GRAY TELEVISION INC
Form 424B5
September 09, 2002

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PROSPECTUS SUPPLEMENT **Filed pursuant to Rule 424(b)(5)**
(to Prospectus dated September 5, 2002) **Registration No. 333-88694**

$100,000,000

Gray Television, Inc.

9 1/4% Senior Subordinated Notes Due 2011

The Company:

We generate our revenues primarily from our 13 network-affiliated television stations in 11 medium-sized markets located in the Southeast, Southwest and Midwest and four daily newspapers located in the Southeast and Midwest.

We recently signed a definitive merger agreement to acquire 15 television stations from Stations Holding Company, Inc., the parent of Benedek Broadcasting Corporation. These stations are located in the Southeast, Midwest and South.

We will use the net proceeds of this offering to repay borrowings under our senior credit facility.

On July 25, 2002 we changed our name to Gray Television, Inc. from Gray Communications Systems, Inc.

The Notes:

These notes are in addition to $180,000,000 principal amount of our 9 1/4% Senior Subordinated Notes due 2011 we issued on December 21, 2001. The notes we are offering will be issued under the same indenture, will have the same terms and will form a single series with our existing notes. The notes will mature on December 15, 2011.

Interest on the notes will accrue from June 15, 2002 and we will pay interest twice a year on June 15 and December 15, beginning December 15, 2002.

The notes will be our unsecured senior subordinated obligations.

Generally, we cannot redeem the notes before December 15, 2006. On and after that date, we may redeem them at the rates set forth on page S-39 of this prospectus supplement. However, before December 15, 2004, we can redeem up to 35% of the original principal amount of the notes at 109.250% of their principal amount, plus accrued and unpaid interest, with the proceeds of certain public equity offerings of our company.

You should consider carefully the risk factors beginning on page S-13 of this prospectus supplement and on page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price(1)	100.00%	$100,000,000
Underwriting Discounts and Commissions	2.25%	$ 2,250,000
Proceeds to Us (before expenses)	97.75%	$ 97,750,000

(1) Plus accrued interest on the notes from June 15, 2002 to the date of delivery.

The underwriters expect that delivery of the notes will be made on or about September 10, 2002 in book-entry form only through the facilities of The Depository Trust Company.

Joint Book-Running Managers

Wachovia Securities

Banc of America Securities LLC

Deutsche Bank Securities

Allen & Company LLC

The date of this prospectus supplement is September 5, 2002.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT

AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the 9 1/4% senior subordinated notes due 2011 being offered, which we refer to as the offered notes. The second part, the base prospectus, gives more general information, some of which may not apply to the offered notes. Generally, when we refer to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of the offered notes varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in the prospectus supplement.

In this prospectus supplement and the documents incorporated by reference, we rely on and refer to market information regarding the television industry from BIA Financial Network, Inc. s MEDIA Access Pro Version 3.1, updated as of July 1, 2002, which we refer to as BIA. We also rely on and refer to market information regarding the television industry from Nielsen Station Index, Viewers in Profile, dated May 2002, as prepared by A.C. Nielsen Company, which we refer to as Nielsen. Although we believe that the information obtained from third parties is reliable, we have not independently verified the accuracy and completeness of the information. To the extent this information contains forward-looking statements, readers of this prospectus supplement are cautioned that these statements involve risks and uncertainty and that actual results may differ materially from those in these statements, similarly to that described in Forward-Looking Statements. All statements as to station ranking in this prospectus supplement are based on Nielsen data for the 6:00 a.m. to 2:00 a.m. Sunday through Saturday time period, except that data in the Selected Station and Market Information Regarding Gray and Stations section in the tables titled Competitive Landscape, incorporated herein by reference to our Current Report on Form 8-K filed on July 17, 2002, are based on BIA data for the 9:00 a.m. to midnight Sunday through Saturday time period.

When we refer in this prospectus supplement to our markets, we include Hazard, Kentucky as a separate market. Hazard, Kentucky is a special 16 county trading area defined by Nielsen and is part of the Lexington, Kentucky designated market area. We pay Nielsen to conduct the special Hazard, Kentucky trading area study.

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ACCOMPANYING PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this prospectus supplement, the words believes, expects, anticipates, estimates and similar words and expressions are generally intended to identify forward-looking statements. Statements that describe our future strategic plans, goals or objectives, including our plans, goals and objectives with respect to our merger with Stations Holding Company, Inc., which we refer to as Stations, are also forward-looking statements. Readers of this prospectus supplement are cautioned that any forward-looking statements, including those regarding the intent, belief or current expectations of our management or us, are not guarantees of future performance, results or events and involve risks and uncertainties, and that actual results and events may differ materially from those in the forward-looking statements as a result of various factors including, but not limited to:

- the factors described in Risk Factors beginning on page S-13 of this prospectus supplement and on page 3 of the accompanying prospectus;
- general economic conditions in the markets in which we and Stations operate;
- competitive pressures in the markets in which we and Stations operate;
- the effect of future legislation or regulatory changes on our operations;
- high debt levels; and
- other factors described from time to time in our filings with the Securities and Exchange Commission, which we sometimes refer to as the SEC.

The forward-looking statements included in this prospectus supplement are made only as of the date hereof. We undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

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PROSPECTUS SUPPLEMENT SUMMARY

In this prospectus supplement, unless otherwise indicated, the words Gray, our, us and we refer to Gray Television, Inc. (formerly known as Gray Communications Systems, Inc.) and its subsidiaries. Our discussion of the television stations that we own and operate does not include our interest in the stations owned by Sarkes Tarzian, Inc., which we refer to as Tarzian.

On July 25, 2002, we changed our name to Gray Television, Inc. from Gray Communications Systems, Inc. On August 30, 2002, we changed our ticker symbols to GTN.A from GCS for our class A common stock and to GTN from GCS.B for our class B common stock on the New York Stock Exchange. On September 16, 2002, we plan to hold a stockholder vote to approve a change in the name of our class B common stock. If the proposal passes, the new name of our class B common stock will be Common Stock.

This summary highlights selected information from this document and the materials incorporated by reference and does not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement, the accompanying prospectus and the documents to which we have referred you.

Our Business

We currently own and operate 13 network affiliated television stations in 11 medium-sized markets in the Southeast, Southwest and Midwest United States. Eleven of our 13 stations are ranked first in total viewing audience and news audience, with the remaining two stations ranked second in total viewing audience and second or third in news audience. Ten of our stations are affiliated with CBS Inc., or CBS, and three are affiliated with National Broadcasting Company, Inc., or NBC.

Since 1993, we have grown primarily through strategic acquisitions. Our significant historic acquisitions have included 12 television stations, three newspapers, a transportable satellite uplink business and a paging business. As a result of our acquisitions and in support of our growth strategy, we have added experienced members to our management team and have greatly expanded our operations in the television broadcasting business.

On June 4, 2002, we executed a merger agreement with Stations, the parent company of Benedek Broadcasting Corporation, which we refer to as Benedek. We plan to acquire 15 television stations from Stations. Stations is required under the merger agreement to sell its additional nine designated television stations to third parties prior to the merger. In consideration for Stations, we will pay an estimated consideration of $502.5 million, a substantial portion of which will be used to satisfy, in full, certain outstanding indebtedness of Stations in accordance with an amended plan of reorganization filed by Stations with the United States bankruptcy court in Delaware on July 9, 2002. On August 12, the bankruptcy court issued an order approving Stations disclosure statement and scheduling a hearing to approve ballots for voting on the amended and restated plan of reorganization. Objections to the bankruptcy plan and ballots are due on September 13, 2002. A confirmation hearing has been scheduled for September 25, 2002. We expect the merger, if it closes, to be completed during the fourth quarter of 2002.

We believe that the merger represents an excellent opportunity for us to acquire complementary television stations that will create significant operational and financial benefits. These benefits include increased economies of scale, greater geographic and network diversification, access to additional operating cash flow, cross-promotion opportunities and the potential to increase and enhance our local franchises. Upon the completion of the proposed merger, we will own and operate 28 television stations serving 24 markets with a strong presence in the Southeast, Southwest, Midwest and Great Lakes regions of the United States. The combined station group will include 15 CBS affiliates, seven NBC affiliates and six American Broadcasting Corporation, or ABC, affiliates. In addition, our 15 CBS affiliates will make us the largest independent owner of CBS affiliated stations in the country. Pro forma for the acquisition, 25 of our 28 television stations will rank first or second in viewing audience and 24 of our 28 television stations will rank first or second in local news within their respective markets. In addition, our station group will reach approximately 5% of total U.S. TV households.

We also own and operate four daily newspapers, three located in Georgia and one in Goshen, Indiana, with a total daily circulation of approximately 126,000. In addition, we own and operate a paging business located in the Southeast that had approximately 68,000 units in service at June 30, 2002.

For the year ended December 31, 2001, pro forma for the Stations acquisition, our television stations would have produced $214.0 million of net revenue and $84.7 million of broadcast cash flow. Including our publishing and other operations, we would have produced $263.9 million of net revenue and $97.0 million of media cash flow, on a pro forma basis in 2001.

We are a Georgia corporation formed in 1891. Our principal offices are located at 4370 Peachtree Road, NE, Atlanta Georgia 30319, and our telephone number is (404) 504-9828.

Operating & Growth Strategy

We attribute our success to date and our current opportunities to increase our revenue, media cash flow and audience share to the successful implementation of our core operating strategies, the principal components of which are to:

Focus on Local News and Programming to Maintain a Strong Local Franchise. We currently operate 13 network affiliated television stations serving 11 markets, with 12 of our 13 stations ranked first or second in local news. After completion of the merger, we will operate 28 network affiliated television stations serving 24 markets, with 24 of our 28 stations ranked first or second in local news. We endeavor to make each of our television stations a highly recognizable, local brand and believe that providing the leading source for local news and programming in our markets enables us to strengthen audience loyalty and increase viewership among attractive demographic audiences.

Continue to Develop Innovative Local Sales and Targeted Marketing Initiatives. We employ an experienced, high-quality local sales force at each station to increase advertising revenue by leveraging our local brand. We believe that a focused, tailored advertising solution is very attractive to local advertisers, who have historically been a more stable source of revenue than national advertisers. In 2001, approximately 59% of our net television advertising revenue was generated from our local advertisers and pro forma for the proposed merger with Stations, approximately 60% of our net television advertising revenue would have been generated from our local advertisers.

Capitalize on Leading Network Brands in Markets with Limited Competition. Currently, ten of our stations are affiliated with CBS and three are affiliated with NBC, representing approximately 81% and 19% of our total television revenue in 2001, respectively. Following the completion of the merger, we will have a broad and diverse portfolio of 28 affiliated television stations located in 24 markets, of which 15 are affiliated with CBS, seven are affiliated with NBC and six are affiliated with ABC, representing approximately 56%, 29% and 15% of our total pro forma net television revenue in 2001, respectively. Additionally, we will be the largest independent owner of CBS affiliated stations. We believe that our markets are less competitive than larger designated market areas, which we refer to as DMAs. Of our 24 markets, 16 markets are served by four TV stations or fewer, and seven markets are served by three or fewer television stations. Our markets also typically have fewer radio stations than larger DMAs.

Pursue Strategic Acquisitions to Expand and Enhance Regional Clusters. We have acquired and integrated successfully 12 of our 13 television stations since 1993, and have signed a definitive agreement to acquire an additional 15 television stations from Stations. After giving effect to the proposed merger, our television stations will be located in several distinct regions throughout the United States, diminishing potential adverse effects on our business caused by specific regional economic fluctuations. We believe that we are well positioned to participate in further consolidation of our industry, including opportunities that may arise as a result of regulatory changes, such as owning more than one television station in a market.

Attract and Retain High-Quality Management. We believe that high-quality management at both the corporate and station level is critical to the successful implementation of our strategy. We use equity incentives to attract and retain station general managers with proven track records. Members of our senior management team have extensive experience in operating, managing and acquiring television stations. Additionally, our station managers have an average of over 21 years of industry experience with individual industry experience ranging from 11 to 32 years.

Maintain Strict Financial Planning and Cost Controls. We employ a comprehensive ongoing strategic planning and budgeting process that enables us to continually identify and implement cost savings at each station, and is designed to increase our media cash flow. We believe that owning and operating 28 television stations will enable us to achieve economies of scale and reduce expenses for syndicated programming, capital equipment and vendor services.

Increase Advertising Revenue and Circulation at Our Newspaper Publishing Operations. We seek to increase advertising revenues and circulation at each of our four newspapers by creating a highly recognizable local brand by focusing on the depth and quality of our coverage of local news, sports and lifestyles and through community involvement. We are able to differentiate our publications from larger competitors and build reader loyalty by becoming the primary source for local news and advertising information within each of our target markets. Our newspaper strategy is led by senior managers and publishers who have an average of over 32 years of experience in the newspaper business with individual industry experience ranging from 20 to 40 years.

Our senior management team has extensive experience in operating and managing our businesses, and is led by: J. Mack Robinson, President & Chief Executive Officer; Robert Prather, Executive Vice President-Acquisitions; James Ryan, Vice President and Chief Financial Officer; and, following the completion of the merger, James Yager, President of Benedek. Our publishing operations are led by Thomas J. Stultz, Vice President and President-Publishing. As of July 2, 2002, our directors and executives as a group owned or controlled 59.3% of our combined voting common stock.

Merger Summary

This section of the prospectus supplement describes certain material aspects of the proposed merger. This summary does not contain all of the information that is important to you. You should carefully read the entire registration statement, the accompanying prospectus and the other documents to which we refer you, including the merger agreement, for a more complete understanding of the merger.

The Merger

On June 4, 2002, we executed a merger agreement with Stations, the parent company of Benedek. The merger agreement provides that we will acquire Stations by merging our newly formed wholly-owned subsidiary, Gray MidAmerica Television, Inc., which we refer to as Gray MidAmerica, into Stations. In consideration for Stations, we will pay an estimated consideration of $502.5 million in cash, a substantial portion of which will be used to satisfy, in full, certain outstanding indebtedness of Stations in accordance with an amended plan of reorganization filed by Stations with the United States bankruptcy court in Delaware on July 9, 2002. We intend to finance the merger by incurring approximately $250 million of additional indebtedness and issuing approximately $275 million of equity. We may, depending on the relative conditions of the financial markets, increase or decrease our relative issuance of debt and equity securities to complete our financing of the merger.

Lock Up Agreements

On June 4, 2002, in connection with the transactions contemplated by the merger agreement, Stations and we entered into Lock Up, Voting and Consent Agreements with certain stockholders and creditors of

Stations. Under these lock up agreements, these persons agreed to, among other things, support and vote their shares in favor of a Stations bankruptcy plan that will give effect to the transactions contemplated by the merger agreement. As of the date of this prospectus supplement, Stations has received executed lock up agreements from holders of 97.9% of the outstanding senior preferred stock, 98.8% of the outstanding junior preferred stock, 100% of the outstanding class B common stock, and 94.6% of the outstanding aggregate principal amount of the senior subordinated discount notes.

In addition, stockholders who signed a lock up agreement and hold Stations senior preferred stock have agreed to pay to us, if Stations receives an offer from a third party to purchase more than 50% of Stations outstanding senior preferred stock, and such offer is approved by the bankruptcy court, a termination fee of $15.0 million. The liability of each stockholder is limited to an amount determined by multiplying $15.0 million by such stockholder s pro rata interest in the total number of shares of senior preferred stock whose holders signed lock up agreements.

The United States trustee in the Stations bankruptcy proceeding has asserted that the lock up agreements contravene the federal bankruptcy code and cannot be enforced against a party if it chooses not to vote for the Stations bankruptcy plan. The bankruptcy court has not ruled with respect to the U.S. trustee s assertions, but Stations believes that the lock up agreements are enforceable under applicable law.

The Letter of Credit and the Escrow Shares

When the merger agreement was signed, we delivered to Stations a standby letter of credit in the amount of $12.5 million and deposited with an escrow agent 885,269 shares of our class B common stock. These escrow shares had an aggregate value of $12.5 million, based on the average price of our class B common stock for the 20 consecutive trading days on the New York Stock Exchange ending on June 2, 2002.

If the merger is not consummated because of a material default by us, and Stations has not materially defaulted due to a breach of any of its representations or warranties or any of its covenants or agreements under the merger agreement, then Stations may draw on the letter of credit and instruct the escrow agent to deliver to it the escrow shares pursuant to the escrow agreement. The aggregate proceeds of the drawing on the letter of credit and the escrow shares will total $25.0 million, but we may replace some or all of the escrow shares with a cash payment. Under all other circumstances, the letter of credit will be terminated and the escrow shares will be returned to us.

Conditions to the Merger

The parties obligations to consummate the merger and related transactions generally are subject to the satisfaction or waiver of the following conditions after which we are required by the merger agreement to consummate the merger within seven business days:

- the bankruptcy court approving the order confirming Stations amended plan of reorganization and such confirmation order becoming a final bankruptcy court order;
- the Federal Communications Commission, FCC, approving the transactions contemplated by the merger agreement, without any condition or qualification materially adverse to us or our subsidiaries or Stations or its subsidiaries, or materially adverse to our acquisition of control of Stations and its subsidiaries;
- all regulatory waiting periods applicable to the merger agreement and the related transactions expiring or terminating;
- subject to limited exceptions, the sale by Benedek of nine television stations to third parties; and
- the satisfaction of other customary conditions specified in the merger agreement.

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Sale of Certain Designated Benedek Stations Prior to the Merger

Benedek has sold or plans to sell, prior to the effective time of the merger, a total of nine designated television stations, which we refer to as the excluded stations. Benedek plans to sell eight of the excluded stations to Chelsey Broadcasting Company, LLC, a Delaware limited liability company, which we refer to as Chelsey, or its affiliates pursuant to an asset purchase agreement. Benedek already has sold its television station in Wheeling, West Virginia to a third party on April 30, 2002. Benedek intends to use the net proceeds of these sales to repay indebtedness under its senior secured credit facility. The sale of the nine designated television stations is a condition to the merger.

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The Offering

The summary below describes the principal terms of the offered notes. Some of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the offered notes, see Description of the Notes, beginning on page S-36.

Issuer	Gray Television, Inc.
Securities Offered	$100.0 million principal amount of 9 1/4% senior subordinated notes due 2011.
	The offered notes will be issued under the same indenture and will have the same terms as our outstanding $180.0 million 9 1/4% senior subordinated notes due 2011, which we refer to as the 2001 notes, all of which have been exchanged through an exchange offer for notes that are registered under the Securities Act of 1933, as amended, and are freely transferable.
Maturity Date	December 15, 2011
Interest Rate	9 1/4% per year (calculated using a 360-day year)
Interest Payment Dates	June 15 and December 15 of each year, beginning on December 15, 2002
Optional Redemption	We may redeem:
	all or part of the original principal amount of the offered notes beginning on December 15, 2006, at the redemption prices stated in Description of the Notes Redemption plus accrued and unpaid interest;
	up to 35% of the original principal amount of the offered notes and the 2001 notes at any time prior to December 15, 2004 at a price of 109.250% of the principal amount thereof plus accrued and unpaid interest, with the proceeds of certain public equity offerings of our company; and
	all but not part of the offered notes and the 2001 notes at any time prior to December 15, 2006 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption plus a make whole premium based upon the present value of the remaining payments thereon.
Change of Control	Upon a change in control, defined as the acquisition by any persons of beneficial ownership of more than 35% of the voting power of the outstanding shares of our common stock, transfers of substantially all of our assets, certain substantial changes in our board of directors, certain consolidations or mergers of our company involving a significant change in shareholdings or the liquidation of our company, we will be required to make an offer to repurchase all of the outstanding offered notes and outstanding 2001 notes at 101% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase. Under certain circumstances, we may not be required to make a change of control offer. See Description of the Notes Change of Control.

Ranking and Subordination	The offered notes will be our general unsecured obligations subordinated in right of payment to all of our existing and future senior indebtedness, including all of our obligations under our amended and restated senior secured credit facility dated as of September 25, 2001, which we refer to as the senior secured credit facility. As of June 30, 2002, we had senior indebtedness of $200.0 million funded under our senior secured credit facility. We have unused availability of $37.5 million under our senior secured credit facility after giving effect to the $12.5 million undrawn letter of credit. See Description of the Notes Subordination.
Subsidiary Guarantees	The offered notes will be guaranteed, jointly and severally, fully and unconditionally, on a senior subordinated basis by each of the guarantors, which consist of all of our subsidiaries. The obligations of a guarantor under its guarantee of the offered notes will be subordinated in right of payment, to the same extent as our obligations under the offered notes, to all existing and future senior indebtedness of such guarantor, which will include any guarantee by it of our indebtedness under our senior secured credit facility.
Basic Indenture Covenants	The indenture governing the offered notes contains certain covenants that, among other things, limit our ability to (1) transfer or issue shares of capital stock of subsidiaries to third parties, (2) pay dividends or make certain other payments, (3) incur additional indebtedness, (4) issue preferred stock, (5) incur liens to secure our indebtedness, (6) apply net proceeds from certain asset sales, (7) enter into certain transactions with affiliates or (8) merge with or into any other person. See Description of the Notes Covenants.
Use of Proceeds	We will use the net proceeds of this offering primarily to repay a portion of the borrowings under our senior secured credit facility. See Use of Proceeds.

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Summary Historical Consolidated Financial Data

Set forth below is our summary historical consolidated financial data. The financial data for, and as of the end of, each of the years in the five-year period ended December 31, 2001 was derived from the audited consolidated financial statements included in our Annual Reports on Form 10-K and from other information in the Annual Reports. The financial data for, and as of the six month periods ended June 30, 2002 and 2001 was derived from our unaudited accounting records and have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all normal and recurring adjustments and accruals necessary for a fair presentation of such information. More comprehensive financial information is included in the Annual Reports and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002. The financial information that follows is qualified in its entirety by reference to, and should be read in conjunction with, the Annual Reports, the Quarterly Reports and all of the financial statements and related notes contained in the Annual Reports and the Quarterly Reports.

	Year Ended December 31,					Six Months Ended June 30,	
	1997(a)	1998(b)	1999(c)	2000	2001	2001	2002
	(dollars in thousands except per share data)						
Statements of Operations Data:							
Revenues							
Broadcast (less agency commissions)	$ 72,300	$ 91,007	$ 97,015	$ 120,640	$ 106,430	$ 52,575	$ 55,006
Publishing	24,536	29,330	37,808	41,499	41,189	19,927	21,216
Paging	6,712	8,553	9,130	9,074	8,725	4,405	4,083
Total revenues	103,548	128,890	143,953	171,213	156,344	76,907	80,305
Operating expenses							
Broadcast, publishing and paging	65,771	82,783	93,994	105,314	104,025	50,846	50,149
Corporate and administrative	2,528	3,063	3,448	3,594	3,615	1,829	2,116
Depreciation and amortization	14,519	18,117	24,451	31,207	30,824	15,696	7,433
Total operating expenses	82,818	103,963	121,893	140,115	138,464	68,371	59,698
Operating income	20,730	24,927	22,060	31,098	17,880	8,536	20,607
Gain on disposition of television stations		72,646					
Valuation adjustments of goodwill and other assets		(2,074)					
Appreciation (depreciation) in value of derivative, net					(1,581)	(961)	730
Miscellaneous income (expense), net	(31)	(242)	336	780	194	98	97
Income (loss) before interest expense, income taxes, extraordinary charge and cumulative effect of accounting change	20,699	95,257	22,396	31,878	16,493	7,673	21,434
Interest expense	21,861	25,454	31,021	39,957	35,783	18,167	16,866
Income (loss) before income taxes, extraordinary charge and cumulative effect of accounting change	(1,162)	69,803	(8,625)	(8,079)	(19,290)	(10,494)	4,568
Income tax expense (benefit)	240	28,144	(2,310)	(1,867)	(5,972)	(3,232)	1,616
Net income (loss) before extraordinary charge and cumulative effect of accounting change	(1,402)	41,659	(6,315)	(6,212)	(13,318)	(7,262)	2,952
Extraordinary charge on extinguishment of debt							(7,318)
Net income (loss) before cumulative effect of accounting change	(1,402)	41,659	(6,315)	(6,212)	(13,318)	(7,262)	(4,366)
Cumulative effect of accounting change, net							(30,592)
Net income (loss)	(1,402)	41,659	(6,315)	(6,212)	(13,318)	(7,262)	(34,958)
Preferred dividends	1,410	1,318	1,010	1,012	616	308	803

Non-cash preferred dividends associated with preferred stock redemption		3,360		2,160			3,969
Net income (loss) available to common stockholders	$ (2,812)	$ 36,981	$ (7,325)	$ (9,384)	$ (13,934)	$ (7,570)	$ (39,730)

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	Year Ended December 31,					Six Months Ended June 30,	
	1997(a)	1998(b)	1999(c)	2000	2001	2001	2002
	(dollars in thousands except per share data)						
Other Data:							
Media cash flow(d)	$ 38,061	$ 46,624	$ 50,944	$ 66,247	$ 53,074	$ 26,411	$ 30,520
Media cash flow margin(d)	36.8%	36.2%	35.4%	38.7%	33.9%	34.3%	38.0%
Operating cash flow(e)	$ 35,533	$ 43,561	$ 47,496	$ 62,653	$ 49,459	$ 24,582	$ 28,404
Operating cash flow margin(e)	34.3%	33.8%	33.0%	36.6%	31.6%	32.0%	35.4%
Cash flows provided by (used in):							
Operating activities	$ 9,744	$ 20,074	$ 20,842	$ 22,765	$ 16,823	$ 8,268	$ 3,355
Investing activities	(57,498)	(55,299)	(126,780)	(8,276)	(186,165)	(2,679)	154,741
Financing activities	49,071	34,744	105,839	(14,061)	167,685	(6,109)	(143,184)
Capital expenditures	10,372	9,271	11,712	5,702	7,593	2,597	8,133
Ratio of total debt to operating cash flow							7.1x(g)
Ratio of operating cash flow to interest expense							1.6(g)
Balance Sheet Data (at end of period):							
Cash and cash equivalents	$ 2,367	$ 1,887	$ 1,787	$ 2,215	$ 169,115(f)	$ 1,695	$ 15,470
Total intangible assets, net	263,425	376,015	526,434	511,616	497,311	504,458	457,633
Total assets	345,051	468,974	658,157	636,772	794,337(f)	616,870	595,911
Long-term debt (including current portion)	227,076	270,655	381,702	374,887	551,444(f)	368,557	378,878
Preferred stock	11,111	7,371	7,371	4,637	4,637	4,637	39,234
Total stockholders equity	92,295	126,703	168,188	155,961	142,196	148,765	98,288

(a) Reflects the operating results of our acquisition of substantially all of the assets of WITN-TV and our acquisition of all of the outstanding common stock of GulfLink Communications, Inc. as of their respective acquisition dates, August 1, 1997 and April 24, 1997.

