Loans, advances or financial accommodations under the Credit Agreement, and that Lender Group is under no obligation to make any further Loans, advances or financial accommodations to any Borrower. Notwithstanding the foregoing, on the date of closing of this Agreement (the "**First Amendment Closing Date**"), the Term Loan B Lenders identified on Exhibit C attached hereto (collectively, the "**Additional Term Loan B Lenders**"), provided no Termination Event (as hereinafter defined) has occurred, shall make Additional Term Loans B to Borrowers upon request by Borrowers in accordance with and subject to the Credit Agreement, as amended hereby. Such Additional Term Loans B shall be deemed to be Term Loans B as defined in, and subject to the terms of, the Credit Agreement (including, without limitation, provisions as to the accrual and payment of interest and principal) and secured under related Security Documents, as amended.

## 3. **Forbearance in Respect of Events of Default.**

(a) **Acknowledgement of Defaults.** Borrowers hereby acknowledge and agree that the Designated Defaults have occurred as of the date hereof and will be continuing, which Designated Defaults constitute Events of Default. The Borrowers further represent and warrant that as of the date hereof no other Defaults or Events of Default under the Loan Documents exist. The Borrowers hereby acknowledge and agree that Lender Group has the present right to exercise all remedies available under the Loan Documents and applicable law, and that Borrowers' Obligations to the Lender Group are immediately due and payable without notice or demand.

(b) **Forbearance.**

(i) In reliance upon the representations, warranties and covenants of Borrowers contained in this Agreement, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection herewith, Lender Group agrees to forbear from exercising, or causing the exercise of, its rights and remedies under the Loan Documents or applicable law in respect of or arising out of the Designated Defaults or of a Default or Event of Default arising pursuant to **Section 2.18** of the Credit Agreement, subject to the conditions contained herein for the period (the "**Forbearance Period**") commencing on the date hereof and ending on the earliest to occur of: (i) April 18, 2008, or (ii) the occurrence of a Termination Event (as hereinafter defined).

(ii) Upon the termination of the Forbearance Period, the agreement of Lender Group to forbear shall automatically and without further action terminate and be of no force and effect; it being expressly agreed that the effect of such termination will be to permit Lender Group to exercise, or cause the exercise of, any rights and remedies available to it, if any, immediately, without any further notice, passage of time or forbearance of any kind.

(iii) For the purpose of this Agreement, "**Termination Event**" shall have the meaning given to such term in that certain Side Letter Agreement dated as of February 13, 2008, as amended by a certain First Amendment to Side Letter Agreement of even date herewith by and among Borrowers, Agents and Lenders (as amended, the "**Side Letter Agreement**").

(c) **No Waivers; Reservation of Rights.**

(i) Lender Group has not waived, and is not waiving, by the execution of this Agreement, the funding of Additional Term Loans B, or the acceptance of any payments hereunder or under the Credit Agreement, the Designated Defaults or any Default, Event of Default or Termination Event which has occurred or may hereafter occur (whether the same or similar to the Designated Defaults or otherwise), and Lender Group has not agreed to forbear with respect to any of its rights or remedies concerning any Default or Event of Default (other than, during the Forbearance Period, the Designated Defaults to the extent expressly set forth herein), which may have occurred or is continuing as of the date hereof or which may occur after the date hereof.

(ii) Subject to **Section 3(b)** above (solely with respect to the Designated Defaults), Lender Group and each Agent reserves the right, in its discretion, to exercise, or cause the exercise of, any or all of their rights and remedies under the Credit Agreement, the other Loan Documents and applicable law as a result of the Designated Defaults or any Default or Event of Default which has occurred or may hereafter occur.

(iii) Without limiting the generality of the foregoing, Borrowers will not claim that any prior action or course of conduct by Lender Group or any Agent constitutes an agreement or obligation to continue such action or course of conduct in the future. Each of Borrowers acknowledges that Lender Group or any Agent has made no commitment as to: (i) future funding of the Revolving Credit Loan or Additional Term Loans B, and (ii) how or whether the Designated Defaults will be resolved upon termination or expiration of the Forbearance Period.

(iv) Except as expressly provided herein, nothing in this Agreement shall be construed as an amendment to the Credit Agreement, or any other Loan Document. The Credit Agreement, and the Loan Documents are in full force and effect, and shall remain in full force and effect unless and until an agreement modifying the Credit Agreement, or such other Loan Document is executed and delivered by the applicable parties, and then only to the extent such agreement actually modifies such documents. The parties hereto further acknowledge and agree that this Agreement shall constitute a Loan Document for all purposes.

