

# MEREDITH CORP

## FORM 10-Q (Quarterly Report)

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Industry	Printing & Publishing
Sector	Services
Fiscal Year	06/30

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

## FORM 10-Q

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

For the quarterly period ended March 31, 2002

*Commission file number 1-5128*

### Meredith Corporation

(Exact name of registrant as specified in its charter)

Iowa (State or other jurisdiction of incorporation or organization)	42-0410230 (I.R.S. Employer Identification No.)
1716 Locust Street, Des Moines, Iowa (Address of principal executive offices)	50309-3023 (ZIP Code)
515 - 284-3000 (Registrant's telephone number, including area code)	

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of stock outstanding at April 30, 2002:

Common shares	39,212,053
Class B shares	10,393,352
	-----
Total common and class B shares	49,605,405
	=====

**Part I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

Meredith Corporation and Subsidiaries  
Consolidated Statements of Earnings (Unaudited)

	Three Months Ended March 31		Nine Months Ended March 31	
	2002	2001	2002	2001
(In thousands except per share data)				
Revenues:				
Advertising	\$145,951	\$157,459	\$414,373	\$459,653
Circulation	68,628	69,106	195,288	196,956
All other	43,798	45,742	117,294	126,608
Total revenues	258,377	272,307	726,955	783,217
Operating costs and expenses:				
Production, distribution and edit	114,331	122,843	320,846	340,964
Selling, general & administrative	94,874	97,905	289,089	282,474
Depreciation and amortization	13,494	12,847	40,544	38,471
Total operating costs and expenses	222,699	233,595	650,479	661,909
Income from operations	35,678	38,712	76,476	121,308
Other nonoperating income	--	--	2,030	--
Interest income	102	199	375	677
Interest expense	(6,606)	(8,103)	(21,376)	(25,092)
Earnings before income taxes	29,174	30,808	57,505	96,893
Income taxes	11,290	11,924	22,254	37,499
Net earnings	\$ 17,884	\$ 18,884	\$ 35,251	\$ 59,394
Basic earnings per share	\$ 0.36	\$ 0.38	\$ 0.71	\$ 1.19
Basic average shares outstanding	49,428	49,881	49,502	50,058
Diluted earnings per share	\$ 0.35	\$ 0.37	\$ 0.69	\$ 1.16
Diluted average shares outstanding	50,885	51,369	50,834	51,389
Dividends paid per share	\$ 0.090	\$ 0.085	\$ 0.260	\$ 0.245

See accompanying Notes to Interim Condensed Consolidated Financial Statements

Meredith Corporation and Subsidiaries  
Condensed Consolidated Balance Sheets

Assets	(Unaudited)	
	March 31 2002	June 30 2001
-----		
(In thousands)		
Current assets:		
Cash and cash equivalents	\$ 11,106	\$ 36,254
Receivables, net	139,510	137,384
Inventories	31,466	32,835
Subscription acquisition costs	47,250	43,237
Broadcast rights	22,714	13,487
Deferred income taxes	19,465	19,262
Supplies and prepaids	9,648	8,623
	-----	-----
Total current assets	281,159	291,082
Property, plant and equipment	371,160	362,072
Less accumulated depreciation	(172,135)	(158,274)
	-----	-----
Net property, plant and equipment	199,025	203,798
Subscription acquisition costs	30,580	31,947
Broadcast rights	13,673	7,929
Other assets	30,924	33,020
Goodwill and other intangibles (at original cost less accumulated amortization of \$199,399 on March 31 and \$180,229 on June 30)	850,407	869,971
	-----	-----
Total assets	\$1,405,768	\$1,437,747
	=====	=====

See accompanying Notes to Interim Condensed Consolidated Financial Statements

	(Unaudited)	
	March 31	June 30
Liabilities and Shareholders' Equity	2002	2001
-----		
(In thousands except share data)		
Current liabilities:		
Current portion of long-term debt	\$ 10,000	\$ 70,000
Current portion of long-term broadcast rights payable	28,600	18,600
Accounts payable	29,584	45,976
Accrued taxes and expenses	89,783	105,133
Unearned subscription revenues	139,290	131,697
	-----	-----
Total current liabilities	297,257	371,406
Long-term debt	400,000	400,000
Long-term broadcast rights payable	24,045	17,158
Unearned subscription revenues	101,620	89,605
Deferred income taxes	71,976	59,245
Other noncurrent liabilities	53,713	52,425
	-----	-----
Total liabilities	948,611	989,839
	-----	-----
Shareholders' equity:		
Series preferred stock, par value \$1 per share		
Authorized 5,000,000 shares; none issued	--	--
Common stock, par value \$1 per share		
Authorized 80,000,000 shares; issued and outstanding 39,204,367 at March 31 and 39,247,701 at June 30 (net of treasury shares, 28,485,794 at March 31 and 27,823,898 at June 30.)	39,204	39,248
Class B stock, par value \$1 per share, convertible to common stock		
Authorized 15,000,000 shares; issued and outstanding 10,393,352 at March 31 and 10,544,174 at June 30.	10,393	10,544
Retained earnings	412,630	402,393
Accumulated other comprehensive loss	(3,553)	(1,967)
Unearned compensation	(1,517)	(2,310)
	-----	-----
Total shareholders' equity	457,157	447,908
	-----	-----
Total liabilities and shareholders' equity	\$1,405,768	\$1,437,747
	=====	=====

See accompanying Notes to Interim Condensed Consolidated Financial Statements

Meredith Corporation and Subsidiaries  
Consolidated Statements of Stockholders' Equity

(In thousands)	Common Stock	Class B Stock	Add'l Paid-in Capital	Retained Earnings	Accum Other Comp. Inc(Loss)	Unearned Compensa- tion	Total
-----							
Balance at							
	<b>\$39,248</b>	<b>\$10,544</b>	<b>--</b>	<b>\$402,393</b>	<b>\$(1,967)</b>	<b>\$(2,310)</b>	<b>\$447,908</b>
-----							
Comprehensive income:							
Net earnings.....	--	--	--	35,251	--	--	35,251
Other comprehensive loss, net...	--	--	--	--	(1,586)	--	(1,586)
							-----
Total comprehensive income.....							33,665
Stock issued under various incentive plans, net of forfeitures.....	547	--	6,220	--	--	(367)	6,400
Purchases of company stock....	(662)	(80)	(11,712)	(12,137)	--	--	(24,591)
Conversion of class B to common stock.....	71	(71)	--	--	--	--	--
Dividends paid, 31 cents per share							
Common stock...	--	--	--	(10,151)	--	--	(10,151)
Class B stock..	--	--	--	(2,726)	--	--	(2,726)
Restricted stock amortized to operations.....	--	--	--	--	--	1,160	1,160
Tax benefit from incentive plans..	--	--	5,492	--	--	--	5,492
							-----
Balance at							
March 31, 2002	\$39,204	\$10,393	--	\$412,630	\$(3,553)	\$(1,517)	\$457,157
-----							

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

Meredith Corporation and Subsidiaries  
Consolidated Statements of Cash Flows (Unaudited)

Nine Months Ended March 31	2002	2001
-----		
(In thousands)		
Cash flows from operating activities:		
Net earnings	\$ 35,251	\$ 59,394
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	40,544	38,471
Amortization of broadcast rights	28,323	25,780
Payments for broadcast rights	(25,472)	(28,609)
Changes in assets and liabilities:		
Accounts receivable (net)	(2,126)	103
Inventories	1,369	(493)
Supplies and prepayments	(1,960)	(1,668)
Subscription acquisition costs	(2,646)	3,721
Accounts payable	(16,392)	(16,266)
Accruals	(10,633)	(13,118)
Unearned subscription revenues	19,608	(1,167)
Deferred income taxes	13,542	9,942
Other noncurrent liabilities	(550)	746
	-----	-----
Net cash provided by operating activities	78,858	76,836
	-----	-----
Cash flows from investing activities:		
Additions to property, plant, and equipment	(16,517)	(44,574)
Changes in investments and other	2,419	(4,213)
	-----	-----
Net cash used by investing activities	(14,098)	(48,787)
	-----	-----
Cash flows from financing activities:		
Long-term debt incurred	15,000	85,000
Repayment of long-term debt	(75,000)	(85,000)
Proceeds from common stock issued	6,400	5,791
Purchases of company stock	(24,591)	(34,972)
Dividends paid	(12,877)	(12,254)
Other	1,160	928
	-----	-----
Net cash used by financing activities	(89,908)	(40,507)
	-----	-----
Net decrease in cash and cash equivalents	(25,148)	(12,458)
Cash and cash equivalents at beginning of year	36,254	22,861
	-----	-----
Cash and cash equivalents at end of period	\$ 11,106	\$ 10,403
	=====	=====

See accompanying Notes to Interim Condensed Consolidated Financial Statements

**MEREDITH CORPORATION**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

1. Accounting Policies

a. General

The information included in the foregoing interim financial statements is unaudited. In the opinion of management, all adjustments, which are of a normal recurring nature and necessary for a fair presentation of the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. Readers are referred to the company's Form 10-K for the year ended June 30, 2001 for complete financial statements and related notes. Certain prior-year amounts have been reclassified to conform with current-year presentation.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. The company bases its estimates on historical experience and other assumptions, as appropriate, concerning the carrying values of its assets and liabilities. Key areas affected by estimates include: the assessment of the recoverability of long-lived assets, which is based on such factors as estimated future cash flows; the determination of the net realizable value of broadcast rights, which is based on estimates of future revenues; and, provisions for returns of magazines and book sold, which are based primarily on historical experience. The company re-evaluates its estimates on an ongoing basis. Actual results could differ from those estimates.

c. Goodwill and other intangibles

The unamortized portion of intangible assets consisted of the following:

	(unaudited)	
	March 31	June 30
	2002	2001
(In thousands)	-----	-----
Federal Communications Commission (FCC) licenses	\$408,827	\$417,434
Goodwill	234,940	240,768
Television network affiliation agreements	191,647	196,217
All other	14,993	15,552
	-----	-----
Total unamortized portion of intangible assets	\$850,407	\$869,971
	=====	=====



**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

d. Earnings per share

The following table presents the calculations of earnings per share:

(In thousands except per share)	(unaudited)		(unaudited)	
	Three Months Ended March 31		Nine Months Ended March 31	
	2002	2001	2002	2001
Net earnings	\$17,884	\$18,884	\$35,251	\$59,394
Basic average shares outstanding	49,428	49,881	49,502	50,058
Dilutive effect of stock options	1,457	1,488	1,332	1,331
Diluted average shares outstanding	50,885	51,369	50,834	51,389
Basic earnings per share	\$ .36	\$ .38	\$ .71	\$ 1.19
Diluted earnings per share	\$ .35	\$ .37	\$ .69	\$ 1.16

Antidilutive options excluded from the above calculations totaled 488,000 options at March 31, 2002 (with a weighted average exercise price of \$40.84) and 643,000 options at March 31, 2001 (with a weighted average exercise price of \$39.98).

Options to purchase 528,000 shares were exercised during the nine months ended March 31, 2002 (357,000 options were exercised in the nine months ended March 31, 2001).

2. Nonrecurring Items

In response to a weakening economy and a continued advertising downturn in fiscal 2001, Meredith took steps to reduce the number of employees through a one-time, special voluntary early retirement program and additional selective workforce reductions through attrition, realignments and job eliminations. In addition, the company wrote-off certain Internet investments. These actions resulted in a fiscal 2001 net nonrecurring charge of \$25.3 million (\$15.4 million after-tax) or 30 cents per share for personnel costs, (\$18.4 million) asset write-downs and other (\$8.2 million), offset by the reversal of excess accruals (\$1.3 million). The nonrecurring charge resulted in balance sheet adjustments of \$8.5 million and cash payments of \$1.1 million in fiscal 2001,

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

leaving an accrual balance of \$15.7 million for personnel costs at June 30, 2001. Details of the activities affecting the accrual since that date follow:

Description	Jun-30-2001 Accrual Balance	Cash Payments	Other Adjustments	Mar-31-2002 Accrual Balance
-----	-----	-----	-----	-----
(In thousands)				
Personnel costs	\$ 15,716	\$ (9,261)	\$ (174)	\$ 6,281
	=====	=====	=====	=====

Payments made during the period were for enhanced retirement benefits, severance and outplacement charges. The other adjustments represent accelerated amortization of restricted stock. A total of 53 jobs were eliminated during the first nine months of fiscal 2002, in addition to the 155 positions eliminated during fiscal 2001. The majority of the accrued personnel costs are expected to be paid out over the next 6 months.

Meredith also recorded a nonrecurring charge in fiscal 2000 related to the closing of certain operations that no longer fit the company's business objectives. The charge totaled \$23.1 million (\$19.1 million after tax) or 36 cents per share for asset write-downs (\$16.8 million), contractual obligations (\$3.8 million) and personnel costs (\$2.5 million). The personnel costs related to the termination of 29 employees, all of whom had left the company by June 30, 2001. Fiscal 2000 activity related to this charge consisted of noncash balance sheet adjustments of \$18.5 million and cash payments of \$1.4 million, leaving an accrual balance of \$3.2 million at June 30, 2000. During fiscal 2001 additional cash payments of \$1.1 million were made and \$1.2 million of the accrual was deemed no longer necessary and was reversed. The reversal reduced the amount of the nonrecurring charge recorded in fiscal 2001. The result was an accrual balance of \$0.9 million at June 30, 2001. Since that date, cash payments totaling \$0.1 million have been made, reducing the accrual to \$0.8 million at March 31, 2002. The remaining accrual balance relates primarily to contractual obligations and will be settled over the next two fiscal years.

### 3. Assets held for disposal

On March 22, 2002, Meredith Corporation reached an agreement to exchange its Orlando and Ocala, Fla., television stations with News Corporation and Fox Television Stations, Inc. for station KPTV, a UPN affiliate in Portland, Ore. The proposed transaction, which is subject to regulatory approval, creates a Meredith duopoly in Portland where the company currently owns KPDX-TV, a Fox affiliate. The transaction is expected to close either late in fiscal 2002 or early in fiscal 2003. The carrying value of the net assets of the two stations, which are included in the Broadcasting segment, was \$25.7 million at March 31, 2002. These assets are considered as being held for disposal and,

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

effective April 1, 2002, will no longer be depreciated or amortized. Depreciation and amortization expense on these assets totaled approximately \$1.8 million in the first nine months of fiscal 2002. The financial impact of the duopoly on operating results is not expected to be material. Meredith, however, will record a one-time gain on the exchange. The amount of the gain can not be quantified at this time.

4. Inventories

Major components of inventories are summarized below. Of total inventory values shown, approximately 33 percent and 31 percent are under the LIFO method at March 31, 2002 and June 30, 2001, respectively.

	(unaudited)	
	March 31	June 30
	2002	2001
(In thousands)	-----	-----
Raw materials	\$13,520	\$13,480
Work in process	16,418	20,830
Finished goods	7,480	6,477
	-----	-----
Reserve for LIFO cost valuation	37,418 (5,952)	40,787 (7,952)
	-----	-----
Total	\$31,466	\$32,835
	=====	=====

5. Debt

At March 31, 2002, debt outstanding consisted of \$210 million outstanding under two variable-rate bank credit facilities and \$200 million outstanding in fixed-rate unsecured senior notes issued to five insurance companies. The debt agreements include certain financial covenants related to debt levels and coverage ratios. As of March 31, 2002, the company was in compliance with all debt covenants.

On April 9, 2002, Meredith retired the \$210 million outstanding under the bank credit facilities using \$10 million of cash and \$200 million of proceeds from borrowings under a new debt structure. The new debt consists of: \$100 million in fixed-rate unsecured senior notes, with an average maturity of 5.5 years, issued to five insurance companies; \$20 million outstanding under a new five-year \$150 million variable-rate revolving credit facility; and, \$80 million outstanding under a \$100 million asset-backed commercial paper program that is renewable annually. This refinancing allows Meredith to take advantage

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

of favorable long-term interest rates and to diversify funding sources. The interest rate on the variable-rate revolving credit facility is based on a spread over LIBOR determined by the company's leverage ratio. The interest rate on the asset-backed commercial paper program is based on a fixed spread over the commercial paper cost to the lender. The weighted average interest rate on debt outstanding at April 9, 2002 was approximately 6.5 percent.

Each of the debt agreements includes certain covenants, including financial covenants related to debt levels and coverage ratios. All of the debt agreements include a financial covenant related to the ratio of debt to earnings before interest, taxes, depreciation and amortization or "EBITDA". In addition, all of the debt agreements include a financial covenant related to either the ratio of EBITDA to interest expense or the ratio of earnings before interest and taxes to interest expense.

The company expects to maintain compliance with these, as well as all other debt covenants. Failure to comply could result in the debt becoming payable on demand.

The asset-backed commercial paper facility renews annually in April. Meredith has the ability and the intent to renew the facility each year and, therefore, the principal is shown as due on April 9, 2007, the facility termination date.

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

A summary of the long-term debt outstanding on April 9, 2002 follows:

(In thousands)

Variable-rate credit facilities:

Revolving Credit Facility of \$150 million, due 4/5/2007	\$ 20,000
Asset-backed commercial paper program of \$100 million, due 4/9/2007	80,000
Private placement notes:	
6.51% senior notes, due 3/1/2005	75,000
6.57% senior notes, due 9/1/2005	50,000
6.65% senior notes, due 3/1/2006	75,000
6.39% senior notes, due 4/1/2007	50,000
6.62% senior notes, due 4/1/2008	50,000
	-----
Total long-term debt	\$400,000 =====

Principal payments under the new debt structure due in succeeding fiscal years are:

Years ended June 30	(In thousands)
-----	-----
2003	\$ --
2004	--
2005	75,000
2006	125,000
2007	150,000
2008	50,000
	-----
Total long-term debt	\$400,000 =====

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

6. Derivative Financial Instruments

At March 31, 2002, Meredith had entered into interest rate swap contracts to pay fixed-rates of interest (average 5.4 percent) and receive variable-rates of interest (average 3-month LIBOR rate of 2.0 percent) on \$176 million notional amount of indebtedness. This resulted in approximately 85 percent of Meredith's underlying variable-rate debt being subject to fixed interest rates. The swap contracts expire in May 2002 and June 2004. The notional amount varies over the terms of the contracts. The average notional amount of indebtedness outstanding under the contracts is \$195 million in fiscal 2002, \$166 million in fiscal 2003 and \$132 million in fiscal 2004.

The fair market value of the interest rate swap contracts was a liability of \$4.4 million at March 31, 2002. Assuming no change in interest rates, the estimated amount of the loss expected to be reclassified into earnings over the next 12 months is \$2.4 million. The net gain or loss on the ineffective portion of these interest rate swap contracts was not material in any period.

As a result of the debt refinancing on April 9, 2002, Meredith has \$76.3 million notional amount of swap contracts that no longer, as of that date, meet the qualifications for hedge accounting. The fair market value of these swap contracts was a liability of approximately \$2.1 million as of April 9, 2002. All future changes in the fair market value of the liability will affect future net earnings. The expense related to the liability has been recorded in other comprehensive income (loss). Based on an assessment of the current facts and circumstances, this amount will be amortized into interest expense over the remaining life of the swap contracts. This assessment will be re-evaluated on an ongoing basis. If in the future, management determines that it is probable that the level of variable-rate debt will not exceed or match the total notional amount of the swap contracts, the amount in accumulated other comprehensive income (loss) will be immediately recorded in earnings.

7. Comprehensive Income

Comprehensive income is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. The company's comprehensive income primarily consists of changes in the fair market value of interest rate swap contracts in addition to net earnings. Fiscal 2001 comprehensive income also included a cumulative-type transition net gain for the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," and subsequent amendments, of \$2.5 million. Total comprehensive income (in thousands) for the three-month periods ended March 31, 2002 and 2001, was \$19,124 and \$17,355, respectively. Total comprehensive income for the nine-month periods ended March 31, 2002 and 2001, was \$33,665 and \$58,443, respectively.

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

8. Segment Information  
(unaudited) (unaudited)

	Three Months Ended March 31		Nine Months Ended March 31	
	2002	2001	2002	2001
(In thousands)				
Revenues				
Publishing	\$199,576	\$213,385	\$542,789	\$580,529
Broadcasting	58,801	58,922	184,166	202,688
	-----	-----	-----	-----
Total revenues	\$258,377	\$272,307	\$726,955	\$783,217
	=====	=====	=====	=====
Operating profit				
Publishing	\$ 40,700	\$ 39,879	\$ 80,004	\$ 97,955
Broadcasting	781	3,272	11,197	34,868
Unallocated corporate expense	(5,803)	(4,439)	(14,725)	(11,515)
	-----	-----	-----	-----
Income from operations	\$ 35,678	\$ 38,712	\$ 76,476	\$121,308
	=====	=====	=====	=====
Depreciation and amortization				
Publishing	\$ 2,949	\$ 2,247	\$ 8,509	\$ 6,679
Broadcasting	9,932	10,038	30,123	29,889
Unallocated corporate	613	562	1,912	1,903
	-----	-----	-----	-----
Total depreciation and amortization	\$ 13,494	\$ 12,847	\$ 40,544	\$ 38,471
	=====	=====	=====	=====
EBITDA				
Publishing	\$ 43,649	\$ 42,126	\$ 88,513	\$104,634
Broadcasting	10,713	13,310	41,320	64,757
Unallocated corporate	(5,190)	(3,877)	(12,813)	(9,612)
	-----	-----	-----	-----
Total EBITDA	\$ 49,172	\$ 51,559	\$117,020	\$159,779
	=====	=====	=====	=====

Meredith Corporation is a diversified media company primarily focused on the home and family marketplace. Based on products and services, the company has established two reportable segments: publishing and broadcasting. The publishing segment includes magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing, and other related operations. The broadcasting segment includes the operations of 12 network-affiliated television stations. There are no material intersegment

**MEREDITH CORPORATION**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, continued**  
(Unaudited)

transactions. There have been no changes in the basis of segmentation or the measurement of segment profit since June 30, 2001.

EBITDA is defined as earnings from continuing operations before interest, taxes, depreciation and amortization and excludes the nonrecurring income from the demutualization of an insurance company. EBITDA is often used to analyze and compare companies on the basis of operating performance and cash flow. EBITDA is not adjusted for all noncash expenses or for working capital, capital expenditures and other investment requirements. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. In addition, the calculation of EBITDA and similarly titled measures may vary between companies.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion presents the key factors that have affected the company's business in the third quarter and first nine months of fiscal 2002 and fiscal 2001. This commentary should be read in conjunction with the consolidated financial statements presented elsewhere in this report and with the company's Form 10-K for the year ended June 30, 2001. All per-share amounts refer to diluted earnings per share and are computed on a post-tax basis.

This section, and management's public commentary from time to time, may contain certain forward-looking statements that are subject to risks and uncertainties. The words "expect," "anticipate," "believe," "likely," "will," and similar expressions generally identify forward-looking statements. These statements are based on management's current knowledge and estimates of factors affecting the company's operations. Readers are cautioned not to place undue reliance on such forward looking-information as actual results may differ materially from those currently anticipated. Readers are referred to the company's Form 10-K for the year ended June 30, 2001, for a discussion of such factors.

In March 2002, Meredith announced it had agreed to exchange its Orlando and Ocala, Fla., television stations with News Corporation and Fox Television Stations, Inc., for station KPTV, a UPN affiliate in Portland, Ore. The proposed transaction, which is subject to regulatory approval, creates a Meredith duopoly in Portland where the company currently owns KPDX-TV, a FOX affiliate. A duopoly, the ownership of two stations in a market, offers increased efficiency while providing stronger outlets for advertisers and viewers. The assets of Orlando and Ocala stations will no longer be depreciated or amortized, as they are considered as held for disposal.



Depreciation and amortization expense on these assets totaled approximately \$1.8 million in the first nine months of fiscal 2002. The financial impact of the duopoly on operating results is not expected to be material. Meredith, however, will record a one-time gain on the exchange. The amount of the gain can not be quantified at this time. Meredith also announced it had negotiated new, five-year affiliation agreements for all of its FOX-affiliated stations.

### Results of Operations

Description -----	Three Months Ended March 31		Nine Months Ended March 31	
	2002	2001	2002	2001
-----	-----	-----	-----	-----
(In thousands)				
Total revenues	\$258,377 =====	\$272,307 =====	\$726,955 =====	\$783,217 =====
Income from operations	\$ 35,678 =====	\$ 38,712 =====	\$ 76,476 =====	\$121,308 =====
Net earnings	\$ 17,884 =====	\$ 18,884 =====	\$ 35,251 =====	\$ 59,394 =====
Diluted earnings per share	\$ 0.35 =====	\$ 0.37 =====	\$ 0.69 =====	\$ 1.16 =====
Other data:				
Earnings before special items	\$ 17,884 =====	\$ 18,884 =====	\$ 34,007 =====	\$ 59,394 =====
Diluted earnings per share before special items	\$ 0.35 =====	\$ 0.37 =====	\$ 0.67 =====	\$ 1.16 =====

Fiscal 2002 third quarter net earnings were \$17.9 million, or 35 cents per share, compared to prior-year third quarter net earnings of \$18.9 million, or 37 cents per share. For the nine months ended March 31, 2002, net earnings were \$35.3 million, or 69 cents per share. This included the one-time receipt of \$2.0 million (\$1.2 million after-tax or 2 cents per share) from the demutualization of an insurance company with which Meredith holds policies. Excluding that nonrecurring item, fiscal year-to-date earnings were \$34.0 million, or 67 cents per share compared to net earnings of \$59.4 million, or \$1.16 per share, in the prior-year period. The earnings decline in both the quarter and nine-month period resulted primarily from a decline in advertising revenue which was partially mitigated by Meredith's cost reduction efforts. The decline in Meredith's operating earnings was partially offset by lower net interest expense which resulted primarily from lower levels of debt outstanding. The weighted-average number of shares outstanding declined 1 percent in both periods due to company share repurchases.

Third quarter revenues were \$258.4 million compared to prior-year third quarter revenues of \$272.3 million. Revenues for the nine months ended March 31, 2002 were \$727.0 million versus \$783.2 million in the prior-year period. Adjusting for the impact of discontinued magazine titles, comparable prior-year revenues were \$263.8 million in the quarter and \$760.8 million for the nine-month period. A nationwide slowdown in the demand for advertising, that was exacerbated by the September 11 terrorist attacks, affected both magazine and broadcasting advertising over the first nine months of fiscal 2002. Third quarter broadcasting advertising revenues improved from double-digit percentage declines versus the prior-year quarters in the first two quarters to be flat with the prior-year third quarter. Broadcasting advertising revenues in the first nine months of fiscal 2002 were also affected by the absence of political revenues, which were significant in the prior-year due to the November 2000 elections, and by several days of commercial-free news coverage of the September 11 terrorist attacks. Other revenues, which consist primarily of revenues from book publishing and integrated marketing operations, were also down in both the quarter and year-to-date period reflecting lower sales volumes due to the ongoing weakness in the United States economy.

Operating costs and expenses decreased 5 percent in the third quarter and were down 2 percent for the nine-month period compared to the respective prior-year periods. Production, distribution and editorial costs decreased 7 percent in the quarter and 6 percent in the year-to-date period. The decreases were due to the absence of costs for discontinued magazine titles included in the prior year, volume-related declines in manufacturing and paper costs, and lower paper prices. Partially offsetting these favorable variances were higher postal rates and higher amortization of broadcasting rights. Selling, general and administrative expenses decreased 3 percent in the third quarter but were up 2 percent in the nine months ended March 31, 2002, largely due to the timing of subscription acquisition efforts. In comparison to the prior year, more subscription acquisition mailings were undertaken in the first half of the fiscal year and fewer in the third fiscal quarter resulting in higher costs for the current nine-month period, but lower costs in the third quarter. Other factors affecting selling, general and administrative expenses included lower costs attributable to the absence of discontinued titles included in the prior year, higher employee benefit costs and higher unallocated corporate expenses. Unallocated corporate expenses, which represent general corporate overhead expenses not attributable to the operating groups, increased to \$5.8 million in the third quarter and to \$14.7 million for the nine-month period from \$4.4 million and \$11.5 million in the respective prior-year periods. The increases primarily reflected higher pension and consulting expenses. The increase in consulting expenses related to a review of vendor relationships and an analysis of opportunities for process improvements and the related implementation.

Meredith recorded a nonrecurring charge of \$25.3 million in fiscal 2001 primarily for costs related to a reduction in workforce and the write-down of certain assets. In addition, the company recorded a charge of \$9.9 million in fiscal 2001 for the write-down of certain broadcasting programming rights to net realizable value. The workforce reduction program and the programming write-down were expected to result in the reduction of certain costs in fiscal 2002. The anticipated savings were achieved, but as expected, these savings were largely offset by other cost increases.

The Company's effective tax rate in the third quarter and nine-month period was 38.7 percent, the same as the prior-year third quarter and fiscal year.

Looking forward, fourth quarter comparable magazine advertising pages and revenues, as well as broadcasting advertising bookings, are currently up in the mid-single digits on a percentage basis. Television advertising bookings are as of a point in time and actual results may differ. The advertising recession appears to have bottomed out. Management is guardedly optimistic but believes it is still too early to predict a sustained recovery. The publishing and broadcasting businesses continue to see a lot of variability in the advertising markets. In addition, June is typically a volatile month in broadcast advertising, coming off the May sweeps and entering the summer. As of April 30, 2002, analysts earnings estimates for the fourth quarter of fiscal 2002 ranged from 33 to 37 cents per share. Management believes earnings at the upper end of that range are achievable.

Looking ahead to fiscal 2003, management believes the continuing uncertainty of the economic climate make precise guidance difficult. At this time, management foresees a gradual recovery during the first half of fiscal 2003, with further strengthening in the second half. If this pattern is correct, management expects earnings per share growth of 10 to 20 percent in fiscal 2003, excluding any impact due to the adoption of Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets".

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 142, "Goodwill and Other Intangible Assets." Meredith will adopt this standard, as required, effective July 1, 2002. Upon adoption, goodwill and intangible assets with an indefinite life will no longer be amortized, but instead will be tested for impairment at least annually. These assets will also be reviewed for impairment upon adoption and any transitional impairment losses will be recorded as the cumulative effect of a change in accounting principle. The FASB also issued SFAS No. 141, "Business Combinations," in July 2001. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. It also specifies criteria that must be met for the recognition of intangible assets separate from goodwill. Upon adoption of SFAS No. 142, Meredith will be required to evaluate its existing intangible assets and make any necessary reclassifications in order to conform to these new criteria.

At this time, management estimates that no longer amortizing goodwill and intangible assets with an indefinite life will result in earnings per share increasing by either 24 cents or 31 cents per share on an annual basis, depending upon whether network affiliation agreements are indefinite-lived assets. The company is in the preliminary stages of assessing the amount of any transitional impairment losses that may result from the adoption of these standards. Such amounts are not quantifiable at this time, however impairment losses as a result of the adoption of SFAS No. 142 could be material.

Interactive Media -- The following table presents supplemental data regarding the results of the company's interactive media operations. These operations are an integral part of the company's Publishing and Broadcasting Groups and are included in the reported results of those segments. To date, most of the company's Internet activities have been in the Publishing Group. The results are pro-forma and are presented for informational purposes only. The results do not attempt to reflect how the operations would have been reported had they been a stand-alone business.

Description	Three Months Ended March 31		Nine Months Ended March 31	
	2002	2001	2002	2001
(In thousands)				
Total revenues	\$ 1,386	\$ 1,838	\$ 3,385	\$ 4,449
	=====	=====	=====	=====
Operating loss	\$ (83)	\$ (1,396)	\$ (3,191)	\$ (5,178)
	=====	=====	=====	=====

Third quarter interactive media revenues decreased to \$1.4 million from \$1.8 million in the prior-year quarter. In the nine months ended March 31, 2002, interactive media revenues were \$3.4 million compared to \$4.4 million in the prior-year period. The declines reflected lower advertising revenues.

Interactive media incurred operating losses of \$0.1 million in the third quarter and \$3.2 million in the first nine months of fiscal 2002. This compares to operating losses of \$1.4 million and \$5.2 million in the respective prior-year periods. The reduction of the operating losses resulted from savings associated with the online acquisition of magazine subscriptions and other cost reduction efforts.

Publishing

Description	Three Months Ended March 31		Nine Months Ended March 31	
	2002	2001	2002	2001
(In thousands)				
Revenues				
Advertising	\$ 89,045	\$100,594	\$235,452	\$262,212
Circulation	68,628	69,106	195,288	196,956
Other	41,903	43,685	112,049	121,361
	-----	-----	-----	-----
Total revenues	\$199,576	\$213,385	\$542,789	\$580,529
	=====	=====	=====	=====
Operating profit	\$ 40,700	\$ 39,879	\$ 80,004	\$ 97,955
	=====	=====	=====	=====

Third quarter publishing revenues were \$199.6 million compared to \$213.4 million in the prior-year third quarter. For the nine months ended March 31, 2002, revenues were \$542.8 million versus \$580.5 million in the prior-year period. Excluding the impact of discontinued properties, comparable prior-year revenues were \$204.9 million for the quarter and \$558.1 million for the nine months. Discontinued properties include Golf for Women, Family Money and Mature Outlook magazines, as well as the California Tourism Publications and the Better Homes and Gardens syndicated television show. The following discussion excludes the prior-year revenues of these discontinued properties.

Comparable magazine advertising revenues decreased 6 percent in the quarter and were down 5 percent year-to-date. First quarter magazine advertising revenues, where all issues had closed advertising sales prior to September 11, were up slightly. The impact of the terrorists attacks on advertising and the economy in general, was evident in the second fiscal quarter with advertising revenues down 13 percent. Third quarter advertising revenues were down 6 percent, reflecting some improvement from the second quarter. Advertising pages and revenues were down at most magazine titles in both the third quarter and fiscal year-to-date. Lower average net revenues per page were also a factor at many titles. Better Homes and Gardens and Ladies' Home Journal, the company's two largest circulation titles, reported advertising revenue percentage declines in the low-single digits and mid-single digits, respectively, in both the third quarter and year-to-date period. At Better Homes and Gardens advertising pages were up slightly in the quarter and were flat for the year-to-date, while revenues declined from lower average revenues per page. The decline at Ladies' Home Journal was primarily related to fewer advertising pages sold. Among the mid-size and smaller books, the most significant advertising revenue declines were at Traditional Home and Successful Farming magazines. A decline in advertising pages affected both titles and lower average revenues per page were also a factor for Successful Farming.

Total magazine advertising pages were down 7 percent on a comparable basis in the quarter. There was a strengthening in the home and building category, however ad pages declined in the retail, pharmaceuticals and travel categories.

Comparable magazine circulation revenues increased 2 percent in both the quarter and in the nine-month period. The growth reflected increased newsstand sales of Special Interest Publications and craft titles.

Other publishing revenues were down 3 percent in the third quarter versus a decline of 16 percent in the fiscal second quarter. Revenues were down 6 percent in the year-to-date period on a comparable basis. Revenues from book publishing increased in the third quarter, but were still down for the nine-month period. Third quarter sales volumes were down in the integrated marketing businesses, but the decline was less severe than in the prior-quarter. Management believes the declines were a result of the general economic downturn.

Publishing operating profit was \$40.7 million in the fiscal 2002 third quarter compared to \$39.9 million in the prior-year third quarter. For the nine months ended March 31, 2002, publishing operating profit was \$80.0 million versus \$98.0 million in the prior-year period. The increase in third quarter

operating profit resulted primarily from lower subscription acquisition costs and lower paper prices. Partially offsetting these improvements was the profit impact of lower advertising revenues. In the year-to-date period, operating profit declined from lower advertising revenues and higher subscription acquisition costs. Also contributing were volume-related declines in book publishing and integrated marketing operating profits and higher postal rates. Partially offsetting these unfavorable items was the benefit of lower magazine paper prices. Average paper prices were approximately 14 percent lower in the quarter and 9 percent lower in the nine-month period than a year earlier.

The variance in subscription acquisition costs reflected a previously disclosed shift in the timing of promotional mailings toward the first half of the fiscal year. This shift resulted in a \$2.7 million increase in costs in the first nine-months of the year and a \$5.7 million decline in costs in the third quarter versus the prior-year periods. Total fiscal 2002 subscription acquisition costs related to direct mail efforts are expected to be about the same as such costs in fiscal 2001.

Looking forward, the paper market remains soft but postal rates will increase on June 30, 2002. Meredith will benefit from lower paper prices as a result of contracts entered into effective January 1, 2002. Average paper prices in the fourth quarter of fiscal 2002 are expected to be down in the low-to-mid teens on a percentage basis from a year earlier. Regarding postal rates, the United States Postal Service will increase postage rates for periodicals approximately 10 percent effective June 30, 2002. These rate increases will affect postal costs in the first quarter of fiscal 2003 and beyond.

Broadcasting				
-----				
Description	Three Months		Nine Months	
	Ended March 31		Ended March 31	
	2002	2001	2002	2001
-----				
(In thousands)				
Revenues				
Advertising	\$ 56,906	\$ 56,865	\$178,921	\$197,441
Other	1,895	2,057	5,245	5,247
	-----	-----	-----	-----
Total revenues	\$ 58,801	\$ 58,922	\$184,166	\$202,688
	=====	=====	=====	=====
Operating profit	\$ 781	\$ 3,272	\$ 11,197	\$ 34,868
	=====	=====	=====	=====

Fiscal 2002 third quarter revenues were \$58.8 million compared to prior-year third quarter revenues of \$58.9 million. In the first nine months of fiscal 2002, revenues were \$184.2 million, down 9 percent from \$202.7 million in the prior-year period. Third quarter advertising revenues were equal to those of the prior-year third quarter following declines in the low-teens, on a percentage basis, in the first two quarters of fiscal 2002. The declines in the first half of the fiscal year reflected the ongoing weakness of the

television advertising market, the effect of the September 11 terrorist attacks and the absence of political revenues recorded in the prior-year due to the biennial nature of elections. Net political revenues totaled \$14.2 million in the first half of fiscal 2001. Excluding political advertising, revenues were down 3 percent for the nine-month period.

Television advertising revenues have been weak across the industry for several quarters. The terrorist attacks on September 11 had an immediate worsening effect on those revenues. Meredith's September advertising revenues, which had been pacing flat with the prior year, ended the month down 20 percent. Part of the decline resulted from the stations' commercial-free news coverage for several days following September 11, as well as the impact of the postponement of the immediately following weekend's sporting events. The balance of the decline reflected the dramatic slowdown in advertising following the attacks. Third quarter national advertising equaled that of the prior-year third quarter ending a string of six consecutive quarters of double-digit percentage declines in national advertising, excluding political revenues. Local advertising revenue was also flat in the third quarter. Results varied by market, but in general the company's six FOX affiliates, which benefited from the Super Bowl that ran on CBS in the prior year, and one NBC affiliate outperformed the CBS affiliates.

Operating profit was \$0.8 million in the third quarter compared to \$3.3 million in the prior-year third quarter. In the first nine months of fiscal 2002, operating profit was \$11.2 million versus \$34.9 million in the comparable prior-year period. The decline in third quarter operating profit reflected a 4 percent increase in operating costs that resulted primarily from higher amortization of broadcast programming rights. Excluding broadcast rights amortization, operating costs increased 1 percent in the third quarter due largely to higher employee benefit costs. The decline in operating profit in the nine-month period was mostly due to lower advertising revenues. Operating costs increased 3 percent compared to the prior-year period. As in the quarter, the cost increases reflected higher amortization of broadcast rights and higher employee benefit costs. Increased payroll costs related to the expansion of news programming over the first half of the year also contributed.

## Liquidity and Capital Resources

Nine Months ended March 31 -----	2002 -----	2001 -----	Percent Change -----
(In thousands)			
Net earnings	\$ 35,251 =====	\$ 59,394 =====	(41)% =====
Cash flows from operations	\$ 78,858 =====	\$ 76,836 =====	3 % =====
Cash flows used by investing	\$ (14,098) =====	\$ (48,787) =====	71 % =====
Cash flows used by financing	\$ (89,908) =====	\$ (40,507) =====	(122)% =====
Net decrease in cash and cash equivalents	\$ (25,148) =====	\$ (12,458) =====	(102)% =====
EBITDA	\$ 117,020 =====	\$ 159,779 =====	(27)% =====

Cash and cash equivalents decreased by \$25.1 million in the first nine months of fiscal 2002 compared to a decrease of \$12.5 million in the corresponding prior-year period. The decline primarily reflected increased use of cash for the repayment of debt, partially offset by lower spending for property, plant and equipment and for the repurchase of company stock. Cash provided by operating activities increased slightly from \$76.8 million to \$78.9 million in the current period in spite of a decline in net earnings. The increase in cash provided by operations resulted from favorable changes in working capital accounts. Those changes included an increase in unearned subscription revenues due to the timing of mailings and favorable changes associated with broadcast rights.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization and excludes the nonrecurring income from the demutualization of an insurance company. EBITDA is often used to analyze and compare companies on the basis of operating performance and cash flow. EBITDA in the first nine months of fiscal 2002 decreased 27 percent from the prior-year period due primarily to the advertising revenue-related decline in operating results. EBITDA is not adjusted for all noncash expenses or for working capital, capital expenditures and other investment requirements. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. In addition, the calculation of EBITDA and similarly titled measures may vary between companies.



At March 31, 2002, debt outstanding consisted of \$210 million outstanding under two variable-rate bank credit facilities and \$200 million outstanding in fixed-rate unsecured senior notes issued to five insurance companies. Meredith has reduced its debt outstanding by \$60 million during the first nine months of fiscal 2002. The debt agreements include certain financial covenants related to debt levels and coverage ratios. As of March 31, 2002, the company was in compliance with all debt covenants.

On April 9, 2002, Meredith retired the \$210 million outstanding under the bank credit facilities using \$10 million of cash and \$200 million of proceeds from borrowings under a new debt structure. The new debt consists of: \$100 million in fixed-rate unsecured senior notes, with an average maturity of 5.5 years, issued to five insurance companies; \$20 million outstanding under a new five-year \$150 million variable-rate revolving credit facility; and, \$80 million outstanding under a \$100 million asset-backed commercial paper program that is renewable annually. This refinancing allows Meredith to take advantage of favorable long-term interest rates and to diversify funding sources. Funds for the payment of interest and principal on the debt are expected to be provided by cash generated from future operating activities.

The following table presents long-term debt maturities (based on debt as of April 9, 2002), required payments under contractual agreements for broadcast rights and future minimum lease payments under non-cancelable leases as of March 31, 2002 (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term Debt	400,000	--	75,000	275,000	50,000
Operating Leases	58,936	6,012	12,162	11,767	28,995
Broadcast Rights	111,958	41,273	57,786	11,196	1,703
Total Contractual Cash Obligations	570,894	47,285	144,948	297,963	80,698

The contractual obligations for broadcast rights shown above includes \$59.3 million for broadcast rights that are not currently available for broadcast and are therefore not included in the Condensed Consolidated Balance Sheet at March 31, 2002. Meredith Corporation also has commitments, in the form of standby letters of credit and other guarantees, totaling \$1.0 million. Approximately half of the commitments expire within 9 months and the balance is long-term.

Meredith uses interest rate swap contracts to manage interest cost and risk associated with possible increases in variable interest rates. The swap contracts expire in May 2002 and June 2004. The notional amount varies over the remaining terms of the contracts. The company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments. Management does not expect any counterparties to fail to meet

their obligations given the strong creditworthiness of the counterparties to the agreements. The weighted-average interest rate on debt outstanding at April 9, 2002, was approximately 6.5 percent.

As a result of the debt refinancing on April 9, 2002, Meredith has \$76.3 million notional amount of swap contracts that no longer, as of that date, meet the qualifications for hedge accounting. The fair market value of these swap contracts was a liability of approximately \$2.1 million as of April 9, 2002. All future changes in the fair market value of the liability will affect future net earnings. The expense related to the liability has been recorded in other comprehensive income (loss). Based on current facts and circumstances, this amount will be amortized into interest expense over the remaining life of the swap contracts. This assessment will be re-evaluated on an ongoing basis. If in the future, management determines that it is probable that the level of variable-rate debt will not exceed or match the total notional amount of the swap contracts, the amount in accumulated other comprehensive income (loss) will be immediately recorded in earnings.

As part of Meredith's ongoing share repurchase program, the company spent \$24.6 million to repurchase an aggregate of 742,000 shares of Meredith Corporation common stock at then current market prices in the first nine months of fiscal 2002. This compares with spending of \$35.0 million for the repurchase of 1.1 million shares in the corresponding prior-year period. The company expects to continue to repurchase shares from time to time in the foreseeable future, subject to market conditions. As of March 31, 2002, the number of shares authorized for future repurchase was approximately 1.7 million shares. The status of this program is reviewed at each quarterly Board of Directors meeting.

Dividends paid in the first nine months of fiscal 2002 were \$12.9 million, or 26 cents per share, compared with \$12.3 million, or 24.5 cents per share, paid in the prior-year period.

Spending for property, plant and equipment decreased to \$16.5 million from \$44.6 million in the first nine months of fiscal 2001. The decline reflected higher spending in the prior-year period for the purchase of replacement aircraft and associated facilities, construction of a new broadcasting facility for the Atlanta television station and the purchase of equipment for the introduction of local news programming at the Portland television station. The broadcasting segment anticipates spending between \$6 and \$10 million over the next 6 months for the initial transition to digital technology at six stations. Five of the company's stations have already made this initial transition. The company has no other material commitments for capital expenditures. Funds for capital expenditures are expected to be provided by cash from operating activities or, if necessary, borrowings under credit agreements.

At this time, management expects that cash on hand, internally-generated cash flow and debt from credit agreements will provide funds for any additional operating and recurring cash needs (e.g., working capital, cash dividends) for the foreseeable future.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The company is subject to certain market risks as a result of the use of financial instruments. The market risk inherent in the company's financial instruments subject to such risks is the potential market value loss arising from adverse changes in interest rates. Readers are referred to Item 7a, "Quantitative and Qualitative Disclosures About Market Risk," of the company's Form 10-K for the year ended June 30, 2001 for a more complete discussion of these risks.

On April 9, 2002 Meredith refinanced its existing debt. The following discussion is based on the new debt structure. At April 9, 2002, Meredith had outstanding \$100 million in variable-rate debt under its bank facility and asset-backed commercial paper program and \$300 million in fixed-rate long-term debt. The company has historically used interest rate swap contracts to effectively convert a substantial portion of its variable-rate obligations to fixed-rate obligations. Therefore, there was no material earnings or liquidity risk associated with the company's variable-rate obligations and the related interest rate swap contracts. The fair market value of the variable-rate obligations approximates the carrying amount due to the periodic resetting of interest rates. The fair market value of the interest rate swaps is the estimated amount, based on discounted cash flows, the company would pay or receive to terminate the swap contracts. A 10 percent decrease in interest rates would result in a \$5.8 million cost to terminate the swap contracts compared to the current cost of \$4.4 million at March 31, 2002.

As a result of the debt refinancing and a reduction in variable-rate obligations, Meredith has \$76.3 million notional amount of interest rate swap contracts that as of April 9, 2002 no longer currently hedge variable rate obligations. Therefore Meredith is subject to earnings and liquidity risk on this portion of the swap contracts based on changes in interest rates.

There is no earnings or liquidity risk associated with the company's fixed rate debt. The fair market value of the debt, based on discounted cash flows using borrowing rates currently available for debt with similar terms and maturities, varies with changes in interest rates. A 10 percent decrease in interest rates would result in a fair market value of (\$310.0 million) compared to the current fair market value of (\$302.0 million) at April 9, 2002.

There has been no material change in the market risk associated with broadcast rights payable since June 30, 2001.

**PART II - OTHER INFORMATION**

**Item 6. Exhibits and Reports on Form 8-K.**

(a) Exhibits

4.1 Credit Agreement dated as of April 5, 2002 among Meredith Corporation, as Borrower, the Lenders listed herein, Fleet National Bank, as Administrative Agent and Issuing Lender, Bank One, NA and Wells Fargo Bank, National Association, each as Co-Syndication Agent and Suntrust Bank, Central Florida, National Association, as Documentation Agent, with Fleet Securities, Inc. having acted as Lead Arranger.