(b) Reflects the operating results of our acquisition of all of the outstanding capital stock of Busse Broadcasting Corporation and our related acquisition of the assets of WEAU-TV in exchange for the assets of WALB-TV as of July 31, 1998, the closing date of the respective transactions. See Note B to our audited consolidated financial statements incorporated by reference in this prospectus.

(c) Reflects the operating results of our acquisition of all of the outstanding capital stock of KWTX Broadcasting Company and Brazos Broadcasting Company, as well as the assets of KXII Broadcasters Ltd., completed on October 1, 1999, and our acquisition of substantially all of the assets of The Goshen News from News Printing Company, Inc. and its affiliates, completed on March 1, 1999, as of their respective acquisition dates. See Note B to our audited consolidated financial statements incorporated by reference in this prospectus.

(d) Media cash flow is defined as operating income, plus depreciation and amortization (including amortization of program broadcast rights), non-cash compensation and corporate overhead, less payments for program broadcast obligations. Media cash flow margin is defined as media cash flow divided by revenues.

(e) Operating cash flow is defined as media cash flow less corporate overhead. Operating cash flow margin is defined as operating cash flow divided by revenues.

We have included media cash flow, operating cash flow and certain related calculations because such data is commonly used as a measure of performance for media companies and is also used by investors to measure a company s ability to service debt. Media cash flow, operating cash flow and certain related calculations are not, and should not, be used as an indicator or alternative to operating income, net income or cash flow as reflected in our consolidated financial statements. Media cash flow, operating cash flow and certain related calculations are not measures of financial performance under generally accepted accounting principles and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

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(f) On December 21, 2001, we deposited $168.6 million with the trustee of our 10 5/8% Senior Subordinated Notes due 2006 to redeem those notes, including payment of principal, the applicable premium costs and accrued interest through the redemption date of January 22, 2002. Total assets include the $168.6 million reflected as restricted cash for redemption of long-term debt and long-term debt(including current portion) includes the related $155.2 million of our 10 5/8% notes that were extinguished on January 22, 2002.

(g) Represents ratios for the 12 months ended June 30, 2002.

(h) The following table presents the transitional disclosures regarding the adoption of SFAS 142:

	Year Ended December 31,					Six Months Ended June 30,	
	1997(a)	1998(b)	1999(c)	2000	2001	2001	2000
	(dollars in thousands except per share data)						
Reported net income (loss) before extraordinary charge and cumulative effect of accounting	$(1,402)	$41,659	$(6,315)	$ (6,212)	$(13,318)	$(7,262)	$2,952
Add back: amortization of goodwill and intangible assets with indefinite lives, net of tax	4,175	5,697	8,499	11,022	11,033	5,516	
Adjusted net income (loss) before extraordinary charge and cumulative effect of accounting change	$ 2,773	$47,356	$ 2,184	$ 4,810	$ (2,285)	$(1,746)	$2,952

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Summary Unaudited Pro Forma Financial Data

The unaudited pro forma combined condensed statements of operations for the six months ended June 30, 2002 and June 30, 2001 reflect the transactions associated with the acquisition of Stations as if they had been completed on January 1, 2001. The unaudited pro forma combined condensed statement of operations for the year ended December 31, 2001 reflects these transactions as if they had been completed on January 1, 2001. The June 30, 2002 unaudited pro forma combined condensed balance sheet reflects these transactions as if they had been completed on June 30, 2002. The unaudited pro forma financial statements are presented under Unaudited Pro Forma Financial Data in the accompanying prospectus.

The unaudited pro forma financial data presented below is for illustrative purposes only and is not necessarily indicative of the operating results that would have actually occurred had the acquisition of Stations been completed, nor is it necessarily indicative of future operating results. The unaudited pro forma financial data should be read in conjunction with our consolidated financial statements and notes thereto incorporated by reference in this prospectus, and in conjunction with Stations consolidated financial statements and notes thereto included in the accompanying prospectus. See Unaudited Pro Forma Financial Data included in the accompanying prospectus for further information about the compilation of the unaudited pro forma financial data.

	Pro Forma Year Ended December 31,	Pro Forma Six Months Ended June 30,	
	2001	2001	2002
Statements of Operations Data:			
Revenues			
Broadcast (less agency commissions)	$213,991	$104,603	$109,647
Publishing	41,189	19,927	21,216
Paging	8,725	4,405	4,083
Total revenues	263,905	128,935	134,946
Operating expenses			
Broadcast, publishing and paging	168,032	83,729	83,091
Corporate and administrative	7,251	3,861	4,023
Depreciation and amortization	40,406	20,487	12,224
Total operating expenses	215,689	108,077	99,338
Operating income	48,216	20,858	35,608
Interest expense	53,797	27,245	25,944
Appreciation (depreciation) in value of derivative, net	(1,581)	(961)	730
Miscellaneous income, net	353	185	153
Income (loss) from continuing operations before provision for (benefit from) income taxes	(6,809)	(7,163)	10,547
Income tax expense (benefit)	(946)	(1,727)	3,853
Net income (loss) from continuing operations	(5,863)	(5,436)	6,694
Preferred dividends	3,200	1,600	1,600
Net income (loss) from continuing operations available to common stockholders	$ (9,063)	$ (7,036)	$ 5,094
Other Data:			
Media cash flow(a)	$ 97,008	$ 45,609	$ 51,897
Media cash flow margin(a)	36.8%	35.4%	38.5%

Operating cash flow(b)	$ 89,757	$ 41,748	$ 47,874
Operating cash flow margin(b)	34.0%	32.4%	35.5%
Capital expenditures	$ 21,283	$ 8,314	$ 12,776
Ratio of total debt to operating cash flow			6.6(c)
Ratio of operating cash flow to interest expense			1.8(c)

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	Pro Forma June 30, 2002
Balance Sheet Data (at end of period):	
Cash and cash equivalents	$ 5,241
Total intangible assets, net	1,028,377
Total assets	1,234,219
Long-term debt (including current portion)	636,999
Preferred stock	39,234
Total stockholders equity	351,668

(a) Media cash flow is defined as operating income, plus depreciation and amortization (including amortization of program broadcast rights), non-cash compensation and corporate overhead, less payments for program broadcast obligations. Media cash flow margin is defined as media cash flow divided by revenues.

(b) Operating cash flow is defined as media cash flow less corporate overhead. Operating cash flow margin is defined as operating cash flow divided by revenues.

We have included media cash flow, operating cash flow and certain related calculations because such data is commonly used as a measure of performance for media companies and is also used by investors to measure a company s ability to service debt. Media cash flow, operating cash flow and certain related calculations are not, and should not, be used as an indicator or alternative to operating income, net income or cash flow as reflected in our consolidated financial statements. Media cash flow, operating cash flow and certain related calculations are not measures of financial performance under generally accepted accounting principles and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

(c) Represents ratios for the 12 months ended June 30, 2002.

(d) The following table presents the transitional disclosures regarding the adoption of SFAS 142:

	Pro Forma Year Ended December 31, 2001	Pro Forma Six Months Ended June 30, 2001	2002
Reported net income (loss) before extraordinary charge and cumulative effect of accounting change	$ (5,863)	$ (5,436)	$ 6,694
Add back: amortization of goodwill and intangible assets with indefinite lives, net of tax	11,033	5,516	
Adjusted net income (loss) before extraordinary charge and cumulative effect of accounting change	$ 5,170	$ 80	$ 6,694

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RISK FACTORS

You should carefully consider the following risk factors and the additional risk factors described in the accompanying prospectus, as well as other information contained in this prospectus supplement, the accompanying prospectus or incorporated herein by reference, before purchasing any of the offered notes.

We depend on the cash flow of our subsidiaries to satisfy our obligations, including our obligations under the offered notes.

Our operations are conducted through our direct and indirect wholly-owned subsidiaries, which guarantee the offered notes, jointly and severally, fully and unconditionally, on an unsecured senior subordinated basis. As a holding company, we own no significant assets other than our equity in our subsidiaries, and we are dependent upon the cash flow of our subsidiaries to meet our obligations. Accordingly, our ability to make interest and principal payments when due to holders of the offered notes and our ability to purchase the offered notes upon a change of control is dependent upon the receipt of sufficient funds from our subsidiaries, which may be restricted by the terms of any senior indebtedness of our subsidiaries, including the terms of existing and future guarantees of our indebtedness given by our subsidiaries. There can be no assurance that the funds received from our subsidiaries will be adequate to allow us to make payments on the offered notes. As a result, the offered notes and the subsidiary guarantees effectively are subordinated to all senior indebtedness and other liabilities and commitments of our subsidiaries.

Your right to receive payment on the offered notes and under the guarantees is junior to all of our and the guarantors senior debt.

All indebtedness under our senior secured credit facility is secured by substantially all of our assets, as well as the assets of our subsidiaries. Additionally, the offered notes and the guarantees are subordinated to the claims of the lenders under our senior secured credit facility.

In the event that we or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any debt that ranks ahead of the offered notes and the guarantees will be entitled to be paid in full in cash or cash equivalents or in any other manner acceptable to holders of senior debt from our assets or the assets of the guarantor, as applicable, before any payment may be made with respect to the offered notes or under the affected guarantees. In any of these events, we cannot assure you that we would have sufficient assets to pay amounts due on the offered notes. As a result, holders of the offered notes may receive less, proportionally, than the holders of debt that is senior to the offered notes and the guarantees. The subordination provisions of the indenture also provide that we can make no payment to you during the continuance of payment defaults on our senior debt, and payments to you may be suspended for a period of up to 179 days if a nonpayment default exists under our senior debt. See Description of the Notes Subordination for additional information.

As of June 30, 2002, we had senior indebtedness of $200.0 million funded under our senior secured credit facility. We have unused availability of $37.5 million under our senior secured credit facility after giving effect to the $12.5 million undrawn letter of credit. The interest rate on the balance outstanding was 5.3%. In conjunction with the merger, we intend to amend our existing credit facility or enter into a new credit facility. In addition, our indenture and our senior secured credit facility permit, subject to specified limitations, the incurrence of additional indebtedness, which may be senior indebtedness. If we incur such additional indebtedness, the risks described above could intensify. See Description of the Notes Covenants included elsewhere herein and Description of Certain Indebtedness in the accompanying prospectus for additional information.

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Our indebtedness could materially and adversely affect our business and prevent us from fulfilling our obligations under the offered notes.

After completion of this offering, we will be highly leveraged and will have significant fixed debt service obligations in addition to our operating expenses. Our indebtedness could have significant adverse effects on our business. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
- reduce the availability of our cash flow to fund working capital, capital expenditures and other general business purposes;
- limit our flexibility in planning for, or reacting to, changes in our industries, making us more vulnerable to economic downturns and limiting our ability to withstand competitive pressure;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

If our indebtedness affects our operations in these ways, our business, financial condition and results of operations could suffer, making it more difficult for us to satisfy our obligations under the offered notes. Furthermore, the indenture governing the offered notes and our senior secured credit facility permit us to incur substantial amounts of additional debt in specified circumstances. If we incur additional debt in the future, the related risks could intensify.

Covenant restrictions under the indenture may limit our ability to operate our business.

The indenture governing the offered notes contains covenants that may restrict our ability and the guarantors ability to finance future operations or capital needs or to engage in other business activities.

In addition, the indenture governing the offered notes restricts, among other things, our ability and the guarantors ability to:

- incur additional indebtedness;
- make specified restricted payments;
- make specified asset sales;
- incur liens;
- engage in intra-company transactions, such as the payment of dividends and the making of loans or advances;
- engage in transactions with affiliates;
- issue and sell capital stock of our subsidiaries; and
- engage in a merger, consolidation or sale of substantial assets.

We cannot assure you that we will meet the covenants in the indenture or that the holders of the offered notes that are party to the indenture will waive any failure to meet these covenants. A breach of any of these covenants would result in a default under the indenture, and may in turn result in a default under our senior secured credit facility. If an event of default occurs under our senior secured credit facility and continues beyond any applicable cure period, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If our indebtedness were to be accelerated, there can be no assurance that we would be able to pay it. Such acceleration would have a material adverse effect on our financial condition. See Description of Certain Indebtedness in the accompanying prospectus and Description of the Notes included elsewhere in this prospectus supplement.

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The guarantees may not be enforceable because of fraudulent conveyance laws.

We are a holding company with no direct operations and no significant assets other than the stock of our subsidiaries. We will depend on funds from our subsidiaries to meet our obligations, including cash interest payments on the offered notes. If a court voids the guarantees, your right as a holder of offered notes to participate in any distribution of the assets of any of our subsidiaries upon the liquidation, reorganization or insolvency of a subsidiary will be subject to the prior claims of that subsidiary s creditors.

Our subsidiaries guarantees may be subject to review under U.S. federal bankruptcy laws or relevant state fraudulent conveyance laws if a bankruptcy case or lawsuit is commenced by or on behalf of the guarantors unpaid creditors. Although laws differ among various jurisdictions, in general under fraudulent conveyance laws a court could subordinate or avoid a guarantee if it is found that:

- the debt under the guarantee was incurred with the actual intent to hinder, delay or defraud creditors; or
- a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee and a guarantor:
  - was insolvent or was rendered insolvent because of its guarantee;
  - was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital; or
  - intended to incur, or believed that we or it would incur, debts beyond its ability to pay upon maturity (as all of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes).

It may be asserted that, since the guarantors incurred their guarantees for our benefit, they incurred the obligations under the guarantees for less than reasonably equivalent value or fair consideration.

The standards for determining insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in any such proceeding. Generally, a company would be considered insolvent if, at the time it issued the guarantee, either:

- the sum of its debts, including contingent liabilities, is greater than its assets, at fair valuation; or
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and matured.

We believe that, at the time the guarantors initially incur the debt represented by the guarantees, the guarantors will not be insolvent or rendered insolvent by the incurrence of the debt, be lacking sufficient capital to run their businesses effectively or be unable to pay obligations on the guarantees as they mature or become due.

In reaching the foregoing conclusions, we have relied upon our analyses of internal cash flow projections and estimated values of the assets and liabilities of the guarantors. We cannot assure you, however, that a court passing on the same questions would reach the same conclusions.

If a guarantee is voided as a fraudulent conveyance or found to be unenforceable for any other reason, you will not have a claim against that particular guarantor and you will only be a creditor of any guarantor whose obligation was not set aside or found to be unenforceable.

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There is no assurance that an active trading market for the offered notes will develop or, if it develops, that it will continue.

There is an existing market for the 2001 notes and we expect that there will be a market for the offered notes; however, there is no assurance that a market for the offered notes will develop or, if it develops, that it will continue. We cannot assure you with respect to:

- the liquidity of a market for the offered notes;
- your ability to sell the offered notes; or
- the price at which you will be able to sell the offered notes.

The offered notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including the number of holders of the offered notes, prevailing interest rates, the market for similar notes, our financial performance and prospects and the prospects for companies in our industry generally. We do not intend to list the offered notes on any securities exchange or to seek approval for quotations through any automated quotation system. A market in the offered notes has been made by the underwriters, who have advised us that they currently anticipate to continue making a market in the offered notes, but they are not obligated to do so and may discontinue making a market at any time without notice.

We may not be able to finance a change of control offer required by the indenture.

If we were to experience a change of control, the indenture governing the offered notes requires us to offer to purchase all of the notes then outstanding at 101% of their principal amount, plus accrued interest to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds to purchase the offered notes. The purchase of the offered notes may require additional third-party financing and we cannot assure you that we would be able to obtain that financing on favorable terms or at all.

In addition, our senior secured credit facility restricts our ability to purchase the offered notes, even when we are required to do so by the indenture in connection with a change of control. Furthermore, similar change of control events will result in an event of default under our senior secured credit facility and could cause the acceleration of our debt thereunder. The inability to repay that debt, if accelerated, and to purchase all of the tendered offered notes in the event of a change of control, would constitute an event of default under the indenture.

We may enter into transactions, including acquisitions, refinancings or recapitalizations, or highly leveraged transactions, that do not constitute a change of control under the indenture governing the offered notes. Any of these transactions may result in an increase in our debt or otherwise affect our capital structure, harm our credit ratings or have a material adverse effect on holders of the offered notes.

The guarantors may be released under certain circumstances.

Any guarantee of a guarantor may be released if we sell, exchange or transfer the stock of that guarantor or substantially all of its assets to a non-affiliate and the guarantor no longer guarantees any of our other debt. The indenture also permits us to sell a majority interest and retain a minority interest in a subsidiary engaged in our paging or satellite business and does not require that subsidiary to remain as a guarantor of the offered notes.

Because a significant portion of our assets are intangible, they may have little value upon a liquidation.

Our assets consist primarily of intangible assets, including affiliation agreements with television networks such as NBC and CBS and FCC licenses, the value of which will depend significantly upon the success of our business and the financial prospects of the television broadcasting and paging industries in general. If we default on our indebtedness, or if we are liquidated, the value of these assets may not be sufficient to satisfy our obligations to our creditors and debtholders, including the holders of the offered notes.

Restrictions under our existing senior secured credit facility limit our flexibility.

Our existing senior secured credit facility prevents us from taking certain actions and requires us to meet certain tests. These limitations and tests include the following:

- limitations on liens;
- limitations on additional debt;
- limitations on dividends and distributions;
- limitations on management and consulting fees;
- limitations on stock repurchases;
- limitations on transactions with affiliates;
- limitations on guarantees;
- limitations on asset sales;
- limitations on sale-leaseback transactions;
- limitations on acquisitions;
- limitations on changes in our business;
- limitations on mergers and other corporate reorganizations;
- limitations on loans, investments and advances, including investments in joint ventures and foreign subsidiaries; and
- financial ratio and condition tests.

These restrictions and tests may prevent us from taking action that could increase the value of our securities, or may require actions that decrease the value of our securities. In addition, we may fail to meet the tests and thereby default under our senior secured credit facility. If we default on our obligations, creditors could require immediate payment of the obligations or foreclose on collateral. If this happens, we could be forced to sell assets or take other action that would reduce the value of our securities.

Servicing our debt will require a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to service our debt depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. In addition, the ability to borrow funds under our senior secured credit facility in the future will depend on our meeting the financial covenants in that agreement. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our senior secured credit facility or otherwise, in an amount sufficient to enable us to pay our debt or to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts or on terms acceptable to us, or at all. If we are unable to implement one or more of these alternatives, we may not be able to service our debt obligations.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering will be approximately $97.5 million, after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds of this offering primarily to repay a portion of the borrowings under our senior secured credit facility. We intend to use any remaining proceeds for general corporate purposes, including capital expenditures and to meet working capital needs.

As of June 30, 2002, the interest rate on our outstanding borrowings of $200.0 million under our senior secured credit facility was 5.3%. See Description of Certain Indebtedness Senior Secured Credit Facility in the accompanying prospectus for a description of how the interest rate is calculated. The final maturity date for any outstanding amounts under the revolving credit facility is December 31, 2008 and for any outstanding amounts under the term facility is September 30, 2009. We used our outstanding borrowings for our general corporate purposes.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2002

on an actual basis;

as adjusted to give effect to the issuance of the offered notes; and

pro forma as adjusted to give effect to the issuance of the offered notes and the merger.

The information set forth below should be read in conjunction with Information Regarding Gray Selected Historical Consolidated Financial Data and Unaudited Pro Forma Financial Data in the accompanying prospectus, Use of Proceeds included elsewhere in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes incorporated in this prospectus supplement by reference to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

	As of June 30, 2002		
	Actual	As Adjusted for this Offering	Pro Forma As Adjusted for the Merger
		(dollars in thousands)	
Cash and cash equivalents	$ 15,470	$ 12,970	$ 5,241
Long-term debt:			
Senior Credit Facility(a)	$200,000	$100,000	$ 353,092
9 1/4% senior subordinated notes due 2011 net of unamortized issue discount of $1,370	178,630	278,630	278,630
Other	248	248	5,277
	378,878	378,878	636,999
Less current portions	(202)	(202)	(2,181)
Total long-term debt	378,676	378,676	634,818
Series C Redeemable Convertible Preferred Stock	39,234	39,234	39,234
Stockholders Equity:			
Class A Common Stock	20,173	20,173	20,173
Class A Common Treasury Stock	(8,339)	(8,339)	(8,339)
Class B Common Stock	118,721	118,721	375,721
Accumulated Deficit	(32,268)	(32,268)	(35,887)
Total Stockholders Equity	98,287	98,287	351,668
Total Capitalization	$516,197	$516,197	$1,025,720

(a) Amounts outstanding as of June 30, 2002 for actual and for as adjusted for this offering do not include a $12.5 million standby letter of credit which we have issued in connection with the merger with Stations. As of June 30, 2002 we had senior indebtedness of $200.0 million funded under our senior secured credit facility. We have unused availability of $37.5 million under our senior secured credit facility after giving effect to the $12.5 million undrawn letter of credit.

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BUSINESS OF GRAY TELEVISION, INC.

Our Business

We currently own and operate 13 network affiliated television stations in 11 medium-sized markets in the Southeast, Southwest and Midwest United States. Eleven of our 13 stations are ranked first in total viewing audience and news audience, with the remaining two stations ranked second in total viewing audience and second or third in news audience. Ten of our stations are affiliated with CBS and three are affiliated with NBC.

Since 1993, we have grown primarily through strategic acquisitions. Our significant historic acquisitions have included 12 television stations, three newspapers, a transportable satellite uplink business and a paging business. As a result of our acquisitions and in support of our growth strategy, we have added experienced members to our management team and have greatly expanded our operations in the television broadcasting business.

On June 4, 2002, we executed a merger agreement with Stations, the parent company of Benedek. We plan to acquire 15 television stations from Stations. Stations is required under the merger agreement to sell its additional nine designated television stations to third parties prior to the merger. In consideration for Stations, we will pay an estimated consideration of $502.5 million, a substantial portion of which will be used to satisfy, in full, certain outstanding indebtedness of Stations in accordance with an amended plan of reorganization filed by Stations with the United States bankruptcy court in Delaware on July 9, 2002. We expect the merger, if it closes, to be completed during the fourth quarter of 2002.

We believe that the merger represents an excellent opportunity for us to acquire complementary television stations that will create significant operational and financial benefits. These benefits include increased economies of scale, greater geographic and network diversification, access to additional operating cash flow, cross-promotion opportunities and the potential to increase and enhance our local franchises. Upon the completion of the proposed merger, we will own and operate 28 television stations serving 24 markets with a strong presence in the Southeast, Southwest, Midwest and Great Lakes regions of the United States. The combined station group will include 15 CBS affiliates, seven NBC affiliates and six ABC affiliates. In addition, our 15 CBS affiliates will make us the largest independent owner of CBS affiliated stations in the country. Pro forma for the acquisition, 25 of our 28 television stations will rank first or second in viewing audience and 24 of our 28 television stations will rank first or second in local news within their respective markets. In addition, our station group will reach approximately 5% of total U.S. TV households.

We also own and operate four daily newspapers, three located in Georgia and one in Goshen, Indiana, with a total daily circulation of approximately 126,000. In addition, we own and operate a paging business located in the Southeast that had approximately 68,000 units in service at June 30, 2002.

For the year ended December 31, 2001, pro forma for the Stations acquisition, our television stations would have produced $214.0 million of net revenue and $84.7 million of broadcast cash flow. Including our publishing and other operations, we would have produced $263.9 million of net revenue and $97.0 million of media cash flow, on a pro forma basis in 2001.