**4. Additional Definitions.**

(a) The following new definitions are hereby added to **Section 1.01** of the Credit Agreement in the correct alphabetical order:

**Additional Term Loans B**: the meaning given to such term in the First Amendment."

**Additional Term Loans B Amount**: \$3,040,981.00."

**First Amendment**: that certain First Amendment to Third Amended and Restated Credit Agreement and Forbearance Agreement dated as of March 17, 2008, among Borrowers, Lenders and Agents."

(b) The definition of "**Term Loans B**" is hereby amended to read in its entirety as follows:

**Term Loans B**: (a) Loans made by Term Loan Lenders to Borrowers pursuant to **Section 2.01(c)(i)**, and (b) Additional Term Loans B."

(c) This Agreement, the Side Letter Agreement and the New Fee Letter shall be included within the definition of "**Loan Documents**" for the purposes of the Credit Agreement.

**5. Additional Term Loans B.** (i) Subject to the terms and conditions contained in the Credit Agreement, as amended by this Agreement, the Additional Term Loan B Lenders agree severally to make one or more loans pursuant to this **Section 5** (collectively, the "**Additional Term Loans B**") to Borrowers during the Forbearance Period in an aggregate principal amount which does not exceed the Additional Term Loans B Amount. The Additional Term Loans B shall constitute Term Loans B for all purposes of the Credit Agreement, as amended hereby. The Additional Term Loan B Lenders' respective agreements to make Additional Term Loans B shall not exceed their respective limits set forth in Exhibit C hereto.

(ii) Borrowers may request Additional Term Loans B during the Forbearance Period within the limits of the Additional Term Loans B Amount; provided, however, that Borrowers shall not have the right to re-borrow principal amounts repaid or prepaid in respect to the Additional Term Loans B. All Additional Term Loans B used for the purposes described in clause (C) below shall be made by the Additional Term Loans B Lenders on the second (2<sup>nd</sup>) Business Day of each week provided Borrowers maintain a minimum cumulative net cash flow equal to the sum of the "Net Change" for each week (with such calculation beginning with the week of March 10, 2008) provided by Borrowers to Administrative Agent on the first (1<sup>st</sup>) Business Day of such week pursuant to Section IV of the Side Letter Agreement. The amount of the Additional Term Loans B shall be equal to the cash need shown for such week in the "Net Change" line of the cash forecast. The proceeds of Additional Term Loan B shall be used solely (A) first, on the date hereof, to fund accrued and unpaid interest on the Loans that was due and payable on March 17, 2008, (B) second, on the date hereof, to fund payment of all fees and expenses referred to in the New Fee Letter, and all fees and expenses of the Agents in closing the transactions contemplated by this Agreement, and (C) on and after the date hereof and in compliance with the terms of this Agreement, the Credit Agreement and the Side Letter Agreement, the balance for Borrowers' customary working capital requirements.

(iii) Borrowers' right to request or receive Additional Term Loans B shall terminate upon termination or expiration of the Forbearance Period.

## 6. Article II Amendments.

(a) The following definition in **Section 1.01** of the Credit Agreement is hereby amended to read in its entirety as follows:

**"Base Rate:** the per annum interest rate calculated from time to time as being (i) the greatest of (A) the Prime Rate, (B) the Federal Funds Rate in effect on such day plus fifty (50) basis points (0.50%), and (C) seven and one-half percent (7.50%) per annum plus (ii) nine percent (9.00%).

(b) **Section 2.01(e)** of the Credit Agreement is hereby amended to read in its entirety as follows:

"During the existence of any Default or Event of Default, the outstanding principal balance under the Loans and, to the extent permitted by applicable law, overdue interest, fees, expenses or other amounts payable hereunder or under the other Loan Documents, shall bear interest, from and including the date such Event of Default occurred until such Event of Default is cured or waived in writing as provided herein, at a rate per annum (the "**Default Rate**") (computed on the basis of the actual number of days elapsed over a 360-day year) equal to three percent (3.00%) above the interest rate(s) otherwise applicable hereunder; and the Letter of Credit fee provided for herein shall be increased by three percent (3.00%) above the per annum rate otherwise applicable hereunder."