4.2 \$100 million Note Purchase Agreements dated as of April 1, 2002 among Meredith Corporation, as issuer and seller, and named purchasers.

4.3 First Amendment to Note Agreements dated as of March 1, 2002 among Meredith Corporation, as issuer and seller, and named purchasers.

10.1 Receivables Sale Agreement dated as of April 9, 2002 among Meredith Corporation, as Sole Initial Originator and Meredith Funding Corporation (a wholly-owned subsidiary of Meredith Corporation), as buyer.

10.2 Receivables Purchase Agreement dated as of April 9, 2002 among Meredith Funding Corporation, as Seller, Meredith Corporation, as Servicer, Falcon Asset Securitization Corporation, The Financial Institutions from time to time party hereto and Bank One, NA (Main Office Chicago), as Agent.

(b) Reports on Form 8-K

During the third quarter of fiscal 2002, the company filed the following reports on Form 8-K:

On January 8, 2002, reporting under Item 5 the text of a management presentation at Salomon Smith Barney Media Conference on January 8, 2002.

On January 29, 2002, reporting under Item 5 the text of a news release dated January 29, 2002, reporting earnings for the second fiscal quarter and six months ended December 31, 2001 and the script of a conference call concerning that news release.

On February 25, 2002 reporting under Item 5 the text of a management presentation at the Merrill Lynch Advertising/Marketing and Education/ Information Conference on February 25, 2002.

On March 5, 2002, reporting under Item 5 the text of a management presentation at the Bear Stearns 2002 Entertainment, Media & Information Conference on March 5, 2002.

On March 22, 2002, reporting under Item 5 the texts of two news releases, each dated March 22, 2002. One release updated the earnings outlook for the third fiscal quarter ended March 31, 2002 and the second release announced a television station trade agreement with News Corporation and Fox Television Stations, Inc., and a new affiliation agreement with respect to all of Meredith's Fox affiliates.

**SIGNATURE**

Pursuant to the requirements 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.

**MEREDITH CORPORATION**  
**Registrant**

*/s/ Suku V. Radia*

*Suku V. Radia*  
*Vice President - Chief Financial Officer*  
*(Principal Financial and*  
*Accounting Officer)*

*Date: May 13, 2002*

**CREDIT AGREEMENT**

dated as of  
April 5, 2002

among

**MEREDITH CORPORATION,  
as Borrower**

The Lenders Listed Herein,

**FLEET NATIONAL BANK,  
as Administrative Agent and Issuing Lender**

**BANK ONE, NA  
WELLS FARGO BANK, NATIONAL ASSOCIATION,  
each as Co-Syndication Agent**

and

**SUNTRUST BANK, CENTRAL FLORIDA,  
NATIONAL ASSOCIATION,  
as Documentation Agent**

**with FLEET SECURITIES, INC.**  
having acted as Lead Arranger

**CREDIT AGREEMENT**

CREDIT AGREEMENT, dated as of April 5, 2002, by and among MEREDITH CORPORATION (the "Borrower"), an Iowa corporation having its principal place of business at 1716 Locust Street, Des Moines, Iowa 50309, the financial institutions listed on Schedule I hereto from time to time (the "Lenders"), FLEET NATIONAL BANK, as Administrative Agent and as Issuing Lender, BANK ONE, NA and WELLS FARGO BANK, NATIONAL ASSOCIATION, each as Co-Syndication Agent, and SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, as Documentation Agent.

The parties hereto agree as follows:

**ARTICLE I**

**DEFINITIONS**

SECTION 1.01. Definitions.

The following terms shall, for all purposes of this Agreement have the meanings set forth herein:

"Acceding Lender" has the meaning set forth in Section 9.06(a).

"Acquisition" means any transaction, or any series of related transactions, in which the Borrower or any of its Subsidiaries (a) acquires any business or all or any substantial part of the Property of any Person or any division or other business unit thereof, whether through purchase of assets, merger or otherwise, (b) directly or indirectly acquires ownership or control of at least a majority (in number of votes) of the voting interests of any Person, or (c) directly or indirectly acquires ownership or control of at least a majority of the Equity Interests of any Person.

"Adjusted London Interbank Offered Rate" has the meaning set forth in Section 2.05(c).

"Administrative Agent" means Fleet National Bank, not in its individual capacity, but acting as agent for the Lenders and the Issuing Lender.

"Administrative Agent's Fee Letter" means that certain letter agreement, dated February 13, 2002, by and among the Borrower, the Administrative Agent and Fleet Securities, Inc., relating to certain fees from time to time payable by the Borrower to the Administrative Agent, together with all amendments and modifications thereto.

"Affected Lender" has the meaning set forth in Section 9.07.

"Affiliate" means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, or (b) that directly or indirectly owns or controls



more than 20% of any class of the Capital Stock of, or Equity Interests in, such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or to cause the direction of the management and policies of such other Person. For purposes of this Agreement and the other Loan Documents, (i) the Borrower shall not be or be deemed to be an Affiliate of any of the Borrower's Subsidiaries, except Finsub, (ii) none of the Subsidiaries of the Borrower, except Finsub, shall be or be deemed to be an Affiliate of the Borrower or of any of the other Subsidiaries of the Borrower, and (iii) neither the Agents nor the Lenders shall be or be deemed to be an Affiliate of the Borrower or of any of its Subsidiaries.

"Affiliate Transaction" has the meaning set forth in Section 6.19.

"Agents" means, collectively, the Administrative Agent, the Co-Syndication Agents and the Documentation Agent.

"Agreement" means this Credit Agreement, together with all amendments and supplements hereto.

"Amount" means, with respect to any Acquisition, all consideration paid in respect thereof, including consideration in the form of cash, Property (as valued at the time of such Acquisition), or the assumption of Debt or other obligations or liabilities.

"Ancillary Documents" means, collectively, (a) the Receivables Program Documents, (b) the Senior Financing Documents, (c) all Instruments pursuant to which the Other Debt is evidenced or outstanding, and (d) all other Instruments that shall from time to time be identified by the Borrower and the Administrative Agent in writing as "Ancillary Documents" for purposes of this Agreement and the other Loan Documents.

"Applicable Commitment Fee Rate" means a percentage, per annum determined by reference to the Consolidated Leverage Ratio in effect from time to time as set forth in the pricing grid below, and determined in the same manner and at the same time as the Applicable Margin is determined pursuant to and otherwise in accordance with Section 2.05(a):

Consolidated Leverage Ratio	Applicable Commitment Fee Rate
-----	-----
Greater than or equal to 3.00:1.00	0.225%
Greater than or equal to 2.50:1.00 but less than 3.00:1.00	0.200%
Greater than or equal to 2.00:1.00 but less than 2.50:1.00	0.175%
Greater than or equal to 1.50:1.00 but less than 2.00:1.00	0.150%
Less than 1.50:1.00	0.125%

"Applicable Law" means, in relation to any Person or its Property, statutes and rules and regulations thereunder and interpretations thereof by any Governmental Authority charged with the administration or the interpretation thereof, and orders, requests, directives, instructions and notices of any Governmental Authority, in each case, applicable to or binding upon such Person or any of its Property.

"Applicable Margin" has the meaning set forth in Section 2.05(a).

"Assignee" has the meaning set forth in Section 10.07(c).

"Assignment and Acceptance" means an Assignment and Acceptance executed in accordance with Section 10.07(c) in the form attached hereto as Exhibit C.

"Attorney Costs" means and includes all reasonable and invoiced fees and disbursements of any law firm or other external legal counsel and, without duplication, the reasonable and invoiced allocated costs of internal legal counsel and other internal legal services, and all reasonable and invoiced disbursements of internal legal counsel and other internal legal services.

"Authority" has the meaning set forth in Section 9.02.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. Section 101, et seq.), as amended from time to time.

"Base Rate" means the greater of (a) the variable per annum rate of interest so designated from time to time by the Administrative Agent at its office in Boston, Massachusetts as its "base rate" or (b) the Federal Funds Rate plus 1/2 of 1% (i.e., 50 basis points). For purposes of determining the Base Rate for any day, changes in "base rate" and the Federal Funds Rate shall be effective on the date of such change.

"Base Rate Borrowing" means a Borrowing if the Loans under such borrowing bear or are to bear interest calculated by reference to the Base Rate.

"Base Rate Loan" means any Loan that bears or is to bear interest based on the Base Rate.

"Borrower" means Meredith Corporation, a corporation incorporated under the laws of the State of Iowa, and its successors and permitted assigns.

"Borrowing" shall mean any borrowing under the Commitments consisting of Loans made or to be made to the Borrower on the same Borrowing Date by the Lenders or the Administrative Agent pursuant to Article II. A Borrowing is a "Euro-Dollar Borrowing" if such Loans are made as Euro-Dollar Loans and a "Base Rate Borrowing" if such Loans are made as Base Rate Loans. "Borrowing" shall include any Loans made pursuant to Section 2.02(e).

"Borrowing Date" means, in relation to any Loan, the date of the borrowing of such Loan, as specified in the relevant Notice of Borrowing for such Loan.

"Broadcast Licenses" means licenses, permits, authorizations or certificates now or hereafter held by the Borrower and its Subsidiaries (including, without limitation, the Broadcast Licenses listed in Section 5.19 of the Disclosure Schedule) to construct, own, operate or promote the Stations granted by the

FCC, the administrative law courts or by any state, county, city, town, village or other local government authority, and all extensions, additions and renewals thereto or thereof.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in Boston, Massachusetts are authorized or required by law to close, so long as, if such term shall be used in relation to any Euro-Dollar Loan or any Interest Period relating thereto, on such day dealings are also carried on by and between banks in Dollar deposits in the applicable interbank market.

"Buying Lenders" shall have the meaning set forth in Section 9.06(b).

"Capital Lease" has the meaning specified in the definition of the term "Capital Lease Obligations".

"Capital Lease Obligations" means, with respect to any Person, all obligations of such Person to pay rent or other amounts under any lease of (or other arrangements conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as Capital Leases (each, a "Capital Lease") on a balance sheet of such Person under GAAP, and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock" means (a) in the case of any corporation, any corporate capital stock of any class or series, (b) in the case of any association or business entity, any shares, interests, participations, rights or other equivalents (howsoever designated) of corporate capital stock, and (c) in the case of any partnership or limited liability company, partnership or membership interests (whether general or limited).

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. and its implementing regulations and amendments.

"CERCLIS" means the Comprehensive Environmental Response Compensation and Liability Information System established pursuant to CERCLA.

"Change of Control" means any event described in Section 7.01(l).

"Change of Law" has the meaning set forth in Section 9.02.

"Closing Certificate" has the meaning set forth in Section 4.01(e).

"Closing Date" means the Borrowing Date on which the first Credit Extensions are made or to be made by the Lenders or the Issuing Lender to the Borrower hereunder.

"Co-Syndication Agents" means Bank One, NA and Wells Fargo Bank, National Association, acting as co-syndication agents for the Agents, the Lenders and the Issuing Lender.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor Federal tax code. Any reference to any provision of the Code shall also be deemed to be a reference to any successor provision or provisions thereof.

"Commitment" means, with respect to each Lender, (a) the amount designated as the Commitment set forth opposite the name of such Lender on Schedule II attached hereto, or (b) as to any Lender which enters into an Assignment and Acceptance (whether as transferor Lender or as Assignee thereunder) or an Instrument of Accession, the amount of such Lender's Commitment after giving effect to such Assignment and Acceptance or upon the effectiveness of such Instrument of Accession, in each case as such amount may be reduced from time to time pursuant to Section 2.07.

"Commitment Fee" has the meaning set forth in Section 2.06(a).

"Commitment Increase Notice" shall have the meaning set forth in Section 9.06(a).

"Commitment Percentage" means, as to any Lender, the percentage equivalent of such Lender's Commitment divided by the Total Commitment; provided, however, that if the Commitments have terminated in full, the "Commitment Percentage" of each Lender shall be determined by dividing such Lender's Commitment in effect immediately prior to such termination by the Total Commitment in effect immediately prior to such termination.

"Compliance Certificate" has the meaning set forth in Section 6.01(c).

"Consolidated EBITDA" means, in relation to any Person and its Subsidiaries for any period, Consolidated Net Income of such Person and its Subsidiaries for such period, plus, without duplication, and only to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) provisions for income tax expense (including, without limitation, any franchise taxes imposed in lieu of income taxes), plus (b) Consolidated Interest Expense, amortization or write-off of deferred financing fees, debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Debt, plus (c) depreciation and amortization expense, plus (d) amortization of intangibles (including, without limitation, goodwill) and organization costs, plus (e) write-downs of goodwill or other intangibles pursuant to FASB 142, plus (f) any non-cash charges or expenses or non-cash losses, plus (g) losses on Sales of assets outside of the ordinary course of business, including losses recognized pursuant to FASB 144, plus (h) any extraordinary or non-recurring expenses or losses and minus, without duplication, and only to the extent included in the statement of such Consolidated Net Income for such period, the sum of (i) any extraordinary or non-recurring income or gains, plus (ii) gains on the Sales of assets outside of the ordinary course of business, including gains recognized pursuant to FASB 144, plus (iii) any other non-cash income, all as determined on a consolidated basis and in accordance with GAAP plus (iv) any Equity Interests of the Borrower or any consolidated Subsidiary in the unremitted earnings of any Person that is not a Subsidiary.

For purposes of calculating Consolidated EBITDA of the Borrower and its Subsidiaries for any period, (A) the Consolidated EBITDA of any Person or attributable to any business acquired by the Borrower or by any of its Subsidiaries during such period shall be included on a Pro Forma Basis for such period (as if such Acquisition were completed on the first day of such period); and (B) the Consolidated EBITDA of any Person or attributable to any business sold or otherwise disposed of by the Borrower or any of its Subsidiaries during such period shall be excluded on a Pro Forma Basis for such period (as if such disposition were completed on the first day of such period).

"Consolidated Gross Revenues" means as applied to any Person for any period, the aggregate gross revenues of such Person for such period, as determined in accordance with GAAP.

"Consolidated Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of (a) Consolidated EBITDA of the Borrower and its Subsidiaries for the Measurement Period ending on such date, to (b) Consolidated Interest Expense of the Borrower and its Subsidiaries for such Measurement Period.

"Consolidated Interest Expense" means, in relation to any Person and its Subsidiaries for any period, interest expense on all Debt of such Person or of any of its Subsidiaries for such period, whether paid or accrued, all as determined on a consolidated basis in accordance with GAAP, and including: (a) interest expense in respect of Debt (including the Obligations), (b) the interest component of Capital Lease Obligations, (c) commissions, discounts and other fees and charges payable in connection with letters of credit and bankers' acceptances, (d) the net payment, if any, payable in connection with Interest Rate Protection Agreements, less the net credit, if any, received in connection with Interest Rate Protection Agreements, and (e) the amortization of all fees payable in connection with the incurrence of Debt, determined on a consolidated basis and in accordance with GAAP.

"Consolidated Leverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of (a) Consolidated Total Debt of the Borrower and its Subsidiaries as of such date, to (b) Consolidated EBITDA of the Borrower and its Subsidiaries for the Measurement Period ending on such date.

"Consolidated Net Income" means, in relation to any Person and its Subsidiaries for any period, the consolidated net income (or loss) of such Person and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Consolidated Operating Profits" means, for any period, the Operating Profits of the Borrower and its consolidated Subsidiaries.

"Consolidated Total Debt" means, in relation to any Person and its Subsidiaries as at any date, the aggregate amount of all of the Debt of such Person and its Subsidiaries as at such date, determined on a consolidated basis in accordance with GAAP.

"Continuation Date" means any date on which a Euro-Dollar Loan is to be continued as a Euro-Dollar Loan for a further Interest Period, in each case, in accordance with the provisions of Section 2.14.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

"Covenant Determination Date" means, at any particular time, the last day of the then most recent Fiscal Quarter of the Borrower and its Subsidiaries for which financial statements of the Borrower and its Subsidiaries have been furnished to the Administrative Agent pursuant to Section 6.01(a) or Section 6.01(b).

"Conversion Date" means any date on which a Base Rate Loan is to be converted to a Euro-Dollar Loan, or Euro-Dollar Loan is to be converted to a Base Rate Loan, in each case, in accordance with the provisions of Section 2.14.

"Credit Extension" means (a) the making of any Loans to the Borrower pursuant to this Agreement, or (b) the issuance, amendment or renewal of any Letter of Credit by the Issuing Lender pursuant to this Agreement.

"Debt" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of Property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under Capital Leases,

(e) all obligations of such Person to reimburse any bank or other Person in respect of amounts payable under a bankers' acceptance, (f) all Redeemable Preferred Stock of such Person (in the event such Person is a corporation), (g) all obligations (absolute or contingent) of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, with an expiration date more than one year from such date, (h) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (i) all Debt of others Guaranteed by such Person, (j) all obligations of such Person in respect of Hedging Agreements, and (k) all Receivables Program Attributed Debt.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived in writing, become an Event of Default.

"Default Rate" means, with respect to any Loan or other Obligation, on any day, the sum of two percent (2%), plus the then highest interest rate (including the Applicable Margin) which may be applicable to any Euro-Dollar Loan or Base Rate Loan hereunder (irrespective of whether any such type of loans are actually outstanding hereunder).

"Disbursement Date" shall have the meaning specified in Section 3.03(b).

"Disclosure Schedule" means Schedule III hereto, dated as of the Effective Date, prepared and completed by the Borrower, and delivered by the Borrower to the Administrative Agent and the Lenders in connection with this Agreement and identified as the "Disclosure Schedule".

"Documentation Agent" means SunTrust Bank, Central Florida, National Association, in its capacity as documentation agent for the Agents, the Issuing Lender and the Lenders under this Agreement and the other Loan Documents, and any successor to such documentation agent.

"Dollars" or "\$" means dollars in lawful currency of the United States of America.

"Effective Commitment Amount" shall have the meaning set forth in Section 9.06(a).

"Effective Date" means April 5, 2002, the date of this Agreement.

"Eligible Assignee" means and includes (a) any Lender or any Affiliate of any Lender, and (b) any commercial bank, insurance company, investment or mutual

fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933) and that extends credit or buys loans as one of its businesses; provided, however, that neither the Borrower nor any of its Subsidiaries or Affiliates shall be an Eligible Assignee for purposes of this Agreement or any of the other Loan Documents.

"Environmental Authority" means any foreign, federal, state, local or regional government that exercises any form of jurisdiction or authority under any Environmental Requirement.

"Environmental Authorizations" means all licenses, permits, orders, approvals, notices, registrations or other legal prerequisites for conducting the business of the Borrower or any Subsidiary required by any Environmental Requirement.

"Environmental Judgments and Orders" means all judgments, decrees or orders arising from or in anyway associated with any Environmental Requirements, whether or not entered upon consent or written agreements with an Environmental Authority or other entity arising from or in any way associated with any Environmental Requirement, whether or not incorporated in a judgment, decree or order.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, groundwater or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

"Environmental Liabilities" means any liabilities, whether accrued, contingent or otherwise, arising from and in any way associated with any Environmental Requirements, which when combined with all other Environmental Liabilities of the Borrower and its Subsidiaries is greater than \$5,000,000.

"Environmental Notices" means notice from any Environmental Authority or by any other person or entity, of possible or alleged noncompliance with or liability under any Environmental Requirement, including without limitation any complaints, citations, demands or requests from any Environmental Authority or from any other person or entity for correction of any violation of any Environmental Requirement or any investigations concerning any violation of any Environmental Requirement.

"Environmental Proceedings" means any judicial or administrative proceedings arising from or in any way associated with any Environmental Requirement.

"Environmental Releases" means releases as defined in CERCLA or under any applicable state or local environmental law or regulation.

"Environmental Requirements" means any legal requirement relating to health, safety or the environment and applicable to the Borrower, any Subsidiary or the Properties, including but not limited to any such requirement under CERCLA or

similar state legislation and all federal, state and local laws, ordinances, regulations, orders, writs, decrees and common law.

"Equity Interests" means and includes Capital Stock and all warrants, options or other rights to purchase or otherwise acquire Capital Stock (but excluding any debt securities that are convertible into, or exchangeable for, Capital Stock).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law. Any reference to any provision of ERISA shall also be deemed to be a reference to any successor provision or provisions thereof.

"E. T. Meredith Family Stockholders" means (a) the lineal descendants by blood or adoption of E. T. Meredith ("descendants") and the spouses and surviving spouses of such descendants; (b) any estate, trust, guardianship, custodianship or other fiduciary arrangement for the primary benefit of any one or more individuals described in clause (a) above; and (c) any corporation, partnership, limited liability company or other business organization so long as (i) one or more individuals or entities described in clauses (a) and (b) above possess, directly or indirectly, the power to direct or cause the direction of, the management and policies of such corporation, partnership, limited liability company or other business organization and (ii) substantially all of the ownership, beneficial or other Equity Interests in such corporation, partnership, limited liability company or other business organization are owned, directly or indirectly, by one or more individuals or entities described in clauses (a) and (b) above.

"Euro-Dollar Borrowing" means a Borrowing if the Loans under such borrowing bear or are to bear interest at a rate based upon the London Interbank Offered Rate.

"Euro-Dollar Loan" means any Loan that bears or is to bear interest based on the London Interbank Offered Rate.

"Euro-Dollar Reserve Percentage" has the meaning set forth in Section 2.05(c).

"Event of Default" has the meaning set forth in Section 7.01.

"FCC" means the Federal Communications Commission.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided, that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to Fleet on such day on such transactions as determined by the Administrative Agent.

"Fee Letters" means (i) the Administrative Agent's Fee Letter, dated February 13, 2002, by and among the Borrower, the Administrative Agent and Fleet



Securities, Inc., (ii) the Fee Letter, dated February 13, 2002, by and among the Borrower, the Administrative Agent and Fleet Securities, Inc. and (iii) any other fee letters delivered by the Borrower to the Administrative Agent and/or Fleet Securities, Inc.

"Fees" means, collectively, (a) the Commitment Fees, (b) the Utilization Fees, (c) the Letter of Credit Fees, (d) all other fees payable to the Issuing Lender from time to time pursuant to Section 3.08, and (e) all other fees payable to any of the Agents or Lenders from time to time pursuant to Section 2.06. "Finsub" means a bankruptcy-remote corporation or other Person that is a Wholly Owned Subsidiary of the Borrower organized solely for the purpose of engaging in the Receivables Program.

"Fiscal Quarter" means any fiscal quarter of the Borrower.

"Fiscal Year" means any fiscal year of the Borrower.

"Fleet" means Fleet National Bank.

"Form W-8BEN" has the meaning set forth in Section 2.11(c)(iv).

"Form W-8ECI" has the meaning set forth in Section 2.11(c)(iv).

"GAAP" means generally accepted accounting principles applied on a basis consistent with those which, in accordance with Section 1.02, are to be used in making the calculations for purposes of determining compliance with the terms of this Agreement.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or any instrumentality of any of the foregoing.

"Guaranty" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to secure, purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to provide collateral security, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided, that, the term Guaranty shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guaranty" used as a verb has a corresponding meaning.

"Hazardous Materials" includes, without limitation, (a) solid or hazardous waste, as defined in the Resource Conservation and Recovery Act of 1980, 42 U.S.C. Section 6901 et seq. and its implementing regulations and amendments, or in any applicable state or local law or regulation, (b) any "hazardous substance", "pollutant" or "contaminant", as defined in CERCLA, or in any applicable state or local law or, regulation, (c) gasoline, or any other petroleum product or by-product, including crude oil or any fraction thereof, (d) toxic substances, as defined in the Toxic Substances Control Act of 1976,

or in any applicable state or local law or regulation and (e) insecticides, fungicides, or rodenticides, as defined in the Federal Insecticide, Fungicide, and Rodenticide Act of 1975, or in any applicable state or local law or regulation, as each such Act, statute or regulation may be amended from time to time.

"Hedging Agreement" means any Interest Rate Protection Agreement or any foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Inactive Subsidiary" means, in relation to any Subsidiary of the Borrower at any particular time, any such Subsidiary that conducts no business, holds no assets (other than insubstantial and immaterial assets), and has no liabilities (other than insubstantial and immaterial liabilities), in each case, as at such time. For purposes of this Agreement, any Inactive Subsidiary shall cease to be an "Inactive Subsidiary" if and when such Subsidiary commences the conduct of business, acquires assets (other than insubstantial and immaterial assets), or incurs liabilities (other than insubstantial and immaterial liabilities).

"Indemnified Liabilities" shall have the meaning set forth in Section 10.03(d).

"Indemnified Person" shall have the meaning set forth in Section 10.03(d).

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangements in respect of its creditors, generally; in each case, undertaken under U.S. Federal, State or foreign law, including the Bankruptcy Code.

"Instrument" means any contract, agreement, indenture, mortgage or other document or writing (whether a formal agreement, letter or otherwise) under which any obligation is evidenced, assumed or undertaken, or any right to any Lien is granted or perfected.

"Instrument of Accession" shall have the meaning set forth in Section 9.06(a).

"Interest Payment Date" means (a) with respect to each Base Rate Loan, the last day of each calendar month and also the Maturity Date, and (b) with respect to each Euro-Dollar Loan, the last day of each Interest Period applicable to such Euro-Dollar Loan and also the date on which such Euro-Dollar Loan shall be repaid or prepaid; provided, however, that, if any Interest Period for any Euro-Dollar Loan exceeds three (3) months, then also the date which falls three (3) months after the beginning of such Interest Period, and, if applicable, the last day of each three-month interval thereafter, shall also be an "Interest Payment Date".

"Interest Period" means:

(a) with respect to each Euro-Dollar Borrowing, the period commencing on the date of such borrowing and ending on the numerically corresponding day in the first, second, third or sixth month thereafter, as the Borrower may elect in the applicable Notice of Borrowing; provided, that:

(i) any Interest Period (subject to clause (iii) below) which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall, subject to clause (iii) below, end on the last Business Day of the appropriate subsequent calendar month; and

(iii) any Interest Period applicable to the Loans which begins before the Maturity Date and would otherwise end after the Maturity Date shall end on the Maturity Date;

(b) with respect to each Euro-Dollar Borrowing made pursuant to Section 2.02(e), the period commencing on the date of such Borrowing and ending seven (7) days thereafter; and

(c) with respect to each Base Rate Borrowing, the period commencing on the date of such Borrowing and ending the last day of the calendar month thereafter; provided, that:

(i) any Interest Period (subject to clause (ii) below) which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; and

(ii) any Interest Period applicable to the Loans which begins before the Maturity Date and would otherwise end after the Maturity Date shall end on the Maturity Date.

"Interest Rate Protection Agreement" means any interest rate swap agreement, interest cap agreement, interest rate collar agreement or similar agreement or arrangement designed to protect the Borrower or any Subsidiary against fluctuations in interest rates.

"Investment" means any investment in any Person, whether by means of purchase or acquisition of obligations, securities or any Equity Interest of such Person, capital contribution to such Person, loan or advance or other extension of credit made to such Person, making of a time deposit with such Person, Guaranty or assumption of any obligation of such Person or otherwise.

"Issuing Lender" means Fleet National Bank, in its capacity as issuer of one or more Letters of Credit pursuant to this Agreement and its successors and permitted assigns in such capacity.

"Lender" means the lending institutions listed on Schedule I hereto and any other person who becomes an assignee of any rights and obligations of a Lender pursuant to Section 10.07 or who becomes a Lender by executing an Instrument of Accession.

"Lender Increase Notice" shall have the meaning set forth in Section 9.06(a).

"Lending Office" means, as to each Lender, its office located at its address set forth on Schedule I hereto or such other office as such Lender may hereafter designate as its Lending Office by notice to the Borrower and the Administrative Agent.

"Letter of Credit" means any letter of credit issued or to be issued by the Issuing Lender pursuant to Article III.

"Letter of Credit Amendment Application" means any application form for amendment of outstanding standby or commercial documentary letters of credit as shall from time to time be specified by the Issuing Lender.

"Letter of Credit Application" means any application form for issuances of standby or commercial documentary letters of credit as shall from time to time be specified by the Issuing Lender.

"Letter of Credit Borrowing" means any extension of credit (other than any Loan) resulting from a drawing under any Letter of Credit which shall not have been reimbursed by the Borrower on the Disbursement Date when made.

"Letter of Credit Commitment" means the commitment of the Issuing Lender hereunder to issue Letters of Credit. The Letter of Credit Commitment shall be in the amount of \$30,000,000. The Letter of Credit Obligations shall not exceed in aggregate amount at any time the lesser of (a) the Total Commitment in effect at such time, minus the Loans outstanding at such time, or (b) the amount of the Letter of Credit Commitment in effect at such time.

"Letter of Credit Fees" shall have the meaning specified in Section 3.08.

"Letter of Credit Obligations" means, at any time of determination, the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the aggregate amount of all Letter of Credit Borrowings then outstanding.

"Letter of Credit Related Documents" means, collectively, the Letters of Credit, the Letter of Credit Applications, the Letter of Credit Amendment Applications and any other Instruments or documents relating to any Letters of Credit, including the Issuing Lender's standard form documents for letter of credit issuances.

"Lien" means, with respect to any asset, any mortgage, deed to secure debt, deed of trust, lien, pledge, charge, security interest, security title, preferential arrangement which has the practical effect of constituting a security interest or encumbrance, servitude or encumbrance of any kind in respect of such asset to secure or assure payment of a Debt or a Guaranty, whether by consensual agreement or by operation of statute or other law, or by any agreement, contingent or otherwise, to provide any of the foregoing. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset.

"Loan" means the loans made by a Lender or the Administrative Agent to the Borrower pursuant to Article II.

"Loan Documents" means this Agreement, the Notes, any other document or instrument evidencing, relating to or securing the Loans, the Letter of Credit Related Documents and the Fee Letters, and any other document or instrument delivered from time to time in connection with this Agreement, the Notes, the Loans, the Letter of Credit Related Documents and the Fee Letters, as such documents and instruments may be amended or supplemented from time to time.

"London Interbank Offered Rate" has the meaning set forth in Section 2.05(c).

"Margin Stock" means "margin stock" as defined in Regulation T, U or X of the Board of Governors of the Federal Reserve System, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

"Material Adverse Effect" means, with respect to any event, act, development, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, development or developments, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the financial condition, operations, business, Property or prospects of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Administrative Agent, the Lenders or the Issuing Lender under the Loan Documents, or the ability of the Borrower to perform its obligations under the Loan Documents to which it is a party, as applicable, or (c) the legality, validity or enforceability of any Loan Document.

"Maturity Date" means April 5, 2007.

"Maximum Permitted Total Debt" means, at any time of determination, the maximum aggregate amount of the Consolidated Total Debt of the Borrower and its Subsidiaries permitted as of the most recent Covenant Determination Date by the Consolidated Leverage Ratio then in effect under Section 6.03.

"Measurement Period" means any period of four consecutive Fiscal Quarters of the Borrower.

"Multiemployer Plan" shall have the meaning set forth in Section 4001(a)(3) of **ERISA**.

"Non-excluded Taxes" has the meaning set forth in Section 2.11(c)(i).

"Notes" means the promissory notes of the Borrower, substantially in the form of Exhibit A hereto, evidencing the obligation of the Borrower to repay the Loans, together with all amendments, consolidations, modifications, renewals and supplements thereto and "Note" means any one of such Notes.

"Notice of Borrowing" has the meaning set forth in Section 2.02.

"Notice of Conversion/Continuation" means a written notice given by the Borrower to the Administrative Agent pursuant to Section 2.14(b).

"Obligations" means all indebtedness, obligations and liabilities of the Borrower to any of the Lenders, the Issuing Lender and the Agents, individually or collectively, existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or Letter of Credit Obligations incurred under this Agreement or any other Loan Documents or other Instruments at any time evidencing any thereof.

"Operating Profits" means, as applied to any Person for any period, the operating income of such Person for such period, as determined in accordance with GAAP.

"Other Debt" means, collectively, Debt of the Borrower under or in respect of the \$200,000,000 of private placement notes outstanding on the Closing Date and listed in Section 5.04 of the Disclosure Schedule.

"Participant" has the meaning set forth in Section 10.07(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permitted Acquisition" means an Acquisition by the Borrower or any Subsidiary of the Borrower, if: (a) in the case of the acquisition of Equity Interests of any Person, immediately after giving effect to such acquisition (i) such Person is a Subsidiary; (ii) the Borrower controls such Person directly or indirectly through a Subsidiary; (iii) no Default shall have occurred and be continuing; (iv) the line or lines of business engaged in by such Person are substantially the same as or reasonably related to the lines of business engaged in by the Borrower and its Subsidiaries on the Closing Date; and (v) such acquisition is made on a negotiated basis with the approval of the Board of Directors of the Person to be acquired and, if necessary, the shareholders of the Person to be acquired and (b) in the case of the acquisition of assets from any Person, immediately after giving effect to such acquisition: (i) the assets acquired by the Borrower or such Subsidiary of the Borrower, shall be used by the Borrower or such Subsidiary in a line of business substantially the same as or reasonably related to the lines of business engaged in by the Borrower and its Subsidiaries on the Closing Date; and (ii) no Default shall have occurred and be continuing.

"Person" means an individual, a corporation, a limited liability company, a partnership (including without limitation, a joint venture), an unincorporated association, a trust or any other entity or organization, including, but not limited to, a government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either (a) maintained by a member of the Controlled Group for employees of any member of the Controlled Group or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding 5 plan years made contributions.

"Pro Forma Basis" means, with respect to compliance with any test or covenant for any period hereunder, compliance with such test or covenant after giving effect to any proposed Acquisition, disposition, incurrence of Debt or other action which requires compliance on a pro forma basis, using, for purposes of determining such compliance, the historical financial statements of all entities or assets so acquired or to be acquired and the consolidated financial statements of the Borrower and its Subsidiaries which shall be reformulated (a) as if such Acquisition, disposition, incurrence of Debt or other action, and any other such action which has been consummated during such period, and any Debt or other liabilities incurred in connection with any such actions, had

been consummated as of the first day of such period (and assuming that such Debt bears interest during any portion of the applicable measurement period prior to the relevant action at the weighted average of the interest rates applicable to outstanding Loans during such period), and (b) otherwise in conformity with such reasonable procedures as may be agreed upon between Administrative Agent and the Borrower; provided, however, that all of the calculations referred to herein shall be in reasonable detail and shall be in form and substance reasonably satisfactory to Administrative Agent in all material respects.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Rate Determination Date" has the meaning set forth in Section 2.05(a).

"Receivables" shall mean all indebtedness and other obligations owed by a Person to the Borrower or any Subsidiary or in which the Borrower or any Subsidiary has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale or lease of goods or the rendering of services by the Borrower or such Subsidiary, including the obligation to pay finance charges with respect thereto.

"Receivables Program" shall mean, collectively, (a) the sale or other transfer of, or transfer of interests in, Receivables Program Assets to Finsub in exchange for consideration equal to the fair market value of the related Receivables, (b) the sale of, transfer of interests in, or other financing of the Receivables Program Assets by Finsub to or with any purchaser or investor or any agent of any such purchaser or investor and (c) the entry by the Borrower and any Subsidiaries into such ancillary agreements, guarantees, documents or instruments as are necessary or advisable in connection with such transfers or financings, all pursuant to the Receivables Program Documents.

"Receivables Program Assets" shall mean all existing or hereafter acquired or arising Receivables of the Borrower or any Subsidiary, the Related Security with respect thereto, the collections and proceeds of such Receivables and Related Security, all lockboxes, lockbox accounts, collection accounts or other deposit accounts into which such collections are deposited and all other rights and payments relating to such Receivables.

"Receivables Program Attributed Debt" means, on any date of determination, the amount of obligations of Finsub to a third party (other than to the Borrower or any Subsidiary) outstanding as of such date under any Receivables Program Documents that would be characterized as principal if such facility were structured as a secured lending transaction rather than as a purchase.

"Receivables Program Documents" shall mean (i) the Receivables Sale Agreement, dated April 9, 2002, by and among Meredith Funding Corporation, Meredith Corporation and the other Originators party thereto from time to time, (ii) the Receivables Purchase Agreement, dated April 9, 2002, by and among Meredith Funding Corporation, Meredith Corporation, as servicer, Falcon Asset Securitization Corporation, the financial institutions from time to time party thereto and Bank One, NA (Main Office Chicago), as agent and (iii) all related written agreements that may from time to time be entered into by the Borrower or any Subsidiary of the Borrower, including Finsub, in connection with the

Receivables Program, as such agreements may be amended, supplemented or otherwise modified from time to time in accordance with the provisions thereof.

"Redeemable Preferred Stock" of any Person means any preferred stock issued by such Person which is at any time prior to the Maturity Date either (a) mandatorily redeemable (by sinking fund or similar payments or otherwise) or (b) redeemable at the option of the holder thereof.

"Related Security" shall mean with respect to any Receivable (a) the inventory and goods, the sale, financing or lease of which gave rise to such Receivable and all insurance contracts with respect thereto, (b) all security interests or liens and the property subject thereto purporting to secure payment of such Receivable, together with all financing statements and security agreements describing any collateral securing such Receivable, (c) all guaranties, letters of credit, insurance and other agreements or arrangements supporting or securing the payment of such Receivable, (d) all invoices, agreements, contracts, records, books and other information relating to such Receivable or the Person obligated to pay such Receivable, (e) any rights of the Borrower or any Subsidiary under any agreement, document or guaranty executed or delivered in connection with the Receivables Program, and (f) all proceeds of the foregoing.

"Replacement Lender" has the meaning set forth in Section 9.07.

"Replacement Notice" has the meaning set forth in Section 9.07.

"Required Lenders" means, at any time, Lenders holding more than fifty percent (50%) of the Total Commitment in effect at such time; provided, however, that if the Commitments shall have terminated in full, the term "Required Lenders" shall mean Lenders holding (including as a result of participations pursuant to Section 3.03) more than fifty percent (50%) of the aggregate amount of the Total Utilization at such time.

"Restricted Payments" means, in relation to the Borrower and its Subsidiaries, any declaration or payment by the Borrower or by any of its Subsidiaries of any dividends or other distributions on account of, or any payment or other distribution by the Borrower or by any of its Subsidiaries on account of the purchase, repurchase, redemption, retirement or other acquisition for value of, any Equity Interests in the Borrower.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. and its successors.

"Sale" means any sale, conveyance, exchange, swap, trade, transfer or other disposition of any Property, including any sale, transfer or other disposition of copyrights, trademarks and other intellectual property made by or through license agreements or other similar arrangements.

"Secretary's Certificate" has the meaning set forth in Section 4.01(f).

"Selling Lenders" has the meaning set forth in Section 9.06(b)

"Senior Financing Documents" means, collectively, the Senior Note Purchase Agreement, the Senior Notes and the Senior Note Term Sheet.

"Senior Note Financing" means the unsecured senior financing, in the maximum aggregate amount not exceeding \$100,000,000, to be obtained by the Borrower



through the issuance of its Senior Notes upon the terms and subject to the conditions contained in the Senior Note Term Sheet and the Senior Note Purchase Agreement.

"Senior Note Term Sheet" and "Senior Note Purchase Agreement" have the meanings specified in the definition of the term "Senior Notes".

"Senior Notes" means, collectively, the unsecured Senior Notes of the Borrower, in the maximum aggregate principal amount not exceeding \$100,000,000, issued or to be issued by the Borrower upon the terms and subject to the conditions contained in (a) the Senior Note Term Sheet, dated as of February 26, 2002, delivered by SunTrust Robinson Humphrey to the Borrower (such term sheet, together with the annexes and exhibits thereto, being herein called the "Senior Note Term Sheet"), and (b) the definitive senior note purchase agreement to be executed and delivered by the Borrower and the several purchasers of the Senior Notes (such agreement, together with the schedules and exhibits thereto, each as amended from time to time, being herein called the "Senior Note Purchase Agreement").

"Settlement" means the making or receiving of payments, in immediately available funds, by the Lenders and the Administrative Agent, to the extent necessary to cause each Lender's actual share of the outstanding amount of Loans to be equal to such Lender's Commitment Percentage of the outstanding amount of such Loans, in any case where, prior to such event or action, the actual share is not so equal.

"Settlement Amount" has the meaning set forth in Section 2.13.

"Settlement Date" means (a) the Borrowing Date relating to any Notice of Borrowing, (b) at the option of the Administrative Agent, on any Business Day or (c) any Business Day on which the amount of Loans outstanding from Fleet, including Loans made pursuant to Section 2.02 (e), plus Fleet's Commitment Percentage of the sum of the Letter of Credit Obligations is equal to or greater than Fleet's Commitment.

"Settlement Lender" has the meaning set forth in Section 2.13.

"Stations" means collectively, the stations listed and described in Section 1.01 of the Disclosure Schedule and any and all other television, radio or other broadcasting stations, now or hereafter acquired or controlled, directly or indirectly, by the Borrower.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Borrower.

"Total Commitment" means the sum of the Commitments of the Lenders, as in effect from time to time.

"Total Utilization" means at any time the sum of the aggregate principal amount of the Loans then outstanding, plus the aggregate amount of the Letter of Credit Obligations then outstanding.

"Transferee" has the meaning set forth in Section 10.07(d).

"Unencumbered Total Assets" of any Person means, at any time, total assets of such Person which are subject to any arrangement specified in 12 CFR Section 221.2(g)(1).

"Utilization Fee" has the meaning set forth in Section 2.06(b).

"Wholly Owned Subsidiary" means any Subsidiary all Equity Interests of which (except directors' qualifying shares) are at the time directly or indirectly owned by the Borrower.

#### SECTION 1.02. Accounting Terms and Determinations.

Unless otherwise specified herein, all terms of an accounting character 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, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants or otherwise required by a change in GAAP) with the most recent audited consolidated financial statements of the Borrower and its Subsidiaries delivered by the Borrower to the Lenders, unless with respect to any such change concurred in by the Borrower's independent public accountants or required by GAAP, in determining compliance with any of the provisions of this Agreement or any of the other Loan Documents: (a) the Borrower shall have objected to determining such compliance on such basis at the time of delivery of such financial statements, or (b) the Administrative Agent shall so object in writing within thirty (30) days after the delivery of such financial statements, in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if objection is made in respect of the first financial statements delivered under Section 6.01 hereof, shall mean the financial statements referred to in Section 5.04).

#### SECTION 1.03. Use of Defined Terms.

All terms defined in this Agreement shall have the same meanings when used in any of the other Loan Documents, unless otherwise defined therein or unless the context shall otherwise require.

#### SECTION 1.04. Terminology.

All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

#### SECTION 1.05. References.

Unless otherwise indicated, references in this Agreement to "Articles", "Exhibits", "Schedules", and "Sections" are references to articles, exhibits, schedules and sections hereof.

## ARTICLE II

### **THE CREDITS**

#### SECTION 2.01. Commitment to Lend.

Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Loans to the Borrower from time to time on any Business Day during the period from the Closing Date to the Maturity Date, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment and in a combined amount for all Lenders not to exceed at any time outstanding the Total Commitment; provided, however, that immediately after giving effect to any Borrowing of Loans, the sum of the aggregate principal amount of all of the outstanding Loans, plus the aggregate amount of all outstanding Letter of Credit Obligations shall not exceed the Total Commitment then in effect. Each Borrowing that is a Euro-Dollar Borrowing under this Section 2.01 shall be in an aggregate principal amount of \$5,000,000 or any larger multiple of \$1,000,000 and each Borrowing that is a Base Rate Borrowing under this Section 2.01 shall be in an aggregate principal amount of \$2,500,000 or any larger multiple of \$500,000 and shall be made from the several Lenders ratably in proportion to their respective Commitments. Within such limits, and subject to the other terms and conditions hereof, the Borrower may borrow Loans under this Section 2.01, prepay Loans pursuant to Section 2.09 and reborrow Loans pursuant to this Section 2.01 at any time before the Maturity Date.

#### SECTION 2.02. Procedure for the Borrowing of Loans, Etc.

(a) The Borrower shall give the Administrative Agent irrevocable written notice in the form attached hereto as Exhibit B (a "Notice of Borrowing") prior to 1:00 p.m. (Boston, Massachusetts time) on the requested Borrowing Date, in the case of Base Rate Loans, and not less than two (2) Business Days prior to the requested Borrowing Date, in the case of Euro-Dollar Loans, specifying:

- (i) the requested Borrowing Date;
- (ii) the principal amount of the Borrowing;
- (iii) whether the Loans comprising the Borrowing are to be Base Rate Loans or Euro-Dollar Loans; and
- (iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period".

(b) Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's ratable share of such Borrowing.

(c) Not later than 2:00 p.m. (Boston, Massachusetts time) on the proposed Borrowing Date of any Loan, each Lender, severally, will make available to the Administrative Agent, at its office as specified on Schedule I, in immediately available funds, the amount of such Lender's Commitment Percentage of the amount of the requested Loans. Upon receipt from the each Lender of such amount, and upon the satisfaction of the conditions set forth in Article IV, to the extent applicable, the Administrative Agent will make the aggregate amount of such Loans available to the Borrower. The failure or refusal of any Lender to make available to the Administrative Agent at the aforesaid time on the

Borrowing Date its share of the amount of the requested Loans shall not relieve any other Lender from its several obligations hereunder to make available to the Administrative Agent the amount of such Lender's Commitment Percentage of the amount of requested Loans.

(d) The Administrative Agent may, unless notified to the contrary by any Lender on or prior to the Borrowing Date, assume that each Lender has made available to the Administrative Agent on such Borrowing Date the amount of such Lender's Commitment Percentage of the amount of the requested Loans to be made on such Borrowing Date, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Borrower a corresponding amount. If any Lender makes available to the Administrative Agent such amount advanced by the Administrative Agent on a date after such Borrowing Date, such Lender shall pay to the Administrative Agent on demand an amount equal to the product (i) of the average computed for the period referred to in clause (iii) below, of the weighted average interest rate paid by the Administrative Agent for federal funds acquired by the Administrative Agent during each day included in such period, times (ii) the amount of such Lender's Commitment Percentage of such Loans, times (iii) a fraction, the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which the amount of the Lender's Commitment Percentage of such Loans shall become immediately available to the Administrative Agent, and the denominator of which is 360. If the amount of such Lender's Commitment Percentage of such Loans is not made available to the Administrative Agent by such Lender within three (3) Business Days of such Borrowing Date, the Administrative Agent shall be entitled to recover such amount from the Borrower on demand, with interest thereon at the rate per annum applicable to the Loans made on such Borrowing Date, provided that any such payment by the Borrower shall be without prejudice to any rights that the Borrower may have against such Lender. A statement of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be prima facie evidence of the amounts due and owing to the Administrative Agent by such Lender.

(e) Notwithstanding the notice and minimum amount requirements set forth in this Section 2.02 but otherwise in accordance with the terms and conditions of this Agreement, the Administrative Agent agrees to make Loans under this Section 2.02(e) to the Borrower in an aggregate principal amount outstanding at any time not to exceed \$25,000,000. The Borrower acknowledges and agrees that the making of such Loans shall, in each case, be subject in all respects to the provisions of this Agreement as if they were Loans covered by a Notice of Borrowing including, without limitation, the limitations set forth in Section 2.01 and the requirements that the applicable provisions of Article IV be satisfied. All actions taken by the Administrative Agent pursuant to the provisions of this Section 2.02(e) shall be conclusive and binding on the Borrower and the Lenders absent the Administrative Agent's bad faith, gross negligence or willful misconduct. Loans made pursuant to this Section 2.02(e) shall be Base Rate Loans or, at the request of the Borrower not less than two (2) Business Days prior to the requested Borrowing Date, may be Euro-Dollar Loans with a seven (7) day Interest Period, and prior to Settlement, such interest shall be for the account of the Administrative Agent.

(f) If any Lender makes a new Loan hereunder on a day on which the Borrower is to repay all or any part of an outstanding Loan from such Lender, such Lender shall apply the proceeds of its new Loan to make such repayment and only an amount equal to the difference (if any) between the amount being

borrowed and the amount being repaid shall be made available by such Lender to the Administrative Agent as provided in this Section 2.02 or remitted by the Borrower to the Administrative Agent as provided in Section 2.11, as the case may be.