Operating & Growth Strategy

We attribute our success to date and our current opportunities to increase our revenue, media cash flow and audience share to the successful implementation of our core operating strategies, the principal components of which are to:

Focus on Local News and Programming to Maintain a Strong Local Franchise. We currently operate 13 network affiliated television stations serving 11 markets, with 12 of our 13 stations ranked first or second in local news. After completion of the merger with Stations, we will operate 28 network affiliated television stations serving 24 markets, with 24 of our 28 stations ranked first or second in local news. We endeavor to make each of our television stations a highly recognizable, local brand through the depth, quality and focus of its local news, programming and community involvement. We believe that providing the leading source for local news and programming in our markets enables us to strengthen audience loyalty and increase viewership among attractive demographic audiences. As a result, we believe that the strength of our local franchises enables us to maximize advertising revenues from local, regional and national accounts. We believe that our commitment to local news, programming and community involvement is essential to our ability to serve each of the communities in which we operate and provides us with a strong competitive advantage.

Continue to Develop Innovative Local Sales and Targeted Marketing Initiatives. We employ an experienced, high-quality local sales force at each station to increase advertising revenue by leveraging our local brand. In 2001, approximately 59% of our net television advertising revenue was generated from our local advertisers and pro forma for the proposed merger with Stations, approximately 60% of our net television advertising revenue would have been generated from our local advertisers. Additionally, our net revenue from local television advertisers represented approximately 67% of the combined total of our local and national net advertising revenues and, pro forma for the proposed merger with Stations, approximately 68% of the combined total of our local and national net advertising revenues would have been generated from local television advertisers. Our goal is to develop customized advertising campaigns for our customers, which directly target their desired audience and address their long-term advertising objectives. We believe that a focused, tailored advertising solution is very attractive to local advertisers, who have historically been a more stable source of revenue than national advertisers. In addition to focusing on expanding our relationships with existing advertisers, we seek to identify and create new relationships with local, regional and national customers in our markets. Each station s sales personnel are trained to understand local advertisers needs and are required to meet performance standards with respect to client activity, including new customer identification.

Capitalize on Leading Network Brands in Markets with Limited Competition. Currently, ten of our stations are affiliated with CBS and three are affiliated with NBC, representing approximately 81% and 19% of our total television revenue in 2001, respectively. Following the completion of the merger, we will have a broad and diverse portfolio of 28 affiliated television stations located in 24 markets, of which 15 are affiliated with CBS, seven are affiliated with NBC and six are affiliated with ABC, representing approximately 56%, 29% and 15% of our total pro forma net television revenue in 2001, respectively. Additionally, we will be the largest independent owner of CBS affiliated stations. Our network affiliations provide our television stations with top-rated programming, which complements and enhances our leading local brand. We believe that our markets are less competitive than larger DMAs. Of our 24 markets, 16 markets are served by four TV stations or fewer, and seven markets are served by three or fewer television stations. Our markets also typically have fewer radio stations than larger DMAs.

Pursue Strategic Acquisitions to Expand and Enhance Our Regional Clusters. We have acquired and integrated successfully 12 of our 13 television stations since 1993, and have signed a definitive agreement to acquire an additional 15 television stations from Stations. After giving effect to the proposed merger, our television stations will be located in several distinct regions throughout the United States, with significant presence in the Southeast, Midwest, Texas and Great Lakes regions, diminishing potential adverse effects on our business caused by specific regional economic fluctuations. We believe that we are well positioned to participate in further consolidation of our industry, including opportunities that may arise as a result of future regulatory changes. For example, a number of the FCC s most restrictive ownership regulations, including newspaper-television cross ownership and television duopoly rules, are currently under review and could be relaxed in the future, providing us with further attractive growth opportunities. In pursuing future acquisitions, we intend to focus on network affiliated television stations in medium-sized markets that offer superior growth. Specifically, we pursue television stations proximate to our existing clusters, as evidenced by the proposed merger with Stations in which five of the 15 television

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stations we intend to acquire are adjacent to markets in which we currently own and operate television stations. Additionally, we focus on acquiring television stations where we can successfully implement our operating strategies to establish leading local news, increase revenue and audience share, develop relevant regional content and reduce costs.

Attract and Retain High-Quality Management. We believe that high-quality management at both the corporate and station level is critical to the successful implementation of our strategy. We use equity incentives to attract and retain station general managers with proven track records. Members of our senior management team have extensive experience in operating, managing and acquiring television stations, and include: J. Mack Robinson, President and Chief Executive Officer; Robert Prather, Executive Vice President- Acquisitions; James Ryan, Vice President and Chief Financial Officer; and after the proposed merger, K. James Yager, currently the President of Benedek. Additionally, our station managers have an average of over 21 years of industry experience with individual industry experience ranging from 11 to 32 years.

Maintain Strict Financial Planning and Cost Controls. We employ a comprehensive ongoing strategic planning and budgeting process that enables us to continually identify and implement cost savings at each station, and is designed to increase our media cash flow. We believe that owning and operating 28 television stations will enable us to achieve economies of scale and reduce expenses for syndicated programming, capital equipment and vendor services. Furthermore, we believe that the synergies generated through geographic clustering, further enhanced by the Stations acquisition and the realization of technological and automation efficiencies, will enable us to achieve additional cost savings in the near future.

Increase Advertising Revenue and Circulation at Our Newspaper Publishing Operations. We seek to increase advertising revenues and circulation at each of our four newspapers by creating a highly recognizable local brand by focusing on the depth and quality of our coverage of local news, sports and lifestyles and through community involvement. We are able to differentiate our publications from larger competitors and build reader loyalty by becoming the primary source for local news and advertising information within each of our target markets. We also sponsor community events with the objective of strengthening our community relationships. We employ an experienced local sales force to increase advertising revenue by leveraging our local brand. Through our ongoing strategic planning and budgeting process, we continually identify and implement cost savings at each newspaper to increase our media cash flow. In 2001, publishing represented approximately 16% of our total pro forma net revenue. Our newspaper strategy is led by senior managers and publishers who have an average of over 32 years of experience in the newspaper business with individual experience ranging from 20 to 40 years. Our publishing operations are led by Thomas J. Stultz, Vice President and President-Publishing.

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Television Broadcasting

The following is a list of all our stations pro forma following the merger. In markets where we have satellite stations and stations that serve distant communities, the figures have been combined.

	DMA Rank(a)	Market	Station	Analog Channel	Network Affiliation Network	Network Affiliation Expiration	FCC License Renewal Date	Station Rank in DMA(b)	Station News Rank In DMA(c)	Commercial Stations in DMA(d)	In Market Share of Household Viewing(b)	Television Households(a) (in thousands)
*	62	Knoxville, TN	WVLT	8	CBS	12/31/04	8/1/05	2 (tied)	3	5	22%	478
	65	Wichita- Hutchinson, KS	KAKE	10	ABC	1/1/06	6/1/06	3	3	4	21%	453
		(Colby, KS)	KLBY(e)	4	ABC	1/1/06	6/1/06					
		(Garden City, KS)	KUPK(e)	13	ABC	1/1/06	6/1/06					
*	66	Lexington, KY	WKYT	27	CBS	12/31/04	8/1/05	1	1	5	35%	436
*	Note (f)	Hazard, KY	WYMT	57	CBS	12/31/04	8/1/05	1	1		39%	169
	75	Omaha, NE	WOWT	6	NBC	1/1/12	6/1/06	1	1	5	36%	386
	85	Madison, WI	WMTV	15	NBC	1/1/12	12/1/05	2	2	4	30%	339
	91	Colorado Springs, CO	KKTV	10	CBS	6/30/05	4/1/06	1	1	5	33%	306
*	94	Waco-Temple- Bryan, TX	KWTX	10	CBS	12/31/05	8/1/06	1	1	6	42%	299
*		(Bryan, TX)	KBTX(g)	3	CBS	12/31/05	8/1/06	1	1			
*	102	Lincoln-Hastings- Kearney, NE	KOLN	10	CBS	12/31/05	6/1/06	1	1	5	54%	269
*		(Grand Island, NE)	KGIN(h)	11	CBS	12/31/05	6/1/06					
*	106	Greenville- New Bern- Washington, NC	WITN	7	NBC	12/31/11	12/1/04	2	2	4	30%	251
	111	Lansing, MI	WILX	10	NBC	1/1/12	10/1/05	1	1	4	39%	238
*	113	Tallahassee, FL- Thomasville, GA	WCTV	6	CBS	12/31/04	4/1/05	1	1	5	57%	237
*	114	Augusta, GA	WRDW	12	CBS	3/31/05	4/1/05	1	1	4	35%	234
*	127	La Crosse- Eau Claire, WI	WEAU	13	NBC	12/31/11	12/1/05	1	1	4	39%	198
	132	Rockford, IL	WIFR	23	CBS	6/30/05	12/1/05	2	1	4	32%	176
	137	Wausau- Rhinelander, WI	WSAW	7	CBS	6/30/05	12/1/05	1	2	4	42%	169
	138	Topeka, KS	WIBW	13	CBS	6/30/05	6/1/06	1	1	4	49%	166
*	159	Panama City, FL	WJHG	7	NBC	12/31/11	2/1/05	1	1	3	50%	121
*	160	Sherman, TX- Ada, OK	KXII	12	CBS	12/31/05	8/1/06	1	1	2	74%	119
	172	Dothan, AL	WTVY	4	CBS	6/30/05	4/1/05	1	1	3	69%	95
	178	Harrisonburg, VA	WHSV	3	ABC	11/1/04	10/1/04	1	1	1	97%	84
	181	Bowling Green, KY	WBKO	13	ABC	11/1/04	8/1/05	1	1	2	83%	81
	185	Meridian, MS	WTOK	11	ABC	11/1/04	6/1/05	1	1	3	66%	70
	186	Parkersburg, WV	WTAP	15	NBC	1/1/12	10/1/05	1	1	1	96%	63
												5,437

(Approximately 5% of all US television households)

* Denotes a television station currently owned by Gray.

(a) Based on data published by Nielsen for the period September 2001 through September 2002.

(b) Based on Nielsen data for the May 2002 rating period, Sunday to Saturday, 6 a.m. 2 a.m.

(c) Based on our review of the Nielsen data for the May 2002 rating period during various news hours.

(d) Based on stations that BIA has reported at one share or more in three of the four most recent rating periods.

(e) KLBY and KUPK are satellite stations of KAKE under FCC rules.

(f) Special 16 county trading area defined by Nielsen and is part of the Lexington, KY DMA.

(g) KBTX is a satellite station of KWTX under FCC rules.

(h) KGIN is a satellite station of KOLN under FCC rules.

Industry Background

Currently, there is a limited number of channels available for broadcasting in any one geographic area, and the license to operate a television station is granted by the FCC. Television stations that broadcast over the very high frequency band (channels 2-13) of the spectrum generally have some competitive advantage over television stations that broadcast over the ultra-high frequency band (channels above 13) of the spectrum, because the former usually have better signal coverage and operate at a lower transmission cost.

Advertising Sales. Television station revenues primarily are derived from local, regional and national advertising and, to a much lesser extent, from network compensation and revenues from studio and tower space rental and commercial production activities. Advertising rates are based upon a variety of factors, including a program s popularity among the viewers an advertiser wishes to attract, the number of advertisers competing for the available time, the size and demographic makeup of the market served by the station and the availability of alternative advertising media in the market area. Rates also are determined by a station s overall ratings and in-market share, as well as the station s ratings and share among particular demographic groups, which an advertiser may be targeting. Because broadcast stations rely on advertising revenues, they are sensitive to cyclical changes in the economy. The sizes of advertisers budgets, which are affected by broad economic trends, affect the broadcast industry in general and the revenues of individual broadcast television stations.

Rating Service Data. All television stations in the country are grouped by Nielsen, a national audience measuring service, into approximately 210 DMAs, that are ranked in size according to various formulae based upon actual or potential audience. Each DMA is an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours. Nielsen periodically publishes data on estimated audiences for the television stations in the various television markets throughout the country.

Description of Network Affiliations. Four major broadcast networks, ABC, NBC, CBS and Fox Broadcasting Company, which we refer to as FOX, dominate broadcast television. Additionally, the United Paramount Network, which we refer to as UPN, Warner Brothers Network, which we refer to as WB, and the Pax TV Network, which we refer to as Pax TV, have been launched as additional television networks. An affiliate of FOX, UPN, WB or Pax TV receives a smaller portion of each day s programming from its network compared to an affiliate of ABC, NBC or CBS.

The affiliation of a station with ABC, NBC or CBS has a significant impact on the composition of the station s programming, revenues, expenses and operations. A typical affiliate of these networks receives the majority of each day s programming from the network. This programming, along with network compensation in the form of cash payments, in certain instances, is provided to the affiliate by the network in exchange for a substantial majority of the advertising time available for sale during the airing of network programs. The network then sells this advertising time and retains the revenues. The affiliate retains the revenues from time sold during breaks in and between network programs and programs the affiliate produces or purchases from non-network sources. In acquiring programming to supplement programming supplied by the affiliated network, the affiliates compete primarily with other affiliates and independent stations in their markets. Cable systems generally do not compete with local stations for programming, although various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations. In addition, a television station may acquire programming through barter arrangements. Under barter arrangements, a national program distributor may receive advertising time in exchange for the programming it supplies, with the station paying a reduced fee or no fee for such programming. Most successful commercial television stations obtain their brand identity from locally produced news programs.

In contrast to a station affiliated with a network, a fully independent station purchases or produces all of the programming that it broadcasts, resulting in generally higher programming costs. An independent station, however, retains its entire inventory of advertising time and all the revenues obtained therefrom. As a result of the smaller amount of programming provided by its network, an affiliate of FOX, UPN, WB

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or Pax TV must purchase or produce a greater amount of programming, resulting in generally higher programming costs. These affiliate stations, however, retain a larger portion of the inventory of advertising time and the revenues obtained therefrom compared to stations affiliated with the major networks.

Cable-originated programming is a significant competitor for viewers of broadcast television programming, although no single cable programming network regularly attains audience levels amounting to more than a small fraction of any single major broadcast network. The advertising share of cable networks has increased as a result of the growth in cable penetration (the percentage of television households which are connected to a cable system). Notwithstanding such increases in cable viewership and advertising, over-the-air broadcasting remains the dominant distribution system for mass-market television advertising.

Network Affiliations of the Television Stations. Each of our stations and each of the stations that we intend to acquire in the merger is affiliated with a major network pursuant to an affiliation agreement. Each affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the network with which the station is affiliated. In return, the network has the right to sell a substantial majority of the advertising time during such broadcasts. In exchange for every hour that a station elects to broadcast network programming, the network pays the station a specific network compensation fee, which varies with the time of day. Typically, prime-time programming generates the highest hourly network compensation payments. Such payments are subject to increase or decrease by the network during the term of an affiliation agreement with provisions for advance notices and right of termination by the station in the event of a reduction in such payments. In January 2002 we reached a preliminary agreement with NBC on the terms of a new 10-year affiliation agreement for WJHG. The agreement extends WJHG s affiliation with NBC until December 31, 2011. Effective January 1, 2002, WJHG no longer receives network compensation payments from NBC under the affiliation agreement. In addition, we have preliminarily agreed with NBC to extend the existing affiliation agreements for WITN and WEAU until December 31, 2011. The network aggregate compensation payments made by NBC to WITN and WEAU will remain generally consistent with the terms of the existing agreements until June 30, 2006 for WITN and December 31, 2005 for WEAU, after which times NBC will cease making further compensation payments. We are working with NBC to finalize the definitive agreements with respect to these revised NBC affiliation agreements. As a result of these affiliation agreement renewals with NBC as well as with CBS, network compensation for our three NBC affiliates and our CBS affiliates, KWTX, KBTX and KXII will be phased out over the next few years. Each affiliation agreement is for a definite term and generally contains renewal provisions. Although we historically have renewed network affiliation agreements with the respective networks, we cannot guarantee that any agreements will be renewed in the future under their current terms. Please see the television station summary table for a listing of the expiration dates of the current network affiliation agreements for each of our stations and for each of the stations that we intend to acquire in the merger.

Network Compensation

The table below shows the total network compensation we earned in 1999, 2000 and 2001 as well as what we currently estimate we will earn in 2002 through 2005 for our stations and the stations that we intend to acquire in the merger. The amounts estimated below for 2002 through 2005 are based on the network affiliation agreements currently in effect. We cannot guarantee that the future amounts we currently expect to earn will be realized. We currently do not expect to receive network compensation after 2005.

	1999	2000	2001	2002	2003	2004	2005
			(dollars in millions)				
Gray	$ 6.5	$ 8.3	$ 6.9	$5.3	$5.2	$5.6	$3.4
Stations	5.7	5.4	4.7	3.5	3.3	3.5	2.2
Combined Total	$12.2	$13.7	$11.6	$8.8	$8.5	$9.1	$5.6

Newspaper Publishing

We own and operate four daily newspapers located in Georgia and Indiana. In the aggregate, our newspapers have approximately 126,000 daily subscribers. Seeking to build a loyal readership and to distinguish our newspapers from other publications, we focus our papers on local news, sports and lifestyle.

For the 12 months ended June 30, 2002, revenues and operating cash flow before corporate and administrative expenses generated by our publishing segment were $42.5 million and $11.0 million, respectively. During this 12-month period, retail advertising at 50% comprised the largest percent of our publishing revenue, while classifieds accounted for 29%, circulation revenue accounted for 19% and miscellaneous revenue accounted for 2%.

The Albany Herald

The Albany Herald Publishing Company, Inc*.*, which we refer to as The Albany Herald, located in Albany, Georgia, publishes *The Albany Herald* seven days a week, serving southwest Georgia. *The Albany Herald* has a circulation of approximately 31,000 Sunday subscribers and 28,000 daily subscribers. The Albany Herald also produces a weekly advertising shopper and other niche publications.

Gwinnett Daily Post and The Rockdale Citizen/ Newton Citizen

The *Gwinnett Daily Post* and *The Rockdale Citizen/ Newton Citizen* are newspapers that serve communities in the metro Atlanta area with complete local news, sports and lifestyles coverage together with national stories that directly impact their local communities.

The *Gwinnett Daily Post* is published Tuesday through Sunday and has a circulation of approximately 65,000 subscribers. The *Gwinnett Daily Post* is located northeast of Atlanta in Gwinnett County, one of the fastest growing areas in the nation with an estimated population of approximately 650,000. According to Woods and Poole 2000 MSA Profile, Gwinnett County s population is projected to grow by 25% between 1999 and 2004. Since we purchased the *Gwinnett Daily Post* in 1995, its frequency of publication has increased from three to six days per week and its circulation has grown from approximately 13,000 to 65,000 subscribers.

The Rockdale Citizen/ Newton Citizen is published seven days per week with a circulation of approximately 17,000 subscribers. In 2000, we began publishing the *Newton Citizen* for distribution into neighboring Newton County. The Rockdale Citizen is located in Conyers, Georgia, the county seat of Rockdale County, which is 19 miles east of downtown Atlanta. Rockdale County and Newton County s combined population is estimated to be approximately 132,000.

The Goshen News

The Goshen News is published seven days a week with a circulation of approximately 16,000 subscribers and serves Goshen, Indiana and surrounding areas. *The Goshen News* also contains a weekly advertising shopper. Since we acquired *The Goshen News* in 1999, it has added a Sunday edition and converted the Saturday edition to morning delivery.

Industry Background

Newspaper publishing is the oldest segment of the media industry and, as a result of the focus on local news, newspapers, in general, remain an important media for local advertising. Newspaper advertising revenues are cyclical and generally have been affected by changes in national and regional economic conditions. Financial instability in the retail industry, including bankruptcies of larger retailers and consolidations among large retail chains, can result in reduced retail advertising expenditures. Classified advertising, which makes up approximately one-third of newspaper advertising expenditures, can be affected by an economic slowdown and its effect on employment, real estate transactions and automotive sales. However, growth in housing starts and automotive sales, although cyclical in nature, generally provide continued growth in newspaper advertising expenditures. While the newspaper publishing industry

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is impacted by the economic cycles, it generally is not affected by the cyclical nature of political advertising revenue.

Pagers and Wireless Services

The paging business, which we acquired in September 1996, is based in Tallahassee, Florida and operates in Columbus, Macon, Albany, Thomasville, Valdosta and Savannah, Georgia, in Dothan, Alabama, in Tallahassee, Gainesville, Orlando and Panama City, Florida and in certain contiguous areas. Our paging operations had approximately 68,000 units in service as of June 30, 2002. For the 12 months ended June 30, 2002, revenues and operating cash flow before corporate and administrative expenses generated by our paging segment were $8.4 million and $2.6 million, respectively.

Our paging system operates by connecting a telephone call placed to a local telephone number with a local paging switch. The paging switch processes a caller s information and sends the information to a link transmitter which relays the processed information to paging transmitters, which in turn alert an individual pager by means of a coded radio signal. This process provides service to a local coverage area. To further enhance coverage to our customer base, all of our local coverage areas are interconnected or networked, providing for wide area coverage or network coverage. A pager s coverage area is programmable and can be customized to include or exclude any particular paging switch and its respective geographic coverage area, thereby providing our paging customers with a choice of coverage areas. In addition, we are able to network with other paging companies which share our paging frequencies in other markets, by means of an industry standard network paging protocol, to increase the geographic coverage area in which our customers can receive paging service. During 1999, we introduced services which allow our paging customers to receive electronic mail on their pagers. In addition, we expanded our capability so that individuals may send text messages via the Internet to our paging customers by accessing the paging businesses web page. In 2001, we introduced WebTouch, allowing our customers to access their account information through the web to make changes and payments.

A subscriber to our paging services either owns a pager, thereby paying solely for the use of our paging services, or leases a pager, thereby paying a periodic charge for both the pager and the paging services. Of our pagers that currently are in service, approximately 70% are customer owned and maintained, which we refer to as COAM, with the remainder being leased. COAM customers historically maintain service longer, thus enhancing the stability of the subscriber base and earnings. We are focusing our marketing efforts on increasing our base of COAM users.

Industry Background

Three tiers of carriers have emerged in the paging industry: (i) large nationwide providers serving multiple markets throughout the United States; (ii) regional carriers, like our paging business, which operate in regional markets such as several contiguous states in one geographic region of the United States; and (iii) small, single market operators.

The paging industry traditionally has marketed its services through direct distribution by sales representatives. In recent years, additional channels of distribution have evolved, including: (i) carrier-operated retail stores; (ii) resellers who purchase paging services on a wholesale basis from carriers and resell those services on a retail basis to their own customers; and (iii) sales agents who solicit customers and are compensated on a salary and commission basis.

Legal Proceedings

We are not a party to any legal proceedings in which an adverse outcome would have a material adverse effect, either individually or in the aggregate, on us except for the income tax matter described below.

The Internal Revenue Service, which we refer to as the IRS, is auditing our federal tax returns for the years ended December 31, 1996 and 1998. In conjunction with this examination, we extended the time

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period that the IRS has to audit our federal tax returns for the 1996 and 1997 tax years until December 31, 2001.

In connection with an audit of our 1996 and 1998 federal income tax returns, the IRS has asserted a deficiency in income taxes of $12.1 million, plus related interest and penalties. The asserted deficiency relates principally to our acquisition in 1996 of certain assets of First American Media, Inc. If the IRS is successful in its claims, we would be required to account for the 1996 acquisition transaction as a stock purchase instead of an asset purchase which would significantly lower the tax basis in the assets acquired. On January 18, 2002, we filed a petition in the United States Tax Court to contest this deficiency, and we believe that we have a meritorious position with respect to the issues related to the deficiency. We cannot be certain when, and if, this matter will be resolved in our favor, and if it is not, we could incur negative consequences in future years.

Environmental Matters

Our operations are subject to federal, state and local laws and regulations relating to the protection of the environment, including those governing the management and disposal of, and exposure to, hazardous materials, the release of pollutants and the cleanup of contamination. As an owner and operator of property and in connection with the current and historical storage and use of hazardous materials at our sites, we could incur significant costs resulting from the cleanup of contaminated sites (regardless of the fault or lawfulness of the activity that resulted in contamination) or violations of environmental laws. For example, some of our properties contain, or formerly contained, underground storage tanks, or have above-ground storage tanks, used for the storage of fuel for back-up generators or have been the site of other industrial or commercial operations in the past. We believe, however, that our operations are in substantial compliance with all applicable environmental laws and regulations.

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MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information regarding our directors and executive officers as of August 1, 2002.

Name	Age	Position
J. Mack Robinson	79	President, Chief Executive Officer, Director
Hilton H. Howell, Jr.	40	Executive Vice President, Director
Robert S. Prather, Jr.	57	Executive Vice President Acquisitions, Director
James C. Ryan	41	Vice President Finance, Chief Financial Officer
Robert A. Beizer	62	Vice President Law and Development, Secretary
Thomas J. Stultz	50	Vice President, President Publishing
Wayne M. Martin	55	Regional Vice President Television
Rich D. Adams	54	Regional Vice President Texas
Frank J. Jonas	55	Regional Vice President Midwest
William E. Mayher, III	63	Chairman, Director
Richard L. Boger	55	Director
Ray M. Deaver	61	Director
Howell W. Newton	55	Director
Hugh Norton	69	Director
Harriett J. Robinson	71	Director

Background of Directors and Executive Officers

J. Mack Robinson, age 79, has been our President and Chief Executive Officer since 1996. He has served as one of our directors since 1993. He is the Chairman of the Executive Committee and a member of the Management Personnel Committee of our board of directors. Mr. Robinson has served as Chairman of the Board of Bull Run Corporation, which we refer to as Bull Run, one of our principal stockholders, since 1994, Chairman of the Board and President of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1958, President of Atlantic American Corporation, an insurance holding company, from 1988 until 1995 and Chairman of the Board of Atlantic American Corporation since 1974. Mr. Robinson also serves as a director of the following companies: Bankers Fidelity Life Insurance Company, American Independent Life Insurance Company, Georgia Casualty & Surety Company, American Southern Insurance Company and American Safety Insurance Company. He is a director *emeritus* of Wachovia Corporation. Mr. Robinson is the husband of Mrs. Harriett J. Robinson and the father-in-law of Mr. Hilton H. Howell, Jr., both members of our board of directors.