(c) **Section 2.02(b)** of the Credit Agreement is hereby amended to read in its entirety as follows:

"(b) **Determination of Interest Rate for Loans**. Except as hereinafter provided, the interest rate charged by the Lenders in respect to the Loans shall be either (1) the applicable LIBOR Rate pursuant to a Notice of Conversion or Continuation effective on the first day of the Interest Period, *plus* ten percent (10.00%), or, (2) if such LIBOR Rate is not available or published, or at Borrowers' option, the Base Rate. Notwithstanding anything herein to the contrary, if Borrowers indefeasibly pay all Obligations in full on or prior to March 28, 2008, Lenders shall credit to Borrowers from the Early Termination Fee an amount equal to the difference between the amount of interest actually paid or owing pursuant to the terms hereof and the amount of interest that would have been due or paid if the interest rate on the Closing Date had been the Reduced Interest Rate."

(d) **Section 2.18** of the Credit Agreement is hereby amended to read in its entirety as follows:

**Section 2.18. Adjustments to Schedule 1.01**. Adjustments to the attached Schedule 1.01 may be made from time to time as follows:

"(a) The respective Sale Amount of each Station listed on the attached Schedule 1.01 may be adjusted from time to time (as so adjusted, an "**Adjusted Sale Amount**") either (x) with the consent of the Required Lenders, following written request by the Borrowers, or (y) upon the written request of the Administrative Agent in the exercise of its discretion or at the written direction of the Required Lenders, and in each case upon completion of an updated appraisal of the Collateral that is satisfactory to the Administrative Agent, *provided, however*, that, unless a Default or an Event of Default has occurred and is continuing, no request for an adjustment shall be submitted by the Administrative Agent with respect to any Station(s) after the earlier to occur of (i) five (5) Business Days after the execution and delivery to Administrative Agent of a bona fide letter of intent or similar document with respect to the Disposition of such Stations; or (ii) the execution by Borrower and an unrelated third party of a bona fide definitive purchase and sale agreement or similar document (which is reasonably acceptable to Administrative Agent in the event that the Disposition is not a Pre-Approved Station Disposition) and delivery thereof to Administrative Agent with respect to such Stations, unless such purchase and sale agreement contemplates the sale of such Station(s) at an amount lower than the current Sale Amount(s), in which case the Administrative Agent may re-appraise such Station(s) down to the proposed sale price. Each appraisal shall be performed by a duly licensed appraiser or appraisal firm reasonably acceptable to the Administrative Agent and at Borrowers' sole cost and expense; *provided, however*, that except as provided in **Section 2.06(b)(ii)** and **(iii)**, and except as provided in **Section 2.18(b)**, unless an Event of Default shall have occurred and be continuing, Borrowers shall not be required to pay fees and expenses incurred in the performance for more than three (3) appraisals of the entire collateral pool during any calendar year.

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(b) Borrowers may add Stations to Schedule 1.01 with the approval of the Required Lenders, and the respective Sale Amount of each Station (each, an "**Additional Sale Amount**") shall be determined by an appraisal satisfactory to the Administrative Agent, performed by a duly licensed appraiser or appraisal firm reasonably acceptable to the Administrative Agent and paid for by the Borrowers.

(c) Any appraisal delivered as part of the written request of Administrative Agent pursuant to clause (a)(y) above of this **Section 2.18** to the Borrowers, and any resulting Adjusted Sale Amount, Additional Sale Amount or resulting adjustment to Schedule 1.01 hereof shall become effective for the purposes of this Agreement two (2) Business Days after delivery of such appraisal to the Borrowers."

## **7. Additional Affirmative Covenants.**

A new **Section 6.13** is hereby added to the Credit Agreement which shall read in its entirety as follows:

**"Section 6.13. Sell Side Advisor.** At all times after March 14, 2008, retain a financial advisor (which is not an Affiliate of a Borrower or any member of Lender Group) reasonably satisfactory to Administrative Agent (the "Sell Side Advisor") at Borrowers' sole cost and expense, on terms and conditions reasonably acceptable to Administrative Agent, which Sell Side Advisor shall at all times conduct a process by which all Stations and related assets and Licenses are offered for sale and shall manage all aspects of such sales processes, including the negotiation of sale documentation. Borrowers have engaged Patrick Communications as the Sell Side Advisor."