(g) Notwithstanding anything to the contrary contained in this Agreement, no Euro-Dollar Borrowing may be made if there shall have occurred a Default or an Event of Default, which Default or Event of Default shall not have been cured or waived in writing.

(h) In the event that a Notice of Borrowing fails to specify whether the Loans comprising such Borrowing are to be Base Rate Loans or Euro-Dollar Loans, such Loans shall be made as Base Rate Loans.

(i) Notwithstanding anything to the contrary contained herein, (i) there shall not be more than nine (9) different Interest Periods outstanding at the same time applicable to the Loans that are Euro-Dollar Loans; and (ii) the proceeds of any Borrowing that is a Base Rate Borrowing shall be applied first to repay the unpaid principal amount of all Borrowings that are Base Rate Loans (if any) outstanding immediately before such Borrowing.

#### SECTION 2.03. Notes.

(a) The Loans of each Lender shall be evidenced by a single Note payable to the order of such Lender for the account of its Lending Office in an amount equal to the original principal amount of such Lender's Commitment.

(b) Upon receipt of each Lender's Note pursuant to Section 4.01, the Administrative Agent shall deliver such Note to such Lender. Each Lender shall record, and prior to any transfer of its Note shall endorse on the schedule forming a part thereof appropriate notations to evidence, the date, amount and maturity of, and effective interest rate for, each Loan made by it, the date and amount of each payment of principal made by the Borrower with respect thereto and whether, in the case of such Lender's Note, such Loan is a Base Rate Loan or Euro-Dollar Loan, and such schedule shall constitute rebuttable presumptive evidence of the principal amount owing and unpaid on such Lender's Notes; provided, that the failure of any Lender to make, or any error in making, any such recordation or endorsement shall not affect the obligation of the Borrower hereunder or under the Notes or the ability of any Lender to assign its Notes. Each Lender is hereby irrevocably authorized by the Borrower to endorse its Notes and to attach to and make a part of any Note a continuation of any such schedule as and when required.

#### SECTION 2.04. Maturity of Loans.

Anything herein express or implied to the contrary notwithstanding, there shall become and be absolutely and unconditionally due and payable on the Maturity Date, and the Borrower hereby promises to pay on the Maturity Date, the entire principal of each of the Loans then remaining unpaid, all of the unpaid interest accrued thereon, all of the unpaid Fees accrued hereunder and all other unpaid sums and other Obligations owing under this Agreement or any of the other Loan Documents.

SECTION 2.05. Interest Rates.

(a) The Applicable Margin shall be determined by reference to the Consolidated Leverage Ratio in effect from time to time as set forth in the pricing grid below; provided, however, until the Borrower delivers to the Administrative Agent the financial statements required to be delivered pursuant to Section 6.01 for the Fiscal Year ending June 30, 2002, the Applicable Margin shall not be less than the Applicable Margin which would be in effect if the Consolidated Leverage Ratio were equal to 2.50:1.00:

Consolidated Leverage Ratio	Base Rate Loans	Euro-Dollar Loans
-----	-----	-----
Greater than or equal to 3.00:1.00	0%	1.000%
Greater than or equal to 2.50:1.00 but less than 3.00:1.00	0%	0.875%
Greater than or equal to 2.00:1.00 but less than 2.50:1.00	0%	0.750%
Greater than or equal to 1.50:1.00 but less than 2.00:1.00	0%	0.625%
Less than 1.50:1.00	0%	0.500%

The Applicable Margin shall be determined effective as of the date (herein, the "Rate Determination Date") which is 50 days after the last day of the Fiscal Quarter, and the Applicable Margin so determined shall remain effective from such Rate Determination Date until the date which is 50 days after the last day of the Fiscal Quarter in which such Rate Determination Date falls (which latter date shall be a new Rate Determination Date); provided, that (i) in the case of an Applicable Margin determined for the fourth and final Fiscal Quarter of a Fiscal Year, the Rate Determination Date shall be the date which is 100 days after the last day of such final Fiscal Quarter and such Applicable Margin shall be determined based upon the annual audited financial statements for the Fiscal Year ended on the last day of such final Fiscal Quarter and (ii) if on any Rate Determination Date the Borrower shall have failed to deliver to the Lenders the financial statements required to be delivered pursuant to Section 6.01(a) or (b) with respect to the Fiscal Year or Fiscal Quarter, as the case may be, most recently ended prior to such Rate Determination Date, then for the period beginning on such Rate Determination Date and ending on the earlier of (A) the date on which the Borrower shall deliver to the Lenders the financial statements to be delivered pursuant to Section 6.01(b) with respect to such Fiscal Quarter or any subsequent Fiscal Quarter, or (B) the date on which the Borrower shall deliver to the Lenders annual financial statements required to be delivered pursuant to Section 6.01(a) with respect to the Fiscal Year which includes such Fiscal Quarter or any subsequent Fiscal Year, the Applicable Margin shall be the Applicable Margin which would be in effect if the Consolidated Leverage Ratio were greater than or equal to 3.00:1.00. Any change in the Applicable Margin on any Rate Determination Date shall result in a corresponding change, effective on and as of such Rate Determination Date, in the interest rate applicable to each Loan outstanding on such Rate

Determination Date; provided, that no Applicable Margin shall be decreased pursuant to this Section 2.05 if a Default or Event of Default is in existence on the Rate Determination Date.

(b) Each Loan that is a Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Base Rate Loan is made until it becomes due, at a rate per annum equal to the sum of the Base Rate for such day, plus the Applicable Margin. Such interest shall be payable on each Interest Payment Date.

(c) Each Loan that is a Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Applicable Margin, plus the applicable Adjusted London Interbank Offered Rate for such Interest Period; provided, that, if any Euro-Dollar Loan shall, as a result of clause (a)(iii) of the definition of "Interest Period", have an Interest Period of less than one month, such Euro-Dollar Loan shall bear interest during such Interest Period at the rate applicable to Base Rate Loans during such period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three (3) months, on each Interest Payment Date during such Interest Period.

The "Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/100th of 1%) by dividing (i) the applicable London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

The "London Interbank Offered Rate" applicable to any Euro-Dollar Loan means for the Interest Period of such Euro-Dollar Loan the rate per annum determined on the basis of the rate for deposits in Dollars of amounts equal or comparable to the principal amount of such Euro-Dollar Loan offered for a term comparable to such Interest Period, which rate appears on the display designated as Page "3750" of the Telerate Service (or such other page as may replace page 3750 of that service or such other service or services as may be nominated by the British Banker's Association for the purpose of displaying London Interbank Offered Rates for U.S. dollar deposits) determined as of 1:00 p.m. New York City time, two (2) Business Days prior to the first day of such Interest Period.

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Lender to United States residents). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

(d) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder, and its determination thereof shall be conclusive in the absence of manifest error. Promptly after each determination

of an interest rate, the Administrative Agent shall notify the Borrower in accordance with its usual and customary banking practices.

(e) Notwithstanding the forgoing provisions of this Section 2.05, after the occurrence and during the continuance of an Event of Default, the principal amount of the Loans (and, to the extent permitted by Applicable Law, all accrued interest thereon) shall, at the election of the Required Lenders, bear interest payable on demand, for each day until paid at a rate per annum equal to the Default Rate.

#### SECTION 2.06. Fees.

(a) The Borrower shall pay to the Administrative Agent for the ratable account of each Lender with a Commitment on the last day of each Fiscal Quarter in each year and on the earlier of the Maturity Date or the date on which the Total Commitment shall terminate in full, a commitment fee (the "Commitment Fee") equal to the product of the average daily excess of the Total Commitment from time to time in effect from the Effective Date, over the Total Utilization, times the Applicable Commitment Fee Rate. Such Commitment Fee shall accrue from and including the Effective Date to and including the Maturity Date. Notwithstanding the foregoing sentence, for the period commencing on the Effective Date and continuing until the Borrower delivers to the Administrative Agent the financial statements required to be delivered pursuant to Section 6.01 for the Fiscal Year ending June 30, 2002, the Applicable Commitment Fee Rate shall not be less than the Applicable Commitment Fee Rate which would be in effect if the Consolidated Leverage Ratio were equal to 2.50:1.00.

(b) The Borrower shall pay to the Administrative Agent for the ratable account of each Lender a utilization fee (the "Utilization Fee") calculated daily at the per annum rate equal to one-eighth of one percent (i.e., 12.5 basis points), times the Total Utilization, for each day on which the Total Utilization exceeds the product of (A) 0.50 times (B) the Total Commitment in effect for such date. Such Utilization Fee shall accrue from and including the Closing Date to and including the Maturity Date and shall be payable quarterly in arrears on the last day of each Fiscal Quarter; provided, that, should the Commitments be terminated at any time prior to the Maturity Date for any reason, the entire accrued and unpaid Utilization Fee shall be paid on the date of such termination.

(c) The Borrower shall pay to the Administrative Agent such Fees and other amounts as are provided in the Fee Letters, including the Fees payable thereunder on the Effective Date.

#### SECTION 2.07. Optional Termination or Reduction of Commitments.

At any time prior to the Maturity Date, the Borrower may, upon at least five

(5) Business Days' notice to the Administrative Agent, terminate at any time, or proportionately reduce from time to time by an aggregate amount of at least \$5,000,000 or any larger multiple of \$1,000,000, the Total Commitment. If the Total Commitment is terminated in its entirety, all accrued Fees (as provided under Section 2.06) shall be payable on the effective date of such termination.

SECTION 2.08. Mandatory Termination of Commitments. The Commitments shall



terminate on the Maturity Date and any Loans then outstanding (together with accrued interest thereon and Fees) and all other Obligations shall be due and payable on such date.

#### SECTION 2.09. Optional Prepayments of Loans.

(a) The Borrower may prepay any Loan that is a Base Rate Borrowing in whole at any time, or from time to time in part in amounts aggregating at least \$1,000,000 or any larger multiple of \$500,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Lenders included in such Base Rate Borrowing.

(b) Except as provided in Section 9.02, the Borrower may not prepay all or any portion of the principal amount of any Euro-Dollar Loan prior to the last day of an Interest Period applicable thereto.

#### SECTION 2.10. Mandatory Prepayments.

(a) If, on any date, the Total Utilization shall exceed the Total Commitment then in effect, the Borrower shall immediately prepay the principal of the Loans or Letter of Credit Borrowings in the amount of such excess. Each payment shall be allocated ratably among the Lenders. If no Loans or Letter of Credit Borrowings are outstanding, the Borrower shall immediately cash collateralize, in a manner satisfactory to the Administrative Agent, Letter of Credit Obligations in the amount of such excess.

(b) If, on any date, the aggregate amount of all Letter of Credit Obligations then outstanding shall exceed the Letter of Credit Commitment then in effect, the Borrower shall immediately pay, or cash collateralize in a manner satisfactory to the Administrative Agent, the amount of the Letter of Credit Obligations in the amount of such excess.

(c) The Borrower shall pay, together with each principal prepayment under this Section 2.10, accrued interest on the amount prepaid and any amounts required pursuant to Section 9.05(a). Any prepayments pursuant to this Section 2.10 made on any day other than an Interest Payment Date for any Loan shall be applied: first, to any Base Rate Loans then outstanding; and, then, to Euro-Dollar Loans with the shortest Interest Periods remaining; provided, however, that, so long as no Default or Event of Default shall then be continuing, the Administrative Agent shall, upon the request of the Borrower, apply any such prepayments to Euro-Dollar Loans only on the last day of each of the respective Interest Periods relating thereto.

#### SECTION 2.11. General Provisions as to Payments and Taxes.

(a) The Borrower shall make each payment of principal of, and interest on the Loans and Fees hereunder, not later than 11:00 a.m. (Boston, Massachusetts time) on the date when due, in Dollars or other immediately available funds to the Administrative Agent at its address referred to on Schedule I. The Administrative Agent will promptly distribute to each Lender its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Any payment which is received by the Administrative Agent later

than 11:00 a.m. (Boston, Massachusetts time) shall be deemed to have been received on the immediately succeeding Business Day, and any applicable interest or Fees shall continue to accrue until such payment shall be deemed to have been received.

(b) Whenever any payment of principal of, or interest on, the Base Rate Loans or of Fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. Whenever any payment of principal of, or interest on, the Euro-Dollar Loans shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(c)

(i) All payments of principal, interest and Fees and all other amounts to be made by the Borrower pursuant to this Agreement with respect to any Loan or Fee relating thereto shall be paid without deduction for, and free from, any tax, imposts, levies, duties, deductions, or withholdings of any nature now or at anytime hereafter imposed by any Governmental Authority or by any taxing authority thereof or therein excluding in the case of each Lender, (A) taxes imposed on or measured by its net income, (B) franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender is organized or any political subdivision thereof, and (C) taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, imposts, levies, duties, deductions or withholdings of any nature being "Non-excluded Taxes"). In the event that the Borrower is required by applicable law to make any such withholding or deduction of Non-excluded Taxes with respect to any Loan or Fee or other amount, promptly after receiving notice thereof, the Borrower shall pay such deduction or withholding to the applicable taxing authority, shall promptly furnish to any Lender in respect of which such deduction or withholding is made all receipts and other documents evidencing such payment and shall pay to such Lender additional amounts as may be necessary in order that the amount received by such Lender after the required withholding or other payment shall equal the amount such Lender would have received had no such withholding or other payment been made. If no withholding or deduction of Non-excluded Taxes are payable in respect of any Loan or Fee relating thereto, the Borrower shall furnish any Lender, at such Lender's request, a certificate from each applicable taxing authority or an opinion of counsel acceptable to such Lender, in either case stating that such payments are exempt from or not subject to withholding or deduction of Non-excluded Taxes. If the Borrower fails to provide such original or certified copy of a receipt evidencing payment of Non-excluded Taxes or certificate(s) or opinion of counsel of exemption, the Borrower hereby agrees to compensate such Lender for, and indemnify them with respect to, the tax consequences of the Borrower's failure to provide evidence of tax payments or tax exemption.

(ii) In the event any Lender receives a refund of any Non-excluded Taxes paid by the Borrower pursuant to this Section 2.11, it will pay to the Borrower the amount of such refund promptly upon receipt thereof;

provided, however, if at any time thereafter it is required to return such refund, the Borrower shall promptly repay to it the amount of such refund.

(iii) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 2.11 shall be applicable with respect to any Participant, Assignee or other Transferee, except as otherwise provided by clause (iv) below, and any calculations required by such provisions (A) shall be made based upon the circumstances of such Participant, Assignee or other Transferee, and (B) constitute a continuing agreement and shall survive the termination of this Agreement and the payment in full or cancellation of the Notes.

(iv) Each Lender which is organized under the laws of a jurisdiction outside of the United States agrees that:

(A) it shall, no later than the Effective Date (or, in the case of a Lender which becomes a party hereto pursuant to Section 10.07 after the Effective Date, the date upon which such Lender becomes a party hereto) deliver to the Borrower through the Administrative Agent two accurate and complete signed originals of Internal Revenue Service Form W-8BEN or any successor thereto ("Form W-8BEN"), or two accurate and complete signed originals of Internal Revenue Service Form W-8ECI or any successor thereto ("Form W-8ECI"), as appropriate, in each case indicating that such Lender is on the date of delivery thereof entitled to receive all payments under this Agreement and the other Loan Documents free from withholding of United States Federal income tax;

(B) if at any time such Lender makes any changes, including a change of a Lending Office or its principal office, place of incorporation or fiscal residence, necessitating a new Form W-8BEN or Form W-8ECI, it shall, to the extent it is legally entitled to do so, promptly deliver to the Borrower through the Administrative Agent in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form W-8BEN or Form W-8ECI, as appropriate, in each case indicating that such Lender is on the date of delivery thereof entitled to receive all payments under this Agreement and the other Loan Documents free from any withholding of any United States Federal income tax;

(C) it shall, to the extent it is legally entitled to do so, before or promptly after the occurrence of any event (including the passing of time but excluding any event mentioned in clause (B) above) requiring a change in or renewal of the most recent Form W-8BEN or Form W-8ECI previously delivered by such Lender, deliver to the Borrower through the Administrative Agent two accurate and complete signed originals of Form W-8BEN or Form W-8ECI in replacement for the forms previously delivered by such Lender indicating that such Lender continues to be entitled to receive all payments under this Agreement and the other Loan Documents free from any withholding of any United States Federal income tax;

(D) it shall, to the extent it is legally entitled to do so, promptly upon the reasonable request of the Borrower or the Administrative Agent to that effect, deliver to the Borrower or the

Administrative Agent (as the case may be) such other forms or similar documentation as may be required from time to time by any Applicable Law, in order to establish such Lender's complete exemption from withholding on all payments under this Agreement or any of the other Loan Documents;

(E) if such Lender claims or is entitled to claim exemption from withholding tax under a United States tax treaty by providing a Form W-8ECI and such Lender sells or grants a participation in all or part of its rights under this Agreement, such Lender shall notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner under this Agreement. To the extent of such percentage amount, the Administrative Agent shall treat such Lender's Form W-8ECI as no longer in compliance with this Section 2.11(c)(iv). In the event a Lender claiming exemption from United States withholding tax by filing Form W-8BEN with the Administrative Agent sells or grants a participation in its rights under this Agreement, such Lender agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code; and

(F) without limiting or restricting any Lender's right to increased amounts under Section 2.11(c)(i) from the Borrower upon satisfaction of such Lender's obligations under the provisions of this Section 2.11(c)(iv), if such Lender is entitled to a reduction in the applicable withholding tax, the Administrative Agent may (but shall not be obligated to) withhold from any interest to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction.

If the forms or other administrative documentation required by clause (A) are not delivered to the Administrative Agent, then the Administrative Agent shall withhold from any interest payment to a Lender not providing such forms or other documentation, an amount equivalent to the applicable withholding tax and, in addition, the Administrative Agent shall also withhold against periodic payments other than interest payments to the extent United States withholding tax is not eliminated by obtaining Form W-8BEN or Form W-8ECI. The Borrower shall indemnify and hold harmless the Administrative Agent and each of its officers, directors, employees, counsel, agents and attorneys-in-fact from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs) of any kind whatsoever from time to time incurred as a result of or in connection with the Administrative Agent's failure to withhold as provided pursuant to the preceding sentence, unless such failure constitutes gross negligence or willful misconduct of the Administrative Agent itself as the same is determined by a final non-appealable judgment of a court of competent jurisdiction, and the Obligations of the Borrower under this sentence shall survive payment of all other Obligations.

(v) The Borrower shall not be required to pay any additional amounts in respect of Non-excluded Taxes imposed by any United States Federal Governmental Authority pursuant to Section 2.11(c)(i) to any Lender:

(A) if and to the extent the obligation to pay such additional amounts would not have arisen but for a failure by such Lender to comply with its obligations under Section 2.11(c)(iv) in respect of its Lending Office;

(B) if such Lender shall have delivered to the Borrower a Form W-8BEN in respect of its Lending Office pursuant to Section 2.11(c)(iv)(A)-(C) or such other forms or other similar documentation pursuant to Section 2.11(c)(iv)(D), to the extent such Lender shall not at any time be entitled to exemption from all deductions or withholding of United States Federal income tax in respect of payments by the Borrower under this Agreement or any of the other Loan Documents for the account of such Lending Office for any reason other than a change in United States Applicable Law or in the official interpretation of any such Applicable Law by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8BEN or such other forms or other similar documentation; or

(C) if such Lender shall have delivered to the Borrower a Form W-8ECI in respect of its Lending Office pursuant to Section 2.11(c)(iv)(A)-(C) or such other forms or similar documentation pursuant to Section 2.11(c)(iv)(D), to the extent such Lender shall not at any time be entitled to exemption from all deductions or withholding of United States Federal income tax in respect of payments by the Borrower under this Agreement or any of the other Loan Documents for the account of such Lending Office for any reason other than a change in United States Applicable Law or in the official interpretation of any such Applicable Law by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8ECI or such other forms or other similar documentation.

(vi) Each Lender agrees that it shall, at any time upon reasonable advance request in writing by the Borrower or the Administrative Agent, promptly deliver such certification or other documentation as may be required under Applicable Law in any applicable jurisdiction and which such Lender is entitled to submit to avoid or reduce withholding taxes on amounts to be paid by the Borrower and received by such Lender pursuant to this Agreement or any of the other Loan Documents.

#### SECTION 2.12. Computation of Interest and Fees.

Interest on Base Rate Loans shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Interest on Euro-Dollar Loans shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period from and including the first day thereof to but excluding the last day thereof. Fees payable hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

#### SECTION 2.13. Settlement.

(a) On each Settlement Date, the Administrative Agent shall, not later than 2:00 p.m. (Boston, Massachusetts time), give telephonic or facsimile notice (i) to the Lenders and the Borrower of the respective outstanding amount

of Loans made by the Administrative Agent pursuant to Section 2.02(e) on behalf of the Lenders from the immediately preceding Settlement Date through the close of business on the prior day and (ii) to the Lenders of the amount (a "Settlement Amount") that each Lender (a "Settling Lender") shall pay to effect a Settlement of any Loan. A statement of the Administrative Agent submitted to the Lenders and the Borrower or to the Lenders with respect to any amounts owing under this Section 2.13 shall be prima facie evidence of the amount due and owing. Each Settling Lender shall, not later than 3:00 p.m. (Boston, Massachusetts time) on such Settlement Date, effect a wire transfer of immediately available funds to the Administrative Agent in the amount of the Settlement Amount for such Settling Lender. All funds advanced by any Lender as a Settling Lender pursuant to this Section 2.13 shall for all purposes be treated as a Loan made by such Settling Lender to the Borrower and all funds received by the Administrative Agent pursuant to this Section 2.13 shall for all purposes be treated as repayment of amounts owed with respect to Loans made by the Administrative Agent. In the event that any bankruptcy, reorganization, liquidation, receivership or similar cases or proceedings in which the Borrower is a debtor prevents a Settling Lender from making any Loan to effect a Settlement as contemplated hereby, such Settling Lender will make such dispositions and arrangements with the Administrative Agent with respect to such Loans, either by way of purchase of participations, distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in the Administrative Agent receiving the full amount to which it is entitled under this Section 2.13(a) and each Lender's share of the outstanding Loans being equal, as nearly as may be, to such Lender's Commitment Percentage of the outstanding amount of the Loans.

(b) The Administrative Agent may, unless notified to the contrary by any Settling Lender on or prior to a Settlement Date, assume that such Settling Lender has made or will make available to the Administrative Agent on such Settlement Date the amount of such Settling Lender's Settlement Amount. If any Settling Lender makes available to the Administrative Agent such amount on a date after such Settlement Date, such Settling Lender shall pay to the Administrative Agent on demand an amount equal to the product of (i) the average computed for the period referred to in clause (iii) below, of the Federal Funds Rate for each day included in such period, times (ii) the amount of such Settlement Amount, times (iii) a fraction, the numerator of which is the number of days that elapse from and including such Settlement Date to the date on which the amount of such Settlement Amount shall become immediately available to the Administrative Agent, and the denominator of which is 360. A statement of the Administrative Agent submitted to such Settling Lender with respect to any amounts owing under this Section 2.13 (b) shall be prima facie evidence of the amount due and owing to the Administrative Agent by such Settling Lender. If such Settling Lender's Settlement Amount is not made available to the Administrative Agent by such Settling Lender within three (3) Business Days following such Settlement Date, the Administrative Agent shall be entitled to recover such amount from the Borrower on demand, with interest thereon at the rate per annum applicable to the Loans as of such Settlement Date.

(c) The failure or refusal of any Settling Lender to make available to the Administrative Agent at the aforesaid time and place on any Settlement Date the amount of such Settling Lender's Settlement Amount shall not (i) relieve any other Settling Lender from its several obligations hereunder to make available to the Administrative Agent the amount of such other Settling Lender's Settlement Amount or (ii) impose upon any Lender, other than the

Settling Lender so failing or refusing, any liability with respect to such failure or refusal or otherwise increase the Commitment of such other Lender.

(d) Each Settling Lender's obligation in accordance with this Agreement to pay to the Administrative Agent the Settlement Amount on each Settlement Date as contemplated by this Section 2.13 shall be absolute, unconditional irrevocable and without recourse to the Administrative Agent and shall not be affected by any circumstance, including: (i) any set-off, counterclaim, defense or other right which such Lender may have against the Administrative Agent, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuation of any Default or Event of Default or any Material Adverse Effect or the Borrower's failure to satisfy any condition set forth in Article IV; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

#### SECTION 2.14. Conversion and Continuation Elections for all Borrowings.

(a) The Borrower may upon irrevocable written notice (or telephonic notice immediately confirmed in writing) to the Administrative Agent in accordance with paragraph (b):

- (i) elect to convert on any Business Day, any Base Rate Loans (or any part thereof in an amount of not less than \$500,000 or an integral multiple of \$500,000 in excess thereof) into Euro-Dollar Loans;
- (ii) elect to convert on the last day of any Interest Period with respect thereto, any Euro-Dollar Loans (or any part thereof in an amount of not less than \$500,000 or an integral multiple of \$500,000 in excess thereof) into Base Rate Loans; or
- (iii) elect to continue on the last day of any Interest Period with respect thereto, any Euro-Dollar Loans (or any part thereof in an amount of not less than \$500,000 or an integral multiple of \$500,000 in excess thereof) as Euro-Dollar Loans;

provided, however, that, if any Borrowing comprised of Euro-Dollar Loans shall have been reduced, by payment, prepayment or conversion, to an amount that is less than \$1,000,000 then the Euro-Dollar Loans comprising such Borrowing shall automatically convert into Base Rate Loans on the last day of the then-current Interest Period relating thereto.

(b) The Borrower shall deliver a Notice of Conversion/Continuation to be received by the Administrative Agent not later than (i) 1:00 p.m. (Boston, Massachusetts time) not less than two (2) Business Days in advance of the Conversion Date or Continuation Date, if the Loans are to be converted into or continued as Euro-Dollar Loans, and (ii) 1:00 p.m. (Boston, Massachusetts time) on the requested Conversion Date, if the Loans are to be converted into Base Rate Loans, specifying:

- (A) the proposed Conversion Date or Continuation Date, which shall in each case be a Business Day; (B) the aggregate principal amount of all Loans to be converted or continued;
- (C) the nature of the proposed conversion or continuation; and (D) the duration of the requested Interest Periods, if applicable.

(c) If, upon the expiration of any Interest Periods applicable to any Euro-Dollar Loans, the Borrower shall have failed to select on a timely basis new Interest Periods to be applicable thereto, such Euro-Dollar Loans shall automatically convert into Base Rate Loans upon the expiration of such periods.

(d) Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent will promptly notify each Lender thereof, or, if no timely notice is provided by the Borrower, the Administrative Agent will promptly notify each Lender of the details of any automatic conversion. All conversions and continuations shall be made pro rata according to the respective outstanding principal amounts of the Loans with respect to which the notice was given.

(e) During the continuation of any Default, the Borrower may not elect to have any Loan converted into or continued as a Euro-Dollar Loan.

### **ARTICLE III**

#### **THE LETTERS OF CREDIT**

##### **SECTION 3.01. Letter of Credit Subfacility.**

(a) On the terms and conditions set forth herein (i) the Issuing Lender agrees (A) from time to time, on any Business Day during the period from the Closing Date to the date which is thirty (30) days prior to the Maturity Date to issue Letters of Credit for the account of the Borrower, and to amend or renew Letters of Credit previously issued by it, in accordance with Section 3.02(b) and Section 3.02(d), and (B) to honor drafts under the Letters of Credit; and (ii) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower; provided, however, that the Issuing Lender shall not issue any Letter of Credit if as of the date of, and immediately after giving effect to, the issuance of such Letter of Credit: (A) there shall be continuing any Event of Default of which the Issuing Lender shall have received written notice from the Borrower or the Administrative Agent; (B) the aggregate amount of all Letter of Credit Obligations, plus the aggregate principal amount of all Loans shall exceed the Total Commitment then in effect; or (C) the Letter of Credit Obligations shall exceed the Letter of Credit Commitment then in effect.

(b) The Issuing Lender shall be under no obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority shall by its terms purport to enjoin or restrain the Issuing Lender from issuing such Letter of Credit, or any Applicable Law or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date or shall impose upon



the Issuing Lender any unreimbursable loss, cost or expense which was not applicable on the Closing Date and which the Issuing Lender reasonably deems material to it;

(ii) the Issuing Lender shall have received written notice from any Lender or from the Borrower, on or prior to the requested date of issuance of such Letter of Credit, that one or more of the applicable conditions precedent contained in Article IV is not then satisfied;

(iii) the expiry date of any requested Letter of Credit (A) is more than one (1) year after the date of issuance, unless the Issuing Lender have approved such expiry date, or (B) is later than the Maturity Date;

(iv) any requested Letter of Credit is not in form and substance reasonably acceptable to the Issuing Lender, or the issuance of a Letter of Credit shall violate any applicable policies of the Issuing Lender; or

(v) such Letter of Credit is in a face amount less than \$50,000 or to be denominated in a currency other than Dollars.

#### SECTION 3.02. Issuance, Amendment and Renewal of Letters of Credit.

(a) Each Letter of Credit shall be issued upon the irrevocable written request of the Borrower received by the Issuing Lender (with a copy sent by the Borrower to the Administrative Agent) at least four (4) Business Days (or such shorter time as the Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of issuance, and approval by the Administrative Agent of such request. Each request by the Borrower for issuance of a Letter of Credit shall be by facsimile, confirmed promptly in an original writing, in the form of a Letter of Credit Application, and shall specify in form and detail reasonably satisfactory to the Issuing Lender: (i) the proposed date of issuance of the Letter of Credit (which shall be a Business Day); (ii) the face amount of the Letter of Credit; (iii) the expiry date of the Letter of Credit; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vi) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vii) such other matters as the Issuing Lender may reasonably require.

(b) From time to time while a Letter of Credit is outstanding and prior to the Maturity Date, the Issuing Lender will, upon the written request of the Borrower received by the Issuing Lender (with a copy sent by the Borrower to the Administrative Agent) at least four (4) Business Days (or such shorter time as the Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of amendment, upon approval by the Administrative Agent of such request, amend any Letter of Credit issued by it. Each such request by the Borrower for amendment of a Letter of Credit shall be made by facsimile, confirmed promptly in an original writing, in the form of a Letter of Credit Amendment Application and shall specify in form and detail reasonably satisfactory to the Issuing Lender: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as the Issuing Lender may reasonably require. The Issuing Lender shall be under no obligation to amend any Letter of Credit if (i) the Issuing Lender would have no obligation at such time to issue such Letter of

Credit in its amended form under the terms of this Agreement; or (ii) the beneficiary of any such Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(c) The Administrative Agent will promptly notify the Lenders of the receipt by it of any Letter of Credit Application or Letter of Credit Amendment Application.

(d) The Issuing Lender and the Lenders agree that, while a Letter of Credit is outstanding and prior to the Maturity Date, at the option of the Borrower and upon the written request of the Borrower received by the Issuing Lender (with a copy sent by the Borrower to the Administrative Agent) at least four (4) Business Days (or such shorter time as the Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of notification of renewal, the Issuing Lender shall be entitled to authorize the automatic renewal of any Letter of Credit issued by it. Each such request for renewal of a Letter of Credit shall be made by facsimile, confirmed promptly in an original writing, in the form of a Letter of Credit Amendment Application, and shall specify in form and detail reasonably satisfactory to the Issuing Lender: (i) the Letter of Credit to be renewed; (ii) the proposed date of notification of renewal of the Letter of Credit (which shall be a Business Day); (iii) the revised expiry date of the Letter of Credit; and (iv) such other matters as the Issuing Lender may reasonably require. The Issuing Lender shall be under no obligation to renew any Letter of Credit if the Issuing Lender would have no obligation at such time to issue or amend such Letter of Credit in its renewed form under the terms of this Agreement. If any outstanding Letter of Credit shall provide that it shall be automatically renewed unless the beneficiary thereof receives notice from the Issuing Lender that such Letter of Credit shall not be renewed, and if at the time of renewal the Issuing Lender would be entitled to authorize the automatic renewal of such Letter of Credit in accordance with this Section 3.02(d) upon the request of the Borrower but the Issuing Lender shall not have received any Letter of Credit Amendment Application from the Borrower with respect to such renewal or other written direction from the Borrower with respect thereto, the Issuing Lender shall nonetheless be permitted to allow such Letter of Credit to be renewed, and the Borrower and the Lenders hereby irrevocably authorize each such renewal, and, accordingly, the Issuing Lender shall be deemed to have received a Letter of Credit Amendment Application from the Borrower requesting such renewal.

(e) This Agreement shall control in the event of any conflict with any Letter of Credit Related Document (other than any Letter of Credit, the provisions of which shall control in any event). The Issuing Lender will also deliver to the Administrative Agent, concurrently or promptly following its delivery of a Letter of Credit, or any amendment to or renewal of a Letter of Credit, to a beneficiary, a true and complete copy of each such Letter of Credit or amendment to or renewal of a Letter of Credit.

### SECTION 3.03. Participations, Drawings and Reimbursement.

(a) Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Lender a participation in such Letter of Credit and each drawing thereunder in an amount equal to the product of (i) the Commitment

Percentage of such Lender then in effect, times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Lender will promptly notify the Borrower. The Borrower shall reimburse the Issuing Lender prior to 12:00 p.m. (Boston, Massachusetts time), on each date that any amount is paid by the Issuing Lender under any Letter of Credit (each such date, a "Disbursement Date"), in an amount equal to the amount so paid by the Issuing Lender, provided that if such drawing occurs after 12:00 p.m. (Boston, Massachusetts time), the Disbursement Date shall be deemed to be the day following the date of such drawing. In the event that the Borrower shall fail to reimburse the Issuing Lender for the full amount of any drawing under any Letter of Credit by 12:00 p.m. (Boston, Massachusetts time) on the Disbursement Date, the Issuing Lender will promptly notify the Administrative Agent and the Administrative Agent will promptly notify each Lender thereof, and the Borrower shall be deemed to have requested that Loans consisting of Base Rate Loans be made by the Lenders (and the Borrower hereby irrevocably consents to such deemed request) pursuant to Section 2.01 to be disbursed on the Disbursement Date under such Letter of Credit, subject always to the satisfaction of the conditions set forth in Section 4.02. Any notice given by the Issuing Lender or the Administrative Agent pursuant to this Section 3.03(b) may be oral if immediately confirmed in writing (including by facsimile); provided, however, that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(c) Each Lender shall upon receipt of any notice pursuant to Section 3.03(b) make available to the Administrative Agent for the account of the Issuing Lender an amount in Dollars and in immediately available funds equal to its Commitment Percentage of the amount of the drawing, whereupon the participating Lenders shall (subject to Section 3.03(d)) each be deemed to have made a Loan consisting of a Base Rate Loan to the Borrower in that amount. If any Lender so notified shall fail to make available to the Administrative Agent for the account of the Issuing Lender the amount of such Lender's Commitment Percentage of the amount of the drawing by no later than 1:00 p.m. (Boston, Massachusetts time) on the Disbursement Date, then interest shall accrue on such Lender's obligation to make such payment, from the Disbursement Date to the date such Lender makes such payment, at a rate per annum equal to (i) the Federal Funds Rate in effect from time to time during the period commencing on the Disbursement Date and ending on the date three (3) Business Days thereafter, and (ii) thereafter, at the Base Rate as in effect from time to time. The Administrative Agent will promptly give notice of each Disbursement Date, but failure of the Administrative Agent to give any such notice on the Disbursement Date or in sufficient time to enable any Lender to effect such payment on such date shall not relieve such Lender from its obligations under this Section 3.03.

(d) With respect to any unreimbursed drawing which is not converted into Loans consisting of Base Rate Loans because the applicable conditions precedent set forth in Section 4.02 cannot be satisfied, the Borrower shall be deemed to have obtained from the Issuing Lender a Letter of Credit Borrowing in the amount of such drawing, which Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Base Rate, plus the Applicable Margin for Base Rate Loans, plus, in the case of any Letter of Credit Borrowing outstanding after

the Disbursement Date, two percent (2%) per annum, and each Lender's payment to the Issuing Lender pursuant to Section 3.03(c) shall be deemed a payment in respect of its participation in such Letter of Credit Borrowing.

(e) Each Lender's obligation in accordance with this Agreement to make Loans or to fund its participation in Letter of Credit Borrowings, as contemplated by this Section 3.03, as a result of any drawing under a Letter of Credit shall be absolute, unconditional irrevocable and without recourse to the Issuing Lender and shall not be affected by any circumstance, including: (i) any set-off, counterclaim, defense or other right which such Lender may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuation of any Default or Event of Default or any Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

#### SECTION 3.04. Repayment of Participation.

(a) Upon (and only upon) receipt by the Administrative Agent for the account of the Issuing Lender of funds from the Borrower (i) in reimbursement of any payment made by the Issuing Lender under the Letter of Credit with respect to which any Lender has paid the Administrative Agent for the account of the Issuing Lender for such Lender's participation in the Letter of Credit pursuant to Section 3.03, or (ii) in payment of interest on amounts described in clause (i), the Administrative Agent will pay to each Lender, in the same funds as those received by the Administrative Agent for the account of the Issuing Lender, the amount of such Lender's Commitment Percentage of such funds, and the Issuing Lender shall receive the amount of the Commitment Percentage of such funds of any Lender that did not so pay the Administrative Agent for the account of the Issuing Lender.

(b) If the Administrative Agent or the Issuing Lender is required at any time to return to the Borrower, or to any trustee, receiver, liquidator, custodian or any other similar official in any Insolvency Proceeding, any portion of the payments made by the Borrower to the Administrative Agent for the account of the Issuing Lender pursuant to Section 3.04(a) in reimbursement of a payment made under the Letter of Credit or interest or fees thereon, each Lender shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent or such Issuing Lender the amount of its Commitment Percentage of any amounts so returned by the Administrative Agent or the Issuing Lender plus interest thereon, from the date such demand is made to the date such amounts are returned by such Lender to the Administrative Agent or the Issuing Lender, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

#### SECTION 3.05. Role of Issuing Lender.

(a) Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the Issuing Lender shall not have any responsibility to obtain any document (other than any sight draft and certificates expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) Neither the Issuing Lender nor any of the respective correspondents, participants or assignees of the Issuing Lender shall be liable to any Lender or the Borrower for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Required Lenders; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any Letter of Credit Related Document.

(c) The Borrower hereby irrevocably assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit. Neither the Issuing Lender nor any of the respective correspondents, participants or assignees of the Issuing Lender shall be liable or responsible for any of the matters described in clauses (a) through (f) of Section 3.06; provided, however, that the Borrower may have a claim against the Issuing Lender, and the Issuing Lender may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower and only to the extent which the Borrower shall have proved were caused by the Issuing Lender's willful misconduct or gross negligence, as such has been determined by a final non-appealable judgment, or the Issuing Lender's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing:

(i) the Issuing Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) the Issuing Lender shall not be responsible for the validity or sufficiency of any Instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

#### SECTION 3.06. Obligations Absolute.

The obligations of the Borrower under this Agreement and any Letter of Credit Related Document to reimburse the Issuing Lender for each drawing under each Letter of Credit, to repay each Letter of Credit Borrowing and to repay each drawing under a Letter of Credit converted into Loans, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other Letter of Credit Related Document under all circumstances, including the following:

(a) any lack of validity or enforceability of this Agreement or any Letter of Credit Related Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the Letter of Credit Related Documents;

(c) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the Letter of Credit Related Documents or any unrelated transactions;

(d) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(e) any payment by the Issuing Lender under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the Issuing Lender under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit; or

(f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any guarantor.

#### SECTION 3.07. Outstanding Letter of Credit Obligations at Maturity.

Upon the request of the Administrative Agent, if, as of the Maturity Date, any Letters of Credit shall for any reason remain outstanding and partially or wholly undrawn, then the Borrower shall immediately pay to the Administrative Agent an amount equal to such Letter of Credit Obligations to be held as cash collateral.

#### SECTION 3.08. Letter of Credit Fees.

(a) The Borrower shall pay to the Administrative Agent, for the ratable account of each Lender with a Commitment, letter of credit fees ("Letter of Credit Fees") with respect to all Letters of Credit equal to (i) the Applicable Margin for Loans that are Euro-Dollar Loans, times (ii) the face amount of each Letter of Credit to be issued, and such Letter of Credit Fees shall be due and payable in arrears on the last day of each Fiscal Quarter.

(b) The Borrower shall pay directly to the Issuing Lender, for the Issuing Lender's own account, a Letter of Credit fronting fee equal to one-eighth of one percent (i.e., 12.5 basis points), times the face amount of each Letter of Credit to be issued, and such Letter of Credit fronting fee shall be due and payable on the date of issuance of such Letter of Credit by the Issuing Lender.

(c) The Borrower shall also pay directly to the Issuing Lender from time to time, on demand by the Issuing Lender and for its own account, such other reasonable issuance, presentation, payment, amendment, transfer and other processing fees, and other standard and reasonable charges, of the Issuing Lender relating to letters of credit as are in accordance with the Issuing Lender's standard schedule for such fees and charges in effect from time to time.

SECTION 3.09. Uniform Customs and Practice.

The Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce (unless otherwise expressly provided in the Letters of Credit) shall apply to the Letters of Credit.

**ARTICLE IV**

**CONDITIONS TO BORROWINGS**

SECTION 4.01. Conditions to Making First Credit Extension.

The obligations of each of the Lenders and the Issuing Lender to make its first Credit Extension on the Closing Date hereunder are subject to the fulfillment of each of the following conditions precedent prior to or simultaneously with the making of the first Credit Extension on the Closing Date:

- (a) receipt by the Administrative Agent from each of the parties hereto of a duly executed counterpart of this Agreement signed by such party which shall be in full force and effect;
- (b) receipt by the Administrative Agent of a duly executed Note for the account of each Lender complying with the provisions of Section 2.03;
- (c) receipt by the Administrative Agent of a favorable opinion (together with any opinions of local counsel relied on therein) of the General Counsel for the Borrower, dated as of the Closing Date, substantially in the form of Exhibit G hereto and covering such additional matters relating to the transactions contemplated hereby as the Administrative Agent or any Lender may reasonably request;
- (d) receipt by the Administrative Agent of a favorable opinion (together with any opinions of local counsel relied on therein) of Sidley Austin Brown & Wood, LLP, special counsel to the Borrower, dated as of the Closing Date, substantially in the form of Exhibit H hereto and covering such additional matters relating to the transactions contemplated hereby as the Administrative Agent or any Lender may reasonably request;
- (e) receipt by the Administrative Agent of a certificate (the "Closing Certificate"), dated the Closing Date, substantially in the form of Exhibit E hereto, signed by a principal financial officer of the Borrower, to the effect that (i) no Default or Event of Default has occurred and is continuing on the Closing Date and (ii) the representations and warranties of the Borrower contained in Article V are true on and as of the Closing Date;
- (f) receipt by the Administrative Agent of all documents which the Administrative Agent or any Lender may reasonably request relating to the existence of the Borrower, the corporate authority for and the validity of this Agreement, the Notes, and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent, including without limitation a certificate of incumbency of the Borrower (the "Secretary's Certificate"), signed by the Secretary or an Assistant Secretary of the Borrower, substantially in the form of Exhibit F hereto, certifying as to the names, true signatures and incumbency of the officer or officers of the

Borrower authorized to execute and deliver the Loan Documents to which it is a party, and certified copies of the following items: (i) the Borrower's Certificate of Incorporation, (ii) the Borrower's Bylaws, (iii) a certificate of the Secretary of State of the State of incorporation of the Borrower as to the existence of the Borrower as a corporation organized under the laws of such state, and (iv) the action taken by the Board of Directors of the Borrower authorizing the Borrower's execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party;

(g) receipt by the Administrative Agent of all Fees and all amounts due and payable under Section 10.03(a);

(h) receipt by the Administrative Agent of evidence satisfactory to the Administrative Agent that the Borrower shall have terminated its existing \$360,000,000 credit facility governed by the Credit Agreement, dated as of July 1, 1997, and its existing \$200,000,000 credit facility governed by the Credit Agreement, dated as of December 10, 1998; and the Borrower shall have made arrangements satisfactory to the Administrative Agent to repay all loans, interest fees or other amounts owing under such credit facilities on or prior to the Closing Date hereunder;

(i) receipt by the Administrative Agent of all necessary governmental and third party approvals and/or consents in connection with transactions contemplated by the Loan Documents and otherwise referred to herein which shall have been obtained and remain in effect, and all applicable waiting periods with respect thereto shall have expired without any action being taken by any competent Governmental Authority which restrains, prevents or imposes materially adverse conditions upon the consummation of such transactions;

(j) receipt by the Administrative Agent of true, correct and complete copies of each of the Ancillary Documents; and

(k) receipt by the Administrative Agent of such other documents, certificates and other information, as the Administrative Agent or any Lender may reasonably request.

#### SECTION 4.02. Conditions to All Borrowings.

The obligations of each of the Lenders and the Issuing Lender to make each of its Credit Extensions hereunder (including its first Credit Extensions to be made on the Closing Date) shall also be subject to the satisfaction of each of the additional following conditions precedent set forth in this Section 4.02:

(a) except as provided in Section 2.02(e) and Section 2.02(h), receipt by the Administrative Agent of a Notice of Borrowing as required by Section 2.02;

(b) the fact that, immediately before and after such Borrowing, no Default or Event of Default shall have occurred and be continuing;

(c) the fact that the representations and warranties of the Borrower contained in Article V of this Agreement shall be true on and as of the date of such Borrowing;

(d) the fact that, immediately after such Credit Extension, (i) each Lender's Commitment Percentage of the Total Utilization will not exceed the



amount of its Commitment and (ii) the Total Utilization will not exceed the Total Commitment as of such date;

(e) it shall not be unlawful (i) for the Administrative Agent, the Issuing Lender or any Lender to perform any of its obligations under any of the Loan Documents or (ii) for the Borrower to pay or perform any of its Obligations under any of the Loan Documents; and

(f) all Instruments and other documents executed and delivered or submitted pursuant hereto by or on behalf of the Borrower shall be reasonably satisfactory in form and substance to the Administrative Agent and its special counsel; the Administrative Agent and its special counsel shall have received all such information, and such counterpart originals or such certified or other copies of all such other materials, as the Administrative Agent or its special counsel shall have reasonably requested; and all legal matters incident to the transactions contemplated by this Agreement shall be reasonably satisfactory to special counsel to the Administrative Agent.

Each Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the truth and accuracy of the facts specified in clauses (b) and (c) of this Section 4.02.

## **ARTICLE V**

### **REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to each of the Lenders, the Issuing Lender and the Agents as set forth below in this Article V:

#### **SECTION 5.01. Corporate Existence and Power.**

The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, is duly qualified to transact business in every jurisdiction where, by the nature of its business, such qualification is necessary (except where the failure to be qualified shall not cause or be reasonably expected to cause a Material Adverse Effect), and has all corporate powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

#### **SECTION 5.02. Corporate and Governmental Authorization; No Contravention.**

The execution, delivery and performance by the Borrower of this Agreement, the Notes and the other Loan Documents (a) are within the Borrower's corporate powers, (b) have been duly authorized by all necessary corporate action, (c) require no action by or in respect of, or filing with, any governmental body, agency or official, (d) do not contravene, or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation or by-laws of the Borrower or of any contract or agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Subsidiaries, and (e) do not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

### SECTION 5.03. Binding Effect.

This Agreement constitutes a valid and binding agreement of the Borrower enforceable in accordance with its terms, and the Notes and the other Loan Documents, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of the Borrower enforceable in accordance with their respective terms, provided, that the enforceability hereof and thereof is subject in each case to general principles of equity and to bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally.

### SECTION 5.04. Financial Information.

(a) The consolidated balance sheet of the Borrower and its Subsidiaries as of June 30, 2001 and the related consolidated statements of income, shareholders' equity and cash flows for the Fiscal Year then ended, reported on by KPMG Peat Marwick, copies of which have been delivered to each of the Lenders, and the unaudited consolidated financial statements of the Borrower for the interim period ended December 31, 2001, copies of which have been delivered to each of the Lenders, fairly present, in conformity with GAAP, the consolidated financial position of the Borrower and its Subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods stated.

(b) Since December 31, 2001, there has been no event, act, condition or occurrence having a Material Adverse Effect, except as otherwise disclosed in Section 5.04 of the Disclosure Schedule.