Hilton H. Howell, Jr., age 40, has been our Executive Vice President since September 2000 and one of our directors since 1993. He has served as President and Chief Executive Officer of Atlantic American Corporation, an insurance holding company, since 1995 and Executive Vice President from 1992 to 1995. He has been Executive Vice President and General Counsel of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1991, and Vice Chairman of Bankers Fidelity Life Insurance Company and Georgia Casualty & Surety Company since 1992. He has been a director, Vice President and Secretary of Bull Run, one of our principal stockholders, since 1994. Mr. Howell also serves as a director of the following companies: Atlantic American Corporation, Bankers Fidelity Life Insurance Company, Delta Life Insurance Company, Delta Fire and Casualty Insurance Company, Georgia Casualty & Surety Company, American Southern Insurance Company, American Safety Insurance Company, Association Casualty Insurance Company and Association Risk Management General Agency. He is the son-in-law of J. Mack Robinson and Harriett J. Robinson, both members of our board of directors.

Robert S. Prather, Jr., age 57, has served as our Executive Vice President-Acquisitions since 1996. He has served as one of our directors since 1993. He is a member of the Executive Committee and the Management Personnel Committee of our board of directors. He has served as President and Chief Executive Officer and a director of Bull Run, one of our principal stockholders, since 1992. He serves as a director of Swiss Army Brands, Inc. and The Morgan Group, Inc. and serves on the Board of Trustees of the Georgia World Congress Center Authority.

James C. Ryan, age 41, has served as our Vice President and Chief Financial Officer since October 1998. He was the Chief Financial Officer of Busse Broadcasting Corporation from 1987 until we acquired it in 1998.

Robert A. Beizer, age 62, has served as our Vice President for Law and Development and Secretary since 1996. From June 1994 to February 1996 he was of counsel to Venable, Baetjer, Howard & Civiletti, a law firm, in its regulatory and legislative practice group. From 1990 to 1994, Mr. Beizer was a partner in the law firm of Sidley & Austin and was head of their communications practice group in Washington, D.C. He is a past president of the Federal Communications Bar Association and has served as a member of the American Bar Association House of Delegates.

Thomas J. Stultz, age 50, has served as our Vice President and President of our Publishing Division since 1996. Prior to joining us, he served as Vice President of Multimedia Newspaper Company, a division of Multimedia, Inc. from 1988 to 1995, having responsibility for developing and coordinating Multimedia s newspaper marketing initiatives and directly supervising several Multimedia daily and non-daily publications. Mr. Stultz has approximately 32 years of experience in the newspaper industry.

Wayne M. Martin, age 55, has served as our Regional Vice President-Television since 1998. In 1998, he also was appointed President of WVLT-TV, our subsidiary in Knoxville, Tennessee. Since 1993, Mr. Martin has served as President of Gray Kentucky Television, Inc., one of our subsidiaries, which operates WKYT-TV, in Lexington, Kentucky and WYMT-TV, in Hazard, Kentucky. Mr. Martin has approximately 16 years of experience in the broadcast industry.

Rich Adams, age 54, assumed the positions of our Regional Vice President-Texas and General Manager of KWTX-TV, Waco, Texas, in January 2002. He replaced Mr. Ray Deaver who retired from these positions on December 31, 2001. Prior to his appointment in January 2002 to these positions, Mr. Adams served as General Manager of KXII-TV, our Sherman, Texas station since 1980. We acquired KXII and KWTX in October 1999. Mr. Adams has approximately 31 years of experience in the broadcast industry.

Frank J. Jonas, age 55, has served as our Regional Vice President-Midwest since June 2000. He has served as the President and General Manager of KOLN/ KGIN-TV, Lincoln and Grand Island, Nebraska, since 1985. We acquired KOLN/ KGIN-TV in 1998. Mr. Jonas has approximately 29 years of experience in the broadcast industry.

William E. Mayher, III, age 63, is a member of the 1992 Long Term Incentive Plan Committee, the Executive Committee and the Management Personnel Committee of our board of directors and has served as Chairman of our board of directors since August 1993. Dr. Mayher was a neurosurgeon in Albany, Georgia from 1970 to 1998. Dr. Mayher is Chairman of the Medical College of Georgia Foundation and a past member of the American Association of Neurological Surgeons. He also serves as a director of Gaston Loughlin, Inc. and Palmyra Medical Centers.

Richard L. Boger, age 55, has served as one of our directors since 1991. Mr. Boger is a member of the Executive Committee and the Audit Committee of our board of directors and he is Chairman of the Management Personnel Committee and the 1992 Long Term Incentive Plan Committee of our board of directors. Mr. Boger has been President and Chief Executive Officer of Export Insurance Services, Inc., an insurance brokerage and agency until February 15, 2002, President and Chief Executive Officer of Lex-Tek International, Inc., an insurance software company, and a director of CornerCap Group of Funds, a Series investment company since prior to 1992.

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Ray M. Deaver, age 61, has served as one of our directors since January 2002. Prior to his appointment to our board of directors, Mr. Deaver served as our Regional Vice President-Texas from October 1999 until his retirement on December 31, 2001. He was the President and General Manager of KWTX Broadcasting Company and President of Brazos Broadcasting Company from November 1997 until their acquisition by us in October 1999. Prior to 1995, he was Vice President of KWTX Broadcasting Company and Brazos Broadcasting Company. He has approximately 40 years of experience in the broadcast industry. Mr. Deaver is currently the Chairman of the CBS Television Network Affiliates Advisory Board.

Howell W. Newton, age 55, has served as one of our directors since 1991. Mr. Newton is Chairman of the Audit Committee of our board of directors. Mr. Newton has been President and Treasurer of Trio Manufacturing Co., a textile manufacturing company, since 1978.

Hugh Norton, age 69, has served as one of our directors since 1987. He is a member of the 1992 Long Term Incentive Plan Committee, the Management Personnel Committee and the Audit Committee of our board of directors. Mr. Norton has been President of Norco, Inc., an insurance agency since 1973. Mr. Norton is also a real estate developer in Destin, Florida.

Harriett J. Robinson, age 71, has served as one of our directors since 1997. Mrs. Robinson has been a director of Atlantic American Corporation since 1989. Mrs. Robinson has also been a director of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1967. Mrs. Robinson is the wife of Mr. J. Mack Robinson and the mother-in-law of Mr. Hilton H. Howell, Jr.

Our board of directors currently is composed of nine directors, three of whom are our employees. Directors serve until the next annual stockholders meeting or until their successors have been duly elected and qualified.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following information is current as of July 2, 2002.

General

J. Mack Robinson, President, Chief Executive Officer and one of our directors, is Chairman of the Board of Bull Run and the beneficial owner of 24.9% of the outstanding shares of Bull Run common stock (including certain shares as to which such beneficial ownership is disclaimed by Mr. Robinson). Robert S. Prather, Jr., Executive Vice President-Acquisitions and one of our directors, is President, Chief Executive Officer and a director of Bull Run and the beneficial owner of 8.7% of the outstanding shares of Bull Run common stock (including certain shares as to which such beneficial ownership is disclaimed by Mr. Prather). Bull Run is the owner of 18.2% of our total outstanding common stock. Hilton H. Howell, Jr., Executive Vice President and one of our directors, is Vice President, Secretary and a director of Bull Run. Bull Run and the executive officers and directors mentioned above, and their affiliates, hold or have the right to vote in the aggregate 49.9% in voting power of our currently outstanding common stock. Furthermore, if all options and warrants that are currently outstanding were exercised, their voting power would increase to 56.0%.

Harriett J. Robinson serves as a director of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company, which are both holders of a portion of our Series C convertible preferred stock, which we refer to as the Series C.

J. Mack Robinson is the father-in-law and Harriett J. Robinson is the mother-in-law of Hilton H. Howell, Jr. Mr. and Mrs. Robinson are husband and wife.

Compensation Committee Interlocks and Insider Participation

Richard L. Boger, William E. Mayher, III, Robert S. Prather, Jr., Hugh Norton and J. Mack Robinson are the members of the Management Personnel Committee, which serves as our Compensation Committee. Mr. Robinson, President, Chief Executive Officer and one of our directors, serves on the Compensation Committee of Bull Run. Mr. Prather, Executive Vice President-Acquisitions and one of our directors, also serves as President, Chief Executive Officer and director of Bull Run.

Gray Kentucky Television, Inc., which we refer to as Gray Kentucky, one of our subsidiaries, is a party to a rights sharing agreement with Host Communications, Inc., which we refer to as Host, a wholly owned subsidiary of Bull Run. Under this agreement, the parties agreed to exploit Host s rights to broadcast and market certain University of Kentucky football and basketball games and related activities. Under such agreement, Gray Kentucky is licensed to broadcast certain University of Kentucky football and basketball games and related activities. Under this agreement, Gray Kentucky also provides Host with production and certain marketing services and Host provides accounting and various marketing services. During the year ended December 31, 2001, we paid $125,000 under this rights sharing agreement.

During 2001, we paid preferred stock dividends of $616,347 to the holders of our series A and series B preferred stock. The holders of our series A and series B preferred stock consisted of Bull Run, J. Mack Robinson and certain of his affiliates. During the six months ended June 30, 2002, we paid preferred stock dividends of $321,905 to affiliated holders of our series A, series B and series C preferred stock.

On December 3, 2001, we exercised our option to acquire 301,119 shares of the outstanding common stock of Tarzian from Bull Run. Bull Run had purchased these same shares from U.S. Trust Company of Florida Savings Bank as Personal Representative of the Estate of Mary Tarzian, the Estate, in January 1999.

We paid $10.0 million to Bull Run to complete the acquisition of the 301,119 shares of Tarzian. We have previously capitalized and paid to Bull Run $3.2 million of costs associated with our option to acquire these shares. In connection with the option agreement, we granted warrants to Bull Run to purchase up to

100,000 shares of our class B common stock at $13.625 per share. The warrants vested immediately upon our exercise of our option to purchase the Tarzian shares. The warrants expire on December 3, 2011 (10 years following the date on which we exercised our option).

On February 12, 1999, Tarzian filed a complaint against Bull Run and the Estate in the United States District Court for the Southern District of Indiana. Tarzian claims that it had a binding and enforceable contract to purchase the Tarzian shares from the Estate prior to Bull Run s purchase of the shares, and requests judgment providing that the contract be enforced. On May 3, 1999, the action was dismissed without prejudice against Bull Run, leaving the Estate as the sole defendant. The litigation between the Estate and Tarzian is ongoing and we cannot predict when the final resolution of the litigation will occur. The purchase agreement with the Estate provides that if a court of competent jurisdiction awards title to the Tarzian shares to a person or entity other than the purchaser (or its successors or assigns), the purchase agreement will be rescinded. In that event, the Estate will be required to pay for our benefit, as successor in interest, the full $10.0 million purchase price, plus interest.

On April 22, 2002, we issued a total of $40.0 million of new Series C. We issued $31.4 million to a limited number of outside accredited investors, and $8.6 million to J. Mack Robinson and certain of his affiliates in exchange for all of the outstanding shares of our series A preferred stock and series B preferred stock on a one-for-one basis. Shares of the Series C are convertible into our class B common stock at an initial conversion price of $14.39 per share, subject to customary adjustments.

For advisory services rendered by Bull Run to us in connection with the proposed acquisition of Stations, we advanced to Bull Run $5.0 million on June 10, 2002. In the event that the acquisition is not consummated, Bull Run will be required to repay to us the advisory fee in full.

We obtain certain workers compensation insurance coverage from Georgia Casualty & Surety Co., which is a wholly-owned subsidiary of Atlantic American Corporation, a publicly traded company in which J. Mack Robinson and certain of his affiliates have a substantial ownership interest. During 2001, we paid insurance premiums of $240,395 to Georgia Casualty.

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PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the ownership of our class A common stock and class B common stock as of July 2, 2002 by (i) any person who is known to us to be the beneficial owner of more than five percent of our class A common stock or class B common stock, (ii) all directors and (iii) all directors and executive officers as a group. Warrants and options to acquire our class A common stock or class B common stock included in the amounts listed below are currently exercisable or will be exercisable within 60 days after July 2, 2002. As of July 2, 2002, our directors and executives as a group owned or controlled 59.3% of our combined voting common stock.

Name	Class A Common Stock Beneficially Owned		Class B Common Stock Beneficially Owned		Combined Voting Percent of Common Stock
	Shares	Percent	Shares	Percent	
Robert A. Beizer (a)		*	42,691	*	*
Richard L. Boger (a)	3,736	*	13,763	*	*
Ray M. Deaver (b)		*	406,168	4.6%	*
Hilton H. Howell, Jr. (c) (d) (e)	3,778,577	47.3%	296,247	3.3%	42.8%
Wayne M. Martin (a)	7,005	*	37,314	*	*
William E. Mayher, III (a)	13,500	*	23,750	*	*
Howell W. Newton (a)	2,625	*	7,500	*	*
Hugh Norton (a)	13,500	*	23,750	*	*
Robert S. Prather, Jr. (c) (f)	3,352,910	42.1%	392,650	4.2%	38.2%
Harriett J. Robinson (a) (c) (e) (g)	4,998,752	59.9%	563,600	6.1%	54.6%
J. Mack Robinson (c) (e) (h)	4,998,752	59.9%	563,600	6.1%	54.6%
Thomas J. Stultz (a)	2,250	*	26,011	*	*
Bull Run Corporation (i)	3,123,897	39.3%	111,750	1.2%	35.4%
Mario J. Gabelli (j)	462,485	6.8%	2,824,855	31.8%	9.6%
George H. Nader (k)	359,998	5.3%		*	4.7%
Shapiro Capital Management Company, Inc. (l)		*	970,496	10.9%	1.3%
All directors and executive officers as a group	5,363,956	64.2%	1,643,562	16.9%	59.3%

* Less than 1%.

(a) Includes options to purchase our class B common stock, as follows: each of Messrs. Boger, Mayher, Newton and Norton and Mrs. Robinson 5,000 shares of our class B common stock; Mr. Martin 36,250 shares of our class B common stock; Mr. Beizer 42,000 shares of our class B common stock and Mr. Stultz 22,500 shares of our class B common stock.

(b) Includes 213,228 shares of our class B common stock owned by Mr. Deaver s wife, as to which shares he disclaims beneficial ownership.

(c) Includes 2,017,647 shares of our class A common stock and 11,750 shares of our class B common stock owned by Bull Run and warrants to purchase 1,106,250 shares of our class A common stock and 100,000 shares of our class B common stock owned by Bull Run, as described in footnote (9) below, because Messrs. Howell, Prather and Robinson are directors and officers of Bull Run and Messrs. Prather and Robinson are principal shareholders of Bull Run. In addition, Mrs. Robinson is the spouse of Mr. Robinson. Each of Messrs. Howell, Prather and Robinson and Mrs. Robinson disclaims beneficial ownership of the shares owned by Bull Run.

(d) Includes 59,075 shares of our class A common stock owned by Mr. Howell s wife directly and as trustee for her children, as to which shares he disclaims beneficial ownership.

(e) Includes as to Messrs. Robinson and Howell and Mrs. Robinson, an aggregate of 523,605 shares of our class A common stock and 16,000 shares of our class B common stock owned by certain

companies of which Mr. Howell is an officer and a director, Mr. Robinson is an officer, director and a principal or sole shareholder and Mrs. Robinson is a director. Also includes warrants to purchase 37,500 shares of our class A common stock owned by one of these companies.

(f) Includes 225 shares of our class A common stock and 100 shares of our class B common stock owned By Mr. Prather s wife, as to which shares he disclaims beneficial ownership. Includes options to purchase 9,337 shares of our class A common stock and options to purchase 266,000 shares of our class B common stock.

(g) Includes: (1) an aggregate of 401,975 shares of our class A common stock and 92,950 shares of our class B common stock, options to purchase 10,000 shares of our class A common stock, options to purchase 265,000 shares of our class B common stock and warrants to purchase 75,000 shares of our class A common stock owned by Mrs. Robinson s husband; (2) warrants to purchase 112,500 shares of our class A common stock; and (3) 336,950 shares of our class A common stock, 40,000 shares of our class B common stock and warrants to purchase 150,000 shares of our class A common stock owned by Mrs. Robinson, as trustee for her daughters. Mrs. Robinson disclaims beneficial ownership of all such securities. Mrs. Robinson s address is 4370 Peachtree Road NE, Atlanta, Georgia 30319.

(h) Includes: (1) options to purchase 10,000 shares of our class A common stock and options to purchase 265,000 shares of our class B common stock; (2) warrants to purchase 75,000 shares of our class A common stock held by Mr. Robinson; and (3) 564,275 shares of our class A common stock and 72,900 shares of our class B common stock owned by Mr. Robinson s wife directly and as trustee for their daughters, options to purchase 5,000 shares of our class B common stock and warrants to purchase 262,500 shares of our class A common stock held by Mr. Robinson s wife directly and as trustee for their daughters. Mr. Robinson disclaims beneficial ownership of all such securities. Mr. Robinson s address is 4370 Peachtree Road NE, Atlanta, Georgia 30319.

(i) Includes warrants to purchase 1,106,250 shares of our class A common stock and 100,000 shares of our class B common stock. The address of Bull Run is 4370 Peachtree Road NE, Atlanta, Georgia 30319.

(j) This information was furnished to us on a Schedule 13D filed by Gabelli Funds, Inc. and also by Mario J. Gabelli and various entities which he directly or indirectly controls or for which he acts as chief investment officer. The Schedule 13D reports the beneficial ownership of our class A common stock as follows: Gabelli Funds, LLC 102,125 shares; GAMCO Investors, Inc. 310,400 shares; Gabelli Securities, Inc. 7,070 shares, Gabelli Performance Partnership, L.P. 40,750 shares and Gabelli Advisers, Inc. 2,500 shares. The Schedule 13D reports the beneficial ownership of our class B common stock as follows: Gabelli Funds, LLC 1,153,347 shares; GAMCO Investors, Inc. 1,570,791 shares; Gabelli Securities, Inc. 16,340; Gabelli International Limited 44,100 shares; Gabelli Advisers, Inc. 29,000 shares, Gabelli Performance Partnership, L.P. 11,000 shares and Gemini Capital Management, LLC 277 shares. GAMCO Investors, Inc. only has the authority to vote 1,513,041 of the shares beneficially held by it. The address of Mr. Gabelli and Gabelli Funds, Inc. is One Corporate Center, Rye, New York 10580.

(k) Mr. Nader s address is P.O. Box 271, 1011 Fifth Avenue, West Point, Georgia 31833.

(l) This information was furnished to us on a Schedule 13G, filed on July 11, 2002 by Shapiro Capital Management Company, Inc., the address of which is 3060 Peachtree Road NW, Atlanta, Georgia 30306.

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DESCRIPTION OF THE NOTES

We will issue offered notes under an indenture, which we refer to as the indenture, dated as of December 15, 2001, by and among us, the Subsidiary Guarantors and Bankers Trust Company, which has since changed its name to Deutsche Bank Trust Company Americas, as trustee, as supplemented by a supplemental indenture, which will be entered into on or before the issuance of the offered notes. The terms of the Notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, which we refer to as the Trust Indenture Act, as in effect on the date of the indenture. The Notes are subject to all such terms, and holders of Notes are referred to the indenture and the Trust Indenture Act for a statement of those terms. An aggregate of $180.0 million principal amount of the 2001 notes were previously issued on December 21, 2001 pursuant to the indenture. The offered notes, as an additional issuance of 9 1/4% senior subordinated notes due 2011, will be Additional Notes as defined in the indenture which permits us to issue up to $100.0 million principal amount of additional notes. The offered notes are identical to, and will be *pari passu* with and treated identically with, the 2001 notes, all of which have been exchanged through an exchange offer which was consummated in August 2002 for notes that are registered under the Securities Act of 1933 and are freely transferable.

We summarize below certain material provisions of the indenture, but do not restate the indenture in its entirety. We urge you to read the indenture because it defines your rights. You can obtain a copy of the indenture and a form of the Notes from us or the underwriters.

Key terms used in this section are defined under Certain Definitions. When we refer in this section to:

- the Company, we mean Gray Television, Inc. and not its subsidiaries; and
- the Notes, we mean the 2001 notes, exchange notes issued therefor and the offered notes.

Overview of the Notes

The Notes are:

- general unsecured senior subordinated obligations of the Company.
- subordinated to Senior Debt existing on the Issue Date or incurred thereafter;
- guaranteed, jointly and severally, on an unsecured senior subordinated basis by the Subsidiary Guarantors; and
- limited in aggregate principal amount to $280.0 million, which includes $100.0 million of the offered notes.

As described in the consolidated financial information included elsewhere in this prospectus supplement (or incorporated by reference herein), after giving effect to this offering and the use of proceeds thereof, at June 30, 2002:

- our total indebtedness would have been $378.9 million, which includes $180.0 million of the 2001 notes and $100.0 million of the offered notes;
- the Company would have had senior indebtedness of $100.0 million funded under the Senior Credit Facility and unused availability of $37.5 million under the Senior Credit Facility after giving effect to the $12.5 million undrawn letter of credit; and
- the Subsidiary Guarantors would have had $378.9 million of indebtedness, including indebtedness of $248,000 and guarantees of indebtedness of $100.0 million under the Senior Credit Facility and guarantees of $280.0 million of indebtedness from the issuance of the Notes.

Principal, Maturity and Interest

We will issue $100.0 million of aggregate principal amount of offered notes in denominations of $1,000 and integral multiples of $1,000. The Notes will mature on December 15, 2011.

Interest on the offered notes will accrue at the rate of 9.25% per annum and will be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2002, to holders of record on the immediately preceding June 1 and December 1. On December 15, 2002, we will pay interest on the offered notes and the 2001 notes for the full six month period from and including June 15, 2002. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of, premium, if any, and interest on the Notes will be payable at the office or agency of the Company maintained for such purpose within the City of New York or, at the option of the Company, payment of interest may be made by check mailed to the holders of the Notes at their respective addresses as set forth in the register of holders of Notes. Until otherwise designated by the Company, the Company s office or agency in the City of New York will be the office of the trustee maintained for such purpose. The offered notes will be issued in fully registered form, without coupons, and in denominations of $1,000 and integral multiples thereof.

Subordination

The payment of principal of, premium, if any, and interest on the Notes will be subordinated in right of payment, to the extent and in the manner provided in the indenture, to the prior payment in full in cash or any other form acceptable to the holders of Senior Debt, of all Senior Debt of the Company, whether outstanding on the Issue Date or incurred thereafter. As of June 30, 2002, the Company had senior indebtedness of $200.0 million funded under the Senior Credit Facility, a portion of which will be repaid with proceeds of this offering. The Company has unused availability of $37.5 million under the Senior Credit Facility after giving effect to the $12.5 million undrawn letter of credit. See Description of Certain Indebtedness Senior Secured Credit Facility in the accompanying prospectus and Covenants Limitation on Incurrence of Indebtedness.

Upon any payment or distribution of cash, securities or other property of the Company to creditors upon any liquidation, dissolution or winding up of the Company, or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property or securities, the holders of any Senior Debt of the Company will be entitled to receive payment in full, in cash or any other form acceptable to the holders of Senior Debt, of all Obligations due in respect of such Senior Debt before the holders of the Notes will be entitled to receive any payment or distribution with respect to the Notes (excluding certain equity or subordinated debt securities).

The Company also may not make any payment or distribution of any assets or securities of the Company or any Subsidiary Guarantor of any kind or character (including, without limitation, cash, property and any payment or distribution which may be payable or deliverable by reason of the payment of any other debt of the Company or the Subsidiary Guarantors being subordinated to the payment of the Notes) upon or in respect of the Notes (excluding certain equity or subordinated debt securities) if the trustee has received written notice, a Payment Blockage Notice, from the representative of any holders of Designated Senior Debt that (x) a default (whether or not any requirement for the giving of notice, the lapse of time or both, or any other condition to such default becoming an event of default, has occurred) in the payment of principal of (or premium, if any) or interest on or any other amount payable in connection with any Designated Senior Debt has occurred and is continuing (a Payment Default) or (y) any other default has occurred and is continuing with respect to any Designated Senior Debt (whether or not any requirement for the giving of notice, the lapse of time or both, or any other condition to such default becoming an event of default, has occurred), a Non-Payment Default. Payments on the Notes shall resume (and all past due amounts on the Notes, with interest thereon as specified in the indenture, shall be paid) (i) in the case of a Payment Default, on the date on which such Payment Default is cured or waived, and (ii) in the case of a Non-Payment Default, on the earliest of (a) the date on which such Non-Payment Default is cured or waived or shall have ceased to exist or the Designated Senior Debt related thereto shall have been discharged or paid in full in cash or any other manner acceptable to the holders of such Designated Senior Debt, (b) 179 days after the date on which the Payment Blockage Notice with respect to such default was received by the trustee, unless the maturity of the Designated Senior Debt under the Senior Credit Facility has been accelerated and (c) the date such Payment Blockage Notice is terminated by written notice to the trustee from a representative of the holders of the Designated Senior Debt that gave such Payment Blockage Notice. During any consecutive 365-day period, the aggregate number of days in which payments due on the Notes may not be made as a result of Non-Payment Defaults on Designated Senior Debt, a Payment Blockage Period, shall not exceed 179 days, only one Payment Blockage Period may be commenced and there shall be a period of at least 186 consecutive days when such payments are not prohibited. No event or circumstance that creates a default under any Designated Senior Debt that (i) gives rise to the commencement of a Payment Blockage Period or (ii) exists at the commencement of or during any Payment Blockage Period shall be made the basis for the commencement of any subsequent Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days following the commencement of the initial Payment Blockage Period.