## **8. Representations and Warranties of the Borrowers.**

Borrowers hereby represent and warrant to Lender Group that, except for the existence of the Designated Defaults:

(a) Each representation and warranty set forth in **Section IV** of the Credit Agreement, as amended hereby, is hereby restated and affirmed as true and correct as of the date hereof (except to the extent that any such representations or warranties relate to an earlier specific date or dates);

(b) Borrowers have the power and authority to enter into this Agreement and all other agreements contemplated hereby, and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by the Borrowers;

(c) Each of this Agreement and all other agreements to be executed by Borrowers and contemplated hereby has been duly authorized (by all necessary corporate or limited liability company action and otherwise), validly executed and delivered by Borrowers and constitutes the legal, valid and binding obligation of Borrowers enforceable against them in accordance with its terms; and



(d) The execution and delivery of this Agreement and all other agreements to be executed by Borrowers and contemplated hereby and Borrowers' performance hereunder and thereunder do not and will not require the consent or approval of any governmental authority, nor be in contravention of or in conflict with Borrowers' respective Articles of Incorporation or similar document, or the provisions of any statute, or any judgment, order, or indenture, instrument, agreement, or undertaking, to which each Borrower is a party or by which each Borrower or its assets or properties are or may become bound.

**9. Conditions to Agreement.**

As a condition precedent to the effectiveness of this Agreement, Borrowers shall have delivered to Lender the agreements and documents described in **Exhibit B** attached hereto and made a part hereof, each in form and substance acceptable to Agents.

**10. Release.** (a) In consideration of the agreements of Lender Group contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges each Agent and each Lender and their respective successors and assigns, and its affiliates, subsidiaries, predecessors, directors, officers, attorneys, employees, agents and other representatives (each Lender, each Agent and all such other Persons being hereinafter referred to collectively as the "**Releasees**," and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**," and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which any Borrower or any of its successors, assigns, or other legal representatives, may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Agreement for or on account of, or in relation to, or in any way in connection with any of the Credit Agreement, as amended hereby, the other Loan Documents or this Agreement or transactions thereunder or related thereto.

(b) Each Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) Each Borrower, on behalf of itself and its respective successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by the Borrower pursuant to **Section 10(a)** of this Agreement. If any Borrower, or its respective successors, assigns, or other legal representatives violates the foregoing covenant, each Borrower, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

**11. Acknowledgment of Obligations.** The Revolving Credit Loan and the Term Loans, together with interest accrued and accruing thereon, the reimbursement obligations with respect to each letter of credit for the account of Borrowers or any affiliate, and fees, costs, expenses and other charges now or hereafter payable by Borrowers to Lender Group, are unconditionally owing by Borrowers, without offset, defense or counterclaim of any kind, nature or description whatsoever. Each Borrower warrants and represents that it has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever with respect to the Obligations.

**12. No Further Amendments.**

Except for the amendments set forth herein or otherwise set forth in any agreement signed by Lender Group and dated the date hereof, the text of the Credit Agreement shall remain unchanged and in full force and effect. No waiver by Lender Group under the Credit Agreement is granted or intended and Lender Group expressly reserves the right to require strict compliance with the terms of the Credit Agreement. The waivers and amendments agreed to herein shall not constitute or evidence a course of dealing at variance with the Credit Agreement such as to require further notice by Lender Group to require strict compliance with the terms of the Credit Agreement in the future.

**13. Security Documents.**

All obligations of Borrowers under the Credit Agreement, as amended hereby, shall be secured by a first priority security interest and Lien (subject only to Permitted Liens) and be entitled to the benefits of the Security Documents. All Security Documents heretofore executed by the Borrowers shall remain in full force and effect to secure the Obligations, and such Security Documents, as amended hereby, are hereby ratified and affirmed.

**14. Counterparts.**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement

**15. Applicable Law.**

**THIS AGREEMENT SHALL BE DEEMED TO BE MADE PURSUANT TO THE LAWS OF THE STATE OF CALIFORNIA WITH RESPECT TO AGREEMENTS MADE AND TO BE PERFORMED WHOLLY IN THE STATE OF CALIFORNIA AND SHALL BE CONSTRUED, INTERPRETED, PERFORMED AND ENFORCED IN ACCORDANCE THEREWITH.**

**16. Captions.**

The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

**17. Legal Fees.**

Borrowers shall pay all reasonable expenses incurred by Lender Group in the drafting, negotiation and closing of the documents and transactions contemplated hereby, including the reasonable fees and disbursements of the Administrative Agent's special counsel and the Collateral Agent's special counsel.