(c) The existing Debt of each of the Borrower and its Subsidiaries as of the Closing Date under any Instrument evidencing or governing Debt in an aggregate amount exceeding \$10,000,000 is identified in Section 5.04 of the Disclosure Schedule. Except as otherwise disclosed in Section 5.04 of the Disclosure Schedule, neither the Borrower nor any of its Subsidiaries is in default in the payment of any existing Debt, which payments, in the aggregate, exceed \$10,000,000, or in default or breach, in any material respect, in the performance of any other material obligation under any Instrument evidencing or governing any existing Debt (in an aggregate amount exceeding \$10,000,000) or pursuant to which any such existing Debt (in an aggregate amount exceeding \$10,000,000) was issued or secured.

### SECTION 5.05. Litigation.

There is no action, suit or proceeding or investigation of any kind pending or, to the knowledge of the Borrower, threatened, against or affecting the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official which could reasonably be expected to have a Material Adverse Effect or which in any manner draws into question the validity or enforceability of, or could reasonably be expected to impair the ability of the Borrower to perform its obligations under, this Agreement, the Notes or any of the other Loan Documents.

SECTION 5.06. Compliance with ERISA.

(a) The Borrower and each member of the Controlled Group have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or a Plan under Title IV of ERISA.

(b) Neither the Borrower nor any member of the Controlled Group has incurred any withdrawal liability with respect to any Multiemployer Plan under Title IV of ERISA, and no such liability is expected to be incurred.

SECTION 5.07. Taxes. There have been filed on behalf of the Borrower and its Subsidiaries all Federal, state and local income, excise, property and other tax returns which are required to be filed by them and all taxes due pursuant to such returns or pursuant to any assessment received by or on behalf of the Borrower or any Subsidiary have been paid, except taxes being contested in good faith by appropriate proceedings diligently pursued and against which, if requested by the Administrative Agent, the Borrower shall have set up reserves in accordance with GAAP. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate. United States income tax returns of the Borrower and its Subsidiaries have been examined and closed through the Fiscal Year ended June 30, 1997.

SECTION 5.08. Subsidiaries.

Each of the Borrower's Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, is duly qualified to transact business in every jurisdiction where, by the nature of its business, such qualification is necessary (except where the failure to be qualified shall not cause or be reasonably expected to cause a Material Adverse Effect), and has all corporate powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. As of the Closing Date, the Borrower has no Subsidiaries except those Subsidiaries listed in Section 5.08 of the Disclosure Schedule, which accurately sets forth each such Subsidiary's complete name and jurisdiction of incorporation.

SECTION 5.09. Not an Investment Company.

either the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 5.10. Public Utility Holding Company Act.

Neither the Borrower nor any of its Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

SECTION 5.11. Ownership of Property; Liens.

(a) Each of the Borrower and its Subsidiaries has title to or rights in its Properties sufficient for the conduct of its business, and none of such Property is subject to any Lien except as permitted in Section 6.07.

(b) Section 5.11 of the Disclosure Schedule identifies all of the Liens upon Property of the Borrower or of any of its Subsidiaries that secure existing Debt of the Borrower or of any of its Subsidiaries in an amount equal to or exceeding \$10,000,000 and that are in existence on or as of the Closing Date and either (i) are known to the Borrower or to any of its Subsidiaries on or as of the Closing Date or (ii) are of record on and as of the Closing Date.

SECTION 5.12. No Default.

Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any agreement, instrument or undertaking to which it is a party or by which it or any of its Property is bound which could reasonably be expected to have or cause a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 5.13. Full Disclosure.

All information heretofore furnished by the Borrower to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by the Borrower to the Administrative Agent or any Lender will be, true, accurate and complete in every material respect or based on reasonable estimates on the date as of which such information is stated or certified. The Borrower has disclosed to the Lenders in writing any and all facts which could reasonably be expected to have or cause a Material Adverse Effect.

SECTION 5.14. Environmental Matters.

(a) Neither the Borrower nor any Subsidiary is subject to any Environmental Liability which could reasonably be expected to have or cause a Material Adverse Effect and neither the Borrower nor any Subsidiary has been designated as a potentially responsible party under CERCLA or under any state statute similar to CERCLA. None of the Borrower's Properties has been identified on any current or proposed (i) National Priorities List under 40 C.F.R. Section 300, (ii) CERCLIS list or (iii) any list arising from a state statute similar to CERCLA.

(b) No Hazardous Materials have been or are being used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, managed or otherwise handled at, or shipped or transported to or from the Properties owned, occupied or used by the Borrower or its Subsidiaries or are otherwise present at, on, in or under the Properties owned, occupied or used by the Borrower or its Subsidiaries, except for Hazardous Materials, such as cleaning solvents, pesticides and other materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, and managed or otherwise handled in minimal amounts in the ordinary course of business in compliance in all material respects with all applicable Environmental Requirements.

(c) The Borrower, and each of its Subsidiaries, has procured all Environmental Authorizations necessary for the conduct of its business, and is in compliance in all material respects with all Environmental Requirements in connection with the operation of the Properties owned, occupied or used by the Borrower or its Subsidiaries and the Borrower's, and each of its Subsidiary's, respective businesses.

#### SECTION 5.15. Compliance with Laws.

The Borrower and each Subsidiary is in compliance with all Applicable Laws, including, without limitation, all Environmental Laws, except where any failure to comply with any such laws would not, alone or in the aggregate, have a Material Adverse Effect.

#### SECTION 5.16. Capital Stock.

All Capital Stock, debentures, bonds, notes and all other securities of the Borrower and its Subsidiaries presently issued and outstanding are validly and properly issued in accordance with all applicable laws, including, but not limited to, the "Blue Sky" laws of all applicable states and the federal securities laws. The issued shares of Capital Stock of the Borrower's Wholly Owned Subsidiaries are owned by the Borrower free and clear of any Lien or adverse claim. At least a majority of the issued shares of Capital Stock of each of the Borrower's other Subsidiaries (other than Wholly Owned Subsidiaries) is owned by the Borrower free and clear of any Lien or adverse claim.

#### SECTION 5.17. Margin Stock.

No part of the proceeds of any Loan will be used for any purpose which violates, or which is inconsistent with, the provisions of Regulations T, U or X.

#### SECTION 5.18. Insolvency.

After giving effect to the execution and delivery of this Agreement and all Loan Documents, to the making of the Credit Extensions or to any of the transactions contemplated herein, the Borrower will not be "insolvent," within the meaning of such term as defined in Section 101 of Title 11 of the United States Code or Section 2 of the Uniform Fraudulent Transfer Act, as each may be amended from time to time, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated.

#### SECTION 5.19. Broadcast Licenses.

(a) Each of the Borrower and its Subsidiaries owns, possesses or has the right to use all of the material patents, trademarks, service marks, trade names, copyrights, licenses (including, without limitation, Broadcast Licenses) and material rights with respect thereto, necessary for the present and currently planned future conduct of its business, without any known conflict with the rights of others.

(b)

(i) Section 5.19 of the Disclosure Schedule accurately lists and describes each material Broadcast License of the Borrower and its Subsidiaries which is in existence on the date hereof or which will be in existence on the Closing Date and the expiration date, if any, of each such material Broadcast License;

(ii) each such material Broadcast License is, or on the Closing Date will be, in full force and effect;

(iii) the Borrower and each Subsidiary has fulfilled and performed all of its obligations, if any, with respect to such material Broadcast Licenses; and

(iv) no event has occurred which (A) permits, or after notice or lapse of time or both would permit, revocation or termination of any such material Broadcast License or (B) causes a Material Adverse Effect or in the future may (so far as the Borrower can now reasonably foresee) cause a Material Adverse Effect in any of the rights of the Borrower or any Subsidiary thereunder. Except to the extent required by the Communications Act of 1934, as amended, and the rules and regulations of the FCC, no Broadcast License or other franchise or license held by the Borrower or any Subsidiary requires that any present stockholder, director, officer or employee of the Borrower remain as such or that any transfer of control of the Borrower or any Subsidiary must be approved by any public or governmental body.

(c) The Broadcast Licenses described in Section 5.19 of the Disclosure Schedule constitute all of the main station licenses and low power television licenses issued by the FCC or any Governmental Authority, necessary for the operation of the business of the Borrower and each Subsidiary in the same manner as it is currently conducted and as proposed to be conducted. The Broadcast Licenses described in Section 5.19 of the Disclosure Schedule are, or on the Closing Date will be, validly issued and in full force and effect, unimpaired by any act or omission by the Borrower or any Subsidiary. Except for rulemakings or similar proceedings of general applicability to entities such as the Borrower and its Subsidiaries, no Borrower or Subsidiary is a party to any investigation (to the best of its knowledge), notice of violation, order, or complaint issued by or before the FCC or any other Governmental Authority, nor are there any other proceedings involving the Borrower or any one or more of the Subsidiaries by or before the FCC or any other Governmental Authority, which investigation, notice, order, complaint or proceeding could in any manner materially threaten or adversely affect such Broadcast Licenses. Neither the Borrower nor any Subsidiary has any knowledge of a threat of any such investigation, notice of violation, order, complaint or proceeding with respect thereto. Neither the Borrower nor any Subsidiary has any reason to believe that the Broadcast Licenses listed and described in Section 5.19 of the Disclosure Schedule will not be renewed in the ordinary course. The Borrower and each Subsidiary has filed with the FCC and all other applicable Governmental Authorities all material reports, applications, documents, instruments and information required to be filed by it pursuant to applicable rules and regulations or requests of the FCC or such applicable Governmental Authorities.

SECTION 5.20. Delivery of Ancillary Documents.

The Borrower has furnished to the Administrative Agent true, correct and complete copies of each of the Ancillary Documents.

**ARTICLE VI**

**COVENANTS**

The Borrower agrees with each of the Lenders, the Issuing Lender and the Agents that, from and after the Effective Date and until all of the Commitments, Letter of Credit Commitments and the Letters of Credit shall have terminated and all of the Obligations shall have been paid and performed in full:

SECTION 6.01. Information.

The Borrower will deliver to the Administrative Agent, the Issuing Lender and each of the Lenders:

(a) as soon as available and in any event within ninety (90) days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, shareholders' equity and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all certified by KPMG Peat Marwick or other independent public accountants of nationally recognized standing reasonably acceptable to the Administrative Agent, with such certification to be free of exceptions and qualifications not acceptable to the Required Lenders; provided, however, that the Borrower's delivery of its Form 10-K as filed with the Securities and Exchange Commission containing such financial statements shall satisfy such requirement;

(b) as soon as available and in any event within forty-five (45) days after the end of each of the first three (3) Fiscal Quarters of each Fiscal Year, a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and the related statement of income and statement of cash flows for such Fiscal Quarter and for the portion of the Fiscal Year ended at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of the previous Fiscal Year, all certified (subject to normal year-end adjustments) as to fairness of presentation, GAAP and consistency by the chief financial officer, the controller or the treasurer of the Borrower; provided, however, that the Borrower's delivery of its Form 10-Q as filed with the Securities and Exchange Commission containing such financial statements shall satisfy such requirement;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate, substantially in the form of Exhibit D (a "Compliance Certificate"), of the chief financial officer, the controller or the treasurer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Section 6.03 through Section 6.07,

inclusive, Section 6.10, Section 6.21, Section 6.23 and Section 6.24 on the date of such financial statements, and (ii) stating whether any Default or Event of Default exists on the date of such certificate and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) simultaneously with the delivery of each set of annual financial statements referred to in clause (a) above, a statement of the firm of independent public accountants which reported on such statements to the effect that they have read this Agreement, and that, on the date of reporting such financial statements, they have obtained no knowledge of any Default or Event of Default, or if such accountants have obtained knowledge of any then existing Default or Event of Default they shall disclose in such statement any such Default or Event of Default;

(e) within five (5) Business Days after the Borrower becomes aware of the occurrence of any Default or Event of Default, a certificate of the chief financial officer, the controller or the treasurer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(f) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(g) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent), annual, quarterly or monthly reports and all material of a financial nature which the Borrower shall have filed with the Securities and Exchange Commission;

(h) if and when the Borrower or any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice; or (iii) receives notice from the PBGC under Title N of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice;

(i) promptly after the Borrower knows of the commencement thereof, notice of any litigation, dispute or proceeding involving a claim against the Borrower and/or any Subsidiary for \$10,000,000 or more in excess of amounts covered in full by applicable insurance;

(j) as soon as practicable after the receipt thereof, and in any event within ten (10) Business Days after the issuance thereof

(i) copies of any order or notice of the FCC, a court of competent jurisdiction or any other Governmental Authority which designated any Broadcast License of the Borrower or any Subsidiary or application therefor for a hearing, or which refuses renewal or extension of any such Broadcast License, or revokes or suspends the authority of the Borrower or any Subsidiary to operate a broadcast station;



- (ii) a copy of any competing application filed against any Broadcast License of the Borrower or any Subsidiary or application therefor;
- (iii) copies of any citation, notice of violation or order to show cause from the FCC, or any material complaint filed by or with the FCC, in each case, in connection with the Borrower or any Subsidiary; and
- (iv) a copy of any notice or application by the Borrower or any Subsidiary requesting authority to cease broadcasting on any broadcast station for any period in excess of forty-eight (48) hours;
- (k) if and whenever any direct or indirect Subsidiary of the Borrower shall be created, formed or acquired by the Borrower or by any of its Subsidiaries or shall cease to be an Inactive Subsidiary after the Effective Date during any Fiscal Quarter, furnish in the Compliance Certificate for such Fiscal Quarter information identifying such Subsidiary and setting forth with respect to such Subsidiary the information required by Section 5.08 with respect to the Subsidiaries of the Borrower as of the Closing Date; provided, that such information shall not be required for Inactive Subsidiaries;
- (l) if and whenever any of the Ancillary Documents shall be amended, supplemented or otherwise modified by any of the parties thereto, within ten (10) Business Days after the effective date of such amendment, supplement or modification of such Ancillary Document, furnish a true, correct and complete copy of such amendment, supplement or modification; and
- (m) from time to time such additional information regarding the financial position or business of the Borrower or any Subsidiary as the Administrative Agent, at the request of any Lender, may reasonably request.

**SECTION 6.02. Inspection of Property, Books and Records.**

The Borrower will (a) keep, and will cause each Subsidiary to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities; and (b) permit, and will cause each Subsidiary to permit, representatives of any Lender or the Administrative Agent at the expense of such Lender or Administrative Agent prior to the occurrence of an Event of Default and at the Borrower's expense after the occurrence of an Event of Default to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants. The Borrower agrees to cooperate and assist in such visits and inspections, in each case at such reasonable times and as often as may reasonably be desired.

**SECTION 6.03. Maximum Consolidated Leverage Ratio.**

The Borrower will not cause or permit its Consolidated Leverage Ratio as of the last day of any Fiscal Quarter to exceed 3.50 to 1.00.

#### SECTION 6.04. Consolidated Interest Coverage Ratio.

The Borrower will not cause or permit its Consolidated Interest Coverage Ratio as of the last day of any Fiscal Quarter to be less than 3.00 to 1.00.

#### SECTION 6.05. Loans or Advances.

Neither the Borrower nor any of its Subsidiaries shall make loans or advances to any Person, except: (a) loans or advances to employees not exceeding \$2,500,000 in the aggregate outstanding made in the ordinary course of business and consistently with practices existing on December 31, 2001; (b) deposits required by government agencies or public utilities; (c) loans or advances to Wholly Owned Subsidiaries, except Finsub; (d) loans or advances made pursuant to the Receivables Program Documents and (e) loans or advances not otherwise permitted by the foregoing clauses of this Section 6.05, provided, that, the aggregate outstanding loans and advances made under this clause (e) when aggregated with the Investments made under Section 6.06(g) shall not at any time exceed \$100,000,000; provided, further, that, after giving effect to the making of any loans, advances or deposits permitted by clause (a), (b), (c) or (e) of this Section 6.05, no Default shall have occurred and be continuing.

#### SECTION 6.06. Investments.

Neither the Borrower nor any of its Subsidiaries shall make Investments in any Person except as permitted by Section 6.05 and except Investments in (a) direct obligations of the United States Government maturing within one year; (b) certificates of deposit issued by or money market accounts maintained at a United States bank: (i) whose long-term certificates of deposit are rated at least AA or the equivalent thereof by S&P and Aa or the equivalent thereof by Moody's Investors Service, Inc., or (ii) if the long-term certificates of deposit of such United States bank are unrated, the long-term debt of the corporation owning such bank must be rated at least AA or the equivalent thereof by S&P and Aa or the equivalent thereof by Moody's Investors Service, Inc.; (c) commercial paper rated A-1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody's Investors Service, Inc. and in either case maturing within 9 months after the date of acquisition; (d) tender bonds the payment of the principal of and interest on which is fully supported by a letter of credit issued by a United States bank whose long-term certificates of deposit are rated at least AA or the equivalent thereof by S&P and Aa or the equivalent thereof by Moody's Investors Service, Inc.; (e) Permitted Acquisitions; (f) any Subsidiary or the Borrower pursuant to or as permitted or required under any Receivables Program Document and/or (g) debt and investment securities not otherwise permitted by the foregoing clauses of this Section 6.06, provided, that, the aggregate amount of Investments made under this clause (g) when aggregated with the loans and advances made under Section 6.05(d) shall not at any time exceed \$100,000,000.

#### SECTION 6.07. Negative Pledge.

Neither the Borrower nor any Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it; except:

- (a) Liens existing on the Effective Date securing Debt outstanding on such date in an aggregate principal amount not to exceed \$5,000,000;
- (b) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary and not created in contemplation of such event;
- (c) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring or constructing such asset, provided that such Lien attaches to such asset concurrently with or within eighteen (18) months after the acquisition or completion of construction thereof;
- (d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Borrower or a Subsidiary and not created in contemplation of such event;
- (e) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Subsidiary and not created in contemplation of such acquisition;
- (f) Liens securing Debt owing by any Subsidiary to the Borrower;
- (g) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section 6.07; provided, that (i) such Debt is not secured by any additional assets, and (ii) the amount of such Debt secured by any such Lien is not increased;
- (h) Liens incidental to the conduct of its business or the ownership of its assets which (i) do not secure Debt and (ii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;
- (i) any Lien on Margin Stock;
- (j) Liens on the Receivables Program Assets incurred pursuant to the Receivables Program Documents; and
- (k) Liens not otherwise permitted by the foregoing clauses of this Section 6.07 so long as the aggregate principal amount (without duplication) of (i) Debt secured by liens under this Section 6.07(k), (ii) Receivables Program Attributed Debt, (iii) sale and leaseback transactions permitted by Section 6.23 and (iv) Debt outstanding under Section 6.21(b)(iii) at any time outstanding shall not exceed twenty-five percent (25%) of Maximum Permitted Total Debt.

SECTION 6.08. Maintenance of Existence.

The Borrower shall, and shall cause each Subsidiary to, maintain its corporate existence and carry on its business in substantially the same manner and in substantially the same fields as such business is now carried on and maintained, except through corporate reorganization to the extent permitted by Section 6.10.

#### SECTION 6.09. Dissolution.

Neither the Borrower nor any of its Subsidiaries shall suffer or permit dissolution or liquidation either in whole or in part or redeem or retire any shares of its own stock or that of any Subsidiary, except through corporate reorganization to the extent permitted by Section 6.10.

SECTION 6.10. Consolidations, Mergers and Sales of Assets. The Borrower will not, nor will it permit any Subsidiary to, consolidate or merge with or into, or complete the Sale of, lease or otherwise transfer all or any substantial part of its assets to, any other Person, or discontinue or eliminate any business line or segment, provided, that (a) the Borrower may merge with another Person if (i) such Person was organized under the laws of the United States of America or one of its states, (ii) the Borrower is the corporation surviving such merger and (iii) immediately prior to and after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing; (b) Subsidiaries of the Borrower, except Finsub, may merge with one another or with the Borrower, provided that the Borrower is the corporation surviving such merger, and may complete the Sale of, lease or otherwise transfer assets to one another or to the Borrower; and (c) the foregoing limitation on the Sale, lease or other transfer of assets and on the discontinuation or elimination of a business line or segment shall not prohibit, during any Fiscal Quarter, a transfer of assets or the discontinuance or elimination of a business line or segment (in a single transaction or in a series of related transactions), unless the aggregate assets to be so transferred or utilized in a business line or segment to be so discontinued, when combined with all other assets transferred, and all other assets utilized in all other business lines or segments discontinued, during such Fiscal Quarter and the immediately preceding three Fiscal Quarters, either (i) would have, if retained, contributed more than 20% of Consolidated Gross Revenues during the four (4) Fiscal Quarters immediately preceding such Fiscal Quarter, or (ii) would have, if retained, contributed more than 20% of Consolidated Operating Profits during the four (4) Fiscal Quarters immediately preceding such Fiscal Quarter.

For purposes of determining compliance with Section 6.10(c) above, if the proceeds from the Sale, lease or other transfer of assets (the "Transferred Assets") in the applicable four Fiscal Quarter period are reinvested in capital assets or other Property during such period, then such Transferred Assets shall be excluded from the calculations set forth in clauses (i) and (ii) above. Notwithstanding the foregoing limitations contained in this Section 6.10, the Borrower or any Subsidiary may sell or otherwise transfer Receivables Program Assets pursuant to the Receivables Program Documents.

If the Amount of any Sale shall equal or exceed \$100,000,000, then the Borrower shall have delivered to the Administrative Agent not less than five (5) Business Days prior to the completion of such Sale an officer's certificate certifying that after giving effect to such Sale, as of the most recent Covenant Determination Date, as determined on a Pro Forma Basis, the Borrower shall be in compliance with the financial covenants contained in Section 6.03 and Section 6.04.

#### SECTION 6.11. Use of Proceeds.

No portion of the proceeds of the Loans or any Letter of Credit will be used by the Borrower or any Subsidiary (a) in connection with, either directly or

indirectly, any tender offer for, or other acquisition of, stock of any corporation with a view towards obtaining control of such other corporation, except a Permitted Acquisition or (b) for any purpose in violation of any Applicable Law.

SECTION 6.12. Compliance with Laws; Payment of Taxes.

(a) The Borrower will, and will cause each of its Subsidiaries and each member of the Controlled Group to, comply with applicable laws (including but not limited to ERISA), regulations and similar requirements of Governmental Authorities (including but not limited to PBGC), except where the necessity of such compliance is being contested in good faith through appropriate proceedings diligently pursued. The Borrower will, and will cause each of its Subsidiaries to, pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations which: (i) if unpaid, might become a lien against the property of the Borrower or any Subsidiary and (ii) when combined with all other taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations not paid promptly when due during the current Fiscal Quarter and the immediately preceding three Fiscal Quarters is greater than \$5,000,000, except liabilities being contested in good faith by appropriate proceedings diligently pursued and against which, if requested by the Administrative Agent, the Borrower shall have set up reserves in accordance with GAAP.

(b) The Borrower shall not permit the aggregate complete or partial withdrawal liability under Title IV of ERISA with respect to Multiemployer Plans incurred by the Borrower and members of the Controlled Group to exceed \$5,000,000 at any time. For purposes of this Section 6.12(b), the amount of withdrawal liability of the Borrower and members of the Controlled Group at any date shall be the aggregate present value of the amount claimed to have been incurred less any portion thereof which: (i) the Borrower and members of the Controlled Group have paid; or (ii) as to which the Borrower reasonably believes, after appropriate consideration of possible adjustments arising under Sections 4219 and 4221 of ERISA, it and members of the Controlled Group will have no liability, provided that the Borrower shall obtain prompt written advice from independent actuarial consultants supporting any such adjustments under Sections 4219 and 4221 of ERISA. The Borrower agrees, from time to time but no more frequently than once each Fiscal Year, upon the request of the Administrative Agent (i) to request and obtain a current statement of the withdrawal liability of the Borrower and members of the Controlled Group from each Multiemployer Plan, if any, and (ii) to transmit a copy of such statement to the Administrative Agent and the Lenders within fifteen (15) days after the Borrower receives the same.

(c) No portion of the proceeds of the Loans will be used by the Borrower or any Subsidiary in violation of (or in a manner so as to cause the Administrative Agent or the Lenders to be in violation of) any applicable law or regulation, including without limitation Regulations T, U and X. At no time will the value of Margin Stock purchased or held by the Borrower (including, without limitation, shares of common stock of the Borrower repurchased by and held by the Borrower but excluding shares of common stock of the Borrower repurchased by and immediately retired by the Borrower) exceed 25% of Unencumbered Total Assets of the Borrower.

SECTION 6.13. Insurance.

he Borrower will maintain, and will cause each of its Subsidiaries to maintain (either in the name of the Borrower or in such Subsidiary's own name), with financially sound and reputable insurance companies, insurance on all its Property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies of established repute engaged in the same or similar business.

SECTION 6.14. Change in Fiscal Year.

The Borrower will not change its Fiscal Year without the consent of the Required Lenders.

SECTION 6.15. Maintenance of Property.

The Borrower shall, and shall cause each Subsidiary to, maintain all of its Properties and assets in good condition, repair and working order, ordinary wear and tear excepted.

SECTION 6.16. Environmental Notices.

The Borrower shall furnish to the Lenders and the Administrative Agent prompt written notice of all Environmental Liabilities, pending, threatened or anticipated Environmental Proceedings, Environmental Notices, Environmental Judgments and Orders, and Environmental Releases at, on, in, under or in any way materially affecting the Properties, and all facts, events, or conditions that could lead to any of the foregoing.

SECTION 6.17. Environmental Matters.

The Borrower and its Subsidiaries will not, and will not permit any Third Party to, use, produce, manufacture, process, treat, recycle, generate, store, dispose of, manage at, or otherwise handle or ship or transport to or from the Properties any Hazardous Materials except for Hazardous Materials such as cleaning solvents, pesticides and other similar materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed, managed or otherwise handled in minimal amounts in the ordinary course of business in compliance in all material respects with all applicable Environmental Requirements.

SECTION 6.18. Environmental Release.

The Borrower agrees that upon the occurrence of an Environmental Release at or on any of the Properties it will act immediately to investigate the extent of, and to take appropriate remedial action to eliminate, such Environmental Release, whether or not ordered or otherwise directed to do so by any Environmental Authority.

#### SECTION 6.19. Transactions with Affiliates.

Neither the Borrower nor any of its Subsidiaries shall enter into, or be a party to, any Affiliate Transaction, except: (a) as permitted by law; (b) in the ordinary course of business; and (c) pursuant to reasonable terms which are no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person which is not an Affiliate. As used herein "Affiliate Transaction" means any of the following transactions or arrangements: (a) the making of any loans, advances or other Investments of any kind whatsoever by the Borrower or any of its Subsidiaries to or in any Affiliate of the Borrower; (b) the Sale by the Borrower or any of its Subsidiaries of all or any part of its Property to, or for the direct or indirect benefit of, any Affiliate of the Borrower; (c) the incurrence by the Borrower or any of its Subsidiaries of any Debt to any Affiliate of the Borrower; or (d) the declaration or payment by the Borrower or any of its Subsidiaries of any dividends or other distributions on account of, or the making by the Borrower or any of its Subsidiaries of any payment or other distribution on account of the purchase, repurchase, redemption or other acquisition for value of, any shares of Capital Stock or any other Equity Interests of any Affiliate of the Borrower. Notwithstanding the foregoing, "Affiliate Transaction" shall not include any transaction or arrangement among the Borrower and its Subsidiaries pursuant to the Receivables Program Documents.

#### SECTION 6.20. Acquisitions.

The Borrower will not, nor will it permit any Subsidiary to undertake or complete any Acquisition; provided, however that, the Borrower and its Subsidiaries may undertake and complete Permitted Acquisitions provided, however, further, that if the Amount of such Acquisition shall equal or exceed \$100,000,000, then the Borrower shall have delivered to the Administrative Agent not less than five (5) Business Days prior to the completion of such Acquisition an officer's certificate certifying that after giving effect to such Acquisition, as of the most recent Covenant Determination Date, as determined on a Pro Forma Basis, the Borrower shall be in compliance with the financial covenants contained in Section 6.03 and Section 6.04.

#### SECTION 6.21. Debt.

(a) The Borrower shall not at any time incur, create, assume or permit to exist any Debt; except:

(i) the Obligations;

(ii) Debt owing to any Subsidiary of the Borrower (other than Finsub), and Debt owing to Finsub in connection with the Receivables Program;

(iii) Debt outstanding on the Closing Date of this Agreement as set forth in Section 5.04 of the Disclosure Schedule;

(iv) Debt of the Borrower under or in respect of the Senior Notes; provided, that, that the aggregate principal amount of all of such Debt shall not exceed \$100,000,000;

(v) Debt under Hedging Agreements entered into to hedge interest rate, foreign currency exchange rate or commodity price risk, and not for speculative purposes;

(vi) any Debt arising out of the refinancing, extension, renewal or refunding of any Debt permitted by any of the foregoing clauses of this Section 6.21, provided, that, the amount of such debt does not exceed the outstanding amount of the Debt so refinanced, extended, renewed or refunded;

(vii) Debt, in addition to Debt permitted under the other clauses of this Section 6.21, provided, that, the Borrower shall not incur, create, assume or permit to exist any Debt under this Section 6.21 if the incurrence, creation, assumption or existence of any such Debt shall result in a Default or Event of Default or if the aggregate principal amount of such Debt incurred pursuant to this clause (vii) would result in the Consolidated Leverage Ratio as of the most recent Covenant Determination Date, as determined on a Pro Forma Basis, exceeding the maximum Consolidated Leverage Ratio then in effect under Section 6.03; and

(viii) prior to the Closing Date, Debt pursuant to the Borrower's existing \$360,000,000 credit facility governed by the Credit Agreement, dated as of July 1, 1997, and its existing \$200,000,000 credit facility governed by the Credit Agreement, dated as of December 10, 1998, which Debt shall be paid in full on or prior to the Closing Date.

(b) Any Subsidiary of the Borrower shall not at any time incur, create, assume or permit to exist any Debt; except:

(i) Debt owing to the Borrower or any other Subsidiary of the Borrower (other than Finsub), and Debt owing to Finsub in connection with the Receivables Program;

(ii) Receivables Program Attributed Debt of Finsub incurred pursuant to the Receivables Program Documents in an amount in the aggregate at any time outstanding, which when combined (without duplication) with (A) Debt secured by liens under Section 6.07(k), (B) sale and leaseback transactions permitted by Section 6.23 and (C) Debt outstanding under Section 6.21(b)(iii), shall not exceed an amount equal to twenty-five (25%) of Maximum Permitted Total Debt; and

(iii) Debt, in addition to Debt permitted under clauses (i) and (ii) of this Section 6.21(b), provided, that, the aggregate outstanding principal amount of Debt of all of the Subsidiaries of the Borrower incurred under this clause (iii) of Section 6.21(b) in the aggregate at any time outstanding, which when combined (without duplication) with (A) Debt secured by liens under Section 6.07(k), (B) sale and leaseback transactions permitted by Section 6.23 and (C) Receivables Program Attributed Debt, shall not exceed an amount equal to twenty-five (25%) of Maximum Permitted Total Debt; provided, further, that, no Subsidiary of the Borrower shall incur, create, assume, or permit to exist any Debt under this Section 6.21(b) if the incurrence, creation, assumption or existence of any such Debt shall result in a Default or Event of Default.



#### SECTION 6.22. Termination or Loss of Licenses.

The Borrower will not, nor will it permit any Subsidiary to, take or fail to take any action which permits, or after notice or lapse of time or both would permit, revocation or termination of any material Broadcast License; except: revocation or termination of Broadcast Licenses applicable to other assets that are transferred by the Borrower to the extent any such transfer is permitted under this Agreement.

#### SECTION 6.23. Sale and Leaseback.

The Borrower will not, nor will it permit any of its Subsidiaries to, enter into any arrangement, directly or indirectly, whereby the Borrower or any Subsidiary of a Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such Property or lease other Property that such Borrower or such Subsidiary intends to use for substantially the same purpose as the Property being sold or transferred, except sale and leasebacks in an aggregate amount which, when combined (without duplication) with (a) Debt secured by liens under Section 6.07(k), (b) Receivables Program Attributed Debt and (c) Debt outstanding under Section 6.21(b)(iii) shall not exceed an amount equal to twenty-five (25%) of Maximum Permitted Total Debt. The amount of a sale and leaseback transaction at any time shall be determined by the amount of the Capital Lease Obligation related thereto or, in the case of an operating lease, the aggregate amount of rental payments due and to become due (discounted from the respective due dates thereof at an interest rate reasonably determined by the Borrower and otherwise in accordance with GAAP) under the lease relating to such sale and leaseback transaction.

#### SECTION 6.24. Restricted Payments.

The Borrower shall not, and shall not permit any of its Subsidiaries to, make, extend or enter into any offer or commitment to make, or enter into any agreement to make, any Restricted Payments unless (a) after giving effect to each such Restricted Payment, the Borrower's Consolidated Net Worth shall not be less than the sum of (i) \$336,000,000 plus (ii) twenty-five percent (25%) of Consolidated Net Income of the Borrower and its Subsidiaries computed on a cumulative basis for each elapsed Fiscal Year ending after June 30, 2001 but prior to the date of determination in each case, for which Consolidated Net Income is positive (but with no deduction on account of negative Consolidated Net Income for any Fiscal Year) and (b) no Default or Event of Default shall have occurred and be continuing immediately prior to or immediately after the making of such payment.

The following terms shall, for purposes of this Section 6.24 only, have the meanings set forth below:

"Consolidated Net Income" for any period means the gross revenues of the Borrower and its Subsidiaries for such period less all expenses and other proper charges (including taxes on income), determined on a consolidated basis after eliminating earnings or losses attributable to outstanding Minority Interests, but excluding in any event:

- (a) any gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
- (b) the proceeds of any life insurance policy;
- (c) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;
- (d) net earnings and losses of any corporation (other than a Subsidiary), substantially all the assets of which have been acquired in any manner by the Borrower or any Subsidiary, realized by such corporation prior to the date of such acquisition;
- (e) net earnings and losses of any corporation (other than a Subsidiary) with which the Borrower or a Subsidiary shall have consolidated or which shall have merged into or with the Borrower or a Subsidiary prior to the date of such consolidation or merger;
- (f) net earnings of any business entity (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Borrower or such Subsidiary in the form of cash distributions;
- (g) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to the Borrower or any other Subsidiary;
- (h) earnings resulting from any reappraisal, revaluation or write-up of assets or losses resulting from writedowns of goodwill or other intangibles relating to Existing Properties, other than Incremental Writedowns exceeding \$25,000,000 in the aggregate, under FASB No. 142 or any successor statement or principle;
- (i) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;
- (j) any gain arising from the acquisition of any Equity Interests of the Borrower or any Subsidiary;
- (k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period; and
- (l) any other extraordinary or nonrecurring gain or loss.

For purposes of any determination of Consolidated Net Income pursuant to this definition, the Borrower may include, on a Pro Forma Basis, "net income" (calculated in a manner consistent with the computation of Consolidated Net Income herein) earned by any business entity acquired by the Borrower or any Subsidiary during the four Fiscal Quarters immediately preceding any determination of Consolidated Net Income, provided that there shall be a reasonable basis for the computation of such "net income".

"Consolidated Net Worth" means, as of the date of any determination thereof the amount of the capital stock accounts (net of treasury stock, at cost) plus (or minus in the case of a deficit) the surplus in retained earnings of the Borrower and its Subsidiaries as determined in accordance with GAAP plus the amount of any losses resulting from writedowns of goodwill or other intangibles relating to Existing Properties, other than Incremental Writedowns exceeding \$25,000,000 in the aggregate.

"Existing Properties" shall mean publications, broadcast stations or other assets or properties owned by the Borrower or a Subsidiary as of March 1, 2002, or any publications, broadcast stations or other assets or properties acquired in a swap or other exchange involving Existing Properties.

"Incremental Writedowns" shall mean writedowns of goodwill or other intangibles with respect to an Existing Property that was acquired after March 1, 2002 (an "Acquired Existing Property") in a swap or exchange involving one or more Existing Properties where (a) the Borrower or its Subsidiaries paid cash or delivered debt obligations to the other parties to such swap or exchange and such cash or debt obligations constituted more than 10% of the total value of the consideration delivered by the Borrower or its Subsidiaries to the other parties in such swap or exchange and (b) the writedowns of goodwill or other intangibles with respect to such Acquired Existing Property exceed the aggregate amount of goodwill or other intangibles relating to the Existing Properties transferred by the Borrower or its Subsidiaries in such swap or other exchange shown on the books of the Borrower or its Subsidiaries prior to such transfer.

"Minority Interests" means any shares of stock of any class of a Subsidiary (other than directors' qualifying shares as required by law) that are not owned by the Borrower and/or one or more of its Subsidiaries. Minority Interests shall be valued by valuing Minority Interests constituting preferred stock at the voluntary or involuntary liquidating value of such preferred stock, whichever is greater, and by valuing Minority Interests constituting common stock at the book value of capital and surplus applicable thereto adjusted, if necessary, to reflect any changes from the book value of such common stock required by the foregoing method of valuing Minority Interests in preferred stock.

## **ARTICLE VII**

### **DEFAULTS**

#### **SECTION 7.01. Events of Default.**

If one or more of the following events ("Events of Default") shall have occurred and be continuing at any time after the Closing Date:

(a) the Borrower shall (i) fail to pay when due any principal of any Loans or Letter of Credit Obligations; or (ii) fail to pay when due any interest on any Loans or Letter of Credit Obligations within five (5) Business Days after such interest shall become due; or (iii) fail to pay any Fee or other amount payable hereunder within five (5) Business Days after such Fee or other amount becomes due; or

- (b) the Borrower shall fail to observe or perform any covenant contained in Section 6.01(e), Section 6.02(b), or Section 6.03 to Section 6.11, inclusive, or Section 6.20 to Section 6.24 inclusive; or
- (c) the Borrower shall fail to observe or perform any covenant or agreement contained or incorporated by reference in this Agreement (other than those covered by clause (a) or (b)), and any such default shall continue unremedied for a period of more than thirty (30) days after the earlier of (i) the first day on which the Borrower has knowledge of such failure or (ii) written notice thereof has been given to the Borrower by the Administrative Agent at the request of any Lender or the Issuing Lender; or
- (d) any representation, warranty, certification or statement made or deemed made by the Borrower in Article V of this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect or misleading in any material respect when made (or deemed made); or
- (e) the Borrower or any Subsidiary shall fail to make any payment in respect of Debt (other than the Notes or Letter of Credit Obligations) having an aggregate principal amount in excess of \$10,000,000 when due or within any applicable grace period, if any, specified in the Instrument relating thereto on the date of such failure (whether such payment is due by reason of scheduled maturity, required prepayment, acceleration, demand or otherwise); or
- (f)(i) any event or condition shall occur which results in the acceleration of the maturity of Debt outstanding of the Borrower or any Subsidiary having an aggregate principal amount in excess of \$10,000,000 or the mandatory prepayment or purchase of such Debt by the Borrower (or its designee) or such Subsidiary (or its designee) prior to the scheduled maturity thereof, or enables (or, with the giving of notice or lapse of time or both, would enable) the holders of such Debt or any Person acting on such holders' behalf to accelerate the maturity thereof or require the mandatory prepayment or purchase thereof prior to the scheduled maturity thereof, without regard to whether such holders or other Person shall have exercised or waived their right to do so; (ii) the occurrence of any "Amortization Event" under the Receivables Program; or (iii) the Borrower shall be removed by the agent under the Receivables Program Documents as the "Servicer" under the Receivables Program; or
- (g) the Borrower or any Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any federal or state bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or shall admit in writing its inability, to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or
- (h) an involuntary case or other proceeding shall be commenced against the Borrower or any Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any federal or state bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the

appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against the Borrower or any Subsidiary under the federal or state bankruptcy laws as now or hereafter in effect; or

(i) the Borrower or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by the Borrower, any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or

(j) one or more final judgments or orders for the payment of money in an aggregate amount in excess of \$10,000,000 and not covered by insurance shall be rendered against the Borrower or any Subsidiary and such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) days; or

(k) a federal tax lien in an aggregate amount in excess of \$10,000,000 shall be filed against the Borrower or any Subsidiary under Section 6323 of the Code or a lien of the PBGC shall be filed against the Borrower or any Subsidiary under Section 4068 of ERISA and in either case such lien shall remain undischarged for a period of twenty-five (25) days after the date of filing; or

(l)(i) any Person or two or more Persons (other than the E. T. Meredith Family Stockholders) acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of outstanding shares of Capital Stock of the Borrower having more than fifty percent (50%) of the combined total voting power of all classes of Capital Stock of the Borrower; or (ii) as of any date a majority of the Board of Directors of the Borrower consists of individuals who were not either (A) directors of the Borrower as of the corresponding date of the previous year, (B) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A), or (C) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A) and individuals described in clause (B), or (iii) any "Change of Control" or any other similar event shall occur with respect to the Borrower under and as defined in any Ancillary Document or any other Instruments governing any Debt of the Borrower or of any of its Subsidiaries in an aggregate principal amount equal to or exceeding \$100,000,000; or

(m) except as permitted by Section 6.22, if any material Broadcast Licenses necessary for the operation of the Stations shall be terminated, forfeited or revoked or shall fail to be renewed for any reason whatsoever, or, for any other reason, the Borrower or any Subsidiary of the Borrower shall at any time fail to be a licensee under any of the Broadcast Licenses or shall

otherwise fail to have all required authorizations, licenses and permits to construct, own, operate or promote the Stations pursuant to the Broadcast Licenses; or

(n) if, at any time, the FCC or any court of competent jurisdiction shall have entered any final order or judgment (which, in either case, shall have been outstanding for any period of more than thirty (30) days during which enforcement of such order or judgment has not been stayed, by reason of a pending appeal or otherwise) requiring the Borrower or any Subsidiary of the Borrower to sell, transfer or divest itself of any Station, or the assets which comprise any Station, by virtue of any failure on the part of the Borrower or any Subsidiary of the Borrower to comply with the Federal Communications Act of 1934, as amended, the rules and regulations of the FCC promulgated thereunder or any FCC order or any judgment, and the Borrower or any Subsidiary of the Borrower shall fail to consummate such sale, transfer or divestiture within the time allotted therefor;

then, the Administrative Agent shall at the request of, or may with the consent of, the Required Lenders:

(a) declare the Commitment of each Lender and the Letter of Credit Commitment of the Issuing Lender to be terminated in full, whereupon all of such Commitments and such Letter of Credit Commitment shall forthwith be terminated in full;

(b) declare the unpaid principal amount of all of the outstanding Loans, Letter of Credit Obligations and other Obligations, all interest accrued and unpaid thereon, and all of the other Obligations owing or payable under any of the Loan Documents to be immediately due and payable in full, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly and irrevocably waived by the Borrower;

(c) demand that the Borrower immediately cash collateralize all of the Letter of Credit Obligations to the extent of outstanding and wholly or partially undrawn Letters of Credit, whereupon the Borrower shall so cash collateralize in a manner satisfactory to the Administrative Agent all of such Letters of Credit to that extent; and/or

(d) exercise on behalf of itself, the Issuing Lender and the Lenders all or any of the rights and remedies available to it, the Issuing Lender and the Lenders under the Loan Documents or Applicable Law; provided, however, that, upon the occurrence of any Event of Default specified above in this Section 7.01(g) or (h) with respect to the Borrower, the obligation of each Lender to make Loans and the obligation of the Issuing Lender to issue Letters of Credit shall in any event automatically terminate, and the unpaid principal amount of all of the outstanding Loans, Letter of Credit Obligations and other Obligations and all interest and other amounts as aforesaid shall automatically become and be immediately due and payable in full without any further act or notice by the Administrative Agent, the Issuing Lender or any Lender, all of which are hereby expressly and irrevocably waived by the Borrower.

## ARTICLE VIII

### **THE ADMINISTRATIVE AGENT AND OTHER AGENTS**

#### SECTION 8.01. Appointment and Authorization.

(a) Each of the Lenders and the Issuing Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document, and to exercise such powers and perform such duties, as are expressly delegated to it by the terms of this Agreement or any other Loan Document, and to exercise such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or therein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or the Issuing 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 Administrative Agent.

(b) The Issuing Lender shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article VIII with respect to any acts taken or omissions suffered by the Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and the Letter of Credit Applications pertaining to such Letters of Credit, in each case, as fully as if the term "Administrative Agent" as used in this Article VIII, included the Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to the Issuing Lender.

#### SECTION 8.02. Delegation of Duties.

The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

#### SECTION 8.03. Liability of Administrative Agent.

None of the Administrative Agent, its Affiliates or any of their officers, directors, employees, agents or attorneys-in-fact (collectively, "Administrative Agent-Related Persons") shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, any of the other Loan Documents (except for their own gross negligence or willful misconduct as such has been determined by a final non-appealable judgment), or (b) be responsible in any manner to any of the Lenders or the Issuing Lender for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate thereof, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided

for in or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Administrative Agent-Related Person shall be under any obligation to any Lender, the Issuing Lender or any of the other Agents to ascertain or to inquire as to the observance or performance of any of the Obligations or any of the other agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect any of the Properties, books or records of the Borrower or any of its Subsidiaries or Affiliates.

#### SECTION 8.04. Reliance by Administrative Agent.

(a) Each of the Lenders, the Issuing Lender and the other Agents agree that the Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. Each of the Lenders, the Issuing Lender and the other Agents agree that the Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive all such advice or concurrence of the Required Lenders or, as required by Section 10.05, all of the Lenders as the Administrative Agent deems appropriate and, if it so requests, the Administrative Agent shall first be indemnified to its satisfaction by each of the Lenders and the Issuing Lender against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders or, as required by Section 10.05, all of the Lenders, and such request or consent and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders, the Issuing Lender and the other Agents.

(b) For purposes of determining compliance with the conditions specified in Section 4.01 as it relates to the initial Credit Extension on the Closing Date, each Lender that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter either sent by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required by the terms hereof to be consented to or approved by or to be acceptable or satisfactory to such Lender, unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received written notice from such Lender prior to the initial Borrowing and issuances of Letters of Credit on the Closing Date specifying in reasonable detail its objection thereto and either such objection shall not have been withdrawn by written notice to the Administrative Agent to that effect or such Lender shall not have made available to the Administrative Agent such Lender's ratable portion of such Borrowing.



#### SECTION 8.05. Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to Defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders or the Issuing Lender, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a written notice, the Administrative Agent shall give notice thereof to the Lenders and the Issuing Lender. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Required Lenders in accordance with Article VII; provided, however, that, unless and until the Administrative Agent shall have received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as the Administrative Agent shall deem advisable or in the best interests of the Lenders and the Issuing Lender.

#### SECTION 8.06. Credit Decisions.

Each of the Lenders, the Issuing Lender and the other Agents expressly acknowledges that none of the Administrative Agent-Related Persons has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower or of any of its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any of the Lenders, the Issuing Lender or the other Agents. Each of the Lenders, the Issuing Lender and the other Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all Applicable Laws relating to the transactions contemplated thereby, and made its own decision to enter into this Agreement and extend credit to the Borrower hereunder. Each of the Lenders, the Issuing Lender and the other Agents also represents that it will, independently and without reliance upon the Administrative Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders, the Issuing Lender or the other Agents by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any of the Lenders, the Issuing Lender or the other Agents with any credit or other information concerning the business, prospects, operations, Property, financial or other condition or creditworthiness of the Borrower or of any of its Subsidiaries which may come into the possession of any of the Administrative Agent-Related Persons.

#### SECTION 8.07. Indemnification.

Whether or not any of the transactions contemplated hereby shall be consummated, each of the Lenders shall indemnify, upon demand, each of the Administrative Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower, and without limiting the Obligations of the Borrower to do so), ratably from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever which may at any time (including at any time following the expiration of the Letters of Credit and the repayment of the Loans and the resignation of the Administrative Agent) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement, any other Loan Document, any document contemplated by or referred to herein or therein, the transactions contemplated hereby or thereby or any action taken or omitted by any such Person under or in connection with any of the foregoing; provided, however, that none of the Lenders shall be liable for the payment to any of the Administrative Agent-Related Persons of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent arising from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each of the Lenders shall reimburse the Administrative Agent upon demand for such Lender's ratable share of any fees, costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the 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, any other Loan Document or any document contemplated by or referred to herein, in each case, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. Without limiting the generality of the foregoing, if the U.S. Internal Revenue Service or any other Governmental Authority of the United States or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid as a result thereof, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section 8.07, together with all related fees, costs and expenses (including Attorney Costs). The obligations of each of the Lenders in this Section 8.07 shall survive the payment of all of the Obligations hereunder.