If the Company fails to make any payment on the Notes when due or within any applicable grace period, whether or not on account of the payment blockage provisions referred to above, such failure will constitute an Event of Default under the indenture and will enable the holders of the Notes to accelerate the maturity thereof. See Events of Default.

As a result of the subordination provisions described above, in the event of liquidation or insolvency of the Company, holders of Notes may recover less ratably than unsubordinated creditors of the Company. In such circumstances, funds which would otherwise be payable to the holders of the Notes will be paid to the holders of the Senior Debt to the extent necessary to pay the Senior Debt in full in cash or any other manner acceptable to the holders of such Senior Debt, and the Company may be unable to meet its obligations fully with respect to the Notes.

The subordination provisions described above will cease to be applicable to the Notes upon any defeasance or covenant defeasance of the Notes. See Defeasance.

Senior Debt of the Company means the principal of, premium (if any) and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization of the Company, regardless of whether or not a claim for post-filing interest is allowed in such proceedings) on, and fees and other amounts owing in respect of the Senior Credit Facility and all other Indebtedness of the Company, whether outstanding on the date of the indenture or thereafter incurred, unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such obligations are not superior in right of payment to the Notes; *provided, however,* that Senior Debt shall not include:

(1) any obligation of the Company to any Subsidiary of the Company;

(2) any liability for federal, state, local or other taxes owed or owing by the Company;

(3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

(4) any indebtedness or obligation of the Company, and any accrued and unpaid interest in respect thereof, that by its terms is subordinate or junior in any respect to any other Indebtedness or obligation of the Company, including any Senior Subordinated Indebtedness of the Company and any Subordinated Indebtedness of the Company;

(5) any obligations with respect to any Capital Stock; or

(6) any Indebtedness incurred in violation of the indenture.

Guarantor Senior Debt has a correlative meaning.

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Subsidiary Guarantees

Our obligations under the Notes are guaranteed, jointly and severally and fully and unconditionally, on a senior subordinated basis, which we refer to as the Subsidiary Guarantees, by the Subsidiary Guarantors. The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are unconditional and absolute, irrespective of any invalidity, illegality, unenforceability of any Note or the indenture or any extension, compromise, waiver or release in respect of any obligation of the Company or any other Subsidiary Guarantor under any Note or the indenture, or any modification or amendment of or supplement to the indenture.

The obligations of any Subsidiary Guarantor under its Subsidiary Guarantee are subordinated, to the same extent as the obligations of the Company in respect of the Notes, to the prior payment in full of all Guarantor Senior Debt of such Subsidiary Guarantor (which will include any guarantee issued by such Subsidiary Guarantor of any Senior Debt, including Indebtedness represented by guarantees under the Senior Credit Facility) in cash or any other manner acceptable to the holders of such Guarantor Senior Debt. The obligations of each Subsidiary Guarantor are limited to the maximum amount as will result in the obligation not constituting a fraudulent conveyance or fraudulent transfer under U.S. federal or state law. See Subordination.

Upon the sale or disposition (whether by merger, stock purchase, asset sale or otherwise) of a Subsidiary Guarantor (or substantially all of its assets) to a Person which is not the Company or a Subsidiary of the Company or the sale of a majority of the capital stock of a Paging Subsidiary or a Satellite Uplink Subsidiary to a Person which is not the Company or a Subsidiary of the Company, in each case, which sale or other disposition is otherwise in compliance with the indenture, such Subsidiary Guarantor shall be deemed released from all its obligations under its Subsidiary Guarantee; *provided* that any such termination shall occur only to the extent that all obligations of such Subsidiary Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure, other Indebtedness of the Company shall also terminate upon such release, sale or transfer.

In addition, each Subsidiary Guarantor may consolidate with or merge into or sell its assets to the Company or another Subsidiary Guarantor without limitation. The indenture further provides that a Subsidiary Guarantor may consolidate with or merge into or sell its assets to a corporation other than the Company or another Subsidiary Guarantor (whether or not affiliated with such Subsidiary Guarantor, but subject to the provisions described in the immediately preceding paragraph), provided that (a) if the surviving person is not the Subsidiary Guarantor, the surviving person agrees to assume such Subsidiary Guarantor s obligations under its Subsidiary Guarantee and all its obligations under the indenture and (b) such transaction does not (i) violate any covenants set forth in the indenture or (ii) result in a Default or Event of Default under the indenture immediately thereafter that is continuing.

Following consummation of the merger, Stations and its subsidiaries will become Subsidiary Guarantors pursuant to the indenture.

Optional Redemption

Optional Redemption. Except as described below, the Notes are not redeemable at our option prior to December 15, 2006. On and after such date, the Notes will be subject to redemption at our option, in whole or in part, at the redemption prices (expressed as percentages of the principal amount of the Notes) set forth below, plus accrued and unpaid interest to the date fixed for redemption, if redeemed during the twelve-month period beginning on December 15 of the years indicated below.

Year	Percentage
2006	104.625%
2007	103.083%
2008	101.542%
2009 and thereafter	100.000%

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Notwithstanding the foregoing, at any time prior to December 15, 2004, we may, at our option, use the net proceeds of one or more Public Equity Offerings to redeem up to 35% of the aggregate principal amount of the Notes originally issued, at a redemption price equal to 109.250% of the principal amount thereof, together with accrued and unpaid interest to the date fixed for redemption; *provided, however,* that at least $117.0 million in aggregate principal amount of the Notes remains outstanding immediately after any such redemption.

At any time prior to December 15, 2006, the Notes may be redeemed as a whole but not in part at the option of the Company, upon not less than 30 or more than 60 days prior notice mailed by first-class mail to each holder s registered address, at a redemption price equal to 100% of the principal amount thereof plus the Make Whole Premium as of, and accrued but unpaid interest, if any, to, the redemption date, subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date.

Make Whole Premium means with respect to a Note at any redemption date, the greater of (i) 1.0% of the principal amount of such Note or (ii) the excess of (A) the present value of (1) the redemption price of such Note at December 15, 2006 (such redemption price being set forth in the table above) plus (2) all required interest payments due on such Note through December 15, 2006, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the then-outstanding principal amount of such Note.

Treasury Rate means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15(519) which has become publicly available at least two Business Days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source or similar market data) most nearly equal to the period from the redemption date to December 15, 2006; *provided, however,* that if the period from the redemption date to December 15, 2006 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to December 15, 2006 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Selection and Notice. If less than all of the Notes are to be redeemed at any time, selection of the Notes to be redeemed will be made by the trustee, on behalf of the Company, in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed on a securities exchange by the trustee, on behalf of the Company, on a pro rata basis, by lot or by any other method as the trustee shall deem fair and appropriate; *provided* that a redemption pursuant to the provisions relating to Public Equity Offerings will be on a pro rata basis. Notes redeemed in part shall only be redeemed in integral multiples of $1,000. Notices of any redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at such holder s registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed, and the trustee shall authenticate and mail to the holder of the original Note a new Note in principal amount equal to the unredeemed portion of the original Note promptly after the original Note has been cancelled. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption.

Change of Control

In the event of a Change of Control (as defined herein), the Company will make an offer to purchase all of the then outstanding Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of purchase, in accordance with the terms set forth below, a Change of Control Offer.

Within 30 days after any Change of Control, we will mail to each holder of Notes at such holder s registered address a notice stating: (i) that a Change of Control has occurred and that such holder has the right to require the Company to purchase all or a portion (equal to $1,000 or an integral multiple thereof) of such holder s Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of purchase, which we refer to as the Change of Control Purchase Date, which shall be a business day, specified in such notice, that is not earlier than 30 days or later than 60 days from the date such notice is mailed, (ii) the amount of accrued and unpaid interest as of the Change of Control Purchase Date, (iii) that any Note not tendered will continue to accrue interest, (iv) that, unless the Company defaults in the payment of the purchase price for the Notes payable pursuant to the Change of Control Offer, any Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date, (v) the procedures, consistent with the indenture, to be followed by a holder of Notes in order to accept a Change of Control Offer or to withdraw such acceptance, and (vi) such other information as may be required by the indenture and applicable laws and regulations.

On the Change of Control Purchase Date, we will (i) accept for payment all Notes or portions thereof tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent the aggregate purchase price of all Notes or portions thereof accepted for payment and any accrued and unpaid interest on such Notes as of the Change of Control Purchase Date, and (iii) deliver or cause to be delivered to the trustee all Notes tendered pursuant to the Change of Control Offer. The Paying Agent shall promptly mail to each holder of Notes or portions thereof accepted for payment an amount equal to the purchase price for such Notes plus any accrued and unpaid interest thereon, and the trustee shall promptly authenticate and mail to such holder of Notes accepted for payment in part a new Note equal in principal amount to any unpurchased portion of the Notes, and any Note not accepted for payment in whole or in part for any reason consistent with the indenture shall be promptly returned to the holder of such Note. On and after a Change of Control Purchase Date, interest will cease to accrue on the Notes or portions thereof accepted for payment, unless the Company defaults in the payment of the purchase price therefor. We will announce the results of the Change of Control Offer to holders of the Notes on or as soon as practicable after the Change of Control Purchase Date.

We will comply with the applicable tender offer rules, including the requirements of Rule l4e-l under the Exchange Act, and all other applicable securities laws and regulations in connection with any Change of Control Offer.

The Change of Control provision will not require us to make a Change of Control Offer upon the consummation of any transaction contemplated by clause (b) of the definition of Change of Control if the party that will own, directly or indirectly, more than 35% of the Voting Stock of the Company as a result of such transaction J. Mack Robinson, Robert S. Prather, Jr. or certain other persons or entities affiliated with or controlled by either of them. See Certain Definitions Permitted Holders. J. Mack Robinson and Robert S. Prather are directors of the Company. As a result of the definition of Permitted Holders, a concentration of control in the hands of Permitted Holders would not give rise to a situation where holders could have their Notes repurchased pursuant to a Change of Control Offer. As of June 30, 2002, Mr. Robinson was the beneficial owner of 54.6% of the outstanding Voting Stock. In addition, the Change of Control provision and the other covenants that limit the ability of the Company to incur debt may not necessarily afford holders protection in the event of a highly leveraged transaction, such as a reorganization, merger or similar transaction involving the Company that may adversely affect holders, because such transactions may not involve a concentration in voting power or beneficial ownership, or, if there were such a concentration, may not involve a concentration of the magnitude required under the definition of Change of Control.

Covenants

Limitation on Incurrence of Indebtedness. The indenture provides that the Company will not, and will not permit any of its Subsidiaries to, create, incur, assume or directly or indirectly guarantee or in any other manner become directly or indirectly liable for, or incur, any Indebtedness (including Acquired

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Debt) if, at the time and immediately after giving *pro forma* effect to such incurrence, the Debt to Operating Cash Flow Ratio of the Company and its Subsidiaries is more than 7.0 to 1.0.

The foregoing limitations will not apply to the incurrence of any of the following, which we refer to collectively as Permitted Indebtedness:

(i) Indebtedness of the Company incurred under the Senior Credit Facility in an aggregate principal amount at any time outstanding not to exceed $275.0 million less (A) the aggregate amount of all principal payments made in respect of any term loans thereunder and (B) the aggregate amount of any other principal payments thereunder constituting permanent reductions of such Indebtedness pursuant to and in accordance with the covenant described under Covenants Limitation on Asset Sales;

(ii) Indebtedness of any Subsidiary Guarantor consisting of a guarantee of Indebtedness of the Company under the Senior Credit Facility;

(iii) Indebtedness of the Company represented by (a) the Notes issued on the Issue Date and exchange notes issued therefor and (b) Indebtedness of any Subsidiary Guarantor represented by a Subsidiary Guarantee in respect therefor or in respect of Additional Notes incurred in accordance with the indenture;

(iv) Indebtedness owed by any Subsidiary Guarantor to the Company or to another Subsidiary Guarantor, or owed by the Company to any Subsidiary Guarantor; *provided* that any such Indebtedness shall be held by a Person which is either the Company or a Subsidiary Guarantor and *provided, further,* that an incurrence of additional Indebtedness which is not permitted under this clause (iv) shall be deemed to have occurred upon either (a) the transfer or other disposition of any such Indebtedness to a Person other than the Company or another Subsidiary Guarantor or (b) the sale, lease, transfer or other disposition of shares of Capital Stock (including by consolidation or merger) of any such Subsidiary Guarantor to a Person other than the Company or another Subsidiary Guarantor such that such Subsidiary Guarantor ceases to be a Subsidiary Guarantor;

(v) Indebtedness of any Subsidiary Guarantor consisting of guarantees of any Indebtedness of the Company which Indebtedness of the Company has been incurred in accordance with the provisions of the indenture;

(vi) Indebtedness arising with respect to Interest Rate Agreement Obligations incurred for the purpose of fixing or hedging interest rate risk with respect to Indebtedness (and not for speculative purposes) that is permitted by the terms of the indenture to be outstanding; *provided, however,* that the notional principal amount of such Interest Rate Agreement Obligation does not exceed the principal amount of the Indebtedness to which such Interest Rate Agreement Obligation relates;

(vii) Permitted Purchase Money Indebtedness so long as the aggregate amount of all such Permitted Purchase Money Indebtedness does not exceed $20.0 million at any one time outstanding;

(viii) any Indebtedness of the Company or a Subsidiary of the Company incurred in connection with or given in exchange for the renewal, extension, substitution, refunding, defeasance, refinancing or replacement of any Indebtedness of the Company or such Subsidiary outstanding on the Issue Date or permitted to be incurred or outstanding under the indenture in accordance with the first paragraph of this covenant or Indebtedness incurred under this clause (viii) with respect to any of the foregoing, which we refer to as Refinancing Indebtedness; *provided* that (a) the principal amount of such Refinancing Indebtedness shall not exceed the principal amount of the Indebtedness so renewed, extended, substituted, refunded, defeased, refinanced or replaced (plus the premiums or other payments paid in connection therewith (which shall not exceed the stated amount of any premium or other payments required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being renewed, extended, substituted, refunded, defeased, refinanced or replaced) and the expenses incurred in connection therewith); (b) with respect to Refinancing Indebtedness of any Indebtedness other than Senior Debt, the Refinancing Indebtedness shall have a Weighted Average

Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, extended, substituted, refunded, defeased, refinanced or replaced; and (c) with respect to Refinancing Indebtedness of Indebtedness other than Senior Debt incurred by (1) the Company, such Refinancing Indebtedness shall rank no more senior, and shall be at least as subordinated, in right of payment to the Notes as the Indebtedness being renewed, extended, substituted, refunded, defeased, refinanced or replaced, and (2) a Subsidiary Guarantor, such Refinancing Indebtedness shall rank no more senior, and shall be at least as subordinated, in right of payment to the Subsidiary Guarantee as the Indebtedness being renewed, extended, substituted, refunded, defeased, refinanced or replaced; and

(ix) Indebtedness of the Company and its Subsidiaries in addition to that described in clauses (i) through (viii) above, and any renewals, extensions, substitutions, refundings, refinancings or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness incurred pursuant to this clause (ix) does not exceed $20.0 million at any one time outstanding.

For purposes of determining compliance with this covenant:

(1) In the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness permitted pursuant to clauses (i) through (ix) above, the Company shall, in its sole discretion, be permitted to classify such item of Indebtedness in any manner that complies with this covenant and may from time to time reclassify such items of Indebtedness in any manner that would comply with this covenant at the time of such reclassification;

(2) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(3) In the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this covenant, the Company, in its sole discretion, shall classify such Indebtedness and only be required to include the amount of such Indebtedness in one of such clauses; and

(4) Accrual of interest (including interest paid-in-kind) and the accretion of accreted value will not be deemed to be an incurrence of Indebtedness for purposes of this covenant.

Notwithstanding any other provision of this covenant:

(5) The maximum amount of Indebtedness that the Company or any Subsidiary of the Company may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies; and

(6) Indebtedness incurred pursuant to the Senior Credit Facility prior to or on the date of the indenture shall be treated as incurred pursuant to clause (i) of the first paragraph of this covenant.

Limitation on Restricted Payments. The indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, make any Restricted Payment, unless at the time of and immediately after giving effect to the proposed Restricted Payment (with the value of any such Restricted Payment, if other than cash, to be determined by the board of directors of the Company in good faith and which determination shall be conclusive and evidenced by a board resolution), (i) no Default or Event of Default (and no event that, after notice or lapse of time, or both, would become an event of default under the terms of any other Indebtedness of the Company or its Subsidiaries) shall have occurred and be continuing or would occur as a consequence thereof, (ii) the Company could incur at least $1.00 of additional Indebtedness pursuant to the first paragraph under Covenants Limitation on Incurrence of Indebtedness and (iii) the aggregate amount of all Restricted Payments made after the Issue Date shall not exceed the sum of (a) an amount equal to the Company s Cumulative Operating Cash Flow less 1.4 times the Company s Cumulative Consolidated Interest Expense, *plus* (b) the aggregate amount of all net cash proceeds received after the Issue Date by the Company from the issuance and sale (other than to a Subsidiary of the Company) of Capital Stock of the Company (other

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than Disqualified Stock) to the extent that such proceeds are not used to redeem, repurchase, retire or otherwise acquire Capital Stock or any Indebtedness of the Company or any Subsidiary of the Company pursuant to clause (ii) of the next paragraph, *plus* (c) in the case of the disposition or repayment of any Investment for cash, which Investment constituted a Restricted Payment made after the Issue Date, an amount equal to the lesser of the return of capital with respect to such Investment and the cost of such Investment, in either case, reduced (but not below zero) by the excess, if any, of the cost of the disposition of such Investment over the gain, if any, realized by the Company or such Subsidiary in respect of such disposition.

The foregoing provisions will not prohibit, so long as there is no Default or Event of Default continuing, the following actions, which we refer to collectively as Permitted Payments:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at such declaration date such payment would have been permitted under the indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any Capital Stock or any Indebtedness of the Company in exchange for, or out of the proceeds of the sale (other than to a Subsidiary of the Company), within six months prior to the consummation of such redemption, repurchase, retirement, defeasance or other such acquisition of any Capital Stock or Indebtedness of the Company, of Capital Stock of the Company (other than any Disqualified Stock);

(iii) the repurchase, redemption or other repayment of any Subordinated Debt of the Company or a Subsidiary Guarantor in exchange for, by conversion into or solely out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of Subordinated Debt of the Company or such Subsidiary Guarantor with a Weighted Average Life to Maturity equal to or greater than the then remaining Weighted Average Life to Maturity of the Subordinated Debt repurchased, redeemed or repaid;

(iv) the payment of ordinary dividends by the Company in respect of its Capital Stock in the ordinary course of business on a basis consistent with past practice in an aggregate amount not exceeding $2.5 million annually;

(v) Restricted Investments received as consideration in connection with an Asset Sale made in compliance with the indenture;

(vi) the making of a Restricted Investment out of the proceeds of the sale (other than to a Subsidiary of the Company) within one year prior to the making of such Restricted Investment of Capital Stock of the Company (other than any Disqualified Stock);

(vii) the payment of any dividend or distribution by a Subsidiary that is a Qualified Joint Venture to the holders of its Capital Stock on a pro rata basis;

(viii) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company to effect the repurchase, redemption, acquisition or retirement of Capital Stock that are held by any member or former member of the Company s (or any Subsidiary s) management, or by any of their respective directors, employees or consultants; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed the sum of $750,000 in any calendar year (with unused amounts in any calendar year being available to be so utilized in succeeding calendar years);

(ix) repurchases of Capital Stock of the Company deemed to occur upon the exercise of stock options;

(x) payments or distributions to dissenting stockholders pursuant to applicable law in connection with a consolidation, merger, or transfer of assets that complies with the provision of the indenture applicable to mergers, consolidations and transfers of all or substantially all of the property and assets of the Company; and

(xi) other Restricted Payments not to exceed $10.0 million in the aggregate.

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In computing the amount of Restricted Payments for purposes of clause (iii) of the second preceding paragraph, Restricted Payments made under clauses (i), (iv), (vi), (viii) and (x) of the preceding paragraph shall be included and Restricted Payments made under clauses (ii), (iii), (v), (vii), (ix) and (xi) of the preceding paragraph shall not be included.

Limitation on Asset Sales. The indenture provides that the Company will not, and will not permit any of its Subsidiaries to, make any Asset Sale unless (i) the Company or such Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (determined by the board of directors of the Company in good faith, which determination shall be evidenced by a board resolution) of the assets or other property sold or disposed of in the Asset Sale, and (ii) at least 75% of such consideration is in the form of cash or Cash Equivalents; *provided* that for purposes of this covenant cash shall include the amount of any liabilities (other than liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) of the Company or such Subsidiary (as shown on the Company s or such Subsidiary s most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets or other property in such Asset Sale (and excluding any liabilities that are incurred in connection with or in anticipation of such Asset Sale), but only to the extent that such assumption is effected on a basis under which there is no further recourse to the Company or any of its Subsidiaries with respect to such liabilities.

Notwithstanding clause (ii) above, (a) all or a portion of the consideration for any such Asset Sale may consist of all or substantially all of the assets or a majority of the Voting Stock of an existing television business, franchise or station (whether existing as a separate entity, subsidiary, division, unit or otherwise) or any business directly related thereto, (b) Asset Sales involving assets which are not television or publishing businesses, franchises or stations and having an aggregate value (as measured by the value of the consideration being paid for such assets) not in excess of $40.0 million may be made without regard to clause (ii) above, and (c) the Company may, and may permit its Subsidiaries to, issue shares of Capital Stock in a Qualified Joint Venture to a Qualified Joint Venture Partner without regard to clause (ii) above; *provided,* that, in the case of any of (a), (b) or (c) of this sentence after giving effect to any such Asset Sale and related acquisition of assets or Voting Stock, (x) no Default or Event of Default shall have occurred or be continuing; and (y) the Net Proceeds of any such Asset Sale, if any, are applied in accordance with this covenant.

Within 360 days after any Asset Sale, the Company may elect to apply or cause to be applied the Net Proceeds from such Asset Sale to (a) permanently reduce any Senior Debt of the Company or any Guarantor Senior Debt, and/or (b) make an investment in, or acquire assets directly related to, the business of the Company and its Subsidiaries existing on the Issue Date. Pending the final application of any such Net Proceeds, the Company may temporarily reduce Senior Debt of the Company or any Guarantor Senior Debt or temporarily invest such Net Proceeds in any manner permitted by the indenture. Any Net Proceeds from an Asset Sale not applied or invested as provided in the first sentence of this paragraph within 360 days of such Asset Sale will be deemed to constitute Excess Proceeds on the 361st day after such Asset Sale.

As soon as practical, but in no event later than 10 business days after any date, an Asset Sale Offer Trigger Date, that the aggregate amount of Excess Proceeds exceeds $5.0 million, the Company shall commence an offer to purchase the maximum principal amount of Notes that may be purchased out of all such Excess Proceeds, an Asset Sale Offer, at a price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase. To the extent that any Excess Proceeds remain after completion of an Asset Sale Offer, the Company may use the remaining amount for general corporate purposes and such amount shall no longer constitute Excess Proceeds.

Within 30 days following any Asset Sale Offer Trigger Date, the Company shall mail to each holder of Notes at such holder s registered address a notice stating: (i) that an Asset Sale Offer Trigger Date has occurred and that the Company is offering to purchase the maximum principal amount of Notes that may be purchased out of the Excess Proceeds, at an offer price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase, which we refer to as the Asset Sale

Offer Purchase Date, which shall be a business day, specified in such notice, that is not earlier than 30 days or later than 60 days from the date such notice is mailed, (ii) the amount of accrued and unpaid interest as of the Asset Sale Offer Purchase Date, (iii) that any Note not tendered will continue to accrue interest, (iv) that, unless the Company defaults in the payment of the purchase price for the Notes payable pursuant to the Asset Sale Offer, any Notes accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Asset Sale Offer Purchase Date, (v) the procedures, consistent with the indenture, to be followed by a holder of Notes in order to accept an Asset Sale Offer or to withdraw such acceptance, and (vi) such other information as may be required by the indenture and applicable laws and regulations.