**18. Reaffirmation.**

Except as amended hereby, the Credit Agreement, the Notes and all Security Documents shall remain in full force and effect and are in all respects hereby ratified and affirmed.

**(The next page is the first signature page)**

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IN WITNESS WHEREOF, Administrative Agent, Collateral Agent, Billing Agent, Lenders and Borrowers have caused this Agreement to be duly executed by their respective duly authorized representatives, as a sealed instrument, all as of the day and year first above written.

**BORROWERS:**

**EQUITY MEDIA HOLDINGS CORPORATION**  
**ARKANSAS 49, INC.**  
**BORGER BROADCASTING, INC.**  
**DENVER BROADCASTING, INC.**  
**EBC HARRISON, INC.**  
**EBC PANAMA CITY, INC.**  
**EBC SCOTTSBLUFF, INC.**  
**EQUITY NEWS SERVICES, INC., f/k/a Hispanic News Network,**  
**Inc.**  
**FORT SMITH 46, INC.**  
**LOGAN 12, INC.**  
**MARQUETTE BROADCASTING, INC.**  
**NEVADA CHANNEL 3, INC.**  
**NEWMONT BROADCASTING CORPORATION**  
**PRICE BROADCASTING, INC.**  
**PULLMAN BROADCASTING INC.**  
**REP PLUS, INC.**  
**RIVER CITY BROADCASTING, INC.**  
**ROSEBURG BROADCASTING, INC.**  
**TV 34, INC.**  
**VERNAL BROADCASTING, INC.**  
**WOODWARD BROADCASTING, INC.**  
**EBC MINNEAPOLIS, INC.**  
**EBC DETROIT, INC.**  
**EBC BUFFALO, INC.**  
**EBC WATERLOO, INC.**  
**EBC ATLANTA, INC.**  
**EBC SEATTLE, INC.**  
**EBC KANSAS CITY, INC.**  
**EBC SYRACUSE, INC.**  
**NEVADA CHANNEL 6, INC.**  
**EBC PROVO, INC.**  
**EBC SOUTHWEST FLORIDA, INC.**  
**EBC LOS ANGELES, INC.**  
**C.A.S.H. SERVICES, INC. f/k/a Skyport Services, Inc.**  
**EBC NASHVILLE, INC**  
**EBC JACKSONVILLE, INC.**

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

Name: James H. Hearnberger

Title: Vice President of each

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

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**ADMINISTRATIVE AGENT,  
DOCUMENTATION AGENT AND BILLING  
AGENT:**

**SILVER POINT FINANCE, LLC, as  
Administrative Agent, Documentation Agent and  
Billing Agent**

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

Name:

Title:

Address for Notices to Silver Point Finance, LLC

Two Greenwich Plaza

Greenwich, Connecticut 06830

Attention: Zubin Jariwala

Telecopy No.: (203) 542-4312

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

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**COLLATERAL AGENT AND BILLING**

**AGENT:**

**WELLS FARGO FOOTHILL, INC.,  
as Collateral Agent and Billing Agent**

By: \_\_\_\_\_  
Dena Seki, Vice President

Address for Notice to Wells Fargo Foothill, Inc.  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Group Credit Manager – Specialty Finance  
Group  
Telecopy No.: (310) 453-7442

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

---

**LENDER:**

**SPCP GROUP, LLC**

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

Name:

Title:

Address for Notices to SPCP Group, LLC:

Two Greenwich Plaza

Greenwich, CT 06830

Attention: Zubin Jariwala

Telecopy No.: (203) 542-4312

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

---



**LENDER:**

**SPF CDO I, LTD.**

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

Name:

Title:

Address for Notices to SPF CDO I, LTD.:

Two Greenwich Plaza

Greenwich, CT 06830

Attention: Zubin Jariwala

Telecopy No.: (203) 542-4312

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

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**LENDER:**

**FIELD POINT III, LLC**

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

Name:

Title:

Address for Notices to FIELD POINT III, LLC:

Two Greenwich Plaza

Greenwich, CT 06830

Attention: Zubin Jariwala

Telecopy No.: (203) 542-4312

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

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**LENDER:**

**FIELD POINT IV, LLC**

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

Name:

Title:

Address for Notices to FIELD POINT IV, LLC:

Two Greenwich Plaza

Greenwich, CT 06830

Attention: Zubin Jariwala

Telecopy No.: (203) 542-4312

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

---

**LENDER:**

**WELLS FARGO FOOTHILL, INC.**

By: \_\_\_\_\_  
Dena Seki, Vice President

Address for Notice to Wells Fargo Foothill, Inc.  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Group Credit Manager – Specialty Finance  
Group  
Telecopy No.: (310) 453-7442

**[First Amendment to Third Amended and Restated  
Credit Agreement and Forbearance Agreement]**

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## EXHIBIT A

### DESIGNATED DEFAULTS

1. Borrowers' Default in paying interest under the Credit Agreement when due and payable on March 1, 2008.
  2. The occurrence of an Event of Default caused by the funding of the Additional Term Loans B which results in the aggregate amount of all Loans and Letter of Credit Usage exceeding the limits set forth in Sections 2.01(a)(i)(2) and 2.01(c)(i)(B) of the Credit Agreement
  3. A Default or Event of Default occurring as a result of an inability of the Borrowers to repeat certain warranties and representations as of the date hereof by reason of the following:
    - a. Section 4.01: To the extent that the Borrowers' have been tardy in their delivery to the Agents in a timely manner prior to the date hereof of all financial statements required by the Credit Agreement.
    - b. Section 4.06(a): To the extent that the Borrowers are at present late on payment under satellite agreement.
    - c. Section 4.11 (b): To the extent that the Borrowers have need for additional funding as evidenced by the Additional Term Loans B.
    - d. Section 4.11(e): To the extent that the Side Letter Agreement requires Borrowers to engage in sale of Stations which may constitute a plan to liquidate properties for the purposes of this Section.
    - e. Section 4.24 To the extent that Borrowers' requirements for additional funding hereunder and failure to pay certain expenses disclosed to Agents would be deemed to cause a Material Adverse Effect.
    - f. Section 4.25 To the extent that Borrowers failed to make required payments to Agents under the Credit Agreement prior to date hereof.
  4. Default under Section 5.06 by reason of Borrowers' failure to achieve Minimum EBITDA and Revenues required thereby for January 2008, February 2008 and March 2008. Borrowers agree that they shall provide Agents on or before March 24, 2008, with financial information for January 2008, in accordance with the requirements of Section 6.05(c) of the Credit Agreement.
  5. Default under Section 6.05 (e) for Borrowers' failure to deliver Budget required thereby .
  6. Defaults under Sections Section 7.04(a)(iv) and 7.13(a) which may occur during the Forbearance period to the extent caused by Borrowers' entering into agreements with the New Equity Investors consistent with the timeline and requirements set forth in the Side Letter Agreement.
-

**EXHIBIT B**

**CONDITIONS TO CLOSING FIRST AMENDMENT**

1. Fee Letter between Borrowers and Administrative Agent (the "New Fee Letter") and Fee Letter between Borrowers and Collateral Agent
  2. Secured Promissory Notes evidencing Additional Term Loans B
  3. Certificate of Chief Financial Officer or Chief Executive Officer of Absence of Events of Default
  4. Certificate of Secretary of Borrowers certifying as to authority and incumbency of officer executing agreements
  5. Payment of closing/amendment fees to each of the Agents.
-

**EXHIBIT C**

**ALLOCATION OF ADDITIONAL TERM LOANS B**

<b><u>Additional Term Loan B Lender</u></b>	<b><u>Maximum Amount of Additional Term Loans B</u></b>
SPCP GROUP, LLC	\$2,432,784.80
SPF CDO I, LLC	\$608,196.20

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**SILVER POINT FINANCE, LLC**

Two Greenwich Plaza  
Greenwich, CT 06830

Dated as of March 19, 2008

Equity Media Holdings Corporation, as Borrower Representative  
1 Shackleford Drive, Suite 400  
Little Rock, Arkansas 72111  
Attention: Larry E. Morton, President  
Fax No.: (501) 221-1101

First Amendment to Third Amended and Restated Credit Agreement and Forbearance Agreement of even date herewith (the "First Amendment") amending the Third Amended and Restated Credit Agreement dated as of February 13, 2008 (as amended, supplemented and joined, the "Credit Agreement") among **EQUITY MEDIA HOLDINGS CORPORATION**, as successor by merger to Equity Re: Broadcasting Corporation ("EMHC"), certain of EMHC's affiliates (together with EMHC, "Borrowers"), **SILVER POINT FINANCE, LLC**, as administrative agent and documentation agent (in such capacity, "Administrative Agent"), **WELLS FARGO FOOTHILL, INC.**, as collateral agent (in such capacity, "Collateral Agent", and together with Administrative Agent, the "Agents"), and the lenders that are from time to time parties thereto (each a "Lender" and collectively the "Lenders").