#### SECTION 8.08. Administrative Agent in its Individual Capacity.

Fleet and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire Equity Interests in and generally engage in any kind of banking, trust, financial advisory or other business with, the Borrower and its Subsidiaries and Affiliates as though Fleet were not the Administrative Agent or the Issuing Lender hereunder and without notice to or consent of the Lenders or other Agents. With respect to its Loans and its participations in Letters of Credit, Fleet shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender

and may exercise the same as though it were not the Administrative Agent or the Issuing Lender; and the terms "Lender" and "Lenders" shall include Fleet, acting in its individual capacity as a Lender hereunder.

#### SECTION 8.09. Successor Administrative Agent.

The Administrative Agent may resign as Administrative Agent upon not less than thirty (30) days' prior written notice to the Lenders and the Borrower, such notice to specify the effective date of resignation. If the Administrative Agent shall resign as Administrative Agent under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders and the Issuing Lender, which successor agent shall be subject to the approval of the Borrower if no Event of Default is continuing, such approval not to be unreasonably withheld or delayed. If no successor agent is appointed prior to the effective date of resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders, and subject to the approval of the Borrower if no Event of Default is continuing, such approval not to be unreasonably withheld or delayed, a successor agent from among the Lenders or any Lender Affiliate. Any successor Administrative Agent appointed under this Section 8.09 shall be a commercial bank organized under the laws of the United States or any State thereof, and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent; and the term "Administrative Agent" shall mean such successor agent, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VIII and

Section 10.03 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the effective date of resignation specified in the retiring Administrative Agent's written notice of resignation, the retiring Administrative Agent's resignation shall nevertheless become effective upon the effective date of resignation so specified, and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

#### SECTION 8.10. Other Agents.

None of the Co-Syndication Agents, in such capacity, the Documentation Agent, in such capacity, or the Lead Arranger, in such capacity, shall have any duties or responsibilities, or shall incur any obligations or liabilities, under this Agreement or any of the other Loan Documents. Each Lender acknowledges that it has not relied, and will not rely, on the Co-Syndication Agents, Documentation Agent or the Lead Arranger in deciding to enter into this Agreement or in making any Credit Extensions hereunder.

**ARTICLE IX**

**CHANGE IN CIRCUMSTANCES; COMPENSATION;  
INCREASE IN TOTAL COMMITMENT**

SECTION 9.01. Basis for Determining Interest Rate Inadequate or Unfair.

If on or prior to the first day of any Interest Period:

(a) the Administrative Agent determines that deposits in Dollars (in the applicable amounts) are not being offered in the relevant market for such Interest Period, or

(b) the Required Lenders advise the Administrative Agent that the London Interbank Offered Rate, as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of funding the relevant type of Euro-Dollar Loans for such Interest Period,

the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon: (i) the obligations of the Lender to make the Euro-Dollar Loans specified in such notice shall be suspended; and (ii) the obligations of the Lenders to make the Euro-Dollar Loans specified in such notice shall continue to be suspended until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist. Unless the Borrower notifies the Administrative Agent at least one (1) Business Day before the date of any Euro-Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such borrowing shall instead be made as a Base Rate Borrowing.

SECTION 9.02. Illegality.

If, after the date hereof, the adoption of any applicable law, rule or regulation, or any change in any existing or future law, rule or regulation, 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 (any such authority, bank or agency being referred to as an "Authority" and any such event being referred to as a "Change of Law"), or compliance by any Lender (or its Lending Office) with any request or directive (whether or not having the force of law) of any Authority shall make it unlawful or impossible for any Lender (or its Lending Office) to make, maintain or fund its Euro-Dollar Loans and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrower, whereupon until such Lender notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Euro-Dollar Loans shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section 9.02, such Lender shall designate a different Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If such Lender shall determine that it may not lawfully continue to maintain and fund any of its outstanding Euro-Dollar Loans to maturity and shall so specify in such notice, the Borrower shall immediately convert the then outstanding principal amount of each Euro-Dollar Loan of such

Lender into a Base Rate Loan pursuant to Section 2.14. Concurrently with such conversion, the Borrower shall pay the accrued interest on such Euro-Dollar Loan and any amount due such Lender pursuant to Section 9.05(a).

SECTION 9.03. Increased Cost and Reduced Return.

(a) If after the date hereof, a Change of Law or compliance by any Lender (or its Lending Office) with any request or directive (whether or not having the force of law) of any Authority:

(i) shall subject any Lender or the Issuing Lender (or its Lending Office) to any tax, duty or other charge with respect to its Euro-Dollar Loans, its Notes, Letters of Credit or its obligation to make Euro-Dollar Loans, or shall change the basis of taxation of payments to any Lender (or its Lending Office) of the principal of or interest on its Euro-Dollar Loans or any other amounts due under this Agreement in respect of its Euro-Dollar Loans or its obligation to make Euro-Dollar Loans (except for changes in the rate of tax on the overall net income of such Lender or its Lending Office imposed by the jurisdiction in which such Lender's principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Euro-Dollar Loan any such requirement included in an applicable Euro-Dollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Lending Office); or

(iii) shall impose on any Lender or the Issuing Lender (or its Lending Office) or on the London interbank market any other condition affecting its Euro-Dollar Loans, its Notes, its Letters of Credit or its obligation to make Euro-Dollar Loans;

and the result of any of the foregoing is to increase the cost to such Lender (or its Lending Office) of making or maintaining any Euro-Dollar Loan, or to reduce the amount of any sum received or receivable by such Lender (or its Lending Office) under this Agreement, its Notes or its Letters of Credit with respect thereto, by an amount deemed by such Lender to be material, then, within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender or Issuing Lender such additional amount or amounts as will compensate such Lender or Issuing Lender for such increased cost or reduction.

(b) If any Lender shall have determined that after the date hereof the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any existing or future law, rule or regulation, or any change in the interpretation or administration thereof, or compliance by any Lender (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any Authority, has or would have the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender 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 deemed by such Lender to be material, then from time to time, within

fifteen (15) days after demand by such Lender, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) Each Lender will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section 9.03 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender claiming compensation under this Section 9.03 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(d) The provisions of this Section 9.03 shall be applicable with respect to any Assignee and any calculations required by such provisions shall be made based upon the circumstances of such Assignee.

(e) The Borrower shall not be liable to any Lender or the Administrative Agent for costs incurred pursuant to Section 9.03(a) and (b) more than two hundred seventy (270) days prior to receipt by the Borrower of such demand for payment from such Lender or, as the case may be, the Administrative Agent, unless such costs were incurred prior to such two hundred seventy (270) day period as a result of such present or future applicable law being retroactive to a date which occurred prior to such two hundred seventy (270) day period and such Lender or, as the case may be, the Administrative Agent, has given notice to the Borrower of the effectiveness of such law within two hundred seventy (270) days after the effective date thereof.

#### SECTION 9.04. Base Rate Loans Substituted for Euro-Dollar Loans.

If (a) the obligation of any Lender to make or maintain Euro-Dollar Loans has been suspended pursuant to Section 9.02 or (b) any Lender has demanded compensation under Section 9.03, and the Borrower shall, by at least five (5) Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section 9.04 shall apply to such Lender, then, unless and until such Lender notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) all Loans which would otherwise be made by such Lender as Euro-Dollar Loans shall be made instead as Base Rate Loans (in all cases interest and principal on such Loans shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks), and

(ii) after each of its Euro-Dollar Loans has been repaid, all payments of principal which would otherwise be applied to repay such Euro-Dollar Loans shall be applied to repay its Base Rate Loans instead. In the event that the Borrower shall elect that the provisions of this Section 9.04 shall apply to any Lender, the Borrower shall remain liable for, and shall pay to such Lender as provided herein, all amounts due such Lender under

Section 9.03 in respect of the period preceding the date of conversion of such Lender's Loans resulting from the Borrower's election.

SECTION 9.05. Compensation.

pon the request of any Lender, delivered to the Borrower and the Administrative Agent, the Borrower shall pay to such Lender such amount or amounts as shall compensate such Lender for any loss, cost or expense incurred by such Lender as a result of

(a) any payment or prepayment (pursuant to Section 2.09, Section 2.10 or otherwise) of a Euro-Dollar Loan on a date other than the last day of an Interest Period for such Euro-Dollar Loan;

(b) any failure by the Borrower to prepay a Euro-Dollar Loan on the date for such prepayment specified in the relevant notice of prepayment hereunder; or

(c) any failure by the Borrower to borrow a Euro-Dollar Loan on the date for the Euro-Dollar Borrowing of which such Euro-Dollar Loan is a part specified in the applicable Notice of Borrowing delivered pursuant to Section 2.02;

such compensation to include, without limitation, an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so paid or prepaid or not prepaid or borrowed for the period from the date of such payment, prepayment or failure to prepay or borrow to the last day of the then current Interest Period for such Euro-Dollar Loan (or, in the case of a failure to prepay or borrow, the Interest Period for such Euro-Dollar Loan which would have commenced on the date of such failure to prepay or borrow) at the London Interbank Offered Rate applicable to such Euro-Dollar Loan over (ii) the amount of interest (as reasonably determined by such Lender) such Lender would have paid on deposits in Dollars of comparable amounts having terms comparable to such period placed with it by leading banks in the London interbank market.

SECTION 9.06. Increase in Total Commitment.

(a) At any time prior to 5:00 p.m. (Boston, Massachusetts time) on the tenth (10th) Business Day prior to the third anniversary of the Effective Date, the Borrower may request on no more than three occasions that the Total Commitment be increased, without the consent of the Required Lenders, by an amount up to \$100,000,000 to be provided to the Borrower hereunder; provided, that, the Total Commitment, determined after giving effect to such increase in the Total Commitment, shall not at any time exceed \$250,000,000. The Borrower's request shall be made in writing (a "Commitment Increase Notice") and delivered to the Administrative Agent at least ten (10) Business Days prior to the proposed effective date of the increase in Total Commitment and shall specify the amount of the proposed increase in Total Commitment and the proposed effective date for such increase in Total Commitment, which proposed effective date must be prior to the third anniversary of the Effective Date. In the event of such a Commitment Increase Notice, each of the Lenders shall be given the opportunity to participate in the requested increase. No Lender, by virtue of its being a party hereto, shall have any obligation of any kind to provide such commitments, and each Lender may determine with sole, absolute and complete discretion whether to provide such commitments. On or prior to a date that is five (5) Business Days after receipt of the Commitment Increase Notice, each Lender shall submit to the Administrative Agent a notice indicating the

maximum amount by which it is willing to increase its Commitments in connection with such Commitment Increase Notice (any such notice to the Administrative Agent being herein a "Lender Increase Notice"). Any Lender which does not submit a Lender Increase Notice to the Administrative Agent prior to the expiration of such five (5) Business Day period shall be deemed to have denied any increase in its Commitments. In the event that the increases of Commitments set forth in the Lender Increase Notices exceed the amount requested by the Borrower in the Commitment Increase Notice, the Administrative Agent shall have the right, in consultation with the Borrower, to allocate the amount of increases necessary to meet the Borrower's Commitment Increase Notice. In the event that the Lender Increase Notices are less than the amount requested by the Borrower, no later than three (3) Business Days prior to the proposed effective date the Borrower may notify the Administrative Agent of any Eligible Assignee that shall have agreed to become a "Lender" party hereto (an "Acceding Lender") in connection with the Commitment Increase Notice. Any Acceding Lender shall be approved of by the Administrative Agent, which approval shall not be unreasonably withheld. If the Borrower shall not have arranged any Acceding Lender(s) to commit to the shortfall from the Lender Increase Notices, then the Borrower shall be deemed to have reduced the amount of its Commitment Increase Notice to the aggregate amount set forth in the Lender Increase Notices; provided, however, that the Borrower may at its option withdraw such Commitment Increase Notice, in which case such Commitment Increase Notice shall not count toward the limit of three provided in the first sentence of this paragraph (a). Based upon the Lender Increase Notices, any allocations made in connection therewith and any notice regarding any Acceding Lender, if applicable, the Administrative Agent shall notify the Borrower and the Lenders on or before the Business Day immediately prior to the proposed effective date of the amount of each Lender's and Acceding Lender's Commitment (the "Effective Commitment Amount") and the amount of the Total Commitment, which amounts shall be effective on the following Business Day subject to the conditions set forth herein. Any increase in the Total Commitment under this Agreement shall be subject to the following conditions precedent: (i) as of the date of the Commitment Increase Notice and as of the proposed effective date of the increase in the Total Commitment under this Agreement, all representations and warranties shall be true and correct in all material respects as though made on such date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true and correct as of such date); (ii) as of the date of the Commitment Increase Notice and as of the proposed effective date of the increase in the Total Commitment under this Agreement, no event shall have occurred and then be continuing which constitutes a Default or Event of Default under the Agreement and all other conditions precedent to a Credit Extension specified in Section 4.02 shall be satisfied; (iii) the Borrower, the Administrative Agent and each Acceding Lender which shall have agreed to provide a "Commitment" in support of such increase in the Total Commitment under this Agreement, shall have executed and delivered an "Instrument of Accession" in a form reasonably acceptable to the Administrative Agent; (iv) counsel for the Borrower shall have provided to the Administrative Agent a supplemental opinion in form and substance reasonably satisfactory to the Administrative Agent; and (v) the Borrower and the Acceding Lender(s) shall otherwise have executed and delivered such other instruments and documents as the Administrative Agent shall have reasonably requested in connection with such increase. Upon satisfaction of the conditions precedent to any increase in the Total Commitment under this Agreement, the Administrative Agent shall promptly advise the Borrower and each Lender of the effective date of such increase. Upon the effective date of any increase in the Total Commitment



under this Agreement that is supported by an Acceding Lender, such Acceding Lender shall be a party to this Agreement as a Lender and shall have the rights and obligations of a Lender hereunder. In addition, on the effective date, the Administrative Agent shall replace the existing Schedule II attached hereto with the revised Schedule II reflecting such new Total Commitment and each Lender's Commitment. Nothing contained herein shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitments hereunder.

(b) For purposes of this clause (b), (i) the term "Buying Lender(s)" shall mean (A) each Lender the Effective Commitment Amount of which is greater than its Commitment prior to the effective date of any increase in the Total Commitment under this Agreement and (B) each Acceding Lender that is allocated an Effective Commitment Amount in connection with any Commitment Increase Notice and (ii) the term "Selling Lender(s)" shall mean each Lender whose Commitment under this Agreement is not being increased from that in effect prior to such increase in the Total Commitment under this Agreement as the case may be. Effective on the effective date of any increase in the Total Commitment under this Agreement pursuant to clause (a) above, each Selling Lender hereby sells, grants, assigns and conveys to each Buying Lender, without recourse, warranty or representation of any kind, except as specifically provided herein, an undivided percentage in such Selling Lender's right, title and interest in and to its outstanding Loans in the respective amounts and percentages necessary so that, from and after such sale, each such Selling Lender's outstanding Loans shall equal such Selling Lender's pro rata share (calculated based upon the Effective Commitment Amounts) of the outstanding Loans under this Agreement as applicable. Effective on the effective date of any increase in the Total Commitment under this Agreement pursuant to clause

(a) above, each Buying Lender hereby purchases and accepts such grant, assignment and conveyance from the Selling Lenders. Each Buying Lender hereby agrees that its respective purchase price for the portion of the outstanding Loans purchased hereby shall equal the respective amount necessary so that, from and after such payments, each Buying Lender's outstanding Loans shall equal such Buying Lender's pro rata share (calculated based upon the Effective Commitment Amounts) of the outstanding Loans under this Agreement. Such amount shall be payable on the effective date of the increase in the Total Commitment under this Agreement by wire transfer of immediately available funds to the Administrative Agent. The Administrative Agent, in turn, shall wire transfer any such funds received to the Selling Lenders, in same day funds, for the sole account of the Selling Lenders. Each Selling Lender hereby represents and warrants to each Buying Lender that such Selling Lender owns the Loans being sold and assigned hereby for its own account and has not sold, transferred or encumbered any or all of its interests in such Loans, except for participations which will be extinguished upon payment to the Selling Lender of any amount equal to the portion of the outstanding Loans being sold by such Selling Lender. Each Buying Lender hereby acknowledges and agrees that, except for such Selling Lender's representations and warranties contained in the foregoing sentence, each such Buying Lender has entered into its Instrument of Accession with respect to such increase on the basis of its own independent investigation and has not relied upon, and will not rely upon, any explicit or implicit written or oral representation, warranty or other statement of the Lenders or the Administrative Agent concerning the authorization, execution, legality, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the other Loan Documents. The Borrower hereby agrees to compensate each Selling Lender for all losses, expenses and liabilities

incurred by each Lender in connection with the sale and assignment of any Euro-Dollar Rate Loans hereunder on the terms and in the manner set forth in Section 9.05 hereof.

#### SECTION 9.07. Replacement of Lenders.

If any Lender (an "Affected Lender") makes demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 2.11(c) or Section 9.03, the Borrower may within ninety (90) days of receipt of such demand (or the occurrence of such other event causing the Borrower to be required to pay such compensation) by notice (a "Replacement Notice") in writing to the Administrative Agent and such Affected Lender (a) request the Affected Lender to cooperate with the Borrower in obtaining a replacement Lender which is an Eligible Assignee satisfactory to the Administrative Agent and the Borrower (the "Replacement Lender"); (b) request the non-Affected Lenders to acquire and assume all of the Affected Lender's Loans and Commitment as provided herein, but none of such Lenders shall be under an obligation to do so; or (c) designate a Replacement Lender approved by the Administrative Agent, such approval not to be unreasonably withheld or delayed. If any satisfactory Replacement Lender shall be obtained, and/or if any one or more of the non-Affected Lenders shall agree to acquire and assume all of the Affected Lender's Loans and Commitment, then such Affected Lender shall assign, in accordance with Section 10.07, all of its Commitment, Loans, participations in Letter of Credit Borrowings, Notes and other rights and obligations under this Agreement and all other Loan Documents to such Replacement Lender or non-Affected Lenders, as the case may be, in exchange for payment of the principal amount so assigned and all interest and fees accrued on the amount so assigned, plus all other Obligations then due and payable to the Affected Lender; provided, however, that (i) such assignment shall be evidenced by an Assignment and Acceptance, and (ii) prior to any such assignment, the Borrower shall have paid to such Affected Lender all amounts properly demanded and unreimbursed under Section 2.11(c) and Section 9.03. Upon the effective date of such assignment, the Borrower shall issue replacement Notes to such Replacement Lender and/or non-Affected Lenders, as the case may be, and such institution shall become a "Lender" for all purposes under this Agreement and the other Loan Documents.

### **ARTICLE X**

#### **MISCELLANEOUS**

#### SECTION 10.01. Notices.

All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party at its address or telecopy number set forth on Schedule I or such other address or telecopy number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (a) if given by telecopier, when such telecopy is transmitted to the telecopy number specified on Schedule I and the telecopy machine used by the sender provides a written confirmation that such telecopy has been so transmitted or receipt of such telecopy transmission is otherwise confirmed, (b) if given by mail, three (3) Business Days after such

communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, and (c) if given by any other means, when delivered at the address specified on Schedule I; provided, that notices to the Administrative Agent and notices to the Issuing Lender under Article III shall not be effective until actually received.

#### SECTION 10.02. No Waivers.

No failure or delay by the Administrative Agent, Issuing Lender or any Lender in exercising any right, power or privilege hereunder or under any Note or other Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

#### SECTION 10.03. Costs and Expenses; Indemnification.

The Borrower shall, whether or not any of the transactions contemplated by this Agreement or any of the other Loan Documents shall be consummated:

(a) pay or reimburse, on demand, all reasonable costs and expenses incurred or sustained by the Administrative Agent from time to time in connection with the development, preparation, delivery or syndication of the Commitments under, or execution and delivery of, or any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any of the other Loan Documents, or any of the other Instruments or documents prepared in connection herewith or therewith, or the consummation of any of the transactions contemplated hereby or thereby, including the Attorney Costs incurred or sustained by the Administrative Agent in connection therewith or with respect thereto; and

(b) pay or reimburse each of the Lenders, the Issuing Lender and the Administrative Agent, on demand, for all reasonable costs and expenses incurred or sustained by them from time to time in connection with the enforcement, attempted enforcement or preservation of any rights or remedies (including in connection with any "workout" or restructuring relating to the Loans or any of the Obligations, and including in connection with any Insolvency Proceedings involving the Borrower or any of its Subsidiaries) under this Agreement, any of the other Loan Documents or any of such other Instruments or documents, including Attorney Costs and all of the reasonable fees, costs and expenses of any consultants incurred by the Administrative Agent or by any of the Lenders; and

(c) pay or reimburse the Administrative Agent and the Issuing Lender, on demand, for all reasonable appraisal (including, without duplication, the allocated cost of internal appraisal services), audit, environmental inspection and review (including, without duplication, the allocated costs of such internal services), search and filing fees, costs and expenses, incurred or sustained by the Administrative Agent from time to time in connection with any of the matters referred to under paragraphs (a) or (b) of this Section 10.03; and

(d) whether or not any of the transactions contemplated by this Agreement or any of the other Loan Documents shall be consummated, the Borrower shall, on demand, pay, indemnify and hold each of the Lenders, the Issuing Lender, the Administrative Agent and each of their respective officers, directors, other Affiliates, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs) of any kind or nature whatsoever with respect to each of (i) any investigation, litigation or proceeding (including any Insolvency Proceedings involving the Borrower or any of its Subsidiaries) related to this Agreement or any of the other Loan Documents, Credit Extensions, or the use of any of the proceeds thereof, whether or not any Indemnified Person is a party thereto, and (ii) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Property owned or at any time operated by the Borrower or by any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location by the Borrower or any of its Subsidiaries, whether or not owned or operated by the Borrower or any of its Subsidiaries, the noncompliance of any such Property with Environmental Laws (including applicable permits thereunder) applicable to any such Property, or any Environmental Liabilities asserted against the Borrower, any of its Subsidiaries or any Property owned or at any time operated by the Borrower or any of its Subsidiaries (all the foregoing described in clauses (i) and (ii) above, collectively, the "Indemnified Liabilities"); provided, however, that the Borrower shall not have an obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent determined by a final non-appealable judgment that such Indemnified Liability resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Person. The obligations in this Section 10.03 shall survive payment of all of the other Obligations.

#### SECTION 10.04. Set-Offs; Sharing of Set-Offs.

(a) In addition to any other rights and remedies of the Lenders provided by law, if any Event of Default shall be continuing, each Lender is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being irrevocably waived by the Borrower to the fullest extent permitted by law, to set off and apply, to the fullest extent permitted by Applicable Law, any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the Borrower against any and all Obligations owing to such Lender, now or at any time hereafter created, arising or existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give any such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 10.04(a) are in addition to all of the other rights and remedies (including other rights of set-off) which such Lender may have.

(b) Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest owing with respect to the Notes and

Letter of Credit Obligations held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of all principal and interest owing with respect to the Notes and Letter of Credit Obligations held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Notes and Letter of Credit Obligations held by the other Lenders owing to such other Lenders, and/or such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Notes and Letter of Credit Obligations held by the Lenders owing to such other Lenders shall be shared by the Lenders pro rata; provided, that (i) nothing in this

Section 10.04 shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Notes and the Letter of Credit Obligations, and (ii) if all or any portion of such payment received by the purchasing Lender is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price of such participation to the extent of such recovery together with an amount equal to such other Lender's ratable share (according to the proportion of (A) the amount of such other Lender's required repayment to (B) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Note or Letter of Credit Obligation, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

#### SECTION 10.05. Consents, Amendments, Waivers, Etc.

Except as otherwise expressly provided in this Agreement, any consent or approval required or permitted by this Agreement to be given by the Lenders may be given, and any term of this Agreement or of any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Borrower of any terms of this Agreement or such other instrument or the continuance of any Default or Event of Default may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Borrower and the written consent of the Required Lenders. Notwithstanding the foregoing, no amendment, modification or waiver shall:

(a) without the written consent of the Borrower and each Lender directly affected thereby:

(i) reduce or forgive the principal amount of any Loans or Letter of Credit Obligations, or reduce the rate of interest on the Notes or the amount of any Fees payable to such Lender (other than interest accruing pursuant to Section 2.05(e) following the effective date of any waiver by the Required Lenders of the Default or Event of Default relating thereto);

(ii) increase the amount of such Lender's Commitment or extend the expiration date of such Lender's Commitment; and

(iii) postpone or extend the Maturity Date or any other regularly scheduled dates for payments of principal of, or interest on, the Loans or the Letter of Credit Obligations or any Fees or other amounts payable to such Lender (it being understood that (A) a waiver of the application of the Default Rate pursuant to Section 2.05(e), and (B) any vote to rescind any acceleration made pursuant to Article VII of amounts owing with respect to the Loans and other Obligations shall require only the approval of the Required Lenders);

(b) without the written consent of all of the Lenders, amend or waive this Section 10.05 or the definition of Required Lenders;

(c) without the written consent of the Issuing Lender, amend or waive Article III, the amount or time of payment of Letter of Credit Fees payable for the Issuing Lender's account or any other provision applicable to the Issuing Lender; and

(d) without the written consent of the Agents and the Issuing Lender, amend or waive Article VIII.

No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of any Lender or the Administrative Agent in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Borrower shall entitle the Borrower to other or further notice or demand in similar or other circumstances.

#### SECTION 10.06. Margin Stock Collateral.

Each of the Lenders represents to the Administrative Agent and each of the other Lenders that it in good faith is not, directly or indirectly (by negative pledge or otherwise), relying upon any Margin Stock as collateral in the extension or maintenance of the credit provided for in this Agreement.

#### SECTION 10.07. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or otherwise transfer any of its rights under this Agreement, without the written consent of the Lenders and Administrative Agent.

(b) Any Lender may at any time sell to one or more Persons (each a "Participant") participating interests in any Loan or Letter of Credit Obligations owing to such Lender, any Note held by such Lender, any Commitment hereunder or any other interest or obligation of such Lender hereunder. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement, and the Borrower, Issuing Lender and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall a Lender that sells a participation be obligated to the Participant to

take or refrain from taking any action hereunder except that such Lender may agree that it will not (except as provided below), without the consent of the Participant, agree to (i) postpone any date fixed for the payment of principal of or interest on the related Loans or Letter of Credit Obligations, (ii) reduce the amount of any principal, interest (except as provided in Section 2.05(e) or Fees due on any date fixed for the payment thereof with respect to the related Loans or Letter of Credit Obligations, (iii) reduce the principal of the related Loans or Letter of Credit Obligations or, (iv) any decrease in the rate at which either interest is payable thereon or (if the Participant is entitled to any part thereof) Fees is payable hereunder from the rate at which the Participant is entitled to receive interest or Fees (as the case may be) in respect of such participation. Each Lender selling a participating interest in any Loan, Note, Commitment, Letter of Credit Obligation or other interest under this Agreement shall, within ten (10) Business Days of such sale, provide the Borrower and the Administrative Agent with written notification stating that such sale has occurred and identifying the Participant and the interest purchased by such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Article IX with respect to its participation in Loans outstanding from time to time.

(c) Any Lender may at any time assign to one or more Lenders or financial institutions (each an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and such Assignee shall assume all such rights and obligations, pursuant to an Assignment and Acceptance in the form attached hereto as Exhibit C, executed by such Assignee, such transferor Lender and the Administrative Agent (and, in the case of (i) an Assignee that is not then a Lender or an Affiliate of a Lender; and (ii) an assignment not made during the existence of an Event of Default, by the Borrower); provided, that, (i) the minimum amount of any such assignment shall be \$2,500,000 or any multiple of \$500,000, (ii) no interest may be sold by a Lender pursuant to this paragraph (c) to any Assignee that is not then a Lender or an Affiliate of a Lender without the consent of the Borrower, which consent shall not be unreasonably withheld, provided that the Borrower's consent shall not be necessary with respect to any assignment made during the existence of an Event of Default; and (iii) no interest may be sold by a Lender pursuant to this paragraph (c) to any Assignee that is not then a Lender or an Affiliate of a Lender, without the consent of the Administrative Agent, which consent shall not be unreasonably withheld, provided, that, although the Administrative Agent's consent may not be necessary with respect to an Assignee that is then a Lender or an Affiliate of a Lender, no such assignment shall be effective until the conditions set forth in the following sentence are satisfied. Upon (i) execution of the Assignment and Acceptance by such transferor Lender, such Assignee, the Administrative Agent and (if applicable) the Borrower, (ii) delivery of an executed copy of the Assignment and Acceptance to the Borrower and the Administrative Agent, (iii) payment by such Assignee to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Assignee, and (iv) payment by the assigning Lender of a processing and recordation fee of \$3,500 to the Administrative Agent, such Assignee shall for all purposes be a Lender party to this Agreement and shall have all the rights and obligations of a Lender under this Agreement to the same extent as if it were an original party hereto with a Commitment as set forth in such instrument of assumption, and the transferor Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by the Borrower, the Lenders or the Administrative Agent shall be required. Upon the consummation of any transfer to an Assignee pursuant to this paragraph (c), the transferor

Lender, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, new Notes are issued to each of such Assignee and such transferor Lender.

(d) Subject to the provisions of Section 10.08, the Borrower authorizes each Lender to disclose to any Participant, Assignee or other transferee (each a "Transferee") and any prospective Transferee any and all financial and other information in such Lender's possession concerning the Borrower which has been delivered to such Lender by the Borrower pursuant to this Agreement or which has been delivered to such Lender by the Borrower in connection with such Lender's credit evaluation prior to entering into this Agreement.

(e) No Transferee shall be entitled to receive any greater payment under Section 9.03 than the transferor Lender would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Sections 9.02 or Section 9.03 requiring such Lender to designate a different Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(f) Anything in this Section 10.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of the Loans and/or Obligations owing to it to any Federal Reserve Lender or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve Bank and Operating Circular issued by such Federal Reserve Bank, provided, that any payment in respect of such assigned Loans and/or Obligations made by the Borrower to the assigning and/or pledging Lender in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Loans and/or Obligations to the extent of such payment. No such assignment shall release the assigning and/or pledging Lender from its obligations hereunder.

#### SECTION 10.08. Confidentiality.

Each Lender agrees to exercise its best efforts to keep any information delivered or made available by the Borrower to it which is clearly indicated to be confidential information, confidential from anyone other than persons employed or retained by such Lender who are or are expected to become engaged in evaluating, approving, structuring or administering the Loans; provided, however, that nothing herein shall prevent any Lender from disclosing such information (a) to any other Lender, (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority having jurisdiction over such Lender, (d) which has been publicly disclosed, (e) to the extent reasonably required in connection with any litigation to which the Administrative Agent, Issuing Lender, any Lender or their respective Affiliates may be a party, (f) to the extent reasonably required in connection with the exercise of any remedy hereunder, (g) to such Lender's legal counsel, Affiliates and independent auditors and (h) to any actual or proposed Participant, Assignee or other Transferee of all or part of its rights hereunder which has agreed in writing to be bound by the provisions of this Section 10.08.



#### SECTION 10.09. Representation by Lenders.

Each Lender hereby represents that it is a commercial lender or financial institution which makes loans in the ordinary course of its business and that it will make its Loans hereunder for its own account in the ordinary course of such business; provided, however, that, subject to Section 10.07, the disposition of the Note or Notes held by that Lender shall at all times be within its exclusive control.

#### SECTION 10.10. Obligations Several.

The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or commitments of any other Lender hereunder. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. 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 or any other Loan Document and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

#### SECTION 10.11. Survival of Certain Obligations.

Section 2.11(c), Section 9.03(a) and (b), Section 9.05 and Section 10.03, and the obligations of the Borrower thereunder, shall survive, and shall continue to be enforceable notwithstanding, the termination of this Agreement and the Commitments and the payment in full of the principal of and interest on all Loans and Letter of Credit Obligations. The agreements of the Borrower set forth in the Fee Letters shall survive the execution and delivery of this Agreement and the making of each Credit Extension.

#### SECTION 10.12. Severability.

In case any one or more of the provisions contained in this Agreement, the Notes or any of the other Loan Documents should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

#### SECTION 10.13. Marshalling; Payments Set Aside.

Neither the Administrative Agent nor any Lender shall be under any obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the Obligations. To the extent that the Borrower makes any payment or payments to the Administrative Agent, Lenders, or the Issuing Lender (or to the Administrative Agent for the benefit of Lenders or the Issuing Lender), or the Administrative Agent, the Lenders or the Issuing Lender enforce any security interests or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or

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

#### SECTION 10.14. Interest and Fees.

In no event shall the amount of interest and Fees due or payable hereunder or under the Notes exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made to any Lender by the Borrower or inadvertently received by any Lender, then such excess sum shall be credited as a payment of principal, unless the Borrower shall notify such Lender in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that the Borrower not pay and the Lenders not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by the Borrower under applicable law.

#### SECTION 10.15. Interpretation.

No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

#### SECTION 10.16. WAIVER OF JURY TRIAL.

THE PARTIES HERETO EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE PARTIES HERETO EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION

10.16 AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

#### SECTION 10.17. JURISDICTION.

ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER IRREVOCABLY WAIVES ANY OBJECTION,

INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR OTHER DOCUMENT RELATED HERETO. THE BORROWER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

SECTION 10.18. GOVERNING LAW.

THIS AGREEMENT AND EACH OF THE OTHER LOAN DOCUMENTS ARE CONTRACTS UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW OTHER THAN GENERAL OBLIGATIONS LAW SECTION 5-1401 AND SECTION 5-1402).

SECTION 10.19. Counterparts.

This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought. Delivery by facsimile by any of the parties hereto of an executed counterpart hereof or of any amendment or waiver hereto shall be as effective as an original executed counterpart hereof or of such amendment or waiver and shall be considered a representation that an original executed counterpart hereof or such amendment or waiver, as the case may be, will be delivered.

SECTION 10.20. Entire Agreement, Etc. This Agreement and the other Loan Documents express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated, except as provided in Section 10.05.

**[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement under seal as of the date first set forth above.

**MEREDITH CORPORATION**

*By: /s/ Thomas J. Ferree  
Name: Thomas J. Ferree  
Title: Controller*

---

**FLEET NATIONAL BANK, as a Lender, Administrative Agent and Issuing Lender**

*By: /s/ Manuel Burgueno  
Name: Manuel Burgueno  
Title: Director*

---

**BANK ONE, NA, as a Lender and Co-Syndication Agent**

*By: /s/ Curtis R. Worthington  
Name: Curtis R. Worthington  
Title: Associate Director*

---

**WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender and Co-Syndication Agent**

*By: /s/ Pete R. Martinets  
Name: Pete R. Martinets  
Title: Vice President*

*By: /s/ Melissa Nachman  
Name: Melissa Nachman  
Title: Vice President*

---

**SUNTRUST BANK, as a Lender and Documentation Agent**

*By: /s/ Thomas C. Palmer  
Name: Thomas C. Palmer  
Title: Managing Director*

---

**THE BANK OF NEW YORK, as a Lender**

*By: /s/ Kristen Talaber  
Name: Kristen Talaber  
Title: Vice President*

---

**THE NORTHERN TRUST COMPANY, as a Lender**

*By: /s/ Mark Taylor  
Name: Mark Taylor  
Title: Vice President*

**LIST OF SCHEDULES AND EXHIBITS**

(Schedules and Exhibits to this credit agreement are not included in this filing.)

LIST OF SCHEDULES AND EXHIBITS TO THE FOREGOING CREDIT AGREEMENT, DATED AS OF APRIL 5, 2002, AMONG MEREDITH CORPORATION, AS THE BORROWER, THE LENDERS FROM TIME TO TIME PARTY THERETO, FLEET NATIONAL BANK, AS ADMINISTRATIVE AGENT, BANK ONE, NA, AS CO-SYNDICATION AGENT, WELLS FARGO BANK, NATIONAL ASSOCIATION, AS CO-SYNDICATION AGENT, AND SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, AS DOCUMENTATION AGENT

SCHEDULE	DESCRIPTION
-----	-----
SCHEDULE I	LENDING OFFICES/NOTICE ADDRESSES
SCHEDULE II	COMMITMENTS OF LENDERS
SCHEDULE III	DISCLOSURE SCHEDULE

EXHIBIT	DESCRIPTION
-----	-----
EXHIBIT A	FORM OF NOTE
EXHIBIT B	FORM OF NOTICE OF BORROWING
EXHIBIT C	FORM OF ASSIGNMENT AND ACCEPTANCE
EXHIBIT D	FORM OF COMPLIANCE CERTIFICATE
EXHIBIT E	FORM OF CLOSING CERTIFICATE OF THE BORROWER
EXHIBIT F	FORM OF SECRETARY'S CERTIFICATE OF THE BORROWER
EXHIBIT G	FORM OF LEGAL OPINION OF GENERAL COUNSEL FOR THE BORROWER
EXHIBIT H	FORM OF LEGAL OPINION OF SPECIAL COUNSEL TO THE BORROWER

**EXECUTION COPY**

**MEREDITH CORPORATION**

\$50,000,000 6.39% Senior Notes, Series A, Due April 1, 2007 \$50,000,000 6.62% Senior Notes, Series B, Due April 1, 2008

**NOTE PURCHASE AGREEMENT**

**Dated as of April 1, 2002**

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(Not a part of the Agreement)

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**MEREDITH CORPORATION**

1716 Locust Street  
Des Moines, Iowa 50309

\$50,000,000 6.39% Senior Notes, Series A, Due April 1, 2007 \$50,000,000 6.62% Senior Notes, Series B, Due April 1, 2008

**Dated as of April 1, 2002**

**TO THE PURCHASER LISTED IN THE ATTACHED  
SCHEDULE A WHO IS A SIGNATORY HERETO:**

Ladies and Gentlemen:

MEREDITH CORPORATION, an Iowa corporation (the "Company"), agrees with you as follows:

**SECTION 1. AUTHORIZATION OF NOTES.**

The Company will authorize the issue and sale of

(a) \$50,000,000 aggregate principal amount of its 6.39% Senior Notes, Series A, due April 1, 2007 (the "Series A Notes"); and

(b) \$50,000,000 aggregate principal amount of its 6.62% Senior Notes, Series B, due April 1, 2008 (the "Series B Notes"). The terms "Series A Notes" and "Series B Notes" as used in this Agreement shall include each Series A Note and Series B Note, respectively, delivered pursuant to this Agreement and the Other Agreements (as hereinafter defined) and any such notes issued in substitution therefor pursuant to Section 13 of this Agreement or the Other Agreements. The term "Notes" as used in this Agreement shall include the Series A Notes and Series B Notes. The Series A Notes and Series B Notes shall be substantially in the forms set forth in Exhibits 1-A and 1-B, respectively, with such changes therefrom, if any, as may be approved by you, the Other Purchasers (as hereinafter defined) and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

**SECTION 2. SALE AND PURCHASE OF NOTES.**

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount and of the Series specified opposite your name in Schedule A at the purchase price of 100% of the principal amount and of the Series thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the "Other Agreements") identical with this Agreement with each of the other purchasers named in Schedule A (the "Other Purchasers"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount and of the Series specified opposite its name in Schedule A. Your

obligation hereunder, and the obligations of the Other Purchasers under the Other Agreements, are several and not joint obligations, and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or nonperformance by any Other Purchaser thereunder.

### SECTION 3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois, at 10:00 A.M. Chicago time, at a closing (the "Closing") on April 9, 2002. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$500,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company as indicated in the written funding instructions delivered pursuant to Section 4.11. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

### SECTION 4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

#### Section 4.1. Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

#### Section 4.2. Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing, and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14), no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 9 or 10 hereof had such Sections applied since such date.

### Section 4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. The Company shall have delivered to you a certificate of its Secretary, dated the date of the Closing, certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, this Agreement and the Other Agreements.

### Section 4.4. Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Sidley Austin Brown & Wood, special counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and (b) from John S. Zieser, Esq., Vice President, General Counsel and Secretary of the Company, covering the matters set forth in Exhibit 4.4(b) and, in each case, covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you) and (c) from Chapman and Cutler, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(c) and covering such other matters incident to such transactions as you may reasonably request.

### Section 4.5. Purchase Permitted By Applicable Law, Etc.

On the date of the Closing your purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

### Section 4.6. Sale of Other Notes.

Contemporaneously with the Closing, the Company shall sell to the Other Purchasers, and the Other Purchasers shall purchase, the Notes to be purchased by them at the Closing as specified in Schedule A.

### Section 4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of your special

counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

#### Section 4.8. Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

#### Section 4.9. Changes in Corporate Structure.

The Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

#### Section 4.10. Other Agreements.

The Company shall have delivered to you a copy of the final Credit Agreement dated as of April 5, 2002 (the "Credit Agreement") among the Company, the Lenders listed therein, Fleet National Bank, as Administrative Agent and Issuing Lender, Bank One, NA and Wells Fargo Bank, National Association, each as a Co-Syndication Agent, and SunTrust Bank, Central Florida, National Association, as Documentation Agent.

#### Section 4.11. Funding Instructions.

At least two Business Days prior to the date of the Closing, you shall have received written instructions executed by a Responsible Officer of the Company directing the manner of the payment of funds and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Notes is to be deposited, and (d) the name and telephone number of the account representative responsible for verifying receipt of such funds.

#### Section 4.12. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

### SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

### Section 5.1. Organization; Power and Authority.

The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Other Agreements and the Notes and to perform the provisions hereof and thereof.

### Section 5.2. Authorization, Etc.

This Agreement, the Other Agreements and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

### Section 5.3. Disclosure.

The Company, through its agent, SunTrust Capital Markets, Inc., has delivered to you and each Other Purchaser a copy of a Private Placement Memorandum, dated February, 2002 (as supplemented pursuant to the Company's Current Report on Form 8-K dated March 22, 2002, the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made, it being understood that no representation or warranty is made with respect to the projections included therein other than that they are based on information the Company believed as of the date thereof to be accurate and were calculated in a manner the Company believed to be reasonable. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since June 30, 2001, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. To the best knowledge and belief of senior management of the Company, there is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the

Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

#### Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) of the Company's Affiliates, other than Subsidiaries, and (iii) of the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

#### Section 5.5. Financial Statements.

The Company has delivered to you and each Other Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule

5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

#### Section 5.6. Compliance with Laws, Other Instruments, Etc.

The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

#### Section 5.7. Governmental Authorizations, Etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes.

#### Section 5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

#### Section 5.9. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be



expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended June 30, 1997.

#### Section 5.10. Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

#### Section 5.11. Licenses, Permits, Etc.

(a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) To the best knowledge of the Company, no product of the Company infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

#### Section 5.12. Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans subject to Title IV of ERISA (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under Section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code) of the Company and its Subsidiaries is not Material or has otherwise been disclosed in footnote 9 of the Company's most recent audited financial statements.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

(f) Neither the Company nor any Subsidiary maintains any Non-U.S. Pension Plan.

#### Section 5.13. Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than two other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

#### Section 5.14. Use of Proceeds; Margin Regulations.

The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve

the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than .5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 5.0% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

#### Section 5.15. Existing Debt; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of March 31, 2002. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary the outstanding principal amount of which exceeds \$1,000,000 and no event or condition exists with respect to any such Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.5.

#### Section 5.16. Foreign Assets Control Regulations, Etc.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

#### Section 5.17. Status under Certain Statutes.

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

#### Section 5.18. Notes Rank Pari Passu.

The obligations of the Company under this Agreement and the Notes rank at least pari passu in right of payment with all other senior unsecured Debt (actual or contingent) of the Company, including, without limitation, all senior unsecured Debt of the Company described in Schedule 5.15 hereto.

#### Section 5.19. Environmental Matters.

Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing:

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

#### Section 5.20. Foreign Assets Control Regulations, Etc.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, neither the Company nor any of its Subsidiaries (a) is a person whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transaction With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or (b) engages in any dealings or transactions, or be otherwise associated, with any such person.

### SECTION 6. REPRESENTATIONS OF THE PURCHASER.

#### Section 6.1. Purchase for Investment.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof; provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered

pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

## Section 6.2. Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" within the meaning of Department of Labor Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995) and there is no employee benefit plan, treating as a single plan, all plans maintained by the same employer or employee organization, with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan, exceed ten percent (10%) of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in the NAIC Annual Statement filed with your state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

If you or any subsequent transferee of the Notes indicates that you or such transferee are relying on any representation contained in paragraph (b), (c) or (e) above, the Company shall deliver on the date of Closing or on the date of transfer, as applicable, a certificate, which shall state whether that (i) it is a party in interest or a "disqualified person" (as defined in Section 4975(e)(2) of the Code), with respect to any plan identified pursuant to paragraphs (b) or (e) above, or (ii) with respect to any plan, identified pursuant to paragraph (c) above, it or any "affiliate" (as defined in Section V(c) of the QPAM Exemption) has at such time, and during the immediately preceding one year, exercised the authority to appoint or terminate said QPAM as manager of any plan identified in writing pursuant to paragraph (c) above or to negotiate the terms of said QPAM's management agreement on behalf of any such identified plan.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

## SECTION 7. INFORMATION AS TO THE COMPANY.

### Section 7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements - within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of earnings and cash flows of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year of the Company, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements - within 105 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of earnings and cash flows of the Company and its Subsidiaries, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(1) an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(2) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit),

provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in clause (2) above, shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports - promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default - promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters - promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in Section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority - promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information - with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes, including without limitation, such information as is required by SEC Rule 144A under the Securities Act to be delivered to the prospective transferee of the Notes.

#### Section 7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance - the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.2 through Section 10.7 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the



case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default - a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

### Section 7.3. Inspection.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default - if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing, but not more frequently than twice in any twelve month period; and

(b) Default - if a Default or Event of Default then exists, at the expense of the Company and upon not less than one Business Day's prior notice, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

## SECTION 8. PREPAYMENT OF THE NOTES.

### Section 8.1. Required Prepayment.

(a) Series A Notes. The Series A Notes shall not be subject to scheduled principal prepayments. On April 1, 2007, the entire unpaid principal amount of each Series A Note, together with accrued interest thereon, shall be due and payable.

(b) Series B Notes. The Series B Notes shall not be subject to scheduled principal prepayments. On April 1, 2008, the entire unpaid principal amount of

each Series B Note, together with accrued interest thereon, shall be due and payable.

#### Section 8.2. Optional Prepayments with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, any Series of Notes, on a pro rata basis in respect of all Notes of such Series outstanding at such time, in an amount not less than 10% of the aggregate principal amount of all Notes of such Series then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount and the Series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes of the Series to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

#### Section 8.3. Change in Control.

(a) Notice of Change in Control or Control Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes unless notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to subparagraph (b) of this

Section 8.3. If a Change in Control has occurred, such notice shall contain and constitute an offer to prepay the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, as described in subparagraph

(c) of this Section 8.3 and shall be accompanied by the certificate described in subparagraph (g) of this Section 8.3.

(b) Condition to Company Action. The Company will not take any action that consummates or finalizes a Change in Control unless (i) at least 30 days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, as described in subparagraph (c) of this Section 8.3, accompanied by the certificate described in subparagraph (g) of this Section 8.3, and (ii) contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this

Section 8.3.

(c) Offer to Prepay Notes. The offer to prepay Notes contemplated by subparagraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in

accordance with and subject to this Section 8.3, all, but not less than all, of the Notes of each Series held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date"). If such Proposed Prepayment Date is in connection with an offer contemplated by subparagraph (a) of this Section 8.3, such date shall be not less than 30 days and not more than 120 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(d) Acceptance. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company not later than 15 days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section shall be deemed to constitute a rejection of such offer by such holder.

(e) Prepayment. Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The prepayment shall be made on the Proposed Prepayment Date except as provided in subparagraph (f) of this Section 8.3.