On the Asset Sale Offer Purchase Date, the Company will (i) accept for payment the maximum principal amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer that can be purchased out of Excess Proceeds from such Asset Sale, (ii) deposit with the Paying Agent the aggregate purchase price of all Notes or portions thereof accepted for payment and any accrued and unpaid interest on such Notes as of the Asset Sale Offer Purchase Date, and (iii) deliver or cause to be delivered to the trustee all Notes tendered pursuant to the Asset Sale Offer. If less than all Notes tendered pursuant to the Asset Sale Offer are accepted for payment by the Company for any reason consistent with the indenture, selection of the Notes to be purchased by the Company shall be in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a *pro rata* basis, by lot or by such method as the trustee shall deem fair and appropriate; *provided* that Notes accepted for payment in part shall only be purchased in integral multiples of $1,000. The Paying Agent shall promptly mail to each holder of Notes or portions thereof accepted for payment an amount equal to the purchase price for such Notes plus any accrued and unpaid interest thereon, and the trustee shall promptly authenticate and mail to such holder of Notes accepted for payment in part a new Note equal in principal amount to any unpurchased portion of the Notes, and any Note not accepted for payment in whole or in part shall be promptly returned to the holder of such Note. On and after an Asset Sale Offer Purchase Date, interest will cease to accrue on the Notes or portions thereof accepted for payment, unless the Company defaults in the payment of the purchase price therefor. The Company will announce the results of the Asset Sale Offer to holders of the Notes on or as soon as practicable after the Asset Sale Offer Purchase Date.

The Company will comply with the applicable tender offer rules, including the requirements of Rule 14e-1 under the Exchange Act, and all other applicable securities laws and regulations in connection with any Asset Sale Offer.

Limitation on Liens. The indenture provides that the Company will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (other than Permitted Liens) on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom to secure any Indebtedness; *provided* that in addition to creating Permitted Liens on its properties or assets, (i) the Company may create any Lien upon any of its properties or assets (including, but not limited to, any Capital Stock of its Subsidiaries) if the Notes are equally and ratably secured therewith, and (ii) a Subsidiary Guarantor may create any Lien upon any of its properties or assets (including, but not limited to, any Capital Stock of its Subsidiaries) if its Subsidiary Guarantee is equally and ratably secured therewith; *provided, however,* that if (a) the Company creates any Lien on its assets to secure any Subordinated Indebtedness of the Company, the Company shall also create a Lien to secure the Notes and the Lien securing such Subordinated Indebtedness shall be subordinated and junior to the Lien securing the Notes with the same or lesser priorities as the Subordinated Indebtedness shall have with respect to the Notes, and (b) a Subsidiary Guarantor creates any Lien on its assets to secure any Subordinated Indebtedness of such Subsidiary Guarantor, the Subsidiary Guarantor shall also create a Lien to secure the Subsidiary Guarantee and the Lien securing such Subordinated Indebtedness shall be subordinated and junior to the Lien securing the Subsidiary Guarantee of such Subsidiary Guarantor with the same or lesser priorities as the Subordinated Indebtedness shall have with respect to the Subsidiary Guarantee of such Subsidiary Guarantor.

Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries. The indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary of the Company to (i) pay dividends or make any other distributions to the Company or any other Subsidiary of the Company on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any other Subsidiary of the Company, (ii) make loans or advances to the Company or any other Subsidiary of the Company, or (iii) transfer any of its properties or assets to the Company or any other Subsidiary of the Company, which we refer to collectively as Payment Restrictions, except for such encumbrances or restrictions existing under or by reason of (a) the Senior Credit Facility as in effect on the Issue Date, and any amendments, restatements, renewals, replacements or refinancings thereof *provided* that such amendments, restatements, renewals, replacements or refinancings are no more restrictive in the aggregate with respect to such dividend and other payment restrictions than those contained in the Senior Credit Facility immediately prior to any such amendment, restatement, renewal, replacement or refinancing, (b) applicable law, (c) any instrument governing Indebtedness or Capital Stock of an Acquired Person acquired by the Company or any of its Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with such acquisition); *provided* that such restriction is not applicable to any Person, or the properties or assets of any Person, other than the Acquired Person, (d) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (e) purchase money Indebtedness for property acquired in the ordinary course of business that only impose restrictions on the property so acquired, (f) an agreement for the sale or disposition of the Capital Stock or assets of such Subsidiary; *provided* that such restriction is only applicable to such Subsidiary or assets, as applicable, and such sale or disposition otherwise is permitted under the covenant described under Covenants Limitation on Asset Sales; and *provided, further,* that such restriction or encumbrance shall be effective only for a period from the execution and delivery of such agreement through a termination date not later than 270 days after such execution and delivery, and (g) Refinancing Indebtedness permitted under the indenture; *provided* that the restrictions contained in the agreements governing such Refinancing Indebtedness are not more restrictive in the aggregate than those contained in the agreements governing the Indebtedness being refinanced immediately prior to such refinancing.

Limitation on Transactions with Affiliates. The indenture provides that the Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company or any beneficial owner of ten percent or more of any class of Capital Stock of the Company or any Subsidiary Guarantor unless (i) such transaction or series of transactions is on terms that are no less favorable to the Company or such Subsidiary, as the case may be, than would be available in a comparable transaction in arm s-length dealings with an unrelated third party, and (ii) (a) with respect to any transaction or series of transactions involving aggregate payments in excess of $1.0 million, the Company delivers an officers certificate to the trustee certifying that such transaction or series of related transactions complies with clause (i) above and such transaction or series of related transactions has been approved by a majority of the members of the board of directors of the Company (and approved by a majority of the Independent Directors or, in the event there is only one Independent Director, by such Independent Director), and (b) with respect to any transaction or series of transactions involving aggregate payments in excess of $5.0 million, the Company delivers to the trustee an opinion to the effect that such transaction or series of transactions is fair to the Company or such Subsidiary from a financial point of view issued by an investment banking firm of national standing. Notwithstanding the foregoing, this provision will not apply to (i) employment agreements or compensation or employee benefit arrangements with any officer, director or employee of the Company entered into in the ordinary course of business (including customary benefits thereunder), (ii) any transaction entered into by or among the Company or any Subsidiary Guarantor and one or more Subsidiary Guarantors, and (iii) transactions pursuant to agreements existing on the Issue Date.

Limitation on Incurrence of Senior Subordinated Indebtedness. The indenture provides that (i) the Company will not, directly or indirectly, incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinated or junior in right of payment to any Indebtedness of the Company and senior in any respect in right of payment to the Notes, and (ii) the Company will not, directly or indirectly, permit any Subsidiary Guarantor to incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinated or junior in right of payment to any Indebtedness of such Subsidiary Guarantor and senior in any respect in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor.

Limitation on Issuance and Sale of Capital Stock of Subsidiaries. The indenture provides that the Company (a) will not, and will not permit any Subsidiary of the Company to, transfer, convey, sell or otherwise dispose of any shares of Capital Stock of such Subsidiary or any other Subsidiary (other than to the Company or a Subsidiary Guarantor) except that the Company and any Subsidiary may, in any single transaction, sell all, but not less than all, of the issued and outstanding Capital Stock of any subsidiary to any Person, subject to complying with the provisions of the indenture applicable to such sale and (b) will not permit any Subsidiary of the Company to issue shares of its Capital Stock (other than directors qualifying shares), or securities convertible into, or warrants, rights or options to subscribe for or purchase shares of, its Capital Stock to any Person other than to the Company or a Subsidiary Guarantor; *provided* that the Company may, and may permit a Subsidiary of the Company to, (x) issue shares of Capital Stock in a Qualified Joint Venture to a Qualified Joint Venture Partner and (y) issue a majority of the shares of Capital Stock of a Paging Subsidiary and a Satellite Uplink Subsidiary in accordance with the covenant described under Covenants Limitation on Asset Sales (*provided, however,* that any shares of Capital Stock issued pursuant to the foregoing clauses (x) or (y) to any Person other than the Company or a Subsidiary Guarantor shall be of the most junior class of Capital Stock of such issuing Person and shall, in no event, constitute Preferred Stock of such issuing Person).

Future Subsidiary Guarantors. The indenture provides that the Company shall cause each Subsidiary of the Company formed or acquired after the Issue Date to issue a Subsidiary Guarantee and execute and deliver an indenture supplemental to the indenture as a Subsidiary Guarantor.

Provision of Financial Statements. The indenture provides that, whether or not the Company is then subject to Section 13(a) or 15(d) of the Exchange Act, the Company will file with the Commission, so long as the Notes are outstanding, the annual reports, quarterly reports and other periodic reports which the Company would have been required to file with the Commission pursuant to such Section 13(a) or 15(d) if the Company were so subject, and such documents shall be filed with the Commission on or prior to the respective dates, which we refer to as the Required Filing Dates, by which the Company would have been required so to file such documents if the Company were so subject. The Company will also in any event (i) within 15 days of each Required Filing Date, (a) transmit by mail to all holders of Notes, as their names and addresses appear in the Note register, without cost to such holders and (b) file with the trustee copies of the annual reports, quarterly reports and other periodic reports which the Company would have been required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act if the Company were subject to such Sections and (ii) if filing such documents by the Company with the Commission is prohibited under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder at the Company s cost.

Additional Covenants. The indenture also contains covenants with respect to the following matters: (i) payment of principal, premium and interest; (ii) maintenance of an office or agency in the City of New York; (iii) maintenance of corporate existence; (iv) payment of taxes and other claims; (v) maintenance of properties; (vi) maintenance of insurance.

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Merger, Consolidation and Sale of Assets

The indenture provides that the Company shall not consolidate or merge with or into (whether or not the Company is the Surviving Person), or, directly or indirectly through one or more Subsidiaries, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person or Persons unless (i) the Surviving Person is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the Surviving Person (if other than the Company) assumes all the obligations of the Company under the Notes and the indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the trustee; (iii) at the time of and immediately after such Disposition, no Default or Event of Default shall have occurred and be continuing; and (iv) the Surviving Person will (A) have Consolidated Net Worth (immediately after giving effect to the Disposition on a *pro forma* basis) equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction, and (B) at the time of such Disposition and after giving *pro forma* effect thereto, the Surviving Person would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under Covenants Limitation on Incurrence of Indebtedness.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the immediately preceding paragraph in which the Company is not the Surviving Person and the Surviving Person is to assume all the obligations of the Company under the Notes and the indenture pursuant to a supplemental indenture, such Surviving Person shall succeed to, and be substituted for, and may exercise every right and power of, the Company, and the Company would be discharged from its obligations under the indenture and the Notes; *provided* that solely for the purpose of calculating amounts described in clause (iii) under Covenants Limitation on Restricted Payments, any such Surviving Person shall only be deemed to have succeeded to and be substituted for the Company with respect to the period subsequent to the effective time of such transaction (and the Company (before giving effect to such transaction) shall be deemed to be the Company for such purposes for all prior periods).

Events of Default

The indenture provides that each of the following constitutes an Event of Default:

(i) a default for 30 days in the payment when due of interest on any Note (whether or not prohibited by subordination provisions of the indenture);

(ii) a default in the payment when due of principal on any Note (whether or not prohibited by the subordination provisions of the indenture), whether upon maturity, acceleration, optional or mandatory redemption, required repurchase or otherwise;

(iii) failure to perform or comply with any covenant, agreement or warranty in the indenture (other than the defaults specified in clauses (i) and (ii) above) which failure continues for 30 days after written notice thereof has been given to the Company by the trustee or to the Company and the trustee by the holders of at least 25% in aggregate principal amount of the then outstanding Notes;

(iv) the occurrence of one or more defaults under any agreements, indentures or instruments under which the Company or any Subsidiary of the Company then has outstanding Indebtedness in excess of $5.0 million in the aggregate and, if not already matured at its final maturity in accordance with its terms, such Indebtedness shall have been accelerated;

(v) except as permitted by the indenture, any Subsidiary Guarantee shall for any reason cease to be, or be asserted in writing by any Subsidiary Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms;

(vi) one or more judgments, orders or decrees for the payment of money in excess of $5.0 million, either individually or in the aggregate shall be entered against the Company or any Subsidiary of the Company or any of their respective properties and which judgments, orders or decrees are not paid, discharged, bonded or stayed for a period of 60 days after their entry;

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(vii) any holder or holders of at least $5.0 million in aggregate principal amount of Indebtedness of the Company or any Subsidiary of the Company after a default under such Indebtedness (a) shall notify the Company or the trustee of the intended sale or disposition of any assets of the Company or any Subsidiary of the Company with an aggregate fair market value (as determined in good faith by the Company s board of directors, which determination shall be evidenced by a board resolution), individually or in the aggregate, of at least $5.0 million that have been pledged to or for the benefit of such holder or holders to secure such Indebtedness or (b) shall commence proceedings, or take any action (including by way of set-off), to retain in satisfaction of such Indebtedness, or to collect on, seize, dispose of or apply in satisfaction of such Indebtedness, such assets of the Company or any Subsidiary of the Company (including funds on deposit or held pursuant to lock-box and other similar arrangements);

(viii) there shall have been the entry by a court of competent jurisdiction of (a) a decree or order for relief in respect of the Company or any Subsidiary of the Company in an involuntary case or proceeding under any applicable Bankruptcy Law or (b) a decree or order adjudging the Company or any Subsidiary of the Company bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Subsidiary of the Company under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Subsidiary of the Company or of any substantial part of their respective properties, or ordering the winding up or liquidation of their affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 days; or

(ix) (a) the Company or any Subsidiary of the Company commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (b) the Company or any Subsidiary of the Company consents to the entry of a decree or order for relief in respect of the Company or such Subsidiary of the Company in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (c) the Company or any Subsidiary of the Company files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (d) the Company or any Subsidiary of the Company (x) consents to the filing of such petition or the appointment of or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or such Subsidiary of the Company or of any substantial part of their respective property, (y) makes an assignment for the benefit of creditors or (z) admits in writing its inability to pay its debts generally as they become due or (e) the Company or any Subsidiary of the Company takes any corporate action in furtherance of any such actions in this paragraph (ix).

If any Event of Default (other than as specified in clause (viii) or (ix) of the preceding paragraph with respect to the Company or any Subsidiary Guarantor) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may, and the trustee at the request of such holders shall, declare all the Notes to be due and payable immediately. In the case of an Event of Default arising from the events specified in clause (viii) or (ix) of the preceding paragraph with respect to the Company or any Subsidiary Guarantor, the principal of, premium, if any, and any accrued and unpaid interest on all outstanding Notes shall *ipso facto* become immediately due and payable without further action or notice.

Holders of the Notes may not enforce the indenture or the Notes except as provided in the indenture. The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the trustee may on behalf of the holders of all the Notes waive any existing Default or Event of Default and its consequences under the indenture except (i) a continuing Default or Event of Default in the payment of the principal of, or premium, if any, or interest on, the Notes (which may only be waived with the consent of each holder of Notes affected), or (ii) in respect of a covenant or provision which under the indenture cannot be modified or amended without the consent of each holder of Notes affected. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium or interest) if it determines that withholding notice is in their interest.

The Company is required to deliver to the trustee annually a statement regarding compliance with the indenture, and the Company is required, upon becoming aware of any Default or Event of Default, to deliver to the trustee a statement specifying such Default or Event of Default.

Defeasance

The Company may, at its option and at any time, elect to have the obligations of the Company discharged with respect to the outstanding Notes and the Subsidiary Guarantees, which we refer to as legal defeasance. Such legal defeasance means that the Company and the Subsidiary Guarantors shall be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes and the Subsidiary Guarantees and to have satisfied all other obligations under the Notes, the Subsidiary Guarantees and the indenture, except for (i) the rights of holders of the outstanding Notes to receive, solely from the trust fund described below, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, (ii) the Company s obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes, and the maintenance of an office or agency for payment and money for security payments held in trust, (iii) the rights, powers, trusts, duties and immunities of the trustee under the indenture and (iv) the defeasance provisions of the indenture. In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and the Subsidiary Guarantors released with respect to certain covenants that are described in the indenture, which we refer to as covenant defeasance, and any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes.

In order to exercise either legal defeasance or covenant defeasance, (i) the Company shall irrevocably deposit with the trustee, as trust funds in trust for the benefit of the holders of the Notes, cash in United States dollars, U.S. Government Obligations, or a combination thereof, maturing as to principal and interest in such amounts as will be sufficient, without consideration of any reinvestment of such interest, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm, to pay and discharge the principal of, premium, if any, and interest on the outstanding Notes on the stated maturity of such principal or installment of principal or interest; (ii) in the case of legal defeasance, the Company shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that (A) the Company has received from, or there has been published by, the IRS a ruling or (B) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred; (iii) in the case of covenant defeasance, the Company shall have delivered to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that the holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; (iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as clauses (ix) and (x) under the first paragraph under Events of Default are concerned, at any time during the period ending on the 91st day after the date of deposit; (v) such legal defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, the indenture or any other material agreement or instrument to which the Company is a party or by which it is bound; (vi) the Company shall have delivered to the trustee an opinion of counsel to the effect that (A) the trust funds will not be subject to any rights of holders of Senior Debt or Guarantor Senior Debt of any Subsidiary Guarantor, including, without limitation, those arising under the

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indenture, after the 91st day following the deposit and (B) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally; (vii) the Company shall have delivered to the trustee an officers certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; (viii) no event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Notes on the date of such deposit or at any time ending on the 91st day after the date of such deposit; (ix) the Company shall have delivered to the trustee an officers certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to either the legal defeasance or the covenant defeasance, as the case may be, have been complied with; and (x) such deposit shall not violate the provisions described under Subordination.

Satisfaction and Discharge

The indenture will cease to be of further effect (except as to surviving rights of registration, transfer or exchange of the Notes, as expressly provided for in the indenture) as to all outstanding Notes when (i) either (a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid) have been delivered to the trustee for cancellation or (b) all Notes not theretofore delivered for cancellation (x) have become due and payable or (y) will become due and payable at their Stated Maturity within one year or (z) are to be called for redemption within one year under arrangements reasonably satisfactory to the trustee, for the giving of notice of redemption by the trustee in the name, and at the expense of, the Company; and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust an amount in United States dollars or direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case, maturing prior to the date the Notes will have become due and payable, the Stated Maturity of the Notes or the relevant redemption date of the Notes, as the case may be, sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the trustee for cancellation, including principal of, premium, if any, and accrued interest at maturity, Stated Maturity or redemption date; and (ii) the Company or any Subsidiary Guarantor has paid or caused to be paid all other sums payable under the indenture by the Company and any Subsidiary Guarantor; and (iii) the Company has delivered to the trustee an officers certificate and an opinion of counsel each stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with and that such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which the Company, any Subsidiary Guarantor or any Subsidiary is a party or by which the Company, any Subsidiary Guarantor or any Subsidiary is bound.

Modifications and Amendments

Modifications and amendments of the indenture or the Notes may be made by the Company, the Subsidiary Guarantors and the trustee with the written consent of the holders of not less than a majority in aggregate principal amount of the then outstanding Notes; *provided, however,* that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby: (i) change the stated maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency or the manner in which the principal of any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) extend the time for payment of interest on the Notes; (iii) alter the redemption provisions in the Notes or the indenture in a manner adverse to any holder of the Notes; (iv) amend, change or modify the obligation of the Company to (x) make and consummate a Change of Control Offer in event of a Change of Control or (y) make and consummate an Asset Sale Offer required pursuant to the covenant described under Covenants Limitation on Asset Sales, or modify any of the provisions or definitions with respect to the obligations of the Company referred to in clauses (x) or (y); (v) reduce the percentage in principal amount of outstanding Notes, the consent of whose holders is required for any amended or supplemental indenture or the consent of whose holders is required for any waiver of compliance with any provision of the indenture or any Default thereunder and their consequences provided for in the indenture; (vi) modify any of the provisions of the indenture relating to any amended or supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of any covenant, except to increase the percentage of outstanding Notes required for such actions or to provide that any other provision of the indenture cannot be modified or waived without the consent of the holder of each Note affected thereby; (vii) except as otherwise permitted under Merger, Consolidation and Sale of Assets, consent to the assignment or transfer by the Company of any of its rights and obligations under the indenture; (viii) modify any of the provisions of the indenture relating to the subordination of the Notes or the Subsidiary Guarantees in a manner adverse to the holders of the Notes; (ix) modify the ranking or priority of the Notes or any Subsidiary Guarantee; or (x) release any Subsidiary Guarantor from any of its obligations under its Subsidiary Guarantee other than in accordance with the terms of the indenture; and *provided, further,* that no such modification or amendment to any of the subordination provisions of the indenture or the Notes may be made without the consent of a majority in interest of the holders of Senior Debt.

Notwithstanding the foregoing, without the consent of any holder of Notes, the Company, the Subsidiary Guarantors and the trustee may amend or supplement the indenture or the Notes to (i) cure any ambiguity, defect or inconsistency, (ii) provide for uncertificated Notes in addition to or in place of certificated Notes, (iii) provide for the assumption of the Company s obligations to the holders of the Notes in the event of any Disposition involving the Company that is permitted under the provisions of Merger, Consolidation and Sale of Assets in which the Company is not the Surviving Person, (iv) make any change that would provide any additional rights or benefits to the holders of the Notes or does not adversely affect the interests of any holder, (v) comply with the requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act or (vi) add additional Subsidiary Guarantors.

The Trustee

In the event that the trustee becomes a creditor of the Company, the indenture contains certain limitations on the rights of the trustee to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as trustee, or resign.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, subject to certain exceptions. The indenture provides that, in case an Event of Default has occurred and has not been cured, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. The trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of Notes, unless such holder shall have offered to the trustee indemnity satisfactory to the trustee against any loss, liability or expense.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for the definition of all other terms used in the indenture.

Acquired Debt means, with respect to any specified Person, Indebtedness of any other Person, which we refer to as the Acquired Person, existing at the time the Acquired Person merges with or into, or becomes a Subsidiary of, such specified Person, including Indebtedness incurred in connection with, or in contemplation of, the Acquired Person merging with or into, or becoming a Subsidiary of, such specified Person.

Affiliate means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, control (including, with correlative meanings, the terms controlling, controlled by and under common control with) of any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the, management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

Asset Sale means (i) any sale, lease, conveyance or other disposition by the Company or any Subsidiary of the Company of any assets (including by way of a sale-and-leaseback) other than in the ordinary course of business (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company shall not be an Asset Sale but instead shall be governed by the provisions of the indenture described under Merger, Consolidation and Sale of Assets) or (ii) the issuance or sale of Capital Stock of any Subsidiary of the Company, in each case, whether in a single transaction or a series of related transactions, to any Person (other than to the Company or a Subsidiary Guarantor); *provided* that the term Asset Sale shall not include any disposition or dispositions during any twelve-month period of assets or property having a fair market value of legs than $300,000 in the aggregate.

Bankruptcy Law means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law relating to bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors, or any amendment to, succession to or change in any such law.

Business Day means any date which in not a Legal Holiday.

Capital Lease Obligations of any Person means the obligations to pay rent or other amounts under a lease of (or other Indebtedness arrangements conveying the right to use) real or personal property of such Person which are required to be classified and accounted for as a capital lease or liability on the face of a balance sheet of such Person in accordance with GAAP. The amount of such obligations shall be the capitalized amount thereof in accordance with GAAP and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

Capital Stock of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person, including any Preferred Stock.

Cash Equivalents means (i) marketable direct obligations issued or guaranteed by the United States of America, or any governmental entity or agency or political subdivision thereof (*provided,* that the full faith and credit of the United States of America is pledged in support thereof) maturing within one year of the date of purchase; (ii) commercial paper issued by corporations, each of which shall have a consolidated net worth of at least $500.0 million, maturing within 180 days from the date of the original issue thereof, and rated P-l or better by Moody s Investors Service or A-l or better by Standard & Poor s Corporation or an equivalent rating or better by any other nationally recognized securities rating agency; and (iii) certificates of deposit issued or acceptances accepted by or guaranteed by any bank or trust company organized under the laws of the United States of America or any state thereof or the District of Columbia, in each case having capital, surplus and undivided profits totaling more than $500.0 million, maturing within one year of the date of purchase and (iv) any money market fund sponsored by a registered broker dealer or mutual fund distributor (including the trustee) that invests solely in the securities specified in the foregoing clauses (i), (ii) or (iii).

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Change of Control means the occurrence of any of the following events:

(b) any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), disregarding the Permitted Holders, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have beneficial ownership of shares of Capital Stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of more than 35% of the total voting power represented by the outstanding Voting Stock of the Company; *provided* that the Permitted Holders beneficially own (as so defined) a lesser percentage of such Voting Stock than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of the Company;

(c) the Company merges, with or into another Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person merges with or into the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (x) the outstanding Voting Stock of the Company is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee corporation and (y) immediately after such transaction no person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), disregarding the Permitted Holders, is the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of Capital Stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of more than 35% of the total voting power represented by the outstanding Voting Stock of the surviving or transferee corporation;

(d) during any consecutive two-year period, individuals who at the beginning of such period constituted board of directors of the Company (together with any new directors whose election by the board of directors of the Company or whose nomination for election by the stockholders of the Company was approved by (x) a vote of at least a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved (as described in this clause (x) or in the following clause (y)) or (y) Permitted Holders that are beneficial owners (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of a majority of the total voting power represented by the outstanding Voting Stock of the Company) cease for any reason to constitute a majority of the Board then in office; or

(e) the Company is liquidated or dissolved or adopts a plan of liquidation.