Ladies and Gentlemen:

This letter agreement (this "Agreement") is the First Amendment to Side Letter Agreement referred to in the First Amendment. Unless otherwise indicated, all capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and to induce the Agents and Lenders to enter into the First Amendment, the parties hereto hereby amend the terms of that certain Side Letter Agreement dated as February 13, 2008 (the "Side Letter Agreement") as follows:

1, **Section I Amendments. Paragraphs (a) and (b) of Section I** of the Side Letter Agreement are hereby amended to read in their entirety as follows:

"(a) Within the time frames set forth in the chart below, Borrowers shall deliver to Agents, and maintain in full force and effect through closing thereunder, executed bona fide purchase agreements with third parties for Dispositions of Stations that will generate, in the aggregate, minimum Net Cash Proceeds as follows:

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Not later than the Date that is::	Minimum Aggregate Net Cash Proceeds:
March 30, 2008	\$ 7,500,000
Two Months after March 17, 2008	\$ 10,000,000
Four (4) months after March 17, 2008	\$ 20,000,000
Six (6) months after March 17, 2008	\$ 30,000,000
Eight (8) months after March 17, 2008	\$ 40,000,000;

"(b) Within the time frames set forth in the chart below, Borrowers shall close on Dispositions of Stations that will generate, in the aggregate, minimum Net Cash Proceeds as follows:

Not later than the Date that is:	Minimum Aggregate Net Cash Proceeds:
Four (4) months after March 17, 2008	\$ 7,500,000
Five (5) months after March 17, 2008	\$ 10,000,000
Seven (7) months after March 17, 2008	\$ 20,000,000
Nine (9) months after March 17, 2008	\$ 30,000,000
Eleven (11) months after March 17, 2008	\$ 40,000,000"

2. **Section III Amendments.** Section III of the Side Letter Agreement is hereby amended to read in its entirety as follows:

"III. **Financial Officers.** Borrowers shall, at any time after the earlier of (a) April 18, 2008, and (b) the date of any Termination Event, upon the Required Lenders' or Administrative Agent's request, hire a financial advisor and/or chief restructuring officer at Borrowers' cost and expense, provided, that such date shall be extended to April 30, 2008 if EMHC issues additional Equity Securities or Indebtedness permitted by the Credit Agreement and receives cash proceeds of \$5,000,000 in exchange therefor prior to March 28, 2008. Such financial advisor and/or chief restructuring officer shall be selected and hired by EMHC, shall be reasonably acceptable to Agents and shall have duties and rights reasonably satisfactory to Agents. Borrowers shall commence the selection process for such parties promptly after the earlier to occur of (a) March 28, 2008, and (b) the occurrence of a Termination Event."

3. **Additional Definition. (a)** The following definition is hereby added to the Side Letter Agreement as **Section III-A** (other than the Designated Defaults as defined in the First Amendment):

"For the purpose of this Agreement, "**Termination Event**" shall mean the occurrence of any one or more of the following events:

(a) any misrepresentation by Borrowers made in the Credit Agreement or this letter, as amended, supplemented or otherwise modified from time to time;

(b) any default by any Person other than an Agent or any Lender in the due observance or performance of, or compliance with, any covenant, condition or agreement contained in the Credit Agreement or this letter, as the same may be amended, supplemented or otherwise modified from time to time;

(c) the occurrence of a Default or an Event of Default under **Article VIII** of the Credit Agreement (other than a Default under **paragraph (d)(ii) of Article VIII** by reason of any default by Borrowers in earning minimum required levels of Minimum Revenues and EBITDA under **Section 5.06(a)** of the Credit Agreement for the month of February 2008)."

---

(b) A new **Exhibit A** is hereby added to the Side Letter Agreement to read in its entirety in the form of **Exhibit A** attached hereto and made a part hereof.

#### **4. Miscellaneous Provisions.**

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THAT REQUIRE OR PERMIT APPLICATION OF THE LAWS OF ANY OTHER STATE OR JURISDICTION.