(f) Deferral Pending Change in Control. The obligation of the Company to prepay Notes pursuant to the offers required by subparagraph (c) and accepted in accordance with subparagraph (d) of this Section 8.3 is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control has not occurred on the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on, the date on which such Change in Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change in Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change in Control shall be deemed rescinded).

(g) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying:

(i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount and Series of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) an estimate of the Make-Whole Amount payable in connection with such prepayment; (vi) that the conditions of this Section 8.3 have been fulfilled; and (vii) in reasonable detail, the nature and date or proposed date of the Change in Control.

(h) Certain Definitions. "Change in Control" shall be deemed to have occurred if any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), other than members of the Meredith Family,

(1) become the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Company's Voting Stock, or

(2) acquire after the date of the Closing (x) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Company, through beneficial ownership of the capital stock of the Company or otherwise, or (y) all or substantially all of the properties and assets of the Company.

"Control Event" means:

(i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) the making of any written offer by any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

(i) All calculations contemplated in this Section 8.3 involving the capital stock of any Person shall be made with the assumption that all convertible Securities of such Person then outstanding and all convertible Securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock of such Person were exercised at such time.

#### Section 8.4. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Series of Notes to be prepaid shall be allocated among all of the Notes of such Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All partial prepayments made pursuant to Section 8.3 shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

#### Section 8.5. Maturity; Surrender, Etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if

any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

#### Section 8.6. Purchase of Notes.

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 30 days. If the holders of more than 50% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 15 days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

#### Section 8.7. Make-Whole Amount.

The term "Make-Whole Amount" means, with respect to any Note of any Series, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal; provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% per annum plus (b) the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as Pages PX1 through PX7 of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally

recognized trading screen reporting on-line intraday trading in the U.S. Treasury securities) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (1) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (2) interpolating linearly between (A) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (B) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2, 8.3 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or

Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

## SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

### Section 9.1. Compliance with Law.

The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA and applicable laws in respect of Non-U.S. Pension Plans and all Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective

properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

#### Section 9.2. Insurance.

The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

#### Section 9.3. Maintenance of Properties.

The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

#### Section 9.4. Payment of Taxes and Claims.

The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary; provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

#### Section 9.5. Corporate Existence, Etc.

The Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Section 10.6, the Company will at all times

preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

#### Section 9.6. Notes to Rank Pari Passu.

The Notes and all other obligations under this Agreement of the Company are and at all times shall remain direct and unsecured obligations of the Company ranking pari passu as against the assets of the Company with all other Notes from time to time issued and outstanding hereunder without any preference among themselves and pari passu with all other present and future unsecured Debt (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Debt of the Company.

### SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

#### Section 10.1. Transactions with Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

#### Section 10.2. Consolidated Net Worth.

The Company will not at any time permit Consolidated Net Worth to be an amount less than the sum of (a) \$336,000,000 plus (b) 25% of Consolidated Net Income computed on a cumulative basis for each of the elapsed fiscal years ending after June 30, 2001; provided that notwithstanding that Consolidated Net Income for any such elapsed fiscal year may be a deficit figure, no reduction in such amount as a result thereof shall be made on the sum to be maintained pursuant hereto.

#### Section 10.3. Interest Coverage Ratio.

The Company will keep and maintain the ratio of (a) Consolidated EBIT to (b) Consolidated Interest Expense for each period of four consecutive fiscal quarters at not less than 2.5 to 1.0.



#### Section 10.4. Limitations on Debt.

(a) The Company will not at any time permit the ratio of (i) Consolidated Total Debt to (ii) Consolidated EBITDA for the period of the four consecutive fiscal quarters then most recently ended to exceed 3.5 to 1.0. The maximum amount of Consolidated Total Debt permitted pursuant to the terms of this Section 10.4(a) is hereafter referred to as "Maximum Permitted Total Debt".

(b) The Company will not at any time permit Priority Debt to exceed an amount equal to 25% of Maximum Permitted Total Debt.

#### Section 10.5. Liens.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Liens, in each case, incurred in the ordinary course of business for sums not yet due and payable or the payment of which is not at the time required by Section 9.1 or Section 9.4;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds (not in excess of \$5,000,000), bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(d) any attachment or judgment Lien, unless (i) the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay or (ii) the uninsured portion of the judgment such Lien secures, including any portion for which the insurer has not acknowledged responsibility, exceeds \$5,000,000;

(e) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Company or any of its Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

- (f) Liens on property or assets of the Company or any of its Subsidiaries securing Debt owing to the Company or to any of its Wholly-Owned Subsidiaries;
- (g) Liens on all existing or hereafter acquired or arising Receivables of the Company or any Subsidiary, the Related Security with respect thereto, the collections and proceeds of such Receivables and Related Security, all lockboxes, lockbox accounts, collection accounts or other deposit accounts into which such collections are deposited and all other rights and payments relating to such Receivables, which are transferred to the Company, a Subsidiary or a Receivables Purchaser in connection with Receivables Facility Attributed Indebtedness; provided such Receivables Facility Attributed Indebtedness is permitted under Section 10.4(b);
- (h) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Company or a Subsidiary after the date of the Closing, provided that:
- (i) any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),
- (ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (1) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed and (2) the fair market value (as determined in good faith by the board of directors of the Company) of such property (or improvement thereon) at the time of such acquisition or construction, and
- (iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or construction of such property;
- (i) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, and (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property;
- (j) any Lien renewing, extending or refunding any Lien permitted by paragraphs (h) or (i) of this Section 10.5, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding no Default or Event of Default would exist;

(k) other Liens not otherwise permitted by subparagraphs (a) through (j) securing Debt, provided that all Debt secured by such Liens shall have been incurred within the applicable limitations of Section 10.4, including, without limitation, that after giving effect thereto Priority Debt will not exceed 25% of Maximum Permitted Total Debt.

#### Section 10.6. Mergers, Consolidations and Sales of Assets.

(a) The Company will not, and will not permit any of its Subsidiaries to, consolidate with or be a party to a merger with any other Person, or sell, lease or otherwise dispose of all or substantially all of its assets; provided that:

(i) any Subsidiary may merge or consolidate with or into the Company or any Subsidiary so long as in (1) any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation,

(2) any merger or consolidation involving a Wholly-owned Subsidiary (and not the Company), the Wholly-owned Subsidiary shall be the surviving or continuing corporation;

(ii) the Company may consolidate or merge with or into any other corporation if (1) the corporation which results from such consolidation or merger (the "surviving corporation") is organized under the laws of any state of the United States or the District of Columbia, (2) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the surviving corporation and the surviving corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, (3) at the time of such consolidation or merger and immediately after giving effect thereto, no Default or Event of Default would exist, and (4) the Company or such surviving corporation shall have complied with all obligations under this Agreement with respect to any Change in Control resulting from such transaction;

(iii) the Company may sell or otherwise dispose of all or substantially all of its assets to any Person for consideration which represents the fair market value of such assets (as determined in good faith by the Board of Directors of the Company) at the time of such sale or other disposition if (1) the Person which is acquiring all or substantially all of the assets of the Company is a corporation organized under the laws of any state of the United States or the District of Columbia, (2) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement and the Other Agreements to be performed or observed by the Company are expressly assumed in writing

by the acquiring corporation and the acquiring corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such acquiring corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, (3) at the time of such sale or disposition and immediately after giving effect thereto, no Default or Event of Default would exist, and (4) the Company or such acquiring corporation shall have complied with all obligations under this Agreement with respect to any Change in Control resulting from such transaction; and

(iv) the Company or any Subsidiary may sell or otherwise dispose of assets as part of any Permitted Receivables Transaction so long as the aggregate amount of Priority Debt (including Receivables Facility Attributed Indebtedness) does not exceed 25% of Maximum Permitted Total Debt.

(b) The Company will not, and will not permit any of its Subsidiaries to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value and except as provided in Section 10.6(a)(iii)); provided that the foregoing restrictions do not apply to:

(i) (1) the sale, lease, transfer or other disposition of assets of a Subsidiary to the Company or a Wholly-owned Subsidiary or (2) the sale, lease, transfer or other disposition of assets (valued at net book value) of the Company to a Wholly-owned Subsidiary not to exceed in any 12-month period 10% of Consolidated Total Assets as of the last day of the fiscal quarter immediately preceding such sale, lease, transfer or other disposition; or

(ii) the sale or other disposition of assets as part of any Permitted Receivables Transaction so long as the aggregate amount of Priority Debt (including Receivables Facility Attributed Indebtedness) does not exceed 25% of Maximum Permitted Total Debt; or

(iii) the sale of inventory in the ordinary course of business; or

(iv) the sale of assets for cash or other property to a Person or Persons other than an Affiliate if all of the following conditions are met:

(1) such assets (valued at net book value) do not, together with all other assets of the Company and its Subsidiaries previously disposed of during the immediately preceding 36 calendar month period (other than in the ordinary course of business), exceed 30% of the average of Consolidated Total Assets as of the last day of each of the 12 consecutive fiscal quarters then most recently ended;

(2) in the opinion of the Board of Directors of the Company, the sale is for fair value and is in the best interests of the Company and its Subsidiaries; and

(3) immediately after the consummation of the transaction and after giving effect thereto, no Default or Event of Default would exist;

provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied either (A) within 12 months before or 12 months after the effective date of such asset disposition to the acquisition of assets useful and intended to be used in the operation of the business of the Company and its Subsidiaries as described in

Section 10.9 and having a fair market value (as determined in good faith by the Board of Directors of the Company) at least equal to that of the assets so disposed of or (B) within 180 days after the effective date of such asset disposition to the prepayment at any applicable prepayment premium of all Senior Debt of the Company on a pro rata basis (other than Senior Debt owing to the Company, any of its Subsidiaries or any Affiliate), based upon principal amount then outstanding. It is understood and agreed by the Company that, to the extent any such proceeds are applied to the prepayment of the Notes, such prepayment will be made on a pro rata basis in respect of all Notes of all Series outstanding at such time in the manner and with the premium, if any, then required pursuant to the optional prepayment provisions provided in Section 8.2.

#### Section 10.7. Limitation on Sale-and-Leaseback Transactions.

The Company will not, and will not permit any Subsidiary to, enter into any Sale-and-Leaseback Transaction unless immediately after giving effect thereto, the aggregate amount of Priority Debt (including the Attributable Debt to be incurred in connection with such Sale-and-Leaseback Transaction) does not exceed 25% of Maximum Permitted Total Debt.

#### Section 10.8. Termination of Pension Plans.

The Company will not and will not permit any Subsidiary to withdraw from any Multiemployer Plan or permit any employee benefit plan maintained by it to be terminated if such withdrawal or termination could result in withdrawal liability (as described in Part 1 of Subtitle E of Title IV of ERISA) or the imposition of a Lien on any property of the Company or any Subsidiary pursuant to Section 4068 of ERISA, which withdrawal liability or Lien could reasonably be expected to have a Material Adverse Effect.

#### Section 10.9. Nature of Business.

Neither the Company nor any Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Subsidiaries on the date of this Agreement.

### SECTION 11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

- (a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for repayment or by declaration or otherwise; or
- (b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or
- (c) the Company defaults in the performance of or compliance with any term contained in Sections 10.1 through 10.7 and such default is not remedied within 10 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (c) of Section 11); or
- (d) the Company defaults in the performance of or compliance with any term contained herein or in any Other Agreement (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or
- (e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any Other Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or
- (f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least \$10,000,000 (or the equivalent in other applicable currencies) beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least \$10,000,000 (or the equivalent in other applicable currencies) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$10,000,000, (iv) the occurrence of any "Amortization Event" under the Receivables Program, or (v) the Company shall be removed as the "Servicer" under the Receivables Program; or
- (g) the Company or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency,

reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Material Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any Material Subsidiary or with respect to any substantial part of the property of the Company or any Material Subsidiary, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Material Subsidiaries, or any such petition shall be filed against the Company or any of its Material Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of \$5,000,000 (or the equivalent in other applicable currencies) are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA Section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$5,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(j), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

## SECTION 12. REMEDIES ON DEFAULT, ETC.

### Section 12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Note's becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

### Section 12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.



### Section 12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of more than 50% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

### Section 12.4. No Waivers or Election of Remedies, Expenses, Etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

## SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

### Section 13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

### Section 13.2. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for

registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$500,000; provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

### Section 13.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$10,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

## SECTION 14. PAYMENTS ON NOTES.

### Section 14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in Des Moines, Iowa at the principal office of the Company in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in the United States of America or the principal office of a bank or trust company in the United States of America.

## Section 14.2. Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

## SECTION 15. EXPENSES, ETC.

### Section 15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation:

(a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those retained by you).

### Section 15.2. Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

## SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

## SECTION 17. AMENDMENT AND WAIVER.

### Section 17.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of

Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

### Section 17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently

granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

### Section 17.3. Binding Effect, Etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

### Section 17.4. Notes Held by Company, Etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

## SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

- (i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,
- (ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or
- (iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer with a copy to the General Counsel, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

## SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

## SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary; provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you; provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you,

(x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

#### SECTION 21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

#### SECTION 22. MISCELLANEOUS.

##### Section 22.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

##### Section 22.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

### Section 22.3. Severability.

Any provision of this Agreement that 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, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

### Section 22.4. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made by the Company for the purposes of this Agreement, the same shall be done by the Company in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

### Section 22.5. Counterparts.

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.

### Section 22.6. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

### Section 22.7. Submission to Jurisdiction.

The Company hereby irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Agreement and the Notes may be litigated in such courts, and the Company waives any objection which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and consents that all such service of process be made by delivery to it at the address of the Company set forth in Section 18 above and that service so made shall be deemed to be completed upon actual receipt. Nothing contained in this section shall affect the right of any holder



of Notes to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against the Company or to enforce a judgment obtained in the courts of any other jurisdiction.

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

**MEREDITH CORPORATION**

*By /s/ Thomas Ferree  
Name: Thomas Ferree  
Title: Corporate Controller*

---

**Accepted as of April 1, 2002:  
METROPOLITAN LIFE INSURANCE COMPANY**

*By /s/ A. Dennis White  
Name: A. Dennis White  
Title: Director*

---

Accepted as of April 1, 2002:  
PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation

By: Principal Capital Management, LLC, a Delaware limited liability company, its authorized signatory

*By /s/ Douglas A. Drees  
Name: Douglas A. Drees  
Title: Counsel*

*By /s/ Clint Woods  
Name: Clint Woods  
Title: Counsel*

---

**Accepted as of April 1, 2002:  
PRINCIPAL LIFE INSURANCE COMPANY,  
ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS**

By: Principal Capital Management, LLC, a Delaware limited liability company, its authorized signatory

*By /s/ Douglas A. Drees  
Name: Douglas A. Drees  
Title: Counsel*

*By /s/ Clint Woods  
Name: Clint Woods  
Title: Counsel*

---

Accepted as of April 1, 2002:  
CGU LIFE INSURANCE COMPANY OF AMERICA, a Delaware corporation

By: Principal Capital Management, LLC, a Delaware limited liability company, its authorized signatory

*By /s/ Clint Woods  
Name: Clint Woods  
Title: Counsel*

*By /s/ Debra Svoboda  
Name: Debra Svoboda  
Title: Counsel*

---

**Accepted as of April 1, 2002:  
THE TRAVELERS INSURANCE COMPANY**

*By /s/ Teresa M. Torrey  
Name: Teresa M. Torrey  
Title: Vice President*

---

**Accepted as of April 1, 2002:**  
**TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA**

*By /s/ John C. Litchfield, Jr.  
Name: John C. Litchfield, Jr.  
Title: Managing Director*

---

**Accepted as of April 1, 2002:**  
**TIAA-CREF LIFE INSURANCE COMPANY**

By: Teachers Insurance and Annuity Association of America, as Authorized Agent.

*By /s/ John C. Litchfield, Jr.  
Name: John C. Litchfield, Jr.  
Title: Managing Director*

---

**Accepted as of April 1, 2002:**  
**HARTFORD LIFE INSURANCE COMPANY**

By: Hartford Investment Services, Inc.  
Its Agent and Attorney-In-Fact

*By /s/ Eva Konopka  
Name: Eva Konopka  
Title: Vice President*

---

**MEREDITH CORPORATION**

**FIRST AMENDMENT  
Dated As Of March 1, 2002**

to

**NOTE AGREEMENTS  
Dated as of March 1, 1999**

Re: \$75,000,000 6.51% Senior Notes, Series A, Due March 1, 2005

**\$50,000,000 6.57% Senior Notes, Series B, Due September 1, 2005**

**\$75,000,000 6.65% Senior Notes, Series C, Due March 1, 2006**

## FIRST AMENDMENT TO NOTE AGREEMENTS

THIS FIRST AMENDMENT dated as of March 1, 2002 (the or this "First Amendment") to the Note Agreements each dated as of March 1, 1999 is between Meredith Corporation, an Iowa corporation (the "Company"), and each of the institutions which is a signatory to this First Amendment (collectively, the "Noteholders").

### RECITALS:

A. The Company and each of the Noteholders have heretofore entered into separate and several Note Agreements each dated as of March 1, 1999 (collectively, the "Note Agreements"). The Company has heretofore issued the \$75,000,000 6.51% Senior Notes, Series A Due March 1, 2005, \$50,000,000 6.57% Senior Notes, Series B, Due September 1, 2005 and \$75,000,000 6.65% Senior Notes, Series C, Due March 1, 2006 (collectively, the "Notes") dated March 1, 1999 pursuant to the Note Agreements. Pursuant to Section 17.1 of the Note Agreements, this First Amendment shall become effective when executed by the Company and the holders of at least 66-2/3 % of the outstanding principal amount of the Notes.

B. The Company and the Noteholders now desire to amend the Note Agreements in the respects, but only in the respects, hereinafter set forth.

C. Capitalized terms used herein shall have the respective meanings ascribed thereto in the Note Agreements unless herein defined or the context shall otherwise require.

D. All requirements of law have been fully complied with and all other acts and things necessary to make this First Amendment a valid, legal and binding instrument according to its terms for the purposes herein expressed have been done or performed.

NOW, THEREFORE, the Company and the Noteholders, in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

### SECTION 1. AMENDMENTS.

1.1. Amendment to Section 10.4 (Limitations on Debt). Section 10.4(b) shall be and hereby is amended by deleting the percentage "15%" and replacing it with the percentage "25%".

1.2. Amendments to Section 10.5 (Liens).

(a) Section 10.5(g) of the Note Agreements shall be and is hereby amended in its entirety to read as follows:

"(g) Liens on all existing or hereafter acquired or arising Receivables of the Company or any Subsidiary, the Related Security with respect thereto, the collections and proceeds of such Receivables and Related Security, all lockboxes, lockbox accounts, collection accounts or other deposit accounts into which such collections are deposited and all other rights and payments relating to such Receivables, which are transferred to the Company, a

Subsidiary or a Receivables Purchaser in connection with Receivables Facility Attributed Indebtedness; provided such Receivables Facility Attributed Indebtedness is permitted under Section 10.4(b)."

(b) Section 10.5(k) of the Note Agreements shall be and hereby is amended by deleting the percentage "15%" and replacing it with the percentage "25%".

1.3. Amendments to Section 10.6 (Mergers, Consolidations and Sales of Assets).

(a) Section 10.6(a) of the Note Agreements shall be and is hereby amended to replace the period at the end of clause (iii) with the words "; and" and add a new clause (iv) reading as follows:

"(iv) the Company or any Subsidiary may sell or otherwise dispose of assets as part of any Permitted Receivables Transaction."

(b) Section 10.6(b) of the Note Agreements shall be and is hereby amended to delete the percentage "5%" in clause (i) and replace it with the percentage "10%", renumber clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and add a new clause (ii) reading as follows:

"(ii) the sale or other disposition of assets as part of any Permitted Receivables Transaction;"

1.4. Amendment to Section 10.7 (Limitation on Sale-and-Leaseback Transactions). Section 10.7 shall be and hereby is amended by deleting the percentage "15%" and replacing it with the percentage "25%".

1.5. Amendment to Section 10.8 (Termination of Pension Plans). Section 10.8 of the Note Agreements shall be and is hereby amended by adding the following words at the end thereof:

", which withdrawal liability or Lien could reasonably be expected to have a Material Adverse Effect."

1.6. Amendments to Schedule B. Schedule B to the Note Agreements shall be and hereby is amended as follows:

(i) Consolidated Net Income. The definition of "Consolidated Net income" shall be amended by:

(x) adding the words "or losses resulting from writedowns of goodwill or other intangibles relating to Existing Properties, other than Incremental Writedowns exceeding \$25 million in the aggregate, under Statement of Financial Accounting Standards No. 142 or any successor statement or principle" at the end of clause (h) thereof; and

(y) adding the words "or nonrecurring" after the word "extraordinary" in clause (l) thereof.

(ii) Consolidated Net Worth. The definition of "Consolidated Net Worth" shall be amended by adding the words "plus the amount of any losses resulting from writedowns of goodwill or other intangibles relating to

Existing Properties, other than Incremental Writedowns exceeding \$25 million in the aggregate" at the end thereof.

(iii) Debt. The definition of "Debt" shall be amended by:

(x) deleting the word "and" at the end of clause (f) thereof;

(y) deleting the period at the end of clause (g) thereof and replacing it with the words "; and"; and

(z) adding a new clause (h) reading as follows:

"(h) Receivables Facilities Attributed Indebtedness."

(iv) Priority Debt. The definition of "Priority Debt" shall be amended by:

(x) deleting the words "Sections 10.5(g) and (k)" and replacing them with the words "Sections 10.5(h) and (k)";

(y) deleting the period at the end of clause (iii) and replacing it with the words ", plus"; and

(z) adding a new clause (iv) reading as follows:

"(iv) all Receivables Facility Attributed Indebtedness of the Company and its Subsidiaries."

(v) Addition of Definitions. The following shall be added as new definitions in alphabetical order in Schedule B to the Note Agreements:

"Existing Properties" shall mean publications, broadcast stations or other assets or properties owned by the Company or a Subsidiary as of March 1, 2002, or any publications, broadcast stations or other assets or properties acquired in a swap or other exchange involving Existing Properties.

"Incremental Writedowns" shall mean writedowns of goodwill or other intangibles with respect to an Existing Property that was acquired after March 1, 2002 (an "Acquired Existing Property") in a swap or exchange involving one or more Existing Properties where (a) the Company or its Subsidiaries paid cash or delivered debt obligations to the other parties to such swap or exchange and such cash or debt obligations constituted more than 10% of the total value of the consideration delivered by the Company or its Subsidiaries to the other parties in such swap or exchange and (b) the writedowns of goodwill or other intangibles with respect to such Acquired Existing Property exceed the aggregate amount of goodwill or other intangibles relating to the Existing Properties transferred by the Company or its Subsidiaries in such swap or other exchange shown on the books of the Company or its Subsidiaries prior to such transfer.

"Permitted Receivables Transaction" means each of (a) the sale or other transfer by the Company or Subsidiary of Receivables Assets to a Subsidiary or the Company, (b) the entry by the Company or one or more Subsidiaries into one or more Receivables Purchase Agreements, and (c) the entry by the Company and any such Subsidiaries into such ancillary agreements, guarantees, documents or



instruments as are necessary or advisable in connection with such receivables purchase agreements or receivables financing agreements.

"Receivable" means all indebtedness and other obligations owed by a Person to the Company or any Subsidiary or in which the Company or any Subsidiary has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale or lease of goods or the rendering of services by the Company or such Subsidiary, including the obligation to pay finance charges with respect thereto.

"Receivables Assets" means all the assets described in Section 10.5(g).

"Receivables Facility Attributed Indebtedness" means, on any date of determination, the amount of obligations outstanding as of such date under a Receivables Purchase Agreement that would be characterized as principal if such facility were structured as a secured lending transaction rather than as a purchase.

"Receivables Purchase Agreement" means a receivables purchase agreement or other receivables financing agreement with one or more Receivables Purchasers, pursuant to which some or all of such Receivables Purchasers will purchase undivided interests in, or otherwise finance, the Receivables Assets.

"Receivables Purchaser" means any purchaser or investor which purchases undivided interests in or otherwise finances the Receivables Assets, and includes any agent of any such purchaser or investor.

"Related Security" means with respect to any Receivable (i) the inventory and goods, the sale, financing or lease of which gave rise to such Receivable and all insurance contracts with respect thereto, (ii) all security interests or liens and the property subject thereto purporting to secure payment of such Receivable, together with all financing statements and security agreements describing any collateral securing such Receivable, (iii) all guaranties, letters of credit, insurance and other agreements or arrangements supporting or securing the payment of such Receivable, (iv) all invoices, agreements, contracts, records, books and other information relating to such Receivable or the Person obligated to pay such Receivable, (v) any rights of the Company or any Subsidiary under any agreement, document or guaranty executed or delivered in connection with a Permitted Receivables Transaction, and (vi) all proceeds of the foregoing.

## SECTION 2. REPRESENTATION AND WARRANTY OF THE COMPANY

2.1. To induce the Noteholders to execute and deliver this First Amendment (which representation shall survive the execution and delivery of this First Amendment), the Company represents and warrants to the Noteholders that the Company is not paying any fee or other consideration to any Noteholder for the execution of this First Amendment.

## SECTION 3. MISCELLANEOUS

3.1. This First Amendment shall be construed in connection with and as part of each of the Note Agreements, and except as modified and expressly amended by

this First Amendment, all terms, conditions and covenants contained in the Note Agreements and the Notes are hereby ratified and shall be and remain in full force and effect.

3.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Amendment may refer to the Note Agreements without making specific reference to this First Amendment but nevertheless all such references shall include this First Amendment unless the context otherwise requires.

3.3. The descriptive headings of the various Sections or parts of this First Amendment are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

3.4. This First Amendment shall be governed by and construed in accordance with New York law.

3.5. The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this First Amendment may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

**MEREDITH CORPORATION**

*By: /s/ THOMAS FERREE*

*Its Corporate Controller*

**ACCEPTED AND AGREED TO:**

**MASSACHUSETTS MUTUAL LIFE  
INSURANCE COMPANY**

By: David L. Babson & Company Inc.  
as Investment Adviser

By: /s/ MARK A. AHMED  
Managing Director

**C. M. LIFE INSURANCE COMPANY**

By: David L. Babson & Company Inc.  
as Investment Sub-Advisor

By: /s/ MARK A. AHMED  
Managing Director

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**ACCEPTED AND AGREED TO:**

**METROPOLITAN LIFE INSURANCE  
COMPANY**

By: /s/ ERIK V. SAVI

**TEXAS LIFE INSURANCE COMPANY**

By: /s/ ERIK V. SAVI

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**ACCEPTED AND AGREED TO:**

**PRINCIPAL LIFE INSURANCE  
COMPANY**

By: Principal Capital Management, LLC,  
a Delaware limited liability company, its authorized signatory

*By: /s/ DOUGLAS A. DREES  
Counsel*

*By: /s/ CLINT WOODS  
Counsel*

**PRINCIPAL LIFE INSURANCE  
COMPANY ON BEHALF OF ONE  
OR MORE SEPARATE ACCOUNTS**

By: Principal Capital Management, LLC,  
a Delaware limited liability company, its authorized signatory

*By: /s/ DOUGLAS A. DREES  
Counsel*

*By: /s/ CLINT WOODS  
Counsel*

**COMMERCIAL UNION LIFE  
INSURANCE COMPANY OF  
AMERICA**

By: Principal Life Insurance Company, an Iowa corporation, its attorney-in-fact

*By: /s/ DOUGLAS A. DREES  
Counsel*

*By: /s/ CLINT WOODS  
Counsel*

**ACCEPTED AND AGREED TO:**

**THE TRAVELERS INSURANCE  
COMPANY**

*By: /s/ JOHN PETCHLER  
Vice President*

**TRAVELERS CASUALTY AND  
SURETY COMPANY**

*By: /s/ JOHN PETCHLER  
Vice President*

**AMERICAN HEALTH AND LIFE  
INSURANCE COMPANY**

*By: /s/ JOHN PETCHLER  
Vice President*

**TRITON INSURANCE COMPANY**

*By: /s/ JOHN PETCHLER  
Vice President*

**RECEIVABLES SALE AGREEMENT**

**DATED AS OF APRIL 9, 2002**

**AMONG**

**MEREDITH CORPORATION,  
AS SOLE INITIAL ORIGINATOR**

**AND**

**MEREDITH FUNDING CORPORATION,  
AS BUYER**

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## **EXHIBITS AND SCHEDULES**

(Exhibits and Schedules to this loan agreement are not included in this filing.)

Exhibit I	Definitions
Exhibit II	Principal Places of Business; Locations of Records; Federal Employer Identification Numbers; Organizational Identification Numbers; Other Names
Exhibit III	Lock-Boxes; Collection Accounts; Collection Banks
Exhibit IV	Form of Compliance Certificate
Exhibit V	Credit and Collection Policy of each Originator
Exhibit VI	Form of Subordinated Note
Exhibit VII	Form of Performance Undertaking
Exhibit VIII	Form of Joinder Agreement
Exhibit IX	Form of Termination Agreement
Schedule A	List of Documents to Be Delivered to Buyer Prior to the Initial Purchase
Schedule B	List of Excluded Receivables

## **RECEIVABLES SALE AGREEMENT**

THIS RECEIVABLES SALE AGREEMENT, dated as of April 9, 2002, is by and among Meredith Corporation, an Iowa corporation ("Meredith"), (the foregoing, together with each Subsidiary of Meredith that hereafter executes a Joinder Agreement, an "Originator" and collectively, the "Originators"), and Meredith Funding Corporation, a Delaware corporation ("Buyer"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I hereto (or, if not defined in Exhibit I hereto, the meanings assigned to such terms in Exhibit I to the Purchase Agreement hereinafter defined).

### **PRELIMINARY STATEMENTS**

Each of the Originators now owns, and from time to time hereafter will own, Receivables. Each of the Originators wishes to sell and assign to Buyer, and Buyer wishes to purchase from such Originator, all of such Originator's right, title and interest in and to its Receivables, together with the Related Security and Collections with respect thereto.

Each of the Originators and Buyer intends the transactions contemplated hereby to be true sales of the Receivables from such Originator to Buyer, providing Buyer with the full benefits of ownership of the Receivables originated by such Originator, and none of the Originators or Buyer intends these transactions to be, or for any purpose to be characterized as, loans from Buyer to an Originator.



Buyer will sell undivided interests in the Receivables and in the associated Related Security and Collections pursuant to that certain Receivables Purchase Agreement dated as of April 9, 2002 (as the same may from time to time hereafter be amended, supplemented, restated or otherwise modified, the "Purchase Agreement") among Buyer, Meredith, as initial Servicer, Falcon Asset Securitization Corporation ("Conduit"), the financial institutions from time to time party thereto as "Financial Institutions" and Bank One, NA (Main Office Chicago) or any successor agent appointed pursuant to the terms of the Purchase Agreement, as agent for Conduit and such Financial Institutions (in such capacity, the "Agent").

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I.

### AMOUNTS AND TERMS

#### **Purchase of Receivables.**

(a) In consideration for the Purchase Price and upon the terms and subject to the conditions set forth herein, (i) effective on its Closing Date, each Originator does hereby sell, assign, transfer, set-over and otherwise convey to Buyer, without recourse (except to the extent expressly provided herein), and Buyer does hereby purchase from each Originator, all of such Originator's right, title and interest in and to all Receivables originated by it and existing as of the close of business on the Business Day immediately prior to its Closing Date, together, in each case, with all Related Security relating thereto and all Collections thereof and (ii) from and after its Closing Date, each Originator hereby agrees to sell, assign, transfer, set-over and otherwise convey to Buyer, without recourse (except to the extent expressly provided herein), and Buyer hereby agrees to purchase from each Originator, all of such Originator's right, title and interest in and to all Receivables originated by it from and after its Closing Date, together, in each case, with all Related Security relating thereto and all Collections thereof. In accordance with the preceding sentence, Buyer shall acquire all of each Originator's right, title and interest in and to all Receivables originated by it and existing as of the close of business on the Business Day immediately prior to its Closing Date and thereafter arising through and including its Termination Date, together with all Related Security relating thereto and all Collections thereof, and Buyer shall be obligated to pay the Purchase Price for each Receivable, its Related Security and Collections in accordance with Section 1.2. In connection with the payment of the Purchase Price for any Receivables purchased hereunder, Buyer may request that the applicable Originator deliver, and such Originator shall deliver, such opinions or documents as Buyer may reasonably request in accordance with Section 3.2.

(b) It is the intention of the parties hereto that each Purchase of Receivables made hereunder shall constitute a sale of "accounts" or "payment intangibles" (as each such term is used in Article 9 of the UCC), which sale is absolute and irrevocable and provides Buyer with the full benefits of ownership

of the Receivables. Except for the Purchase Price Credits owed pursuant to Section 1.3, the sales of Receivables hereunder are made without recourse to the Originators; provided, however, that (i) each Originator shall be liable to Buyer for all representations, warranties and covenants made by such Originator pursuant to the terms of the Transaction Documents to which such Originator is a party, and (ii) such sales do not constitute and are not intended to result in an assumption by Buyer or any assignee thereof of any obligation of the applicable Originator or any other Person arising in connection with the Receivables, the related Contracts and/or other Related Security or any other obligations of such Originator. In view of the intention of the parties hereto that each Purchase of Receivables made hereunder shall constitute a sale of such Receivables rather than loans secured thereby, each Originator agrees that it will, on or prior to its Closing Date and in accordance with Section 4.1(e)(ii), mark its master data processing records relating to the Receivables with a legend acceptable to Buyer and to the Agent (as Buyer's assignee), evidencing that Buyer has purchased such Receivables as provided in this Agreement; provided that Meredith shall have 30 days from the date hereof to mark the data processing records related to Receivables arising from the sale of advertising on television stations, and agrees to note in its financial statements that its Receivables have been sold to Buyer. Upon the request of Buyer or the Agent (as Buyer's assignee), each Originator will execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate to perfect and maintain the perfection of Buyer's ownership interest in the Receivables originated by such Originator and the Related Security and Collections with respect thereto, or as Buyer or the Agent (as Buyer's assignee) may reasonably request.

#### Section 1.2 Payment for the Purchases.

(a) The Purchase Price for the Purchase of Receivables originated by each Originator that are in existence on the close of business on the Business Day immediately preceding its Closing Date (the "Initial Cutoff Date") shall be payable in full by Buyer to such Originator on its Closing Date, and shall be paid to such Originator in the following manner:

(i) by delivery of immediately available funds, to the extent of funds made available to Buyer in connection with its subsequent sale of an interest in such Receivables to the Purchasers under the Purchase Agreement; provided that a portion of such funds shall be offset by amounts owed by Meredith to Buyer on account of the issuance of equity having a total value of not less than the Required Capital Amount, and

(ii) the balance, by delivery of the proceeds of a subordinated revolving loan from such Originator to Buyer (a "Subordinated Loan") in an amount not to exceed the least of (A) the remaining unpaid portion of such Purchase Price and (B) the maximum Subordinated Loan that could be borrowed without rendering Buyer's Net Worth less than the Required Capital Amount.

Each Receivable coming into existence after the Initial Cutoff Date shall be sold to the Buyer on the Business Day occurring immediately after the day such Receivable is originated and the Purchase Price for such Receivable shall be due and owing in full by Buyer to the applicable Originator on such Business Day (except that Buyer may, with respect to any such Purchase Price, offset

against such Purchase Price any amounts owed by such Originator to Buyer hereunder and which have become due but remain unpaid) and shall be paid to such Originator in the manner provided in the following paragraphs (b), (c) and (d).

(b) With respect to any Receivables sold hereunder after the Initial Cutoff Date, on the first Business Day after such Receivable is originated, such Receivable shall be sold to Buyer, and on such date of purchase, Buyer shall pay the Purchase Price therefor to the applicable Originator in the following manner:

- first, by delivery of immediately available funds, to the extent of funds available to Buyer from its subsequent sale of an interest in the Receivables to the Agent for the benefit of the Purchasers under the Purchase Agreement, or other cash on hand; and/or
- second, by delivery of the proceeds of a Subordinated Loan, provided that the making of any such Subordinated Loan shall be subject to the provisions set forth in Section 1.2(a)(ii); and/or
- third, solely in the case of Receivables originated by Meredith, by accepting such Receivables as a contribution to Buyer's capital; provided that no such capital contribution shall be made from and after the date on which Meredith notifies Buyer in writing that it has designated a date as Meredith's Termination Date.

Subject to the limitations set forth in Section 1.2(a)(ii), each Originator irrevocably agrees to advance each Subordinated Loan requested by Buyer on or prior to such Originator's Termination Date. The Subordinated Loans shall be evidenced by, and shall be payable in accordance with the terms and provisions of such Originator's Subordinated Note and shall be payable solely from funds which Buyer is not required under the Purchase Agreement to set aside for the benefit of, or otherwise pay over to, the Agent or the Purchasers. Such Originator is hereby authorized by Buyer to endorse on the schedule attached to its Subordinated Note an appropriate notation evidencing the date and amount of each advance thereunder, as well as the date of each payment with respect thereto, provided that the failure to make such notation shall not affect any obligation of the Buyer thereunder.

(c) From and after its Termination Date, each Originator shall not be obligated to (but may, at its option) sell its Receivables to Buyer unless such Originator reasonably determines that the Purchase Price therefor will be satisfied with funds available to Buyer from sales of interests in the Receivables pursuant to the Purchase Agreement, Collections, proceeds of Subordinated Loans, other cash on hand or otherwise.

(d) Although the Purchase Price for each Receivable coming into existence after the Initial Cutoff Date shall be paid in full by Buyer to the applicable Originator on the date such Receivable is purchased, a precise reconciliation of the Purchase Price between Buyer and such Originator shall be effected on a monthly basis on Settlement Dates with respect to all Receivables sold during the same Calculation Period most recently ended prior to such Settlement Date and based on the information contained in the Monthly Report delivered by the Servicer pursuant to Article VIII of the Purchase Agreement for such Calculation Period. Although such reconciliation shall be effected on Settlement Dates, increases or decreases in the amount owing under the

applicable Subordinated Note made pursuant to Section 1.2(b) and any contribution of capital by Meredith to Buyer made pursuant to Section 1.2(b) shall be deemed to have occurred and shall be effective as of the date that the Purchase Price is paid. On each Settlement Date, each Originator shall determine the net increase or the net reduction in the outstanding principal amount of its Subordinated Note occurring during the immediately preceding Calculation Period and shall account for such net increase or net reduction in its books and records. Each Originator hereby agrees that within three (3) Business Days after the Buyer so requests, such Originator will provide the Buyer with a current report of daily sales giving rise to Receivables purchased hereunder and a current daily report of Collections received.

(e) Each contribution of a Receivable by Meredith to Buyer shall be deemed to be a Purchase of such Receivable by the Buyer for all purposes of this Agreement. Buyer hereby acknowledges that Meredith shall have no obligations to make further capital contributions to Buyer, in respect of Meredith's equity interest in the Buyer or otherwise, in order to provide funds to pay the Purchase Price to Meredith under this Agreement or for any other reason.

### Section 1.3 Purchase Price Credit Adjustments.

If on any day, an Originator is deemed to have received a Deemed Collection with respect to any Receivable sold by it to Buyer hereunder, then, in such event, Buyer shall be entitled to a credit (each, a "Purchase Price Credit") against the Purchase Price otherwise payable to such Originator hereunder in an amount equal to such Deemed Collection. If such Purchase Price Credit exceeds the Purchase Price for the Receivables sold on such day, then the applicable Originator shall pay the remaining amount of such Purchase Price Credit in cash within 5 Business Days thereafter; provided that if such Originator's Termination Date has not occurred, such Originator shall be allowed to deduct the remaining amount of such Purchase Price Credit from any indebtedness owed to it under its Subordinated Note to the extent permitted thereunder.

### Section 1.4 Payments and Computations, Etc.

All amounts to be paid or deposited by Buyer hereunder shall be paid or deposited in accordance with the terms hereof on the day when due in immediately available funds to the account of the applicable Originator designated from time to time by such Originator or as otherwise directed by such Originator. In the event that any payment owed by any Person hereunder becomes due on a day that is not a Business Day, then such payment shall be made on the next succeeding Business Day. If any Person fails to pay any amount hereunder when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid in full; provided, however, that such Default Fee shall not at any time exceed the maximum rate permitted by applicable law.

### Section 1.5 Transfer of Records.

(a) In connection with each Purchase of a Receivable from an Originator hereunder, such Originator hereby sells, transfers, assigns and otherwise conveys to Buyer all of such Originator's right and title to and interest in the Records relating to such Receivable without the need for any further

documentation in connection with such Purchase. In connection with such transfer, such Originator hereby grants to each of Buyer, the Agent and the Servicer an irrevocable, non-exclusive license to use, without royalty or payment of any kind, all software used by such Originator to account for the Receivables originated or serviced by such Originator, to the extent necessary to administer such Receivables, whether such software is owned by such Originator or is owned by others and used by such Originator under license agreements with respect thereto, provided that should the consent of any licensor of such software be required for the grant of the license described herein, to be effective, such Originator hereby agrees that upon the request of Buyer (or Buyer's assignee), such Originator will use its reasonable efforts to obtain the consent of such third-party licensor. The license granted hereby shall be irrevocable until the indefeasible payment in full of the Aggregate Unpaid, and shall terminate on the date this Agreement terminates in accordance with its terms.

(b) Each Originator (i) shall take such action requested by Buyer and/or the Agent (as Buyer's assignee), from time to time hereafter, that may be necessary or appropriate to ensure that Buyer and its assigns under the Purchase Agreement have an enforceable ownership interest in the Records relating to the Receivables purchased from such Originator hereunder, and (ii) shall, at the request of Buyer and/or the Agent (as Buyer's assignee) use its reasonable efforts to ensure that Buyer, the Agent and the Servicer each has an enforceable right (whether by license or sublicense or otherwise) to use all of the computer software used to account for such Receivables and/or to recreate such Records.

#### Section 1.6 Characterization.

If, notwithstanding the intention of the parties expressed in Section 1.1(b), any sale or contribution by an Originator to Buyer of Receivables hereunder shall be characterized as a secured loan and not a sale, or such sale shall for any reason be ineffective or unenforceable, then this Agreement shall be deemed to constitute a security agreement under the UCC and other applicable law. For this purpose and without being in derogation of the parties' intention that each sale of Receivables hereunder shall constitute a true sale thereof, each Originator hereby grants to Buyer a valid and perfected security interest in all of such Originator's right, title and interest, now owned or hereafter acquired, in, to and under all Receivables now existing and hereafter arising, and in all Collections and Related Security with respect thereto, each Lock-Box and Collection Account, all other rights and payments relating to the Receivables and all proceeds of the foregoing to secure the prompt and complete payment of a loan deemed to have been made in an amount equal to the Purchase Price of the Receivables originated by such Originator together with all other obligations of such Originator hereunder, which security interest shall be prior to all other Adverse Claims thereto. Buyer and its assigns shall have, in addition to the rights and remedies which they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative. Each Originator hereby authorizes Buyer (or any of its assigns), within the meaning of Section 9-509 of any applicable enactment of the UCC, as secured party, to file, without the signature of the debtor, the UCC financing statements contemplated hereby.

(b) Each Originator acknowledges that Buyer, pursuant to the Purchase Agreement, shall assign to the Agent, for the benefit of the Agent and the Purchasers thereunder, all of its rights, remedies, powers and privileges under this Agreement and that the Agent may further assign such rights, remedies, powers and privileges to the extent permitted in the Purchase Agreement. Each Originator agrees that the Agent, as the assignee of the Seller, shall, subject to the terms of the Purchase Agreement, have the right to enforce this Agreement and to exercise directly all of Buyer's rights and remedies under this Agreement (including, without limitation, the right to give or withhold any consents or approvals of Buyer to be given or withheld hereunder, and, in any case, without regard to whether specific reference is made to Buyer's assigns in the provisions of this Agreement which set forth such rights and remedies) and each Originator agrees to cooperate fully with the Agent and the Purchasers in the exercise of such rights and remedies. Each Originator further agrees to give to the Agent copies of all notices it is required to give to Buyer hereunder.

## **ARTICLE II.**

### **REPRESENTATIONS AND WARRANTIES**

#### Section 2.1 Representations and Warranties of Originators.

Each Originator hereby represents and warrants to Buyer, as to such Originator and the Receivables originated by it, that, as of the date of each Purchase:

(a) Corporate Existence and Power. Such Originator is a corporation duly organized, validly existing and in good standing under the laws of the state mentioned after its name in the preamble to this Agreement, and is duly qualified to do business and is in good standing as a foreign corporation, and has and holds all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and such Originator's use of the proceeds of each Purchase made from it hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate action on its part. This Agreement and each other Transaction Document to which such Originator is a party has been duly executed and delivered by such Originator.

(c) No Conflict; No Bulk Sale. The execution and delivery by such Originator of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or by-laws or any shareholder agreements, voting trusts, and similar arrangements applicable to any of its authorized shares, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is

bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Originator or its Subsidiaries (except as created hereunder) except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect. No transaction contemplated hereby with respect to such Originator requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Originator of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. Except as disclosed in Meredith's reports on SEC Form 10-K or 10-Q, there are no actions, suits or proceedings pending, or to the best of such Originator's knowledge, threatened, against or affecting such Originator, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Such Originator is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Originator is a party constitute the legal, valid and binding obligations of such Originator enforceable against such Originator in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Originator or any of its Affiliates to Buyer (or its assigns) for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Originator or any of its Affiliates to Buyer (or its assigns) will be, true and accurate in every material respect on the date such information is stated or certified and will not, on the date such information is stated or certified, be otherwise misleading in light of the circumstances under which such information is so furnished.

(h) Use of Proceeds. No proceeds of any Purchase from such Originator hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction (other than any repurchase by Meredith of any class of its own stock) which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each Purchase from such Originator hereunder, such Originator (i) is the legal and beneficial owner of the Receivables which are to be the subject of such Purchase and (ii) is the legal and beneficial owner of the Related Security with respect thereto or possesses a valid and perfected security interest therein, in each case, free and clear of any Adverse Claim, except as created by the Transaction Documents.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to transfer to Buyer (and Buyer shall acquire from such Originator) (i) legal and equitable title to, with the right to sell and encumber each Receivable originated by such Originator, whether now existing or hereafter arising, together with the Collections with respect thereto, and (ii) all of such Originator's right, title and interest in the Related Security associated with each such Receivable, in each case, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed (or delivered to the Agent (as Buyer's assignee) in form suitable for filing) all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's ownership interest in the Receivables originated by such Originator, the Related Security and the Collections.

(k) Places of Business and Locations of Records. The principal places of business and chief executive office of such Originator and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit II or such other locations of which Buyer has been notified in accordance with

Section 4.2(a) in jurisdictions where all action required by Section 4.2(a) has been taken and completed. Such Originator's Federal Employer Identification Number and organizational identification number are correctly set forth on Exhibit II.

(l) Collections. Within 30 days of the date hereof (or, in the case of any Collections which are deposited in an account at Bank of America, N.A., within 90 days after the date hereof), the conditions and requirements set forth in Section 4.1(j) have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of such Originator at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit III. Such Originator has not granted any Person, other than Buyer (and its assigns) dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. Since December 31, 2001, no event has occurred that would have a material adverse effect on (i) the ability of such Originator to perform its obligations under this Agreement, or (ii) the collectibility of the Receivables originated by such Originator generally or any material portion of such Receivables.

(n) Names. In the past five (5) years, such Originator has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement and as listed on Exhibit II.

(o) Ownership of Originators. Meredith owns, directly or indirectly, 100% of the issued and outstanding shares of capital stock of such Originator (other than Meredith), free and clear of any Adverse Claim. Such capital stock is validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of such Originator (other than Meredith).

(p) Not a Holding Company or an Investment Company. Such Originator is not a "holding company" or a "subsidiary holding company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935,



as amended, or any successor statute. Such Originator is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law. Such Originator has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable originated by such Originator, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation, except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy. Such Originator has complied in all material respects with its Credit and Collection Policy with regard to each Receivable originated by it and the related Contract, and has not made any material change to such Credit and Collection Policy, other than as permitted by Section 4.2(c) and in compliance with the notification requirements in Section 4.1(a)(vii).