Consolidated Interest Expense means, with respect to any period, the sum of (i) the interest expense of the Company and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP consistently applied, including, without limitation, (a) amortization of debt discount, (b) the net payments, if any, under interest rate contracts (including amortization of discounts) and (c) accrued interest, *plus* (ii) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by the Company during such period, and all capitalized interest of the Company and its Subsidiaries, in each case as determined on a consolidated basis in accordance with GAAP consistently applied.

Consolidated Net Income means, with respect to any period, the net income (or loss) of the Company and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP consistently applied, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication, (i) all extraordinary gains but not losses, (ii) the portion of net income (or loss) of the Company and its Subsidiaries allocable to interests in unconsolidated Persons, except to the extent of the amount of dividends or distributions actually paid to the Company or its Subsidiaries by such other Person during such period, (iii) net income (or loss) of any Person combined with the Company or any of its Subsidiaries on a pooling of interests basis attributable to any period prior to the date of combination, (iv) net gain but not losses in respect of Asset Sales, (v) the net income of any Subsidiary to the extent that the declaration of dividends or similar distributions by that Subsidiary of that income to the Company is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders, (vi) the net income of any Qualified Joint Venture in excess of the dividends and distributions paid by such Qualified Joint Venture to the Company or a Subsidiary Guarantor, or (vii) the net loss of any Qualified Joint Venture.

Consolidated Net Worth means, with respect to any Person on any date, the equity of the common and preferred stockholders of such Person and its Subsidiaries as of such date, determined on a consolidated basis in accordance with GAAP consistently applied.

Cumulative Consolidated Interest Expense means, as of any date of determination, Consolidated Interest Expense less non-cash amortization of deferred financing costs from the last day of the month immediately preceding the Issue Date to the last day of the most recently ended month prior to such date, taken as a single accounting period.

Cumulative Operating Cash Flow means, as of any date of determination, Operating Cash Flow from the last day of the month immediately preceding the Issue Date to the last day of the most recently ended month prior to such date, taken as a single accounting period.

Debt To Operating Cash Flow Ratio means, with respect to any date of determination, the ratio of (i) the aggregate principal amount of all outstanding Indebtedness of the Company and its Subsidiaries as of such date on a consolidated basis to (ii) Operating Cash Flow of the Company and its Subsidiaries on a consolidated basis for the four most recent full fiscal quarters ending on or immediately prior to such date, determined on a *pro forma*basis after giving *pro forma* effect to (a) the incurrence of all Indebtedness to be incurred on such date and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, at the beginning of such four-quarter period; (b) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average balance of such Indebtedness at the end of each month during such four-quarter period); (c) in the case of Acquired Debt, the related acquisition as if such acquisition had occurred at the beginning of such four-quarter period; and (d) any acquisition or disposition by the Company and its Subsidiaries of any company or any business or any assets out of the ordinary course of business, or any related repayment of Indebtedness, in each case since the first day of such four-quarter period, assuming such acquisition or disposition had been consummated on the first day of such four-quarter period. In addition, the consolidated net income of a Person with outstanding Indebtedness or Capital Stock providing for a Payment Restriction which is permitted to exist by reason of clause (c) of the covenant described under Covenants Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries shall not be taken into account in determining whether any Indebtedness is permitted to be incurred under the indenture.

Default means, any event that is, or after the giving of notice or passage of time or both would be, an Event of Default.

Designated Senior Debt means (i) any Senior Debt outstanding under the Senior Credit Facility and (ii) if no Senior Debt is outstanding under the Senior Credit Facility, any other Senior Debt of the Company permitted to be incurred under the indenture the principal amount of which is $50.0 million or more at the time of the designation of such Senior Debt as Designated Senior Debt by the Company in a written instrument delivered to the trustee.

Disposition means, with respect to any Person, any merger, consolidation or other business combination involving such Person (whether or not such Person is the Surviving Person) or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person s assets.

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Disqualified Stock means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part on or prior to the stated maturity of the Notes.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Film Contracts means contracts with suppliers that convey the right to broadcast specified films, videotape motion pictures, syndicated television programs or sports or other programming.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the Issue Date.

Guarantee by any Person means any obligation, contingent or otherwise, of such Person guaranteeing any Indebtedness of any other Person, which we refer to as the primary obligor, in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (ii) to purchase property, securities or services for the purpose of assuring the holder of such Indebtedness of the payment of such Indebtedness, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness (and guaranteed, guaranteeing and guarantor shall have meanings correlative to the foregoing); *provided, however,* that the guarantee by any Person shall not include endorsements by such Person for collection or deposit, in either case, in the ordinary course of business.

Indebtedness means, with respect to any Person, without duplication, and whether or not contingent, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services or which is evidenced by a note, bond, debenture or similar instrument, (ii) all Capital Lease Obligations of such Person, (iii) all obligations of such Person in respect of letters of credit or bankers acceptances issued or created for the account of such Person, (iv) all Interest Rate Agreement Obligations of such Person, (v) all liabilities secured by any Lien on any property owned by such Person even if such Person has not assumed or otherwise become liable for the payment thereof to the extent of the lesser of (x) the amount of the Obligation so secured and (y) the fair market value of the property subject to such Lien, (vi) all obligations to purchase, redeem, retire, or otherwise acquire for value any Capital Stock of such Person, or any warrants, rights or options to acquire such Capital Stock, now or hereafter outstanding, (vii) to the extent not included in (vi), all Disqualified Stock issued by such Person, valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends thereon, and (viii) to the extent not otherwise included, any guarantee by such Person of any other Person s indebtedness or other obligations described in clauses (i) through (vii) above. Indebtedness of the Company and its Subsidiaries shall not include current trade payables incurred in the ordinary course of business and payable in accordance with customary practices, and non-interest bearing installment obligations and accrued liabilities incurred in the ordinary course of business which are not more than 90 days past due. For purposes hereof, which we refer to as the maximum fixed repurchase price of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the indenture, and if such price is based upon, or measured by the fair market value of, such Disqualified Stock, such fair market value is to be determined in good faith by the board of directors of the issuer of such Disqualified Stock.

Independent Director means a director of the Company other than a director (i) who (apart from being a director of the Company or any Subsidiary) is an employee, associate or Affiliate of the Company or a Subsidiary or has held any such position during the previous five years, or (ii) who is a director, employee, associate or Affiliate of another party to the transaction in question.

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Insolvency or Liquidation Proceeding means, with respect to any Person, any liquidation, dissolution or winding up of such Person, or any bankruptcy, reorganization, insolvency, receivership or similar proceeding with respect to such Person, whether voluntary or involuntary.

Interest Rate Agreement Obligations means, with respect to any Person, the Obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and (ii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

Investments means, with respect to any Person, all investments by such Person in other Persons (including Affiliates of such Person) in the form of loans, guarantees, advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business) purchases or other acquisitions for consideration of Indebtedness, Capital Stock or other securities and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. Investments shall exclude extensions of trade credit (including extensions of credit in respect of equipment leases) by the Company and its Subsidiaries in the ordinary course of business in accordance with normal trade practices of the Company or such Subsidiary, as the case may be.

Issue Date means the date of original issuance of the Notes on December 21, 2001.

Legal Holiday means a Saturday, Sunday or other day on which banking institutions in the State of New York are authorized or required by law to close.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in any asset and any filing of, or agreement to give, any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

Net Proceeds means, with respect to any Asset Sale by any Person, the aggregate cash proceeds received by such Person and/or its Affiliates in respect of such Asset Sale, which amount is equal to the excess, if any, of (i) the cash received by such Person and/or its Affiliates (including any cash payments received by way of deferred payment pursuant to, or monetization of, a note or installment receivable or otherwise, but only as and when received) in connection with such Asset Sale, over (ii) the sum of (a) the amount of any Indebtedness that is secured by such asset and which is required to be repaid by such Person in connection with such Asset Sale, plus (b) all fees, commissions and other expenses incurred by such Person in connection with such Asset Sale, plus (c) provision for taxes, including income taxes, attributable to the Asset Sale or attributable to required prepayments or repayments of Indebtedness with the proceeds of such Asset Sale, plus (d) a reasonable reserve for the after-tax cost of any indemnification payments (fixed or contingent) attributable to seller s indemnities to purchaser in respect of such Asset Sale undertaken by the Company or any of its Subsidiaries in connection with such Asset Sale plus (e) if such Person is a Subsidiary of the Company, any dividends or distributions payable to holders of minority interests in such Subsidiary from the proceeds of such Asset Sale.

Obligations means any principal, interest (including, without limitation, in the case of Senior Debt or Guarantor Senior Debt under the Senior Credit Facility, interest accruing on or after the filing of any petition in bankruptcy or for reorganization of the Company or a Subsidiary Guarantor, as the case may be, regardless of whether or not a claim for post-filing interest is allowed in such proceedings), penalties, fees, indemnifications, reimbursement obligations, damages and other liabilities payable under the documentation governing any Indebtedness.

Operating Cash Flow means, with respect to any period, the Consolidated Net Income of the Company and its Subsidiaries for such period, plus (i) extraordinary net losses and net losses realized on any sale of assets during such period, to the extent such losses were deducted in computing Consolidated Net Income, plus (ii) provision for taxes based on income or profits, to the extent such provision for taxes was included in computing such Consolidated Net Income, and any provision for taxes utilized in computing the net losses under clause (i) hereof, plus (iii) Consolidated Interest Expense of the Company and its Subsidiaries for such period, to the extent deducted in computing such Consolidated Net Income, plus (iv) depreciation, amortization and all other non-cash charges, to the extent such depreciation, amortization and other non-cash charges were deducted in computing such Consolidated Net Income (including amortization of goodwill and other intangibles, including Film Contracts and write-downs of Film Contracts), but excluding any such charges which represent any accrual of, or a reserve for, cash charges for a future period, minus (v) any cash payments contractually required to be made with respect to Film Contracts (to the extent not previously included in computing such Consolidated Net Income), minus (vi) non-cash items increasing Consolidated Net Income (to the extent included in computing such Consolidated Net Income).

Paging Subsidiary means a Subsidiary of the Company all or substantially all of whose assets consist of those used in the Company s paging business and no other assets.

Pari Passu Indebtedness means any Indebtedness of the Company or a Subsidiary Guarantor which ranks part passu in right of payment with the Notes or the Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be (whether or not such Indebtedness is secured by any Lien).

Permitted Holders means (i) each of J. Mack Robinson and Robert S. Prather, Jr.; (ii) their spouses and lineal descendants; (iii) in the event of the incompetence or death of any of the Persons described in clauses (i) and (ii), such Person s estate, executor, administrator, committee or other personal representative; (iv) any trusts created for the benefit of the Persons described in clause (i) or (ii); or (v) any Person controlled by any of the Persons described in clause (i), (ii), or (iv). For purposes of this definition, control, as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or by agreement or otherwise.

Permitted Investments means (i) any Investment in the Company, any Subsidiary Guarantor or any Qualified Joint Venture; (ii) any Investments in Cash Equivalents; (iii) any Investment in a Person, an Acquired Person, if, as a result of such Investment, (a) the Acquired Person becomes a Subsidiary Guarantor, or (b) the Acquired Person either (1) is merged, consolidated or amalgamated with or into the Company or a Subsidiary Guarantor and the Company or such Subsidiary Guarantor is the Surviving Person, or (2) transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Subsidiary Guarantor; (iv) Investments in accounts and notes receivable acquired in the ordinary course of business; (v) Interest Rate Agreement Obligations permitted pursuant to the second paragraph of the covenant described under Covenants Limitation on Incurrence of Indebtedness; and (vi) any other Investments in an aggregate amount up to $5.0 million plus, in the case of the disposition or repayment of any such Investment made pursuant to this clause (vi) for cash, an amount equal to the lesser of the return of capital with respect to such Investment and the cost of such Investment, in either case, reduced (but not below zero) by the excess, if any, of the cost of the disposition of such Investment over the gain, if any, realized by the Company or Subsidiary, as the case may be, in respect of such disposition.

Permitted Liens means (i) Liens on assets or property of the Company that secure Senior Debt of the Company, either existing on the Issue Date or which such Senior Debt is permitted to be incurred under the indenture, and Liens on assets or property of a Subsidiary Guarantor that secure Guarantor Senior Debt of such Subsidiary Guarantor, either existing on the Issue Date or which such Guarantor Senior Debt is permitted to be incurred under the indenture; (ii) Liens securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Company or a Subsidiary of the Company, *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of such Person; (iii) Liens on property acquired by the Company or a Subsidiary, *provided* that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any other property; (iv) Liens in favor of the Company or any Subsidiary of the Company; (v) Liens incurred, or pledges and deposits in connection with, workers compensation, unemployment insurance and other social security benefits, and leases, appeal bonds and other obligations of like nature incurred by the Company or any Subsidiary of the Company in the ordinary course of business; (vi) Liens imposed by law, including, without limitation, mechanics , carriers , warehousemen s, materialmen s, suppliers and vendors Liens, incurred by the Company or any Subsidiary of the Company in the ordinary course of business; (vii) Liens for ad valorem, income or property taxes or assessments and similar charges which either are not delinquent or are being contested in good faith by appropriate proceedings for which the Company has set aside on its books reserves to the extent required by GAAP; and (viii) Liens created under the indenture.

Permitted Purchase Money Indebtedness means any Indebtedness incurred for the acquisition of intellectual property rights, property, plant or equipment used or useful in the business of the Company.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Preferred Stock as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over Capital Stock of any other class of such Person.

Public Equity Offering means an underwritten public offering of Capital Stock (other than Disqualified Stock) Of the Company subsequent to the Issue Date pursuant to an effective registration statement filed under the Securities Act, the net proceeds of which to the Company (after deducting any underwriting discounts and commissions) exceed $25.0 million.

Qualified Joint Venture means a newly-formed, majority-owned Subsidiary where Capital Stock of the Subsidiary is issued to a Qualified Joint Venture Partner in consideration of the contribution of assets used or useful in the television broadcasting, radio broadcasting, newspaper publishing, paging or satellite uplink business.

Qualified Joint Venture Partner means a person who is not affiliated with the Company.

Restricted Investment means an Investment other than a Permitted Investment.

Restricted Payment means (i) any dividend or other distribution declared or paid on any Capital Stock of the Company or any of its Subsidiaries (other than dividends or distributions payable solely in Capital Stock (other than Disqualified Stock) of the Company or such Subsidiary or dividends or distributions payable to the Company or any Subsidiary Guarantor); (ii) any payment to purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any Subsidiary of the Company or other Affiliate of the Company (other than any Capital Stock owned by the Company or any Subsidiary Guarantor); (iii) any payment to purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness prior to the scheduled maturity thereof; or (iv) any Restricted Investment.

Satellite Uplink Subsidiary means a Subsidiary of the Company all or substantially all of whose assets consist of those used in the Company s satellite uplink business and no other assets.

Senior Credit Facility means that certain Third Amended and Restated Loan Agreement, dated as of September 25, 2001, by and among the Company, the lenders named therein, Bank of America, N.A., as Administrative Agent, Banc of America Securities LLC and First Union Securities, Inc., as Co-Lead Arrangers and Joint Book Managers, and First Union National Bank as Syndication Agent, as the same may be amended, modified, renewed, refunded, replaced or refinanced from time to time, including (i) any related notes, letters of credit, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, replaced or refinanced from time to time, and (ii) any notes, guarantees, collateral documents, instruments and agreements executed in connection with any such amendment, modification, renewal, refunding, replacement or refinancing.

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Stated Maturity means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

Subordinated Indebtedness means any Indebtedness of the Company or a Subsidiary Guarantor if the instrument creating or evidencing such Indebtedness or pursuant to which such Indebtedness is outstanding expressly provides that such Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be.

Subsidiary of any Person means (i) any corporation more than 50% of the outstanding Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, or (ii) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, or (iii) any other Person (other than a corporation or limited partnership) in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries thereof, directly or indirectly, has more than 50% of the outstanding partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof.

Subsidiary Guarantor means (i) each Subsidiary of the Company existing on the Issue Date, (ii) each of the Company s Subsidiaries which becomes a guarantor of the Notes in compliance with the provisions set forth under Covenants Future Subsidiary Guarantors, and (iii) each of the Company s Subsidiaries executing a supplemental indenture in which such Subsidiary agrees to be bound by the terms of the indenture.

Voting Stock means, with respect to any Person, Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

Weighted Average Life to Maturity means, with respect to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required scheduled payment of principal, including payment as final maturity, in respect thereof, with (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding aggregate principal amount of such Indebtedness.

BOOK-ENTRY; DELIVERY AND FORM

General

The offered notes will be issued in registered, global form in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof. Notes will be issued only against payment in immediately available funds.

Notes will be represented by one or more permanent global certificates in definitive, fully registered form without interest coupons, which we refer to as the Global Note. The Global Note will be deposited upon issuance with the trustee as custodian for The Depository Trust Company, which we refer to as DTC, and registered in the name of a nominee for DTC or its nominee for credit to an account of a direct or indirect participant in DTC described below, including Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System, which we refer to as Euroclear, or Citibank N.A., as operator of Clearstream Luxembourg.

Except as set forth below, the Global Note may be transferred, in whole and not in part, only to DTC or another nominee of DTC. Investors may hold their beneficial interests in the Global Note directly through DTC if they have an account with DTC or indirectly through organizations that have accounts with DTC.

Depositary Procedures

DTC is a limited-purpose trust company created to hold securities for its participating organizations, which we refer to collectively as the Participants, and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. Access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly, which we refer to collectively as the Indirect Participants. Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests and transfers of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of a Global Note, DTC will credit the accounts of Participants designated by the underwriters with portions of the principal amount of the Global Note; and

- ownership of such interests in a Global Note will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in Global Notes).

Investors in a Global Note may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream Luxembourg) that are Participants in such system. Euroclear and Clearstream Luxembourg will hold interests in a Global Note on behalf of their participants through customers securities accounts in their respective names on the books of their respective depositaries, which are Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear, and Citibank, N.A., as operator of Clearstream Luxembourg. The depositaries, in turn, will hold interests in a Global Note in customers securities accounts in the depositaries names on the books of DTC.

All interests in a Global Note, including those held through Euroclear or Clearstream Luxembourg, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream Luxembourg will also be subject to the procedures and requirements of these systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that

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they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the notes, see Exchange of Book-Entry Notes for Certificated Notes.

Except as described below, owners of interests in a Global Note will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of DTC or its nominee will be payable by the trustee to DTC in its capacity as the registered holder under the indenture. We and the trustee will treat the persons in whose names the notes, including the Global Note, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither we, the trustee nor any of our agents or the trustee s agents has or will have any responsibility or liability for:

- any aspect of DTC s records or any Participant s or Indirect Participant s records relating to, or payments made on account of beneficial ownership interests in, a Global Note, or for maintaining, supervising or reviewing any of DTC s records or any Participant s or Indirect Participant s records relating to the beneficial ownership interests in a Global Note; or

- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that our current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date, in amounts proportionate to their respective holdings in the principal amount of beneficial interests in the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream Luxembourg participants, interests in a Global Note are expected to be eligible to trade in DTC s Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Transfers between Participants in DTC will be effected in accordance with DTC s procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC s rules on behalf of Euroclear or Clearstream Luxembourg, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream Luxembourg, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering

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or receiving interests in a Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream Luxembourg participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream Luxembourg) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream Luxembourg as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Luxembourg cash account only as of the business day for Euroclear or Clearstream Luxembourg following DTC s settlement date.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at direction of one or more Participants to whose account with DTC interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. If there is an Event of Default under the indenture, DTC reserves the right to exchange a Global Note for notes in certificated form, and to distribute the notes to its Participants.

Although DTC, Euroclear and Clearstream Luxembourg have agreed to the foregoing procedures to facilitate transfers of interests in Global Notes among participants in DTC, Euroclear and Clearstream Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Book-Entry Notes for Certified Notes

The information in this section concerning DTC, Euroclear and Clearstream Luxembourg and their book-entry systems has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

A Global Note is exchangeable for notes in registered certificated form, a Certificated Note:

- if DTC (1) notifies us that it is unwilling or unable to continue as depositary for the Global Note and we fail to appoint a successor depositary or (2) has ceased to be a clearing agency registered under the Exchange Act;

- if we, at our option, notify the trustee in writing that we elect to cause the issuance of the notes in certificated form; or

- at the request of DTC, if there shall have occurred and be continuing an Event of Default under the indenture.

In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend unless we determine otherwise in accordance with the indenture and in compliance with applicable law.

SUMMARY OF CERTAIN UNITED STATES TAX CONSIDERATIONS

The following summary describes the material United States federal income tax consequences, and, in the case of a holder that is a non-U.S. holder (as defined below), the United States federal estate tax consequences, of purchasing, owning and disposing of the offered notes, which we refer to in this section as the notes. This summary applies to you only if you are the initial holder of the notes and you acquire the notes for a price equal to the issue price of the notes. The issue price of the notes is the first price at which a substantial amount of the notes is sold other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

This summary deals only with notes held as capital assets (generally, investment property) and does not deal with holders that are subject to special tax treatment such as:

- dealers in securities or currencies;
- United States holders (as defined below) whose functional currency is not the United States dollar;
- persons holding notes as part of a hedge, straddle, conversion, synthetic security or other integrated transaction;
- certain United States expatriates;
- financial institutions;
- insurance companies; and
- entities that are tax-exempt for United States federal income tax purposes.

This summary does not discuss all of the aspects of United States federal income and estate taxation that may be relevant to you in light of your particular circumstances. In addition, this summary does not discuss any state, local or foreign tax consequences. This summary is based on United States federal income tax law, including the provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code, Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date of this prospectus supplement. Subsequent developments in United States federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the United States federal income tax consequences of purchasing, owning and disposing of notes as set forth in this summary. **Before you purchase notes, you should consult your own tax advisor regarding the particular United States federal, state, local and foreign income and other tax consequences to you of acquiring, owning and disposing of the notes.**

United States Holders

The following summary applies to you only if you are a United States holder (as defined below).

Definition of a United States Holder

A United States holder is a beneficial owner of a note or notes who or which is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity classified as a corporation for U.S. federal tax purposes) created or organized in or under the laws of the United States or any political subdivision of the United States, including any state;
- an estate, the income of which is subject to United States federal income taxation regardless of the source of that income; or
- a trust, if, in general, a United States court is able to exercise primary supervision over the trust s administration and one or more United States persons (within the meaning of the Internal Revenue Code) have the authority to control all of the substantial decisions of the trust.

If a partnership holds notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. If you are a partnership, or a partner in a partnership, that is considering the purchase of notes, you should consult your tax advisor regarding the particular tax consequences to you.

Payments of Interest

Interest on your notes will be taxable as ordinary interest income. In addition:

- if you use the cash method of accounting for United States federal income tax purposes, you will have to include the interest on your notes in your gross income at the time you receive the interest; and
- if you use the accrual method of accounting for United States federal income tax purposes, you will have to include the interest on your notes in your gross income at the time the interest accrues.

Sale or Other Disposition of Notes

Your tax basis in your notes generally will be the price you paid for them, subject to certain adjustments. You generally will recognize taxable gain or loss when you sell or otherwise dispose of your notes equal to the difference, if any, between:

- the amount realized on the sale or other disposition (less any amount attributable to accrued but unpaid interest, which will be taxable as ordinary income if not previously included in income under the rules described in Summary of Certain United States Tax Considerations United States Holders Payments of Interest); and
- your tax basis in the notes.

Your gain or loss generally will be capital gain or loss. This capital gain or loss will be long-term capital gain or loss if at the time of the sale or other disposition you have held the notes for more than one year. Subject to limited exceptions, capital losses cannot be used to offset ordinary income. If you are a non-corporate United States holder, your long-term capital gain generally will be subject to a maximum federal income tax rate of 20%.

Backup Withholding and Information Reporting

For each calendar year in which the notes are outstanding, we, our agents or paying agents or a broker may be required to provide the IRS with certain information, including your name, address and taxpayer identification number, the aggregate amount of principal and interest (and premium, if any) paid to you during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply to you if you are a corporation, tax-exempt organization, qualified pension and profit sharing trusts or individual retirement account.

In general, backup withholding may apply:

- to any payments made to you of principal of and interest on your note; and
- to payment of the proceeds of a sale or other disposition of your note before maturity,

if you are a non-corporate United States holder and fail to provide a correct taxpayer identification number or otherwise comply with applicable requirements of the backup withholding rules. Backup withholding applies at a rate not to exceed 31%.

Backup withholding is not an additional tax and may be credited against your United States federal income tax liability, provided that the required information is provided to the IRS.

Non-U.S. Holders

The following summary applies to you if you are a beneficial owner of a note who or which is not a United States holder, as described above, a non-U.S. holder. An individual may, subject to exceptions, be deemed to be a resident alien, as opposed to a non-resident alien, by, among other ways, being present in the United States:

- on at least 31 days in the calendar year; and
- for an aggregate of at least 183 days during a three-year period ending in the current calendar year,
- counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year.

Resident aliens are subject to United States federal income tax as if they were United States citizens.