(b) Borrowers acknowledge and agree that, a failure to comply in all respects with the terms of the Side Letter Agreement, as amended hereby, shall constitute an Event of Default under the Credit Agreement and the other Loan Documents.

(c) This Agreement shall, for all purposes, constitute a Loan Document.

(d) This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

(e) Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

(f) By signing this Agreement, Borrowers agree to be bound by the terms and conditions hereof.

(g) Except as amended hereby, the Side Letter Agreement shall remain in full force and effect and is in all respects hereby ratified and affirmed.

(Signatures begin on the next page.)

---

Very truly yours,

**WELLS FARGO FOOTHILL, INC., as  
Collateral Agent and a Lender**

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

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

**SILVER POINT FINANCE, LLC, as  
Administrative Agent and Documentation Agent**

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

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

**SPF CDO I, LTD., as a Lender**

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

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

**SPCP GROUP, LLC, as a Lender**

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

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

**FIELD POINT III, LTD., as a Lender**

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

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

**FIELD POINT IV, LTD., as a Lender**

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

Print Name:

---

Title:

---

Accepted and agreed as of the day and year first above written.

BORROWERS:

**EQUITY MEDIA HOLDINGS CORPORATION**

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

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

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

ARKANSAS 49, INC.

BORGER BROADCASTING, INC.

DENVER BROADCASTING, INC.

EBC HARRISON, INC.

EBC PANAMA CITY, INC.

EBC POCATELLO, INC.

EBC SCOTTSBLUFF, INC.

EBC ST. LOUIS, INC.

EQUITY NEWS SERVICES, INC.,

f/k/a Hispanic News Network, Inc.

FORT SMITH 46, INC.

LA GRANDE BROADCASTING, INC.

LOGAN 12, INC.

MARQUETTE BROADCASTING, INC.

MONTGOMERY 22, INC.

NEVADA CHANNEL 3, INC.

NEWMONT BROADCASTING CORPORATION

PRICE BROADCASTING, INC.

PULLMAN BROADCASTING INC.

REP PLUS, INC.

RIVER CITY BROADCASTING, INC.

ROSEBURG BROADCASTING, INC.

SHAWNEE BROADCASTING, INC.

TV 34, INC.

VERNAL BROADCASTING, INC.

WOODWARD BROADCASTING, INC.

EBC MINNEAPOLIS, INC.

EBC DETROIT, INC.

EBC BUFFALO, INC.

EBC WATERLOO, INC.

EBC ATLANTA, INC.

EBC SEATTLE, INC.

EBC KANSAS CITY, INC.

EBC SYRACUSE, INC.

NEVADA CHANNEL 6, INC.

EBC PROVO, INC.

EBC SOUTHWEST FLORIDA, INC.

EBC LOS ANGELES, INC.

EBC BOISE, INC.

C.A.S.H. SERVICES, INC. f/k/a Skyport

Services, Inc.

EBC NASHVILLE, INC.

EBC JACKSONVILLE, INC.

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

James Hearnberger

Vice President of Each





Exhibit 31.1  
CERTIFICATION

I, Henry G. Luken, III, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Equity Media Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2008

By:           /s/ HENRY G. LUKEN, III          

Name: **Henry G. Luken, III**

Title: **Chief Executive Officer**

Exhibit 31.2  
CERTIFICATION

I, Patrick Doran, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Equity Media Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: : March 31, 2008

By:           /s/ PATRICK DORAN          

Name: **Patrick Doran**

Title: **Chief Financial Officer**



Exhibit 32.1  
Certification Required by 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

I, Henry G. Luken, III, as Chief Executive Officer of Equity Media Holdings Corp. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

1. the accompanying Annual Report on Form 10-K of the Company for the annual period ended December 31, 2007 (the “Report”), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects the financial condition and results of operations of the Company.

Date: : March 31, 2008

/s/ HENRY G. LUKEN, III  
\_\_\_\_\_

**Chief Executive Officer**

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Exhibit 32.2  
Certification Required by 18 U.S.C. Section 1350  
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

I, Patrick Doran, as Chief Financial Officer of Equity Media Holdings Corp. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

1. the accompanying Annual Report on Form 10-K of the Company for the annual period ended December 31, 2007 (the “Report”), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects the financial condition and results of operations of the Company.

Date: March 31, 2008

/s/ PATRICK DORAN  
\_\_\_\_\_

**Chief Financial Officer**

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