(s) Payments to such Originator. With respect to each Receivable transferred hereunder by such Originator to Buyer, the Purchase Price received by such Originator constitutes reasonably equivalent value in consideration therefor and such transfer was not made for or on account of an antecedent debt.

(t) Enforceability of Contracts. Each Contract with respect to each Receivable originated by such Originator is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Nature of Receivables. Each Receivable originated by such Originator is an "account" or a "payment intangible" under and as defined in the UCC of all applicable jurisdictions.

(v) Accounting. The manner in which such Originator accounts for the transactions contemplated by this Agreement does not jeopardize the true sale analysis.

(w) Purpose. Such Originator has determined that, from a business viewpoint, its sales of Receivables to Buyer and the other transactions contemplated herein and in the Purchase Agreement are in the best interests of such Originator.

**ARTICLE III.**

**CONDITIONS OF PURCHASE**

Section 3.1 Conditions Precedent to Initial Purchase.

The initial Purchase from each Originator under this Agreement is subject to the conditions precedent that (a) Buyer shall have received on or before the date of such Purchase those documents listed on Schedule A and (b) all of the conditions to the initial purchase under the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

Section 3.2 Conditions Precedent to Subsequent Payments.

Buyer's obligation to pay each Originator for Receivables coming into existence after the Initial Cutoff Date shall be subject to the further conditions precedent that: (a) the Facility Termination Date shall not have occurred; (b) Buyer (or its assigns) shall have received such other opinions or documents as it may reasonably request pursuant to Section 6.2 of the Purchase Agreement, and (c) on the date such Receivable came into existence, the following statements shall be true (and acceptance of the proceeds of any payment for such Receivable shall be deemed a representation and warranty by such Originator that such statements are then true):

- (i) the representations and warranties of such Originator set forth in Article II are true and correct on and as of the date such Receivable came into existence as though made on and as of such date;
- (ii) no event has occurred and is continuing that will constitute a Termination Event with respect to such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor; and
- (iii) the Performance Undertaking remains in full force and effect from and after the time, if any, when it is required to be delivered.

Section 3.3 Reaffirmation of Representations and Warranties.

Each Originator, by accepting the Purchase Price related to each Purchase of such Originator's Receivables and Related Security, shall be deemed to have certified that the representations and warranties of such Originator contained in Article II are true and correct as to such Originator on and as of the date of such Purchase, with the same effect as though made on and as of such day, and that each of the applicable conditions precedent set forth in this Article III has been satisfied as of the date of such purchase.

## ARTICLE IV.

### COVENANTS

#### Section 4.1 Affirmative Covenants of Originators.

Until the date on which this Agreement terminates in accordance with its terms, each Originator hereby covenants as set forth below:

- (a) **Financial Reporting.** Such Originator will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish to Buyer (or its assigns):
- (i) **Annual Reporting.** Within 90 days after the close of each of Meredith's respective fiscal years, audited, unqualified financial statements (which shall include consolidated balance sheets, statements of income and retained earnings and a statement of cash flows) for Meredith and its consolidated Subsidiaries for such fiscal year certified in a manner acceptable to Buyer (or its assigns) by a nationally recognized independent public accounting firm; provided that Meredith's delivery to the Buyer of its filing with the SEC of SEC Form 10-K for each fiscal year shall satisfy the requirements of this Section 4.1(a)(i) for each Originator.
- (ii) **Quarterly Reporting.** Within 45 days after the close of the first three (3) quarterly periods of each of Meredith's respective fiscal years, consolidated balance sheets of Meredith and its consolidated Subsidiaries as at the close of each such period and statements of income and retained earnings and a statement of cash flows for Meredith and its consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such quarter, all certified by Meredith's chief financial officer; provided that Meredith's delivery to the Buyer of its filing with the SEC of SEC Form 10-Q for the first three quarters of each fiscal year shall satisfy the requirements of this Section 4.1(a)(ii) for each Originator.
- (iii) **Compliance Certificate.** Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit IV signed by an Authorized Officer of Meredith and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.
- (iv) **Shareholders Statements and Reports.** Promptly upon the furnishing thereof to the shareholders of Meredith, copies of all financial statements, reports and proxy statements so furnished.
- (v) **SEC Filings.** Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports (other than SEC Forms 10-K and 10-Q filed by Meredith and delivered in accordance with Sections 4.1(a)(i) and (ii) and other than SEC Forms 3, 4 or 5) which Meredith or any of its Subsidiaries files with the SEC.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Buyer, the Agent or Conduit, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to such Originator's Credit and Collection Policy, a copy of its Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables originated by such Originator or decrease the credit quality of any newly created Receivables, requesting Buyer's consent thereto.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Originator as Buyer (or its assigns) may from time to time reasonably request in order to protect the interests of Buyer (and its assigns) under or as contemplated by this Agreement.

(b) Notices. Such Originator will notify the Buyer (or its assigns) in writing of any of the following promptly upon an Authorized Officer learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Termination Events or Potential Termination Events. The occurrence of each Termination Event and each Potential Termination Event, by a statement of an Authorized Officer of such Originator.

(ii) Judgment and Proceedings. (1) The entry of any judgment or decree against an Originator or any of its Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against the Originators and their Subsidiaries exceeds \$10,000,000 after deducting (a) the amount with respect to which the applicable Originator or Subsidiary is insured and with respect to which the insurer has assumed responsibility in writing, and (b) the amount for which the applicable Originator or Subsidiary is otherwise indemnified if the terms of such indemnification are satisfactory to Buyer (or its assigns), and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against an Originator which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other financing arrangement pursuant to which such Originator is a debtor or an obligor.

(c) Compliance with Laws and Preservation of Corporate Existence. Such Originator will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably

be expected to have a Material Adverse Effect. Such Originator will preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where its business is conducted, except where the failure to so qualify or remain in good standing could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Originator will furnish to Buyer (or its assigns) from time to time such information with respect to it and the Receivables originated or serviced by it as Buyer (or its assigns) may reasonably request. Such Originator will, from time to time during regular business hours as requested by Buyer (or its assigns), upon reasonable notice and at the sole cost of such Originator, permit Buyer (or its assigns) or their respective agents or representatives: (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Originator relating to such Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Originator for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Originator's financial condition or such Receivables and the Related Security or such Originator's performance under any of the Transaction Documents or such Originator's performance under the Contracts and, in each case, with any of the officers or employees of such Originator having knowledge of such matters; provided, however, that, prior to the occurrence and continuance of a Termination Event with respect to a Material Originator, no Originator shall be required to pay the costs of any such audit if one audit has been performed at Meredith's office in Des Moines, Iowa in any one fiscal year.

(e) Keeping and Marking of Records and Books.

(i) Such Originator will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables originated by it in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all such Receivables (including, without limitation, records adequate to permit the immediate identification of each such new Receivable and all Collections of and adjustments to each such existing Receivable). Such Originator will give Buyer (or its assigns) notice of any material change in the administrative and operating procedures referred to in the previous sentence other than a change in the type of software used by such Originator.

(ii) Such Originator will: upon the request of Buyer (or its assigns) following the occurrence of a Termination Event with respect to such Originator or an "Amortization Event" under and as defined in the Purchase Agreement: (x) mark each Contract with a legend describing Buyer's ownership interests in such Receivables and further describing the Purchaser Interests of the Agent (on behalf of the Purchasers) and (y) deliver to Buyer (or its assigns) all Contracts (including, without limitation, all multiple originals of any such Contract that constitutes an instrument, a certificated security or chattel paper under the UCC) relating to such Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Originator will timely and fully (i) perform and comply with all provisions,

covenants and other promises required to be observed by it under the Contracts related to the Receivables originated or serviced by it, and (ii) comply in all material respects with its Credit and Collection Policy in regard to each such Receivable and the related Contract.

(g) Ownership. Such Originator will take all necessary action to establish and maintain, irrevocably in Buyer, (i) legal and equitable title to the Receivables originated by such Originator and the associated Collections and (ii) all of such Originator's right, title and interest in the Related Security associated with such Receivables, in each case, free and clear of any Adverse Claims other than Adverse Claims in favor of Buyer (and its assigns) (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Buyer's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Buyer as Buyer (or its assigns) may reasonably request).

(h) Purchasers' Reliance. Such Originator acknowledges that the Agent and the Purchasers are entering into the transactions contemplated by the Purchase Agreement in reliance upon Buyer's identity as a legal entity that is separate from such Originator and any Affiliates thereof. Therefore, from and after the date of execution and delivery of this Agreement, such Originator will take all reasonable steps including, without limitation, all steps that Buyer or any assignee of Buyer may from time to time reasonably request to maintain Buyer's identity as a separate legal entity and to make it manifest to third parties that Buyer is an entity with assets and liabilities distinct from those of such Originator and any Affiliates thereof and not just a division of such Originator or any such Affiliate. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, such Originator (i) will not hold itself out to third parties as liable for the debts of Buyer nor purport to own the Receivables and other assets acquired by Buyer, (ii) will take all other actions necessary on its part to ensure that Buyer is at all times in compliance with the covenants set forth in Section 7.1(i) of the Purchase Agreement and (iii) will cause all tax liabilities arising in connection with the transactions contemplated herein or otherwise to be allocated between such Originator and Buyer on an arm's-length basis and in a manner consistent with the procedures set forth in U.S. Treasury Regulations sections 1.1502-33(d) and 1.1552-1.

(i) Collections. Within 30 days after its Closing Date, such Originator shall direct all Obligors to make payments of such Originator's Receivables directly to a Lock-Box or Collection Account that is the subject of a Collection Account Agreement at a Collection Bank; provided that with respect to any Obligor which, as of the date hereof, is making payments to a Collection Account at Bank of America, N.A., such Originator shall direct such Obligor to make payments of Collections directly to a Lock-Box or Collection Account that is subject to a Collection Account Agreement within 90 days after the date hereof. If, notwithstanding the foregoing, any Obligor makes payment to such Originator, such Originator further agrees to remit any Collections (including any security deposits applied to the Outstanding Balance of any Receivable) that it receives on such Receivables directly to a Collection Bank for deposit into a Collection Account within two (2) Business Days after receipt thereof, and agrees that all such Collections shall be deemed to be received in trust for Buyer and its assigns; provided that, to the extent permitted pursuant to Section 1.2, such Originator may retain such Collections as a portion of the

Purchase Price then payable to or apply such Collections to the reduction of the outstanding balance of its Subordinated Note.

(j) Taxes. Except to the extent that such Originator is included in consolidated tax returns or reports filed by Meredith, such Originator will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books. Such Originator will also pay when due any taxes payable in connection with the Receivables originated by it, exclusive of taxes on or measured by income or gross receipts of Buyer and its assigns.

(k) Insurance. Such Originator will maintain in effect, at such Originator's expense, such casualty and liability insurance as such Originator deems appropriate in its good faith business judgment. Such Originator will pay the premiums therefor. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, such Originator's obligations hereunder.

#### Section 4.2 Negative Covenants of Originators.

Until the date on which this Agreement terminates in accordance with its terms, each Originator hereby covenants that:

(a) Name Change, Offices and Records. Such Originator will not (i) change its name (within the meaning of Section 9-507(c) of any applicable enactment of the UCC), identity, corporate structure or location of books and records unless, at least fifteen (15) Business Days prior to the effective date of any such name change, change in corporate structure or change in location of books and records, such Originator notifies Buyer thereof and delivers to Buyer (or its assigns) such financing statements (Forms UCC-1 and UCC-3) executed by such Originator (if required under applicable law) which Buyer (or its assigns) may reasonably request to reflect such name change, location change or change in corporate structure, together with such other documents and instruments that Buyer (or its assigns) may reasonably request in connection therewith and has taken all other steps to ensure that Buyer continues to have a first priority, perfected ownership or security interest in the Receivables originated by it, the Related Security related thereto and any Collections thereon, or (ii) change its jurisdiction of organization unless Buyer (or its assigns) shall have received from such Originator, prior to such change, (A) those items described in clause (i) hereof, and (B) if Buyer (or any of its assigns) shall so request, an opinion of counsel, in form and substance reasonably satisfactory to such Person, as to such organization and such Originator's valid existence and good standing and the perfection and priority of Buyer's ownership or security interest in the Receivables originated by such Originator and the Related Security and the Collections related thereto.

(b) Change in Payment Instructions to Obligor. Such Originator will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligor regarding payments to be made to any Lock-Box or Collection Account, , unless Buyer (or its assigns) shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the

addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that such Originator may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account, provided further that such Originator may terminate Bank of America, N.A. as a Collection Bank and direct Obligors as contemplated in Section 4.1(i).

(c) Modifications to Contracts and Credit and Collection Policy. Without the consent of Buyer (or its assigns), such Originator will not make any change to its Credit and Collection Policy that could materially adversely affect the collectibility of the Receivables originated or serviced by such Originator or decrease the credit quality of any such newly created Receivables. Except as otherwise permitted in its capacity as a permitted sub-Servicer pursuant to Article VIII of the Purchase Agreement, such Originator will not extend, amend or otherwise modify the terms of any Receivable originated or serviced by it or any Contract related thereto other than in accordance with its Credit and Collection Policy.

(d) Sales, Liens. Except pursuant to the Transaction Documents, such Originator will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable originated by it or the associated Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Buyer provided for herein), and such Originator will defend the right, title and interest of Buyer in, to and under any of the foregoing property, against all claims of third parties claiming through or under such Originator. Such Originator shall not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory.

(e) Accounting for Purchase. Such Originator will not, and will not permit any Affiliate to, account for the transactions contemplated hereby in any manner other than as sales by such Originator to Buyer of Receivables originated by such Originator and the associated Collections and Related Security.

## **ARTICLE V.**

### **TERMINATION EVENTS**

#### Section 5.1 Termination Events.

The occurrence of any one or more of the following events shall constitute a Termination Event with respect to an Originator:

(a) Such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor shall fail (i) to make any payment or deposit required hereunder when due and such failure continues



for two (2) Business Days, or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph

(a) or any other Transaction Document to which it is a party and such failure shall continue for five (5) consecutive Business Days after the earlier to occur of (A) the discovery of such failure by such Person or (B) notice of such failure from Buyer (or its assigns).

(b) Any representation, warranty or certification made by such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor in any Transaction Document or in any other document delivered pursuant thereto shall prove to have been incorrect in any material respect when made or deemed made and which is not corrected within 5 Business Days after the earlier to occur of (i) the discovery of such error by such Person or (ii) notice of such error from Buyer (or its assigns).

(c) Failure of such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor to pay any Indebtedness when due in excess of \$25,000,000; or the default by such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property; or (iii) any proceeding shall be instituted and remain unstayed and undismissed in a court of appropriate jurisdiction for a period of 60 days against such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property; or (iv) such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor shall take any corporate action to authorize any of the actions set forth in the foregoing clauses (i), (ii) or (iii) of this subsection (d).

(e) A Change of Control shall occur with respect to such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor.

(f) One or more final judgments for the payment of money in an amount in excess of \$25,000,000, individually or in the aggregate, shall be entered against such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

(g) Such Originator shall divest itself of a Material Business Unit without the prior written consent of Buyer and the Agent (as Buyer's assignee).

(h) From and after the time, if any, when it is required to be delivered, the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Performance Guarantor, or Performance Guarantor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability.

(i) The occurrence of the Termination Date with respect to any other Originator that is a Material Originator.

#### Section 5.2 Remedies.

Upon the occurrence and during the continuation of a Termination Event with respect to any Originator, Buyer may take any of the following actions: (i) declare such Originator's Termination Date to have occurred, whereupon its Termination Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by such Originator; provided, however, that upon the occurrence of a Termination Event described in Section 5.1(d) with respect to any Originator, or of an actual or deemed entry of an order for relief under the Federal Bankruptcy Code, such Originator's Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by such Originator and (ii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any amounts then due and owing by such Originator to Buyer. The aforementioned rights and remedies shall be without limitation and shall be in addition to all other rights and remedies of Buyer and its assigns otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

## ARTICLE VI.

### INDEMNIFICATION

#### Section 6.1 Indemnities by Originators.

Without limiting any other rights that Buyer may have hereunder or under applicable law, each Originator hereby agrees to indemnify (and pay upon demand to) Buyer and its assigns, officers, directors, agents and employees (each, an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of Buyer or any such assign) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by Buyer of an interest in the Receivables originated by such Originator, excluding, however, in all of the foregoing cases:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) taxes imposed by the United States, the Indemnified Party's jurisdiction of organization (or, in the case of an individual, primary residence) or any other jurisdiction in which such Indemnified Party has established a taxable nexus other than in connection with the transactions contemplated hereby and by the Purchase Agreement on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the Intended Characterization;

provided, however, that nothing contained in this sentence shall limit the liability of such Originator or limit the recourse of Buyer to such Originator for amounts otherwise specifically provided to be paid by such Originator under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, but subject to the exclusions in clauses (a), (b) and (c) above, each Originator shall indemnify Buyer for Indemnified Amounts (including, without limitation, losses in respect of uncollectible Receivables, regardless of whether reimbursement therefor would constitute recourse to such Originator) relating to or resulting from:

(i) any representation or warranty made by such Originator (or any of its officers) under or in connection with this Agreement, any other Transaction Document to which such Originator is a party or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

- (ii) the failure by such Originator to comply with any applicable law, rule or regulation with respect to any Receivable originated by it, or any Contract related thereto, or the nonconformity of any such Receivable or Contract with any such applicable law, rule or regulation or any failure of an Originator to keep or perform any of its obligations, express or implied, with respect to any such Contract;
- (iii) any failure of such Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document to which it is a party;
- (iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with goods that are the subject of any Contract or any Receivable originated by such Originator;
- (v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable originated by such Originator (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of goods or services related to such Receivable or the furnishing or failure to furnish such goods or services;
- (vi) the commingling of Collections of such Receivables at any time with other funds;
- (vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document to which such Originator is a party, the transactions contemplated hereby, the use by such Originator of the proceeds of any purchase from it hereunder or any other investigation, litigation or proceeding relating to such Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;
- (viii) any inability to litigate any claim against any Obligor in respect of any such Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;
- (ix) the occurrence of any event described in Section 5.1(d) with respect to such Originator or, from and after the time the Performance Undertaking has been delivered, Performance Guarantor;
- (x) any failure to vest and maintain vested in Buyer or its assigns, or to transfer to Buyer, legal and equitable title to, and a first priority perfected ownership interest in, the Receivables originated by such Originator and the associated Related Security and Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents); and
- (xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any such Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of sale to Buyer or at any subsequent time.

If any Indemnified Amount arises out of a lawsuit or other adversarial proceeding, unless an Indemnified Party's business reputation is at issue, the applicable Originator shall be entitled to assume and control the defense thereof in its sole discretion using counsel approved by the applicable Indemnified Party (such approval not to be unreasonably withheld or delayed). If an Originator does assume the defense of a lawsuit or other adversarial proceeding pursuant to the preceding sentence, the applicable Indemnified Party may engage additional counsel only at such Indemnified Party's sole expense.

#### Section 6.2 Other Costs and Expenses.

In addition to the obligations of each Originator under Section 6.1, each Originator agrees to pay on demand:

(a) all reasonable costs and expenses, including attorneys' fees, in connection with the enforcement against such Originator of this Agreement and the other Transaction Documents executed by such Originator; and

(b) all stamp duties and other similar filing or recording taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents executed by such Originator, and agrees to indemnify Indemnified Parties against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

### **ARTICLE VII.**

#### **MISCELLANEOUS**

#### Section 7.1 Waivers and Amendments.

(a) No failure or delay on the part of Buyer (or its assigns) in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing signed by each Originator and Buyer and, to the extent required under the Purchase Agreement, the Agent and the Financial Institutions or the Required Financial Institutions.

#### Section 7.2 Notices.

All communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at

such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (a) if given by telecopy, upon the receipt thereof, (b) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (c) if given by any other means, when received at the address specified in this Section 7.2.

### Section 7.3 Joinder and Termination of Originators; Lien Releases.

(a) Subject to the approval of the Agent (such approval not to be unreasonably withheld or delayed), any wholly-owned domestic Subsidiary of Meredith may become an Originator hereunder by entering into a Joinder Agreement with Buyer. From and after the effective date of such Joinder Agreement, subject to the terms and conditions set forth therein, and upon the Agent's receipt of each other agreement, document, lien search report, financing statement, opinion and certificate requested by the Agent, such Subsidiary shall become a party hereto as an Originator, entitled to the rights and subject to the obligations of an Originator hereunder.

(b) Any Originator may cease to be an Originator hereunder by delivering notice to Buyer pursuant to clause (v) of the definition of Termination Date and entering into a Termination Agreement with Buyer; provided however that if any such Originator is a Material Originator, the Termination Date shall occur with respect to all Originators; provided further, that only Originators of an aggregate of not more than 10% of the Receivables originated during the calendar year most recently ended prior to such termination may enter into Termination Agreements within any calendar year without the consent of the Buyer and the Agent (such consent may not be unreasonably withheld or delayed). From and after the effective date of each Termination Agreement and subject to the terms and conditions set forth therein, the applicable Originator shall no longer have the rights and obligations of an Originator hereunder; provided that from and after such date, the rights and remedies with respect to (i) any breach of any representation and warranty made by such Originator pursuant to Article II and (ii) Sections 7.5 and 7.6 and the indemnification and payment provisions of Article VI shall, in any case, be continuing and shall survive the termination of such Originator's rights and obligations under this Agreement.

(c) In the event that either (i) the Termination Date shall occur with respect to any Originator (other than in connection with the occurrence of a Termination Event) or (ii) any Originator shall divest, sell, swap or otherwise dispose of any business unit, division, group, magazine or television station and such event does not cause a Termination Event, the Buyer agrees to deliver, at such Originator's sole cost and expense, such releases, termination statements and other documents or instruments (including a letter giving such Originator authority to file such releases or termination statements) as such Originator may reasonably request to evidence the release of all security interests and liens of the Buyer and its assigns hereunder against such Originator's assets or the assets of such business unit, division, group, magazine or television station to the extent such assets are not owned by the Buyer.

#### Section 7.4 Protection of Ownership Interests of Buyer.

(a) Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Buyer (or its assigns) may reasonably request, to perfect, protect or more fully evidence the interest of Buyer hereunder and the Purchaser Interests, or to enable Buyer (or its assigns) to exercise and enforce its (or their) rights and remedies hereunder. At any time after the occurrence of an "Amortization Event" under and as defined in the Purchase Agreement, Buyer (or its assigns) may, at the applicable Originator's sole cost and expense, direct such Originator to notify the Obligors of Receivables originated or serviced by it of the ownership interests of Buyer under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Buyer or its designee.

(b) If an Originator fails to perform any of its obligations hereunder, Buyer (or its assigns) may (but shall not be required to) perform, or cause performance of, such obligation, and Buyer's (or such assigns') costs and expenses incurred in connection therewith shall be payable by such Originator as provided in Section 6.2. Each Originator irrevocably authorizes Buyer (and its assigns) at any time and from time to time in the sole discretion of Buyer (or its assigns), and appoints Buyer (and its assigns) as its attorney(ies)-in-fact, to act on behalf of such Originator (i) to execute on behalf of such Originator as debtor and to file financing statements necessary or desirable in Buyer's (or its assigns') sole discretion to perfect and to maintain the perfection and priority of the interest of Buyer in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Buyer (or its assigns) in their sole discretion deem necessary or desirable to perfect and to maintain the perfection and priority of Buyer's interests in the Receivables. This appointment is coupled with an interest and is irrevocable.

#### Section 7.5 Confidentiality.

(a) Each Originator shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to the Agent and Conduit and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Originator and its officers and employees may disclose such information to such Originator's external accountants and attorneys and as required by any applicable law (including, without limitation, applicable securities laws) or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to Buyer, the Agent, the Financial Institutions or Conduit by each other, (ii) by Buyer, the Agent or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by the Agent to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which Bank One acts as the administrative agent and to any officers, directors, employees,

outside accountants and attorneys of any of the foregoing, provided each such Person is advised of the confidential nature of such information and agrees (to the extent required under Regulation FD promulgated by the Securities and Exchange Commission from time to time pursuant to the Securities Act of 1933) to maintain the confidentiality thereof. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Buyer shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to each Originator, the Obligors and their respective businesses obtained by it in connection with the due diligence evaluations, structuring, negotiating and execution of the Transaction Documents, and the consummation of the transactions contemplated herein and any other activities of Buyer arising from or related to the transactions contemplated herein provided, however, that each of Buyer and its employees and officers shall be permitted to disclose such confidential or proprietary information: (i) to the Agent, the Purchasers and the other Originators, (ii) to any prospective or actual assignee or participant of the Agent or the other Purchasers who execute a confidentiality agreement for the benefit of the applicable Originator and Buyer on terms comparable to those required of Buyer hereunder with respect to such disclosed information, (iii) to any rating agency, provider of a surety, guaranty or credit or liquidity enhancement to Conduit, (iv) to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, and (v) to the extent required pursuant to any applicable law (including, without limitation, applicable securities laws), rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings with competent jurisdiction (whether or not having the force or effect of law) so long as such required disclosure is made under seal to the extent permitted by applicable law or by rule of court or other applicable body.

#### Section 7.6 Bankruptcy Petition.

(a) Each Originator and Buyer each hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of Conduit or any Financial Institution that is a special purpose bankruptcy remote entity, it will not institute against, or join any other Person in instituting against, Conduit or any such entity any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

(b) Each Originator covenants and agrees that, prior to the date that is one year and one day after the payment in full of all Aggregate Unpaid under the Purchase Agreement, it will not institute against, or join any other Person in instituting against, Buyer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.



Section 7.7 CHOICE OF LAW.

**THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.**

Section 7.8 CONSENT TO JURISDICTION.

EACH ORIGINATOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH ORIGINATOR PURSUANT TO THIS AGREEMENT, AND EACH ORIGINATOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF BUYER (OR ITS ASSIGNS) TO BRING PROCEEDINGS AGAINST AN ORIGINATOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY AN ORIGINATOR AGAINST BUYER (OR ITS ASSIGNS) OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH ORIGINATOR PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 7.9 WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY AN ORIGINATOR PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 7.10 Integration; Binding Effect; Survival of Terms.

- (a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.
- (b) This Agreement shall be binding upon and inure to the benefit of the Originators, Buyer and their respective successors and permitted assigns (including any trustee in bankruptcy). No Originator may assign any of its rights and obligations hereunder or any interest herein without the prior written consent of Buyer. Buyer may assign at any time its rights and obligations hereunder and interests herein to any other Person without the consent of an Originator. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by an Originator pursuant to Article II; (ii) the indemnification and payment provisions of Article VI; and (iii) Section 7.5 shall be continuing and shall survive any termination of this Agreement.

Section 7.11 Counterparts; Severability; Section References.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. Any provisions of this Agreement which are 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

**MEREDITH CORPORATION**

*By: /s/ Thomas J. Ferree  
Name: Thomas J. Ferree  
Title: Corporate Controller*

Address:

1716 Locust Street  
Des Moines, IA 50309-3023  
Attention: Corporate Controller  
Facsimile: (515) 284-3828  
Confirmation: (515) 284-2781

with a copy to:  
Meredith Corporation  
1716 Locust Street  
Des Moines, Iowa 50309-3023  
Attention: General Counsel  
Facsimile: (515) 284-3933  
Confirmation: (515) 284-3074

**MEREDITH FUNDING CORPORATION**

*By: /s/ Suku V. Radia  
Name: Suku V. Radia  
Title: President*

Address:

1716 Locust Street  
Des Moines, IA 50309-3023  
Attention: President  
Facsimile: (515) 284-3828  
Confirmation: (515) 284-3603

with a copy to:  
Meredith Corporation  
1716 Locust Street  
Des Moines, Iowa 50309-3023  
Attention: General Counsel  
Facsimile: (515) 284-3933  
Confirmation: (515) 284-3074

**RECEIVABLES PURCHASE AGREEMENT  
DATED AS OF APRIL 9, 2002**

**AMONG**

**MEREDITH FUNDING CORPORATION AS SELLER,  
MEREDITH CORPORATION, AS SERVICER,  
FALCON ASSET SECURITIZATION CORPORATION,  
THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTY HERETO**

**AND**

**BANK ONE, NA (MAIN OFFICE CHICAGO), AS AGENT**

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**EXHIBITS AND SCHEDULES**

(Exhibits and Schedules to this receivables purchase agreement are not included in this filing.)

Exhibit I	Definitions
Exhibit II	Form of Purchase Notice
Exhibit III	Places of Business of the Seller Parties; Locations of Records; Federal Employer Identification Number(s)
Exhibit IV	Names of Collection Banks; Collection Accounts
Exhibit V	Form of Compliance Certificate
Exhibit VI	Form of Collection Account Agreement
Exhibit VII	Form of Assignment Agreement
Exhibit VIII	Credit and Collection Policy
Exhibit IX	Form of Contract(s)
Exhibit X	Form of Monthly Report
Schedule A	Commitments
Schedule B	Closing Documents
Schedule C	Special Concentration Limits

**RECEIVABLES PURCHASE AGREEMENT**

THIS RECEIVABLES PURCHASE AGREEMENT dated as of April 9, 2002 is among Meredith Funding Corporation, a Delaware corporation ("Seller"), Meredith Corporation, an Iowa corporation ("Meredith"), as initial Servicer, the entities listed on Schedule A to this Agreement (together with any of their respective successors and assigns hereunder, the "Financial Institutions"), Falcon Asset Securitization Corporation ("Conduit") and Bank One, NA (Main Office Chicago), as agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the "Agent"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

**PRELIMINARY STATEMENTS**

Seller desires to transfer and assign Purchaser Interests to the Purchasers from time to time.

Conduit may, in its absolute and sole discretion, purchase Purchaser Interests from Seller from time to time.

In the event that Conduit declines to make any purchase, the Financial Institutions shall, at the request of Seller, purchase Purchaser Interests from time to time. In addition, the Financial Institutions have agreed to provide a liquidity facility to Conduit in accordance with the terms hereof.

Bank One, NA (Main Office Chicago) has been requested and is willing to act as Agent on behalf of Conduit and the Financial Institutions in accordance with the terms hereof.

**ARTICLE I.**

**PURCHASE ARRANGEMENTS**

Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, Seller may, at its option, sell and assign Purchaser Interests to the Agent for the benefit of one or more of the Purchasers. In accordance with the terms and conditions set forth herein, Conduit may, at its option, instruct the Agent to purchase on behalf of Conduit, or if Conduit shall decline to purchase, the Agent shall purchase, on behalf of the Financial Institutions, Purchaser Interests from time to time in an aggregate amount not to exceed at such time the lesser of

(i) the Purchase Limit and (ii) the aggregate amount of the Commitments during the period from the date hereof to but not including the Facility Termination Date.

(b) Seller may, upon at least 10 Business Days' written notice to the Agent, terminate in whole or reduce in part, ratably among the Financial Institutions, the unused portion of the Purchase Limit; provided that each partial reduction of the Purchase Limit shall be in an amount equal to \$5,000,000 or an integral multiple thereof.



## Section 1.2 Increases.

Seller shall provide the Agent with at least two (2) Business Days' prior notice in the form set forth as Exhibit II hereto of each Incremental Purchase (a "Purchase Notice"). Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than \$1,000,000) and date of purchase and, in the case of an Incremental Purchase to be funded by the Financial Institutions, the requested Discount Rate and Tranche Period. Following receipt of a Purchase Notice, the Agent will determine whether Conduit agrees to make the purchase. If Conduit declines to make a proposed purchase, the Agent will promptly notify Seller of such fact, whereupon Seller may cancel the Purchase Notice or, in the absence of such a cancellation, the Incremental Purchase of the Purchaser Interest will be made by the Financial Institutions. On the date of each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI, Conduit or the Financial Institutions, as applicable, shall wire transfer to the account specified in the applicable Purchase Notice, in immediately available funds, no later than 12:00 noon (Chicago time), an amount equal to (i) in the case of Conduit, the aggregate Purchase Price of the Purchaser Interests Conduit is then purchasing or (ii) in the case of a Financial Institution, such Financial Institution's Pro Rata Share of the aggregate Purchase Price of the Purchaser Interests the Financial Institutions are purchasing.

## Section 1.3 Decreases.

Seller shall provide the Agent with at least two (2) Business Days' prior written notice (each, a "Reduction Notice") of any proposed reduction of Aggregate Capital from Collections. Such Reduction Notice shall designate (i) the date (the "Proposed Reduction Date") upon which any such reduction of Aggregate Capital shall occur (which date shall not be less than two (2) Business Days after the date such Reduction Notice is received by the Agent), and (ii) the amount of Aggregate Capital to be reduced which shall be applied ratably to the Purchaser Interests of Conduit and the Financial Institutions in accordance with the amount of Capital (if any) owing to Conduit, on the one hand, and the amount of Capital (if any) owing to the Financial Institutions (ratably, based on their respective Pro Rata Shares), on the other hand (the "Aggregate Reduction"). Only one (1) Reduction Notice shall be outstanding at any time.

## Section 1.4 Payment Requirements.

All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 12:00 noon. (Chicago time) on the day when due in immediately available funds, and if not received before 12:00 noon. (Chicago time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to a Purchaser they shall be paid to the Agent, for the account of such Purchaser, at 1 Bank One Plaza, Chicago, Illinois 60670 until otherwise notified by the Agent. All computations of Yield, per annum fees calculated as part of any CP Costs, per annum fees hereunder and per annum fees under the Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

## ARTICLE II.

### PAYMENTS AND COLLECTIONS

#### Section 2.1 Payments.

Notwithstanding any limitation on recourse contained in this Agreement, Seller shall immediately pay to the Agent when due, for the account of the relevant Purchaser or Purchasers on a full recourse basis, (i) such fees as set forth in the Fee Letter (which fees shall be sufficient to pay all fees owing to the Financial Institutions), (ii) all CP Costs, (iii) all amounts payable as Yield, (iv) all amounts payable as Deemed Collections (which shall be due and payable by Seller on the Settlement Date immediately succeeding the event giving rise to such Deemed Collection and applied to reduce outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3 hereof), (v) all amounts payable to reduce the Purchaser Interests, if required pursuant to Section 2.6, (vi) all amounts payable pursuant to Article X, if any, (vii) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables, (viii) all Broken Funding Costs and (ix) all Default Fees (collectively, the "Obligations"). If Seller fails to pay any of the Obligations when due, or if Servicer fails to make any deposit required to be made by it under this Agreement when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or the Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time Seller receives any Collections or is deemed to receive any Collections, Seller shall immediately pay such Collections or Deemed Collections to the Servicer for application in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and the Agent.

#### Section 2.2 Collections Prior to Amortization.

Prior to the Amortization Date, any Collections and/or Deemed Collections received by the Servicer shall be paid to the Agent in accordance with this Agreement in payment of any accrued and unpaid Aggregate Unpaid or used for a Reinvestment as provided in this Section 2.2. If at any time any Collections or Deemed Collections are received by the Servicer prior to the Amortization Date, (i) the Servicer shall set aside the Termination Percentage (hereinafter defined) of Collections and Deemed Collections evidenced by the Purchaser Interests of each Terminating Financial Institution and (ii) Seller hereby requests and the Purchasers (other than any Terminating Financial Institutions) hereby agree to make (subject to the conditions precedent set forth in Section 6.2), simultaneously with such receipt, a reinvestment (each, a "Reinvestment") with that portion of the balance of each and every Collection received by the Servicer that is part of any Purchaser Interest (other than any Purchaser Interests of Terminating Financial Institutions), such that after giving effect to such Reinvestment, the amount of Capital of such Purchaser Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Capital immediately prior to such receipt. On each Settlement

Date prior to the occurrence of the Amortization Date, the Servicer shall remit to the Agent's account the amounts set aside during the preceding Settlement Period that have not been subject to a Reinvestment and apply such amounts (if not previously paid in accordance with Section 2.1) first, to reduce unpaid CP Costs, Yield and other Obligations and second, to reduce the Capital of all Purchaser Interests of Terminating Financial Institutions, applied ratably to each Terminating Financial Institution according to its respective Termination Percentage. If such Capital, CP Costs, Yield and other Obligations shall be reduced to zero, any additional Collections and Deemed Collections received by the Servicer (i) if applicable, shall be remitted to the Agent's account no later than 12:00 noon. (Chicago time) to the extent required to fund any Aggregate Reduction on such Settlement Date and (ii) any balance remaining thereafter shall be remitted from the Servicer to Seller on such Settlement Date. Each Terminating Financial Institution shall be allocated a ratable portion of Collections and Deemed Collections from the date of any assignment by Conduit pursuant to Section 13.6 (the "Termination Date") until such Terminating Financing Institution's Capital shall be paid in full. This ratable portion shall be calculated on the Termination Date of each Terminating Financial Institution as a percentage equal to (i) Capital of such Terminating Financial Institution outstanding on its Termination Date, divided by (ii) the Aggregate Capital outstanding on such Termination Date (the "Termination Percentage"). Each Terminating Financial Institution's Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and each Terminating Financial Institution's Capital shall be reduced ratably with all Financial Institutions in accordance with Section 2.3.

### Section 2.3 Collections Following Amortization.

On the Amortization Date and on each day thereafter, the Servicer shall set aside and hold in trust, for the holder of each Purchaser Interest, a percentage of all Collections received on such day equal to the aggregate Purchaser Interests and an additional amount for the payment of any accrued and unpaid Obligations owed by Seller and not previously paid by Seller in accordance with Section 2.1. On and after the Amortization Date, the Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) the Agent (i) remit to the Agent's account the amounts set aside pursuant to the preceding sentence, and (ii) apply such amounts to reduce the Capital associated with each such Purchaser Interest and any other Aggregate Unpaid.

### Section 2.4 Application of Collections.

If there shall be insufficient funds on deposit for the Servicer to distribute funds in payment in full of the aforementioned amounts pursuant to Section 2.2 or 2.3 (as applicable), the Servicer shall distribute funds:

-- first, to the payment of the Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee,

-- second, to the reimbursement of the Agent's costs of collection and enforcement of this Agreement,

- third, ratably to the payment of all accrued and unpaid fees under the Fee Letter, CP Costs and Yield,
- fourth, (to the extent applicable) to the ratable reduction of the Aggregate Capital (without regard to any Termination Percentage),
- fifth, for the ratable payment of all other unpaid Obligations, and
- sixth, after the Aggregate Unpays have been indefeasibly reduced to zero, to Seller.

Collections applied to the payment of Aggregate Unpays shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth above in this Section 2.4 shall be shared ratably (within each priority) among the Agent and the Purchasers in accordance with the amount of such Aggregate Unpays owing to each of them in respect of each such priority.

#### Section 2.5 Payment Rescission.

No payment of any of the Aggregate Unpays shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to the Agent (for application to the Person or Persons who suffered such rescission, return or refund) the full amount thereof, plus the Default Fee from the date of any such rescission, return or refunding.

#### Section 2.6 Maximum Purchaser Interests.

Seller shall ensure that the Purchaser Interests of the Purchasers shall at no time exceed in the aggregate 100%. If the aggregate of the Purchaser Interests of the Purchasers exceeds 100%, Seller shall pay to the Agent within two (2) Business Days after discovery of such excess, an amount to be applied to reduce the Aggregate Capital (as allocated by the Agent), such that after giving effect to such payment the aggregate of the Purchaser Interests equals or is less than 100%.

#### Section 2.7 Clean Up Call.

In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing at least two (2) Business Days' written notice to the Agent), at any time following the reduction of the Aggregate Capital to a level that is less than 25.0% of the original Purchase Limit, to purchase from the Purchasers all, but not less than all, of the then outstanding Purchaser Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpays through the date of such repurchase, payable in immediately available funds. Such purchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser or the Agent.

### **ARTICLE III.**

#### **CONDUIT FUNDING**

##### Section 3.1 CP Costs.

Seller shall pay CP Costs with respect to the Capital associated with each Purchaser Interest of Conduit for each day that any Capital in respect of such Purchaser Interest is outstanding. Each Purchaser Interest funded substantially with Pooled Commercial Paper will accrue CP Costs each day on a pro rata basis, based upon the percentage share the Capital in respect of such Purchaser Interest represents in relation to all assets held by Conduit and funded substantially with related Pooled Commercial Paper.

##### Section 3.2 CP Costs Payments.

On each Settlement Date, Seller shall pay to the Agent (for the benefit of Conduit) an aggregate amount equal to all accrued and unpaid CP Costs in respect of the Capital associated with all Purchaser Interests of Conduit for the immediately preceding Accrual Period in accordance with Article II.

##### Section 3.3 Calculation of CP Costs.

Not later than the 3rd Business Day prior to each Settlement Date, Conduit shall calculate the aggregate amount of CP Costs for the applicable Accrual Period and shall notify Seller of such aggregate amount.

### **ARTICLE IV.**

#### **FINANCIAL INSTITUTION FUNDING**

##### Section 4.1 Financial Institution Funding.

Each Purchaser Interest of the Financial Institutions shall accrue Yield for each day during its Tranche Period at either the LIBO Rate or the Prime Rate in accordance with the terms and conditions hereof. Until Seller gives notice to the Agent of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any Purchaser Interest transferred to the Financial Institutions by Conduit pursuant to the terms and conditions hereof shall be the Prime Rate. If the Financial Institutions acquire by assignment from Conduit any Purchaser Interest pursuant to Article XIII, each Purchaser Interest so assigned shall each be deemed to have a new Tranche Period commencing on the date of any such assignment. The Agent shall give prompt notice to Seller of any assignment made by Conduit to the Financial Institutions.

#### Section 4.2 Yield Payments.

On the Settlement Date for each Purchaser Interest of the Financial Institutions, Seller shall pay to the Agent (for the benefit of the Financial Institutions) an aggregate amount equal to the accrued and unpaid Yield for the entire Tranche Period of each such Purchaser Interest in accordance with Article II.

#### Section 4.3 Selection and Continuation of Tranche Periods.

(a) Seller shall from time to time in its discretion select Tranche Periods for the Purchaser Interests of the Financial Institutions (if any), provided that, if at any time the Financial Institutions shall have a Purchaser Interest, Seller shall always select Tranche Periods such that at least one Tranche Period shall end on the date specified in clause (A) of the definition of Settlement Date.

(b) Seller, upon notice to the Agent received at least three (3) Business Days prior to the end of a Tranche Period (the "Terminating Tranche") for any Purchaser Interest, may, effective on the last day of the Terminating Tranche:

(i) divide any such Purchaser Interest into multiple Purchaser Interests, (ii) combine any such Purchaser Interest with one or more other Purchaser Interests that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Purchaser Interest with one or more new Purchaser Interests to be purchased on the day such Terminating Tranche ends, provided, that in no event may a Purchaser Interest of Conduit be combined with a Purchaser Interest of the Financial Institutions.

#### Section 4.4 Financial Institution Discount Rates.

Seller may select the LIBO Rate or the Prime Rate for each Purchaser Interest of the Financial Institutions. Seller shall by 12:00 noon (Chicago time): (i) at least three (3) Business Days prior to the expiration of any Terminating Tranche with respect to which the LIBO Rate is being selected as a new Discount Rate and (ii) except as provided in Section 4.1 and the last sentence of this Section 4.4, at least one (1) Business Day prior to the expiration of any Terminating Tranche with respect to which the Prime Rate is being selected as the Discount Rate, give the Agent irrevocable notice of such Discount Rate for the Purchaser Interest associated with such Terminating Tranche. Until Seller gives notice to the Agent of another Discount Rate, the initial Discount Rate for any Purchaser Interest transferred to the Financial Institutions pursuant to the terms and conditions hereof shall be the Prime Rate.

#### Section 4.5 Suspension of the LIBO Rate.

(a) If any Financial Institution notifies the Agent that it has determined that (i) funding its Pro Rata Share of the Purchaser Interests of the Financial Institutions at a LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, (ii) deposits of a type and maturity appropriate to match fund its Purchaser Interests at such LIBO Rate are not available or (iii) such LIBO Rate does not accurately reflect the cost of acquiring or maintaining a Purchaser Interest at such LIBO Rate, then the Agent

shall suspend the availability of such LIBO Rate and require Seller to select the Prime Rate for any Purchaser Interest accruing Yield at such LIBO Rate; provided that before making any such suspension, the applicable Financial Institution shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, in its reasonable discretion, in any legal, economic or regulatory manner) to designate a different LIBO Rate lending office if the making of such designation would allow such Financial Institution or its LIBO Rate lending office to continue to fund its Pro Rata Share of the Purchaser Interests at a LIBO Rate and avoid the situations set forth in clauses

(i)-(iii) in this Section 4.5(a).

(b) If less than all of the Financial Institutions give a notice to the Agent pursuant to Section 4.5(a), each Financial Institution which gave such a notice shall be obliged, at the request of Seller, Conduit or the Agent, to assign all of its rights and obligations hereunder to (i) another Financial Institution or (ii) another funding entity nominated by Seller or the Agent that is acceptable to Conduit and willing to participate in this Agreement through the Liquidity Termination Date in the place of such notifying Financial Institution; provided that (i) the notifying Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such notifying Financial Institution's Pro Rata Share of the Capital and Yield owing to all of the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions, and (ii) the replacement Financial Institution otherwise satisfies the requirements of Section 12.1(b).

## **ARTICLE V.**

### **REPRESENTATIONS AND WARRANTIES**

Section 5.1 Representations and Warranties of the Seller Parties.

Each Seller Party hereby represents and warrants to the Agent and the Purchasers, as to itself, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Existence and Power. Such Seller Party is a corporation duly organized, validly existing and in good standing under the laws of its state of organization. Such Seller Party is duly qualified to do business and is in good standing as a foreign corporation, and has and holds all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, in the case of Seller, Seller's use of the proceeds of purchases made hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate action

on its part. This Agreement and each other Transaction Document to which such Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party or its Subsidiaries (except as created under the Transaction Documents), except, in any case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. Except as reported on the most recent SEC Form 10-Q or 10-K filed by Meredith with the SEC, there are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Such Seller Party is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Seller Party or any of its Affiliates to the Agent or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to the Agent or the Purchasers will be, true and accurate in every material respect on the date such information is stated or certified and will not, on the date such information is stated or certified, be otherwise misleading in light of the circumstances under which such information is so furnished.

(h) Use of Proceeds. No proceeds of any purchase hereunder will be used

(i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from



time to time or (ii) to acquire any security in any transaction (other than any repurchase by Meredith of any class of its own stock) which is subject to

Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed (or delivered to the Agent in form suitable for filing) all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each purchase hereunder, transfer to the Agent for the benefit of the relevant Purchaser or Purchasers (and the Agent for the benefit of such Purchaser or Purchasers shall acquire from Seller) a valid and perfected first priority undivided percentage ownership or security interest in each Receivable existing or hereafter arising and in the Related Security (to the extent covered by Article 9 of the UCC) and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed (or delivered to the Agent in form suitable for filing) all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security (to the extent covered by Article 9 of the UCC) and the Collections.

(k) Places of Business and Locations of Records. The principal places of business and chief executive office of such Seller Party and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which the Agent has been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 14.4(a) has been taken and completed. Seller's Federal Employer Identification Number and Delaware organizational identification number are correctly set forth on Exhibit III.

(l) Collections. Within 30 days after the date hereof (or, in the case of any Collections which are deposited in an account at Bank of America, N.A., within 90 days after the date hereof), the conditions and requirements set forth in Section 7.1(j) and Section 8.2 will have been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of Seller at each Collection Bank and the post office box number of each Lock-Box, are listed on Exhibit IV. Seller has not granted any Person, other than the Agent as contemplated by this Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since December 31, 2001, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries, taken as a whole, or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since the date of this Agreement, no event has

occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables.

(n) Names. Since its formation, Seller has not used any legal names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. Meredith owns, directly or indirectly, 100% of the issued and outstanding capital stock of Seller, free and clear of any Adverse Claim. Such capital stock is validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not a Holding Company or an Investment Company. Such Seller Party is not a "holding company" or a "subsidiary holding company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or any successor statute. Such Seller Party is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(q) Compliance with Law. Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Seller represents and warrants that each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation, except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any change to such Credit and Collection Policy, other than as permitted under Section 7.2

(c) and in compliance with the notification requirements in Section 7.1(a)(vii).

(s) Payments to the Applicable Originator. With respect to each Receivable transferred to Seller under the Receivables Sale Agreement, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt.

(t) Enforceability of Contracts. Seller represents and warrants that each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights

generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Seller represents and warrants that each Receivable included in the Net Receivables Balance as an Eligible Receivable on the date of its purchase under the Receivables Sale Agreement was an Eligible Receivable on such purchase date.

(v) Net Receivables Balance. Seller has determined that, immediately after giving effect to each purchase hereunder, the Net Receivables Balance is at least equal to the sum of (i) the Aggregate Capital, plus (ii) the Aggregate Reserves.

(w) Accounting. The manner in which such Seller Party accounts for the transactions contemplated by this Agreement and the Receivables Sale Agreement does not jeopardize the true sale analysis.

(x) Purpose. Seller has determined that, from a business viewpoint, the purchases of the Receivables and related interests thereto from the Originators under the Receivables Sale Agreement, and the sales of Purchaser Interests and other transactions contemplated herein, are in the best interests of Seller.

#### Section 5.2 Financial Institution Representations and Warranties.

Each Financial Institution hereby represents and warrants to the Agent, Conduit and each Seller Party that:

(a) Existence and Power. Such Financial Institution is a corporation or a banking association duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all corporate or association power to perform its obligations hereunder.

(b) No Conflict. The execution and delivery by such Financial Institution of this Agreement and the performance of its obligations hereunder are within its corporate or association powers, have been duly authorized by all necessary corporate or association action, do not contravene or violate (i) its certificate or articles of incorporation or association or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Financial Institution of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect. This Agreement has been duly authorized, executed and delivered by such Financial Institution. This Agreement constitutes the legal, valid and binding obligation of such Financial Institution enforceable against such Financial Institution in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization

or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law).

## ARTICLE VI.

### CONDITIONS OF PURCHASES

#### Section 6.1 Conditions Precedent to Initial Incremental Purchase.

The initial Incremental Purchase of a Purchaser Interest under this Agreement is subject to the conditions precedent that the Agent shall have received on or before the date of such purchase (a) those documents listed on Schedule B, and (b) all fees and expenses required to be paid on such date pursuant to the terms of this Agreement and the Fee Letter.

#### Section 6.2 Conditions Precedent to All Purchases and Reinvestments.

Each purchase of a Purchaser Interest (other than pursuant to Section 13.1) and each Reinvestment shall be subject to the further conditions precedent that (a) in the case of each such purchase or Reinvestment: the Servicer shall have delivered to the Agent on or prior to the date of such purchase, in form and substance satisfactory to the Agent, all Monthly Reports as and when due under Section 8.5; (b) the Facility Termination Date shall not have occurred; (c) the Agent shall have received such other opinions or documents as it may reasonably request; provided that the Agent has requested such opinions or documents (i) pursuant to Section 7.2(a) or (ii) in connection with a change in law which the Agent determines in its reasonable business judgment to have an adverse effect on the interests of the Purchasers hereunder; and (d) on the date of each such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such date;

(ii) (A) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that will constitute an Amortization Event, and (B), in the case of an Incremental Purchase, no event has occurred and is continuing, or would result from such Incremental Purchase that would constitute a Potential Amortization Event; and

(iii) the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%.

It is expressly understood that each Reinvestment shall, unless otherwise directed by the Agent or any Purchaser, occur automatically on each day that the Servicer shall receive any Collections without the requirement that any

further action be taken on the part of any Person and notwithstanding the failure of Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of the Agent, which right may be exercised at any time on demand of the Agent, to rescind the related purchase and direct Seller to pay to the Agent for the benefit of the Purchasers an amount equal to the Collections prior to the Amortization Date that shall have been applied to the affected Reinvestment.

## **ARTICLE VII.**

### **COVENANTS**

#### Section 7.1 Affirmative Covenants of The Seller Parties.

Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to the Agent:

(i) Annual Reporting. Within 90 days after the close of each of its respective fiscal years, (A) audited, unqualified financial statements (which shall include consolidated balance sheets, statements of income and retained earnings and a statement of cash flows) for the Servicer for such fiscal year certified in a manner acceptable to the Agent by a nationally recognized independent public accounting firm; provided that Meredith's delivery to the Agent of its filing with the SEC of SEC Form 10-K for each fiscal year shall satisfy this Section 7.1(a)(i)(A) for the Servicer, and (B) unaudited financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for Seller for such fiscal year certified by Seller's chief financial officer.

(ii) Quarterly Reporting. Within 45 days after the close of the first three (3) quarterly periods of each of its respective fiscal years, (A) unaudited consolidated balance sheets of the Servicer as at the close of each such period and statements of income and retained earnings and a statement of cash flows for the Servicer for the period from the beginning of such fiscal year to the end of such quarter, all certified by the Servicer's chief financial officer; provided that Meredith's delivery to the Agent of its filing with the SEC of SEC Form 10-Q for each of the first three quarters of each fiscal year shall satisfy this Section 7.1(a)(ii)(A) for the Servicer, and (B) unaudited balance sheets of Seller as at the close of each such period and statements of income and retained earnings and a statement of cash flows for Seller for the period from the beginning of such fiscal year to the end of such quarter, all certified by Seller's chief financial officer.

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by such Seller Party's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of such Seller Party copies of all financial statements, reports and proxy statements so furnished.

(v) SEC Filings. Promptly upon the filing thereof, copies of all financial statements and regular, periodical or special reports (other than SEC Forms 10-K and 10-Q filed by Meredith and delivered in accordance with Sections 7.1(a)(i) and (ii) and other than SEC Forms 3, 4 or 5) that Meredith or any Subsidiary may make to, or file with, the Securities and Exchange Commission.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than the Agent or Conduit, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting the Agent's consent thereto.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as the Agent may from time to time reasonably request in order to protect the interests of the Agent and the Purchasers under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify the Agent in writing of any of the following promptly upon an Authorized Officer learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events. The occurrence of each Amortization Event and each Potential Amortization Event, by a statement of an Authorized Officer of such Seller Party.

(ii) Judgment and Proceedings. (A) (1) The entry of any judgment or decree against the Servicer or any of its respective Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against the Servicer and its Subsidiaries exceeds \$10,000,000 after deducting (a) the amount with respect to which the Servicer or any such Subsidiary is insured and with respect to which the insurer has assumed responsibility in writing, and (b) the amount for which the Servicer or any such Subsidiary is otherwise indemnified if the terms of such indemnification

are satisfactory to the Agent, and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Servicer which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Termination Date. The occurrence of the "Termination Date" under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other financing arrangement pursuant to which such Seller Party is a debtor or an obligor.

(c) Compliance with Laws and Preservation of Corporate Existence. Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Seller Party will preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where its business is conducted, except where the failure to so preserve and maintain or qualify could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Seller Party will furnish to the Agent from time to time such information with respect to it and the Receivables as the Agent may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by the Agent upon reasonable notice and at the sole cost of such Seller Party, permit the Agent, or its agents or representatives (and shall require each Originator to permit the Agent or its agents or representatives), (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or the Servicer having knowledge of such matters; provided, however, that, prior to the occurrence and continuance of an Amortization Event, no Seller Party shall be required to pay the costs of any such audit if it, the other Seller Party or any Originator has paid the costs of one audit performed at Meredith's office in Des Moines, Iowa in any one fiscal year.

(e) Keeping and Marking of Records and Books.

(i) The Servicer will (and will cause each Originator to) maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the

event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Servicer will (and will cause each Originator to) give the Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence other than a change in the type of software used by the Servicer or such Originator.

(ii) Such Seller Party will (and will cause or require each Originator to) (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Purchaser Interests with a legend, acceptable to the Agent, describing the Purchaser Interests; provided that such Seller Party shall have 30 days from the date hereof to mark the data processing records related to the Receivables arising from the sale of advertising on television stations and (B) upon the request of the Agent following the occurrence of an Amortization Event: (x) mark each Contract with a legend describing the Purchaser Interests and (y) deliver to the Agent all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will (and will cause or require each Originator to) timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all material respects with the Credit and Collection Policy in regard to each Receivable and the related Contract.

(g) Performance and Enforcement of Receivables Sale Agreement. Seller will, and will require Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Agent and the Purchasers as assignees of Seller) under the Receivables Sale Agreement as the Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. Seller will (or will require each Originator to) take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security (to the extent covered by Article 9 of the UCC) and Collections and such other action to perfect, protect or more fully evidence the interest of Seller therein as the Agent may reasonably request), and (ii) establish and maintain, in favor of the Agent, for the benefit of the Purchasers, a valid and perfected first priority undivided percentage ownership



interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security (to the extent covered by Article 9 of the UCC) and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (for the benefit of the Purchasers) interest in such Receivables, Related Security (to the extent covered by Article 9 of the UCC) and Collections and such other action to perfect, protect or more fully evidence the interest of the Agent for the benefit of the Purchasers as the Agent may reasonably request).

(i) Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from each Originator and its other Affiliates (collectively, the "Meredith Group"). Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without limitation, all steps that the Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of any member of the Meredith Group and not just a division of any such member. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any member of the Meredith Group (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any member of the Meredith Group, allocate the compensation of such employee, consultant or agent between Seller and the members of the Meredith Group on a basis that reflects the services rendered to Seller and the Meredith Group;

(C) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of any member of the Meredith Group, Seller shall lease such office at a fair market rent;

(D) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(E) conduct all transactions with any member of the Meredith Group strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and any member of the Meredith Group on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Directors consisting of three members, at least one member of which is an Independent Director;

(G) observe all corporate formalities as a distinct entity, and ensure that all corporate actions relating to (A) the selection, maintenance or replacement of the Independent Director, (B) the dissolution or liquidation of Seller or (C) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Directors (including the Independent Director);

(H) maintain Seller's books and records separate from those of the members of the Meredith Group and otherwise readily identifiable as its own assets rather than assets of any member of the Meredith Group;

(I) prepare its financial statements separately from those of the Meredith Group and insure that any consolidated financial statements of Meredith or the Meredith Group that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate corporate entity and that its assets have been pledged to the Agent for the benefit of the Purchasers hereunder;

(J) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any member of the Meredith Group and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which Seller alone makes deposits and from which Seller alone (or the Agent hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by an Originator or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the Originators thereunder for the purchase of Receivables from the Originators under the Receivables Sale Agreement, and

(4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its corporate charter in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Certificate of Incorporation or By-Laws in any respect that

would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, this Section 7.1(i);

(N) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement and from and after the time, if any, when it is required to be delivered, the Performance Undertaking, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement or, when applicable, the Performance Undertaking, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement or, when applicable, the Performance Undertaking or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Agent;

(O) maintain its corporate separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(P) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Required Capital Amount to cease to be so maintained; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Sidley Austin Brown & Wood, as counsel for Seller, in connection with the closing or initial Incremental Purchase under this Agreement and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections. Such Seller Party will cause (1) all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) within 30 days after the date hereof, each Lock-Box and Collection Account (other than any Lock-Box or Collection Account at or serviced by Bank of America, N.A.) to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to Seller or any Affiliate of Seller, Seller will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within two (2) Business Days following receipt thereof, and, at all times prior to such remittance, Seller will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of the Agent and the Purchasers. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account (other than any Lock-Box or Collection Account at or serviced by Bank of America, N.A.) and shall not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to the Agent as contemplated by this Agreement.

(k) Taxes. Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of Conduit, the Agent or any Financial Institution.

(l) Insurance. Seller will maintain in effect, or cause to be maintained in effect, at Seller's own expense, such casualty and liability insurance as Seller shall deem appropriate in its good faith business judgment.

(m) Payment to the Applicable Originator. With respect to any Receivable purchased by Seller from any Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and timing of payments to be made to the applicable Originator in respect of the purchase price for such Receivable. Section 7.2 Negative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its name, identity or corporate structure (within the meaning of Section 9-507(c) of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it shall have: (i) given the Agent at least fifteen (15) days' prior written notice thereof and (ii) delivered to the Agent all financing statements, instruments and other documents requested by the Agent in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Except as may be required by the Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless the Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that the Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account; and provided further that Seller and Servicer may terminate Bank of America, N.A. as a Collection Bank and direct Obligors as contemplated in Section 8.2(b).

(c) Modifications to Contracts and Credit and Collection Policy. Without the consent of the Agent, such Seller Party will not, and will not permit any Originator to, make any change to the Credit and Collection Policy that could materially adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 8.2(d), the Servicer will not,

and will not permit any Originator to, extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of the Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of the Agent and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or Originator. Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory.

(e) Net Receivables Balance. At no time prior to the Amortization Date shall Seller permit the Net Receivables Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Aggregate Reserves.

(f) Termination Date Determination. Seller will not designate the Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to Originator in respect thereof, without the prior written consent of the Agent, except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence and during the continuation of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

## **ARTICLE VIII.**

### **ADMINISTRATION AND COLLECTION**

#### Section 8.1 Designation of Servicer.

(a) The servicing, administration and collection of the Receivables shall be conducted by such Person (the "Servicer") so designated from time to time in accordance with this Section 8.1. Meredith is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. The Agent may at any time following the occurrence of an Amortization Event designate as Servicer any Person to succeed Meredith or any successor Servicer.

(b) Meredith may delegate to any other Originator, as sub-servicer of the Servicer, certain of its duties and responsibilities as Servicer hereunder in respect of the Receivables originated by such other Originator. Without the prior written consent of the Agent and the Required Financial Institutions, Meredith shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) Seller, (ii) the other Originators as stated in the immediately preceding sentence, and (iii) with respect to certain Charged-Off Receivables, outside collection agencies in accordance with its customary practices. Seller shall not be permitted to further delegate to any other Person any of the duties or responsibilities of the Servicer delegated to it by Meredith. If at any time following the occurrence of an Amortization Event, the Agent shall designate as Servicer any Person other than Meredith, all duties and responsibilities theretofore delegated by Meredith to Seller may, at the discretion of the Agent, be terminated forthwith on notice given by the Agent to Meredith and to Seller.

(c) Notwithstanding any delegation by Meredith pursuant to the foregoing subsection (b), (i) Meredith shall be and remain primarily liable to the Agent and the Purchasers for the full and prompt performance of all duties and responsibilities of the Servicer hereunder and (ii) the Agent and the Purchasers shall be entitled to deal exclusively with Meredith in matters relating to the discharge by the Servicer of its duties and responsibilities hereunder. The Agent and the Purchasers shall not be required to give notice, demand or other communication to any Person other than Meredith in order for communication to the Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. Meredith, at all times that it is the Servicer, shall be responsible for providing any sub-servicer or other delegate of the Servicer with any notice given to the Servicer under this Agreement.

#### Section 8.2 Duties of Servicer.

(a) The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) Within 30 days after the date hereof, the Servicer will instruct all Obligor to pay all Collections directly to a Lock-Box or Collection Account; provided, however, that so long as no Amortization Event has occurred and is continuing, Collections may be obtained by the applicable Originator at the offices of Obligor so long as they are deposited within 2 Business Days after receipt to a Collection Account. Within 30 days after the date hereof, the Servicer shall effect a Collection Account Agreement substantially in the form of Exhibit VI with each bank other than Bank of America, N.A. at which a Collection Account is maintained at any time. Within 90 days after the date hereof, the Servicer will instruct all Obligor which are paying Collections to a Lock-Box or a Collection Account at Bank of America, N.A. to pay Collections to another Lock-Box or Collection Account which is subject to a Collection Account Agreement. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of the Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, the Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date the Agent delivers to any Collection Bank a Collection Notice pursuant to Section 8.3, the Agent may request that the Servicer, and the Servicer

thereupon promptly shall instruct all Obligor with respect to the Receivables, to remit all payments thereon to a new depository account specified by the Agent and, at all times thereafter, Seller and the Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new depository account any cash or payment item other than Collections.

(c) The Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of Seller and the Purchasers their respective shares of the Collections in accordance with Article II. After the occurrence of an Amortization Event, the Servicer shall, upon the request of the Agent, segregate, in a manner acceptable to the Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of the Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by the Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) The Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable or Charged-Off Receivable or limit the rights of the Agent or the Purchasers under this Agreement. Notwithstanding anything to the contrary contained herein, at any time after the occurrence of an Amortization Event, the Agent shall have the absolute and unlimited right to direct the Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security.

(e) The Servicer shall hold in trust for Seller and the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of the Agent, after the occurrence of an Amortization Event, deliver or make available to the Agent all such Records, at a place selected by the Agent. The Servicer shall, as soon as practicable following receipt thereof turn over to Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. The Servicer shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(f) Any payment by an Obligor in respect of any indebtedness owed by it to the applicable Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

### Section 8.3 Collection Notices.

The Agent is authorized at any time after the occurrence of an Amortization Event to date and to deliver to the Collection Banks the Collection Notices. Seller hereby transfers to the Agent for the benefit of the Purchasers, effective when the Agent delivers such notice, the exclusive ownership and control of each Lock-Box and the Collection Accounts. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes the Agent, and agrees that the Agent shall be entitled after the occurrence of an Amortization Event to (i) endorse Seller's name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Agent rather than Seller.

### Section 8.4 Responsibilities of Seller.

Anything herein to the contrary notwithstanding, the exercise by the Agent and the Purchasers of their rights hereunder shall not release the Servicer, the applicable Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

### Section 8.5 Reports.

The Servicer shall prepare and forward to the Agent (i) on the 15th day of each month (or if such day is not a Business Day, the next succeeding Business Day), a Monthly Report and (ii) within three (3) Business Days after the Agent requests, a listing by Obligor of all Receivables together with an aging of such Receivables as of the last day of the prior month.

Section 8.6 Servicing Fees. In consideration of Meredith's agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as Meredith shall continue to perform as Servicer hereunder, Seller shall pay over to Meredith a fee (the "Servicing Fee") on each Settlement Date, in arrears for the immediately preceding month, equal to 1/12 of 1.0% per annum times the average of the Net Receivables Balance at the beginning and the end of such period as compensation for its servicing activities.



**ARTICLE IX.**

**AMORTIZATION EVENTS**

Section 9.1 Amortization Events.

The occurrence of any one or more of the following events shall constitute an Amortization Event:

(a) Any Seller Party shall fail (i) to make any payment or deposit required hereunder when due, and such failure continues for two (2) Business Days, or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and paragraph 9.1(e)) and such failure shall continue for five (5) consecutive Business Days after the earlier to occur of (A) discovery of such failure by a Seller Party or (B) notice of such failure from the Agent or any Purchaser.

(b) Any representation, warranty or certification made by any Seller Party in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made which is not corrected within 5 Business Days after the earliest to occur of (i) discovery of such error by a Seller Party, or (ii) notice of such error from the Agent or any Purchaser.

(c) Failure of Seller to pay any Indebtedness when due (after taking into account any applicable period of grace) in excess of \$10,000 or the failure of any Originator to pay Indebtedness when due (after taking into account any applicable period of grace) in excess of \$25,000,000; or the default by Seller or any Originator in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of Seller or any Originator shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Seller or Servicer shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or  
(ii) any proceeding shall be instituted by Seller or Servicer seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property; or (iii) any proceeding shall be instituted and remain unstayed and undismissed in a court of appropriate jurisdiction for a period of 60 days against Seller or Servicer seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or

reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property; or (iv) Seller or Servicer shall take any corporate action to authorize any of the actions set forth in the foregoing clauses (i), (ii) or (iii) of this subsection (d).

(e) Seller shall fail to comply with the terms of Section 2.6 hereof.

(f) As at the end of any calendar month: (i) the average of the Delinquency Ratios as at the end of such month and the two preceding months shall exceed 22%, (ii) the average of the Default Ratios as at the end of such month and the two preceding months shall exceed 12%, or (iii) the average of the Dilution Ratios as at the end of such month and the two preceding months shall exceed 5%

(g) A Change of Control shall occur.

(h) (i) One or more final judgments for the payment of money shall be entered against Seller or (ii) one or more final judgments for the payment of money in an amount in excess of \$25,000,000, individually or in the aggregate, shall be entered against the Servicer or, if the Performance Undertaking has been delivered, Performance Guarantor on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for thirty (30) consecutive days without a stay of execution.

(i) The "Termination Date" under and as defined in the Receivables Sale Agreement shall occur with respect to any Material Originator or any Material Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement.

(j) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or the Agent for the benefit of the Purchasers shall cease to have a valid and perfected first priority security interest in the Receivables, the Related Security and the Collections with respect thereto and the Collection Accounts other than a Collection Account at Bank of America, N.A. which is described on Exhibit IV on the date hereof.

(k) There shall occur a breach by Meredith of the covenants contained in Sections 6.03 and 6.04 of that certain Credit Agreement dated as of April 5, 2002 among Meredith, as borrower, the lenders listed therein, Fleet National Bank, as Administrative Agent and Issuing Lender, Bank One, NA and Wells Fargo Bank, National Association, each as Co-Syndication Agent, and SunTrust Bank, Central Florida, National Association, as Documentation Agent, as amended, restated or otherwise modified from time to time with the consent of Bank One as a lender thereunder (it being understood that any amendment, waiver or restatement to which Bank One is not a consenting party shall be disregarded for purposes of this Agreement).

## Section 9.2 Remedies.

Upon the occurrence and during the continuation of an Amortization Event, the Agent may, or upon the direction of the Required Financial Institutions shall, take any of the following actions: (i) replace the Person then acting as Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1 (d)(ii), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code, the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaid outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks, and (v) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of the Agent and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

## **ARTICLE X.**

### **INDEMNIFICATION**

#### Section 10.1 Indemnities by The Seller Parties.

Without limiting any other rights that the Agent or any Purchaser may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) the Agent and each Purchaser and their respective assigns, officers, directors, agents and employees (each, an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by a Purchaser of an interest in the Receivables, and (B) the Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of the Servicer's activities as Servicer hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

- (b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or
- (c) taxes imposed by the United States, the Indemnified Party's jurisdiction of organization (or, in the case of an individual, primary residence) or any other jurisdiction in which such Indemnified Party has established a taxable nexus other than in connection with the transactions contemplated hereby and by the other Transaction Documents, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of Purchaser Interests as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections;
- provided, however, that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of the Purchasers to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, but subject to the exclusions in clauses (a), (b) and (c) above, Seller shall indemnify each Indemnified Party for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller or the Servicer) relating to or resulting from:
- (i) any representation or warranty made by any Seller Party or any Originator (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;
- (ii) the failure by Seller, the Servicer or any Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;
- (iii) any failure of Seller, the Servicer or any Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;
- (iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;
- (v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of an Incremental Purchase or a Reinvestment, the ownership of the Purchaser Interests or any other investigation, litigation or proceeding relating to Seller, the Servicer (at any time the Servicer is Meredith or one of its Affiliates) or any Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(d);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of any Receivable and the Related Security and Collections with respect thereto from the applicable Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to the applicable Originator under the Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in the Agent for the benefit of the Purchasers, or to transfer to the Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, a first priority perfected undivided percentage ownership interest (to the extent of the Purchaser Interests contemplated hereunder) or security interest in the Receivables, the Related Security and the Collections, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Incremental Purchase or Reinvestment or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of the Agent or the Purchasers with respect to any Receivable or the value of any such Receivable (other than such an action taken or omission made at the request of the Agent or any Purchaser or any action taken by the Servicer in accordance with the Credit and Collection Policy);

(xiv) avoidance by any Person of any Incremental Purchase or Reinvestment hereunder under statutory provisions or common law or equitable action; and

(xv) the failure of any Receivable included in the calculation of the Net Receivables Balance as an Eligible Receivable to be an Eligible Receivable at the time so included.

Notwithstanding the foregoing: (1) to the extent that any Indemnified Amounts arising under clauses (i), (ii), (iii), (vii) and (x) above result from a misrepresentation, breach, action or omission by any Originator, Seller shall be obligated to pay such Indemnified Amounts only to the extent it receives a payment in respect of such amounts pursuant to the Receivables Sale Agreement, and (2) if any Indemnified Amount arises out of a lawsuit or other adversarial proceeding, unless an Indemnified Party's business reputation is at issue, Seller shall be entitled to assume and control the defense thereof in its sole discretion using counsel approved by the applicable Indemnified Party (such approval not to be unreasonably withheld or delayed). If Seller does assume the defense of a lawsuit or other adversarial proceeding pursuant to the preceding sentence, the applicable Indemnified Party may engage additional counsel only at such Indemnified Party's sole expense.

#### Section 10.2 Increased Cost and Reduced Return.

If after the date hereof, any Funding Source shall be charged any fee, expense or increased cost on account of the adoption of any applicable law, rule or regulation (including any applicable law, rule or regulation 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, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (a "Regulatory Change"): (i) that subjects any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source's obligations under a Funding Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net income of a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of a Funding Source, or credit extended by a Funding Source pursuant to a Funding Agreement or (iii) that imposes any other condition the result of which is to increase the cost to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on a Funding Source's capital as a consequence of its obligations under a Funding Agreement, or to reduce the amount of any sum received or receivable by a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by the Agent, Seller shall pay to the Agent, for the benefit of the relevant Funding Source, such amounts charged to such Funding Source or such amounts to otherwise compensate such Funding Source for such increased cost or such reduction.

#### Section 10.3 Other Costs and Expenses.

Seller shall pay to the Agent and Conduit on demand all costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the

other documents to be delivered hereunder, including without limitation (subject to Section 7.1(d)), the reasonable costs of Conduit's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of one legal counsel for both Conduit and the Agent (which such counsel may be employees of Conduit or the Agent) with respect thereto and with respect to advising Conduit and the Agent as to their respective rights and remedies under this Agreement. Seller shall pay to the Agent on demand any and all costs and expenses of the Agent and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event. The provisions of this Article X shall supercede any obligations of the Seller, the Servicer or Meredith arising under the letter agreement dated January 31, 2002 among the Agent, Banc One Capital Markets, Inc., as Arranger and Meredith.

## **ARTICLE XI.**

### **THE AGENT**

#### Section 11.1 Authorization and Action.

Each Purchaser hereby designates and appoints Bank One to act as its agent hereunder and under each other Transaction Document, and authorizes the Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. The Agent shall not have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for the Agent. In performing its functions and duties hereunder and under the other Transaction Documents, the Agent shall act solely as agent for the Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any of such Seller Party's successors or assigns. The Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of the Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each Purchaser hereby authorizes the Agent to execute each of the Uniform Commercial Code financing statements and the Collection Account Agreements on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

#### Section 11.2 Delegation of Duties.

The Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

### Section 11.3 Exculpatory Provisions.

Neither the Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. The Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. The Agent shall not be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless the Agent has received notice from Seller or a Purchaser.

### Section 11.4 Reliance by Agent.

The Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to Seller), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of Conduit or the Required Financial Institutions or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until the Agent shall have received such advice, the Agent may take or refrain from taking any action, as the Agent shall deem advisable and in the best interests of the Purchasers. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of Conduit or the Required Financial Institutions or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

### Section 11.5 Non-Reliance on Agent and Other Purchasers.

Each Purchaser expressly acknowledges that neither the Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent



hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by the Agent. Each Purchaser represents and warrants to the Agent that it has and will, independently and without reliance upon the Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of Seller and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

#### Section 11.6 Reimbursement and Indemnification.

The Financial Institutions agree to reimburse and indemnify the Agent and its officers, directors, employees, representatives and agents ratably according to their Pro Rata Shares, to the extent not paid or reimbursed by the Seller Parties (i) for any amounts for which the Agent, acting in its capacity as Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by the Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

#### Section 11.7 Agent in its Individual Capacity.

The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with Seller or any Affiliate of Seller as though the Agent were not the Agent hereunder. With respect to the acquisition of Purchaser Interests pursuant to this Agreement, the Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not the Agent, and the terms "Financial Institution," "Purchaser," "Financial Institutions" and "Purchasers" shall include the Agent in its individual capacity.

#### Section 11.8 Successor Agent.

The Agent may, upon five days' notice to Seller and the Purchasers, and the Agent will, upon the direction of all of the Purchasers (other than the Agent, in its individual capacity) resign as Agent. If the Agent shall resign, then the Required Financial Institutions during such five-day period shall appoint from among the Purchasers a successor agent. If for any reason no successor Agent is appointed by the Required Financial Institutions during such five-day period, then effective upon the termination of such five day period, the Purchasers shall perform all of the duties of the Agent hereunder and under the other Transaction Documents and Seller and the Servicer (as applicable) shall make all payments in respect of the Aggregate Unpaid directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Transaction Documents.

## ARTICLE XII.

### ASSIGNMENTS; PARTICIPATIONS

#### Section 12.1 Assignments.

(a) Seller and each Financial Institution hereby agree and consent to the complete or partial assignment by Conduit of all or any portion of its rights under, interest in, title to and obligations under this Agreement (i) to the Financial Institutions pursuant to Section 13.1 or (ii) to any other Person; provided that, prior to the occurrence of an Amortization Event, Conduit may not make any such assignment pursuant to this clause (ii) except in the circumstances covered by Section 12.1(c) without the consent of Seller (which consent shall not be unreasonably withheld). Upon any such assignment, Conduit shall be released from its obligations so assigned. Further, Seller and each Financial Institution hereby agree that any assignee of Conduit of this Agreement or all or any of the Purchaser Interests of Conduit shall have all of the rights and benefits under this Agreement as if the term "Conduit" explicitly referred to such party, and no such assignment shall in any way impair the rights and benefits of Conduit hereunder. Neither Seller nor the Servicer shall have the right to assign its rights or obligations under this Agreement.

(b) Any Financial Institution may at any time and from time to time assign to one or more Persons ("Purchasing Financial Institutions") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the "Assignment Agreement") executed by such Purchasing Financial Institution and such selling Financial Institution. The consent of Conduit, and, prior to the occurrence of an Amortization Event, the consent of Seller (which consent of Seller shall not be unreasonably withheld), shall be required prior to the effectiveness of any such assignment. Each assignee of a Financial Institution must (i) have a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. and (ii) agree to deliver to the Agent, promptly following any request therefor by the Agent or Conduit, an enforceability opinion in form and substance satisfactory to the Agent and Conduit. Upon delivery of the executed Assignment Agreement to the Agent, such selling Financial Institution shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers or the Agent shall be required.

(c) Each of the Financial Institutions agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. (an "Affected Financial Institution"), such Affected Financial Institution shall be obliged, at the request of Conduit or the Agent, to assign all of its rights and obligations hereunder to (x) another Financial Institution or (y) another funding entity nominated by the Agent and acceptable to Conduit, and willing to participate in this Agreement through the Liquidity Termination Date in the

place of such Affected Financial Institution; provided that the Affected Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Financial Institution's Pro Rata Share of the Aggregate Capital and Yield owing to the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions.

#### Section 12.2 Participations.

Any Financial Institution may, in the ordinary course of its business at any time sell to one or more Persons (each a "Participant") participating interests in its Pro Rata Share of the Purchaser Interests of the Financial Institutions, its obligation to pay Conduit its Acquisition Amounts or any other interest of such Financial Institution hereunder. Notwithstanding any such sale by a Financial Institution of a participating interest to a Participant, such Financial Institution's rights and obligations under this Agreement shall remain unchanged, such Financial Institution shall remain solely responsible for the performance of its obligations hereunder, and Seller, Conduit and the Agent shall continue to deal solely and directly with such Financial Institution in connection with such Financial Institution's rights and obligations under this Agreement. Each Financial Institution agrees that (i) any agreement between such Financial Institution and any such Participant in respect of such participating interest shall not restrict such Financial Institution's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i), and (ii) no such participant shall be entitled to any reimbursement pursuant to Article X that is greater than the reimbursement such Financial Institution would be entitled to receive thereunder.

### **ARTICLE XIII.**

#### **LIQUIDITY FACILITY**

##### Section 13.1 Transfer to Financial Institutions.

Each Financial Institution hereby agrees, subject to Section 13.4, that immediately upon written notice from Conduit delivered on or prior to the Liquidity Termination Date, it shall acquire by assignment from Conduit, without recourse or warranty, its Pro Rata Share of one or more of the Purchaser Interests of Conduit as specified by Conduit. Each such assignment by Conduit shall be made pro rata among all of the Financial Institutions, except for pro rata assignments to one or more Terminating Financial Institutions pursuant to Section 13.6. Each such Financial Institution shall, no later than 1:00 p.m. (Chicago time) on the date of such assignment, pay in immediately available funds (unless another form of payment is otherwise agreed between Conduit and any Financial Institution) to the Agent at an account designated by the Agent, for the benefit of Conduit, its Acquisition Amount. Unless a Financial Institution has notified the Agent that it does not intend to pay its Acquisition Amount, the Agent may assume that such payment has been made and may, but shall not be obligated to, make the amount of such payment

available to Conduit in reliance upon such assumption. Conduit hereby sells and assigns to the Agent for the ratable benefit of the Financial Institutions, and the Agent hereby purchases and assumes from Conduit, effective upon the receipt by Conduit of the Conduit Transfer Price, the Purchaser Interests of Conduit which are the subject of any transfer pursuant to this Article XIII.

#### Section 13.2 Transfer Price Reduction Yield.

If the Adjusted Funded Amount is included in the calculation of the Conduit Transfer Price for any Purchaser Interest, each Financial Institution agrees that the Agent shall pay to Conduit the Reduction Percentage of any Yield received by the Agent with respect to such Purchaser Interest.

#### Section 13.3 Payments to Conduit.

In consideration for the reduction of the Conduit Transfer Prices by the Conduit Transfer Price Reductions, effective only at such time as the aggregate amount of the Capital of the Purchaser Interests of the Financial Institutions equals the Conduit Residual, each Financial Institution hereby agrees that the Agent shall not distribute to the Financial Institutions and shall immediately remit to Conduit any Yield, Collections or other payments received by it to be applied pursuant to the terms hereof or otherwise to reduce the Capital of the Purchaser Interests of the Financial Institutions.

#### Section 13.4 Limitation on Commitment to Purchase from Conduit.

Notwithstanding anything to the contrary in this Agreement, no Financial Institution shall have any obligation to purchase any Purchaser Interest from Conduit, pursuant to Section 13.1 or otherwise, if:

(i) Conduit shall have voluntarily commenced any proceeding or filed any petition under any bankruptcy, insolvency or similar law seeking the dissolution, liquidation or reorganization of Conduit or taken any corporate action for the purpose of effectuating any of the foregoing; or

(ii) involuntary proceedings or an involuntary petition shall have been commenced or filed against Conduit by any Person under any bankruptcy, insolvency or similar law seeking the dissolution, liquidation or reorganization of Conduit and such proceeding or petition shall have not been dismissed.

#### Section 13.5 Defaulting Financial Institutions.

If one or more Financial Institutions defaults in its obligation to pay its Acquisition Amount pursuant to Section 13.1 (each such Financial Institution shall be called a "Defaulting Financial Institution" and the aggregate amount of such defaulted obligations being herein called the "Conduit Transfer Price Deficit"), then upon notice from the Agent, each Financial Institution other than the Defaulting Financial Institutions (a "Non-Defaulting Financial Institution") shall promptly pay to the Agent, in immediately available funds, an amount equal to the lesser of (x) such Non-Defaulting Financial Institution's proportionate share (based upon the relative Commitments of the

Non-Defaulting Financial Institutions) of the Conduit Transfer Price Deficit and (y) the unused portion of such Non-Defaulting Financial Institution's Commitment. A Defaulting Financial Institution shall forthwith upon demand pay to the Agent for the account of the Non-Defaulting Financial Institutions all amounts paid by each Non-Defaulting Financial Institution on behalf of such Defaulting Financial Institution, together with interest thereon, for each day from the date a payment was made by a Non-Defaulting Financial Institution until the date such Non-Defaulting Financial Institution has been paid such amounts in full, at a rate per annum equal to the Federal Funds Effective Rate plus two percent (2%). In addition, without prejudice to any other rights that Conduit may have under applicable law, each Defaulting Financial Institution shall pay to Conduit forthwith upon demand, the difference between such Defaulting Financial Institution's unpaid Acquisition Amount and the amount paid with respect thereto by the Non-Defaulting Financial Institutions, together with interest thereon, for each day from the date of the Agent's request for such Defaulting Financial Institution's Acquisition Amount pursuant to Section 13.1 until the date the requisite amount is paid to Conduit in full, at a rate per annum equal to the Federal Funds Effective Rate plus two percent (2%).

#### Section 13.6 Terminating Financial Institutions.

(a) Each Financial Institution hereby agrees to deliver written notice to the Agent not more than 30 Business Days and not less than 5 Business Days prior to the Liquidity Termination Date indicating whether such Financial Institution intends to renew its Commitment hereunder. If any Financial Institution fails to deliver such notice on or prior to the date that is 5 Business Days prior to the Liquidity Termination Date, such Financial Institution will be deemed to have declined to renew its Commitment (each Financial Institution which has declined or has been deemed to have declined to renew its Commitment hereunder, a "Non-Renewing Financial Institution"). The Agent shall promptly notify Conduit and Seller of each Non-Renewing Financial Institution and Conduit, in its sole discretion, may (A) unless a substitute Financial Institution having a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. agrees to accept an assignment of such Non-Renewing Financial Institution's Commitment and Purchaser Interests (if any) within 2 Business Days prior to the existing Liquidity Termination Date, to the extent of Commitment Availability, declare that such Non-Renewing Financial Institution's Commitment shall, to such extent, automatically terminate on the Liquidity Termination Date or (B) upon one (1) Business Days' notice to such Non-Renewing Financial Institution assign to such Non-Renewing Financial Institution on a date specified by Conduit its Pro Rata Share of the aggregate Purchaser Interests then held by Conduit, subject to, and in accordance with, Section 13.1. In addition, Conduit may, in its sole discretion, at any time (x) to the extent of Commitment Availability, declare that any Affected Financial Institution's Commitment shall automatically terminate on a date specified by Conduit, which date shall not be earlier than the Liquidity Termination Date, or (y) assign to any Affected Financial Institution on a date specified by Conduit its Pro Rata Share of the aggregate Purchaser Interests then held by Conduit, subject to, and in accordance with, Section 13.1 (each Affected Financial Institution or each Non-Renewing Financial Institution is hereinafter referred to as a "Terminating Financial Institution"). The parties hereto expressly acknowledge that any declaration of the termination of any Commitment, any assignment

pursuant to this Section 13.6 and the order of priority of any such termination or assignment among Terminating Financial Institutions shall be made by Conduit in its sole and absolute discretion.

(b) Upon any assignment to a Terminating Financial Institution as provided in this Section 13.6, any remaining Commitment of such Terminating Financial Institution shall automatically terminate on the Liquidity Termination Date. Upon reduction to zero of the Capital of all of the Purchaser Interests of a Terminating Financial Institution (after application of Collections thereto pursuant to Sections 2.2 and 2.3) all rights and obligations of such Terminating Financial Institution hereunder shall be terminated and such Terminating Financial Institution shall no longer be a "Financial Institution" hereunder; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to Purchaser Interests held by such Terminating Financial Institution prior to its termination as a Financial Institution.

#### **ARTICLE XIV.**

#### **MISCELLANEOUS**

##### Section 14.1 Waivers and Amendments.

(a) No failure or delay on the part of the Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section

14.1(b). Conduit, Seller, Servicer and the Agent, at the direction of the Required Financial Institutions, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each affected Purchaser, (A) extend the Liquidity Termination Date or the date of any payment or deposit of Collections by Seller or the Servicer, (B) reduce the rate or extend the time of payment of Yield or any CP Costs (or any component of Yield or CP Costs), (C) reduce any fee payable to the Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Financial Institution's Pro Rata Share (except pursuant to Sections 13.1 or 13.5) or any Financial Institution's Commitment, (E) amend, modify or waive any provision of the definition of Required Financial Institutions or this Section 14.1(b), (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "Default Proxy," "Default Ratio," "Delinquency Ratio," "Dilution Horizon

Ratio," "Dilution Percentage," "Dilution Ratio," "Dilution Reserve," "Dilution Spike Ratio," "Expected Dilution Ratio," "Eligible Receivable," "Loss Horizon Ratio," "Loss Percentage," "Loss Ratio," "Loss Reserve," or "Yield and Servicing Reserve", or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent.

Notwithstanding the foregoing, the Agent, the Required Financial Institutions and Conduit may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, Section 14.13 of this Agreement without the consent of Seller or Servicer, provided that such amendment has no negative impact upon Seller or Servicer. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon Seller, the Servicer, the Purchasers and the Agent.

#### Section 14.2 Notices.

Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, teletype or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or teletype numbers set forth on the signature pages hereof or at such other address or teletype number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by teletype, upon the receipt thereof, (ii) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes the Agent to effect purchases and Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom the Agent in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to the Agent a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by the Agent, the records of the Agent shall govern absent manifest error.

#### Section 14.3 Ratable Payments.

If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Purchaser (other than payments received pursuant to Section 10.2 or 10.3) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaid, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaid held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaid; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

#### Section 14.4 Protection of Ownership Interests of the Purchasers.

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Agent may reasonably request, to perfect, protect or more fully evidence the Purchaser Interests, or to enable the Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. At any time after the occurrence of an Amortization Event, the Agent may, or the Agent may direct Seller or the Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Agent or its designee. Seller or the Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, the Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and the Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3. Each Seller Party irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent, and appoints the Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to execute on behalf of Seller as debtor and to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Purchasers in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable.

#### Section 14.5 Confidentiality.

(a) Each Seller Party and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to the Agent and Conduit and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Seller Party and such Purchaser and its officers and employees may disclose such information to such Seller Party's and such Purchaser's external accountants and attorneys and, except with respect to the terms of the Fee Letter, financial advisors, and in any case, as required by any applicable law (including, without limitation, applicable securities laws) or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Agent, the Financial Institutions or Conduit by each other, (ii) by the Agent or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by the Agent to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which Bank One



acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing; provided that such Person is advised of the confidential nature of such information and agrees (to the extent required under Regulation FD promulgated by the Securities and Exchange Commission from time to time pursuant to the Securities Act of 1933) to maintain the confidentiality thereof. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

#### Section 14.6 Bankruptcy Petition.

Seller, the Servicer, the Agent and each Financial Institution hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of Conduit, it will not institute against, or join any other Person in instituting against, Conduit or any such entity any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

#### Section 14.7 Limitation of Liability.

Except with respect to any claim arising out of the willful misconduct or gross negligence of any party hereto, no claim may be made by any other party or any other Person against such first party or its respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor; provided, however, that nothing in this Section 14.7 shall limit in any way the indemnification obligations of the Seller Parties set forth in Article X.

#### Section 14.8 CHOICE OF LAW.

**THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.**

#### Section 14.9 CONSENT TO JURISDICTION.

EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE

AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST THE AGENT OR ANY PURCHASER OR ANY AFFILIATE OF THE AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 14.10 WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification and payment provisions of Article X, and Sections 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

#### Section 14.13 Bank One Roles.

Each of the Financial Institutions acknowledges that Bank One acts, or may in the future act, (i) as administrative agent for Conduit or any Financial Institution, (ii) as issuing and paying agent for the Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for the Commercial Paper and (iv) to provide other services from time to time for Conduit or any Financial Institution (collectively, the "Bank One Roles"). Without limiting the generality of this Section 14.13, each Financial Institution hereby acknowledges and consents to any and all Bank One Roles and agrees that in connection with any Bank One Role, Bank One may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for Conduit, and the giving of notice to the Agent of a mandatory purchase pursuant to Section 13.1.

#### Section 14.14 Characterization.

(a) Except as specifically provided in this Agreement, each sale of a Purchaser Interest hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser and the Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser or the Agent or any assignee thereof of any obligation of Seller or any Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any Originator.

(b) In addition to any ownership interest which the Agent may from time to time acquire pursuant hereto, Seller hereby grants to the Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller's right, title and interest, now owned or hereafter acquired, in, to and under all Receivables now existing or hereafter arising, the Collections, each Lock-Box, each Collection Account, all Related Security, all other rights and payments relating to such Receivables, the Receivables Sale Agreement and from and after the time, if any, when it is required to be delivered, the Performance Undertaking (including, without limitation, (a) all rights to indemnification arising thereunder, and (b) all UCC financing statements filed pursuant thereto), all proceeds of any thereof and all other assets in which the Agent on behalf of the Purchasers has acquired, may hereafter acquire and/or purports to have acquired an interest under this Agreement prior to all other liens on and security interests therein to secure the prompt and complete payment of the Aggregate Unpaid. The Agent and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative. The Seller hereby authorizes the Agent, within the meaning of 9-509 of any applicable enactment of the UCC, as secured party for the benefit of itself and of the Purchasers, to file, without the signature of the debtor, the UCC financing statements contemplated herein and under the Receivables Sale Agreement. The Seller hereby assigns its security interests against the Originators under the Receivables Sale Agreement to the Agent for the benefit of the Purchasers.

(c) In connection with Seller's transfer of its right, title and interest in, to and under the Receivables Sale Agreement and from and after the time, if any, when it is required to be delivered, the Performance Undertaking, Seller agrees that the Agent shall have the right to enforce Seller's rights and remedies under the Receivables Sale Agreement and, when applicable, the Performance Undertaking, to receive all amounts payable thereunder or in connection therewith, to consent to amendments, modifications or waivers thereof, and to direct, instruct or request any action thereunder, but in each case without any obligation on the part of the Agent or any Purchaser or any of its or their respective Affiliates to perform any of the obligations of Seller under the Receivables Sale Agreement or, when applicable, the Performance Guarantor under the Performance Undertaking. To the extent that Seller enforces Seller's rights and remedies under the Receivables Sale Agreement or, when applicable, the Performance Undertaking, from and after the occurrence of an Amortization Event, and during the continuance thereof, the Agent shall have the exclusive right to direct such enforcement by Seller.

(d) In the event that either (i) the Termination Date (under and as defined in the Receivables Sale Agreement) shall occur with respect to any Originator (other than in connection with the occurrence of a Termination Event) or (ii) any Originator shall divest, sell, swap or otherwise dispose of any business unit, division, group, magazine or television station and such event does not cause a Termination Event, the Agent agrees to deliver, at such Originator's sole cost and expense, such releases, termination statements and other documents or instruments (including a letter giving such Originator authority to file such releases or termination statements) as such Originator may reasonably request to evidence the release of all security interests and liens of the Buyer and the Agent under the Receivables Sale Agreement and hereunder against such Originator's assets or the assets of such business unit, division, group, magazine or television station to the extent such assets are not owned by the Buyer.

**[SIGNATURE PAGES FOLLOW]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date hereof.

**MEREDITH FUNDING CORPORATION**

By: /s/ Suku V. Radia  
Name: Suku V. Radia  
Title: President  
Address: 1716 Locust Street  
Des Moines, IA 50309-3023  
Attention: President  
Fax: (515) 284-3828  
Confirmation: (515) 284-3603

with a copy to: Meredith Corporation  
1716 Locust Street  
Des Moines, Iowa 50309-3023  
Attention: General Counsel  
Fax: (515) 284-3933  
Confirmation: (515) 284-3074

**MEREDITH CORPORATION, as Servicer**

By: /s/ Thomas J. Ferree  
Name: Thomas J. Ferree  
Title: Corporate Controller  
Address: 1716 Locust Street  
Des Moines, IA 50309-3023  
Attention: Corporate Controller  
Fax: (515) 284-3828  
Confirmation: (515) 284-2781

with a copy to: Meredith Corporation  
1716 Locust Street  
Des Moines, Iowa 50309-3023  
Attention: General Counsel  
Fax: (515) 284-3933  
Confirmation: (515) 284-3074

**FALCON ASSET SECURITIZATION CORPORATION**

By: /s/ Leo V. Loughead  
Leo V. Loughead, Authorized Signatory

Address: c/o Bank One, NA (Main Office Chicago), as Agent  
Asset Backed Finance  
Suite IL1-0079, 1-19  
1 Bank One Plaza  
Chicago, Illinois 60670-0079  
Fax: (312) 732-1844

**BANK ONE, NA (MAIN OFFICE CHICAGO), as a Financial Institution and as Agent**

By: /s/ Leo V. Loughead  
Leo V. Loughead, Authorized Signatory

Address: Bank One, NA (Main Office Chicago)  
Asset Backed Finance  
Suite IL1-0596, 1-21  
1 Bank One Plaza  
Chicago, Illinois 60670-0596  
Fax: (312) 732-4487

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