United States Federal Withholding Tax

Subject to the discussion below, United States federal withholding tax will not apply to payments by us or our paying agent (in its capacity as such) of principal or interest on your notes, provided that in the case of interest:

- you do not, directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- you are not a controlled foreign corporation for United States federal income tax purposes that is related, directly or indirectly, to us through sufficient stock ownership (as provided in the Internal Revenue Code); and
- you provide a signed written statement on an IRS Form W-8BEN (or other applicable form), together with all appropriate attachments, certifying under penalties of perjury that you are not a United States person within the meaning of the Internal Revenue Code (provided that we do not have actual knowledge to the contrary) and providing your name and address to:

  (A) us or our paying agent; or

  (B) a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business and holds your notes on your behalf and that certifies to us or our paying agent under penalties of perjury that it, or the bank or financial institution between it and you, has received from you your signed, written statement and provides us or our paying agent with a copy of this statement.

The Treasury regulations provide alternative methods for satisfying the certification requirement described in this section. In addition, under the Treasury regulations:

- if you are a foreign partnership, the certification requirement will generally apply to your partners, and you will be required to provide certain information;
- if you are a foreign trust, the certification requirement will generally be applied to you or your beneficial owners depending on whether you are a foreign complex trust, foreign simple trust or foreign grantor trust as defined in the Treasury regulations; and
- look-through rules will apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

If you are a foreign partnership, a partner in a foreign partnership, a foreign trust or the beneficial owner of a foreign trust, you should consult your own tax advisor regarding your status under these Treasury regulations and the certification requirements applicable to you.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to 30% U.S. federal withholding tax unless you provide us or our paying agent with a properly executed (1) IRS Form W-8ECI (or other applicable form) stating that interest paid on your notes is not

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subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States or (2) IRS Form W-8BEN (or other applicable form) claiming an exemption from, or reduction in withholding under, an applicable tax treaty.

United States federal withholding tax generally will not apply to any gain that you realize on the sale, exchange, retirement or other disposition of your notes.

United States Federal Income Tax

Except for the possible application of United States withholding tax (see Summary of Certain United States Tax Considerations Non-U.S. Holders United States Federal Withholding Tax above) and backup withholding (see Summary of Certain United States Tax Considerations Non-U.S. Holders Backup Withholding and Information Reporting below), you generally will not have to pay United States federal income tax on payments of principal of or interest on your notes, or on any gain or income realized from the sale, redemption, retirement at maturity or other disposition of your notes (provided that, in the case of proceeds representing accrued interest, the conditions described in Summary of Certain United States Tax Considerations Non-U.S. Holders United States Federal Withholding Tax are met) unless:

- In the case of gain, you are an individual who is present in the United States for 183 days or more during the taxable year of the sale or other disposition of your notes, and certain other conditions are met; or

- the interest, gain or other income is effectively connected with your conduct of a United States trade or business and, if an income tax treaty applies, is generally attributable to a United States permanent establishment maintained by you.

If you are engaged in a trade or business in the United States and interest, gain or any other income in respect of your notes is effectively connected with the conduct of your trade or business, and, if an income tax treaty applies, you maintain a United States permanent establishment to which the interest, gain or other income is attributable, you will generally be subject to United States income tax on a net basis on the interest, gain or income (although the interest will, as discussed above, be exempt from U.S. federal withholding tax if you provide the appropriate IRS form to claim the exemption).

In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% of your effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies to you under a United States income tax treaty with your country of residence. For this purpose, you must include interest, gain or income on your notes in the earnings and profits subject to the branch tax if these amounts are effectively connected with the conduct of your United States trade or business.

United States Federal Estate Tax

If you are an individual and are not a United States citizen or a resident of the United States (as specially defined for United States federal estate tax purposes) at the time of your death, your notes will generally not be subject to the United States federal estate tax, unless, at the time of your death:

- you directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our stock entitled to vote; or

- your interest on the notes is effectively connected with your conduct of a United States trade or business.

Backup Withholding and Information Reporting

Under current Treasury regulations, backup withholding and information reporting will not apply to payments made by us or our paying agent (in its capacity as such) to you if you have provided the required certification that you are a non-U.S. holder (as described in Summary of Certain United States Tax Considerations Non-U.S. Holders United States Federal Withholding Tax above) and neither we nor our paying agent has actual knowledge that you are a United States holder (as described in Summary of Certain United States Tax Considerations United States Holders above). We or our paying agent may, however, report payments of interest on the notes that are made to you.

The gross proceeds from the disposition of your notes may be subject to information reporting and backup withholding. Backup withholding applies at a rate not to exceed 31%. If you sell your notes outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your notes though a non-U.S. office of a broker that:

- is a United States person (as defined in the Internal Revenue Code);
- derives 50% or more of its gross income in specific periods from the conduct of a trade or business in the United States;
- is a controlled foreign corporation for U.S. federal income tax purposes; or
- is a foreign partnership, if at any time during its tax year:
  - one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership; or
  - the foreign partnership is engaged in a U.S. trade or business,

unless the broker has documentary evidence in its files that you are a non-U.S. person and certain other conditions are met or you otherwise establish an exemption. If you receive payments of the proceeds of a sale of your notes to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a Form W-8BEN certifying that you are a non-U.S. person or you otherwise establish an exemption.

You should consult your own tax advisor regarding application of backup withholding in your particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under the Treasury regulations. Any amounts withheld under the backup withholding rules from a payment to you will be allowed as a refund or credit against your United States federal income tax liability, provided that the required information is furnished to the IRS.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement by and among us, the guarantors, Wachovia Securities, Inc., Banc of America Securities LLC, Deutsche Bank Securities Inc. and Allen & Company LLC, the underwriters, we have agreed to sell to the underwriters severally, and the underwriters have severally agreed to purchase from us, the principal amount of the offered notes set forth opposite their names below:

Underwriters	Principal Amount of Notes
Wachovia Securities, Inc.	$ 40,000,000
Banc of America Securities LLC	40,000,000
Deutsche Bank Securities Inc.	10,000,000
Allen & Company LLC	10,000,000
Total	$ 100,000,000

The underwriters have agreed to purchase all of the offered notes referred to above, if any of those offered notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The offered notes are offered by the underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by counsel for the underwriters and other conditions. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

Transfer Restrictions in the United Kingdom. Each underwriter has represented and agreed that (a) it has not offered or sold, and, prior to the expiration of the period of six months from the closing date for the issue of the offered notes, will not offer or sell any offered notes to persons in the United Kingdom, except to those persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom, within the meaning of the Public Offers of Securities Regulations 1995 or under the Financial Services and Markets Act 2000, (b) it only has communicated or caused to be communicated and only will communicate or cause to be communicated any invitation or inducement to engage in investment activity, within the meaning of section 21 of the Financial Services and Markets Act, received by it in connection with the issue or sale of any offered notes in circumstances, which section 21(1) of this act does not apply to us, and (c) it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Commissions and Discounts. The underwriters have advised us that they propose to offer the offered notes to the public at the public offering price set forth on the cover page of this prospectus supplement. After the completion of this offering, the public offering price and the other selling terms may be changed.

The following table shows the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us, both on a per offered note basis and in total.

	Per offered note	Total
Public offering price	100.00%	$ 100,000,000
Underwriting discounts and commissions	2.25%	$ 2,250,000
Proceeds, before expenses, to us	97.75%	$ 97,750,000

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The expenses of this offering, not including the underwriting discounts and commissions, are estimated at $300,000 and are payable by us.

Indemnity. We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Trading Market for the Notes. Prior to this offering, Wachovia Securities, Inc. has been making a market in the offered notes. We have been advised by the underwriters that the underwriters currently intend to continue making a market in the offered notes; the underwriters are not obligated to do so, however, and any market making may be discontinued at any time. Therefore, there can be no assurance as to whether an active trading market for the offered notes will be maintained or as to the liquidity of the trading market for the offered notes.

Over-Allotment; Stabilization. In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the offered notes. Specifically, the underwriters may bid for the purchase of offered notes in the open market to stabilize the price of the offered notes. The underwriters may also over-allot this offering, creating a syndicate short position. In addition, the underwriters may bid for and purchase offered notes in market making transactions and impose penalty bids. These activities may stabilize or maintain the market price of the offered notes above market levels that might otherwise prevail. The underwriters are not required to engage in these activities, and may end these activities at any time.

Other Relationships. The underwriters and/or their affiliates have provided commercial and investment banking services to us from time to time for which they have received customary fees and expenses. The underwriters and their affiliates may, from time to time, engage in other transactions with us and perform other services for us in the ordinary course of their business. In particular, affiliates of Wachovia Securities, Inc. and Banc of America Securities LLC are lenders under our existing bank credit facility and an affiliate of Wachovia Securities, Inc. is the agent under our existing bank credit facility.

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LEGAL MATTERS

Certain legal matters with respect to the notes we are offering will be passed upon for us by Proskauer Rose LLP, New York, New York and Troutman Sanders LLP, Atlanta, Georgia. The underwriters have been represented by Cadwalader, Wickersham & Taft, New York, New York.

EXPERTS

The consolidated financial statements and schedule of Gray Television, Inc. (formerly Gray Communications Systems, Inc.) as of December 31, 2000, and for each of the two years in the period ended December 31, 2000, incorporated by reference in the prospectus supplement from Gray Television, Inc. s Annual Report (Form 10-K) for the year ended December 31, 2001, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon also incorporated by reference herein. Such consolidated financial statements have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Gray Television, Inc. as of December 31, 2001, and for the year then ended, incorporated into this prospectus supplement by reference to the Gray Television, Inc. Annual Report on Form 10-K for the year ended December 31, 2001 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Stations Holding Company, Inc. and subsidiaries as of December 31, 2000 and 2001, and for each of the three years in the period ended December 31, 2001 included in the accompanying prospectus have been audited by McGladrey & Pullen, LLP, independent auditors, as stated in their report appearing in this prospectus and are included in reliance upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference rooms at 450 Fifth Street, N.W., Washington, D.C., 20549 and also at its locations in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at the SEC s web site at http://www.sec.gov. Our class A common stock and class B common stock are listed on the New York Stock Exchange. Our reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002 and June 30, 2002;

- our Definitive Proxy Statement on Schedule 14A, filed on August 15, 2002;
- our Current Reports on Form 8-K, filed on July 17, 2002, July 30, 2002, September 4, 2002 and September 6, 2002; and
- any future filings that we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

You may request a copy of those filings, at no cost, by writing or telephoning us at the following:

Gray Television, Inc.

4370 Peachtree Road, NE
Atlanta, Georgia 30319
Attention: James C. Ryan
Telephone: (404) 504-9828

This prospectus supplement is part of a registration statement we filed with the SEC. You should rely on only the information or representations provided in this prospectus supplement and the accompanying prospectus. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement is accurate as of any date other than the date on the front of the document.

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PROSPECTUS

$600,000,000

Gray Television, Inc.

Common Stock

Preferred Stock
Debt Securities

Gray Television, Inc. may offer from time to time common stock, preferred stock and debt securities separately or together. The specific terms and amounts of the securities will be fully described in supplements to this prospectus. Please read any prospectus supplements and this prospectus carefully before you invest. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

We have two classes of common stock: class A and class B. Our class A common stock is traded on the New York Stock Exchange under the symbol GTN.A. Our class B common stock is traded on the New York Stock Exchange under the symbol GTN. On September 4, 2002, the last reported sale price for our class A common stock was $13.25 per share and the last reported sale price for our class B common stock was $11.16 per share. We also have Series C convertible preferred stock which is not publicly traded.

We have changed our name to Gray Television, Inc. from Gray Communications Systems, Inc. and we have changed our ticker symbols to GTN.A from GCS for our class A common stock and to GTN from GCS.B for our class B common stock on the New York Stock Exchange. O September 16, 2002, we intend to submit to our shareholders for approval a proposal to change the designation of our class B common stock to Common Stock.

Investing in our common stock, preferred stock or debt securities involves risks. See Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities may be sold directly by us to investors, through agents designated from time to time or to or through underwriters or dealers. See Plan of Distribution. If any underwriters are involved in the sale of any securities in respect of which this prospectus is being delivered, the names of these underwriters and any applicable commissions or discounts will be set forth in a prospectus supplement. The net proceeds we expect to receive from a sale also will be set forth in a prospectus supplement.

The date of this prospectus is September 5, 2002

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, which we sometimes refer to as the SEC, utilizing a shelf registration process. Under this shelf process, we may, over the next two years, offer any combination of common stock, preferred stock or debt securities, or either common stock, preferred stock or debt securities only, described in this prospectus in one or more offerings up to a total amount of $600,000,000. This prospectus provides you with a general description of the securities we may issue and sell. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described in the section titled Where You Can Find More Information.

INDUSTRY, MARKET AND RANKING DATA

In this prospectus and the documents incorporated by reference, we rely on and refer to market information regarding the television industry from BIA Financial Network, Inc. s MEDIA Access Pro™ Version 3.1, updated as of July 1, 2002, which we refer to as BIA. We also rely on and refer to market information regarding the television industry from Nielsen Station Index, Viewers in Profile, dated May 2002, as prepared by A.C. Nielsen Company, which we refer to as Nielsen. Although we believe that the information obtained from third parties is reliable, we have not independently verified the accuracy and completeness of the information. To the extent this information contains forward-looking statements, readers of this prospectus are cautioned that these statements involve risks and uncertainty and that actual results may differ materially from those in these statements, similarly to that described in Forward-Looking Statements. All statements as to station ranking in this prospectus are based on Nielsen data for the 6:00 a.m. to 2:00 a.m. Sunday through Saturday time period, except that data in the Selected Station and Market Information Regarding Gray and Stations section in the tables titled Competitive Landscape are based on BIA data for the 9:00 a.m. to midnight Sunday through Saturday time period.

When we refer in this prospectus supplement to our markets, we include Hazard, Kentucky as a separate market. Hazard, Kentucky is a special 16 county trading area defined by Nielsen and is part of the Lexington, Kentucky designated market area. We pay Nielsen to conduct the special Hazard, Kentucky trading area study.

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PROSPECTUS SUMMARY

In this prospectus, unless otherwise indicated, the words Gray, our, us and we refer to Gray Television, Inc. (formerly known as Gray Communications Systems, Inc.) and its subsidiaries. Our discussion of the television stations that we own and operate does not include our interest in the stations owned by Sarkes Tarzian, Inc., which we refer to as Tarzian.

On July 25, 2002, we changed our name to Gray Television, Inc. from Gray Communications Systems, Inc. On August 30, 2002, we changed our ticker symbols to GTN.A from GCS for our class A common stock and to GTN from GCS.B for our class B common stock on the New York Stock Exchange. On September 16, 2002, we plan to hold a stockholder vote to approve a change in the name of our class B common stock. If the proposal passes, the new name of our class B common stock will be Common Stock.

This summary highlights selected information from this document and the materials incorporated by reference and does not contain all of the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus, any prospectus supplements hereto and the documents to which we have referred you.

Our Business

We currently own and operate 13 network-affiliated television stations in 11 medium-sized markets in the Southeast, Southwest and Midwest United States. Eleven of our 13 stations are ranked first in total viewing audience and news audience, with the remaining two stations ranked second in total viewing audience and second or third in news audience. Ten of our stations are affiliated with CBS Inc., or CBS, and three are affiliated with National Broadcasting Company, Inc., or NBC.

Since 1993, we have grown primarily through strategic acquisitions. Our significant historic acquisitions have included 12 television stations, three newspapers, a transportable satellite uplink business and a paging business. As a result of our acquisitions and in support of our growth strategy, we have added experienced members to our management team and have greatly expanded our operations in the television broadcasting business.

On June 4, 2002, we executed a merger agreement with Stations Holding Company, Inc., which we refer to as Stations, the parent company of Benedek Broadcasting Corporation, which we refer to as Benedek. We plan to acquire 15 television stations from Stations. Stations is required under the merger agreement to sell its additional nine designated television stations to third parties prior to the merger. In consideration for Stations, we will pay an estimated consideration of $502.5 million, a substantial portion of which will be used to satisfy, in full, certain outstanding indebtedness of Stations in accordance with an amended plan of reorganization filed by Stations with the United States bankruptcy court in Delaware on July 9, 2002. On August 12, the bankruptcy court issued an order approving Stations disclosure statement and scheduling a hearing to approve ballots for voting on the amended and restated plan of reorganization. Objections to the bankruptcy plan and ballots are due on September 13, 2002. A confirmation hearing has been scheduled for September 25, 2002. We expect the merger, if it closes, to be completed during the fourth quarter of 2002.

We believe that the merger represents an excellent opportunity for us to acquire complementary television stations that will create significant operational and financial benefits. These benefits include increased economies of scale, greater geographic and network diversification, access to additional operating cash flow, cross-promotion opportunities and the potential to increase and enhance our local franchises. Upon the completion of the proposed merger, we will own and operate 28 television stations serving 24 markets with a strong presence in the Southeast, Southwest, Midwest and Great Lakes regions of the United States. The combined station group will include 15 CBS affiliates, seven NBC affiliates and six American Broadcasting Corporation, or ABC, affiliates. In addition, our 15 CBS affiliates will make us the largest independent owner of CBS affiliated stations in the country. Pro forma for the acquisition, 25 of our 28 television stations will rank first or second in viewing audience and 24 of our 28 television stations will rank first or second in local news within their respective markets. In addition, our station group will reach approximately 5% of total U.S. TV households.

We also own and operate four daily newspapers, three located in Georgia and one in Goshen, Indiana, with a total daily circulation of approximately 126,000. In addition, we own and operate a paging business located in the Southeast that had approximately 68,000 units in service at June 30, 2002.

For the year ended December 31, 2001, pro forma for the Stations acquisition, our television stations would have produced $214.0 million of net revenue and $84.7 million of broadcast cash flow. Including our publishing and other operations, we would have produced $263.9 million of net revenue and $97.0 million of media cash flow, on a pro forma basis in 2001.

We were incorporated in 1891 to publish the *The Albany Herald* in Albany, Georgia and entered the broadcasting industry in 1954. We have a dedicated and experienced senior management team, which has an average of over 18 years experience in the media industry.

Recent Developments

KOLO-TV, Reno, Nevada

On September 3, 2002, Smith Television Group, Inc. and Smith Television License Holdings, Inc., which we refer to collectively as Smith, and we executed a definitive asset purchase agreement to acquire from Smith, in a transaction which we refer to as the Reno acquisition, all of the assets and business of KOLO-TV, a television station in Reno, Nevada, which we refer to as the Reno station, for $41.5 million in cash.

We believe that the Reno station is the number one rated station in the market for news and programming. For the ten month period commencing on March 1, 2001 (the date on which Smith acquired the Reno station) and the six month period ended June 30, 2002, the Reno station s net revenue approximated $7.8 million and $4.4 million, respectively.

Upon completion of the merger and the Reno acquisition, we will own a total of 29 stations serving 25 television markets. The stations will include 15 CBS affiliates, 7 NBC affiliates and 7 ABC affiliates. The combined station group will have 22 stations ranked number one in both viewing audience and local news audience within their respective markets. Our combined station group will reach over 5% of total U.S. TV households.

The Reno acquisition is subject to certain consents, including approval by the FCC of the assignment of the Reno station s licenses, permits and other authorizations issued by the FCC for the operation of the Reno station. We cannot guarantee that all required consents and approvals will be obtained, or that the transaction will be consummated. However, we currently expect the transaction, if it closes, to be completed by December 31, 2002.

Our Offices and Additional Information

We are a Georgia corporation formed in 1891. Our principal offices are located at 4370 Peachtree Road, NE, Atlanta, Georgia 30319, and our telephone number is (404) 504-9828. Additional information regarding Gray is set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002 and June 30, 2002 (which are incorporated by reference in this prospectus).

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RISK FACTORS

You should carefully consider the following risk factors, as well as the other information contained in this prospectus or any supplemental prospectus hereto or incorporated herein by reference, before purchasing any of our common stock, preferred stock or debt securities.

Risks Related to Our Business

We have recorded net losses in the last three years and these losses may continue.

We have recorded net losses in the last three years. Our losses are primarily due to increased operating expenses, higher amortization and depreciation costs, increased interest expense relating to our acquisitions and, in 2001, declining advertising revenue caused, in large part, by the weaker economic environment and the cyclical decline in broadcast political revenue. Our net losses may continue for these reasons and also because of the phasing out of network compensation payments under certain of our network affiliation agreements.

We depend on advertising revenues, which have decreased recently as a result of a number of factors and also experience seasonal fluctuations.

Our main source of revenue is sales of advertising time at our television stations and advertising space within our newspapers. Our ability to sell advertising time and space depends on:

- the health of the economy in the areas where our stations and newspapers are located and in the nation as a whole;
- the popularity of our programming and newspapers;
- changes in the makeup of the population in the areas where our stations and newspapers are located;
- pricing fluctuations in local and national advertising;
- the activities of our competitors, including increased competition from other forms of advertising-based mediums, particularly network, cable television, direct satellite television and the Internet; and
- other factors that may be beyond our control.

For example, a labor dispute or other disruption at a major national advertiser, or a recession in a particular market, would make it more difficult to sell advertising time and space and could reduce our revenue.

In addition, our results are subject to seasonal fluctuations, which typically result in fourth quarter broadcast operating income being greater than first, second and third quarter broadcast operating income. This seasonality is primarily attributable to increased expenditures by advertisers in anticipation of holiday season spending and an increase in viewership during this period. Furthermore, revenues from political advertising are significantly lower in odd-numbered years.

We must purchase non-network television programming in advance but cannot predict if a particular show will be popular enough to cover its cost.

One of our most significant costs is non-network television programming. If a particular non-network program is not popular in relation to its costs, we may not be able to sell enough advertising time to cover the costs of the program. Since we purchase non-network programming content from others, we also have little control over the costs of such programming. We usually must purchase non-network programming several years in advance, and may have to commit to purchase more than one year s worth of non-network programming. In addition, we may replace programs that are doing poorly before we have recaptured any

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significant portion of the costs we incurred, or fully expensed the costs for financial reporting purposes. Any of these factors could reduce our revenues or otherwise cause our costs to escalate relative to revenues.

We may lose a large amount of television programming if a network terminates its affiliation with us.

Our business depends in large part on the success of our network affiliations. Each of our stations and each of Stations television stations is affiliated with a major network pursuant to an affiliation agreement. Each affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the network with which the station is affiliated.

The preliminary NBC affiliation agreements we recently entered into for WJHG, WITN and WEAU expire on December 31, 2011 and Stations affiliation agreements for WOWT, WTAP, WMTV and WILX expire on January 1, 2012. In addition, our CBS affiliation agreements expire as follows: (1) WVLT, WKYT, WYMT and WCTV, on December 31, 2004; (2) WRDW, on March 31, 2005; and (3) KWTX, KBTX, KOLN, KGIN and KXII, on December 31, 2005. Stations CBS affiliation agreements expire on June 30, 2005. In addition, Stations affiliation agreements with ABC for KAKE, KLBY and KUPK expire on January 1, 2006 and for WHSV, WBKO and WTOK on November 1, 2004. If we do not enter into affiliation agreements to replace any expiring agreements, we may no longer be able to carry programming of the relevant network. This loss of programming would require us to obtain replacement programming, which may involve higher costs and which may not be as attractive to our target audiences. Furthermore, our concentration of CBS affiliates makes us sensitive to adverse changes in our business relationship with, and the general success of, CBS and its network programming.

We may lose a significant amount of compensation payments if affiliation agreements are renewed with lower or no compensation payments.

In exchange for every hour that a station elects to broadcast network programming, the network may pay the station a specific network compensation fee, which varies with the time of day. For the 12 months ended June 30, 2002, this network compensation comprised 6.5% of our broadcasting revenue.

Our CBS affiliation agreements for KWTX, KBTX and KXII were renegotiated during the fourth quarter of 2000 and the agreements were extended through December 31, 2005. As a result of these negotiations, network compensation for KWTX, KBTX and KXII is being phased out over 2001 and 2002. In addition, our new NBC affiliation agreement for WJHG does not provide for any network compensation payments by NBC after December 31, 2001. Furthermore, our recent extensions of the WITN and WEAU agreements through December 31, 2011 do not provide for any network compensation payments during the extended terms of those agreements, which begin after June 30, 2006 and December 31, 2005, respectively. Stations NBC affiliation agreements for WOWT, WMTV, WILX and WTAP were renegotiated effective as of January 1, 2002 and the agreements were extended to January 1, 2012. As a result of these negotiations compensation for WOWT, WMTV, WILX and WTAP continues, although at a reduced level through 2005. For the period from January 1, 2006 through the expiration of the contract on January 1, 2012 the agreements do not provide for any network compensation payments. Stations ABC affiliation agreements for WBKO, WHSV and WTOK expire on November 1, 2004 and provide for compensation that decreases throughout the term of the contract and reduces to zero by the expiration date of the contract.

As evidenced by these negotiations, we may not be able to enter into new affiliation agreements that provide us with as much compensation from the networks as our present agreements.

We operate in a highly competitive environment and competition from other media entities may cause our advertising sales to decrease or our costs to increase.

We face significant competitive pressures from the following:

Television Industry. Competition in the television industry exists on several levels: competition for audience; competition for programming, including news; and competition for advertisers. Additional factors that are material to a television station s competitive position include signal coverage and assigned frequency.

Audience. Stations compete for audience based on program popularity, which has a direct effect on advertising rates. A substantial portion of the daily programming on each of our stations is supplied by the network affiliate. During those periods, the stations are totally dependent upon the performance of the network programs to attract viewers. There can be no assurance that this programming will achieve or maintain satisfactory viewership levels in the future. Non-network time periods are programmed by the station with a combination of self-produced news, public affairs and other entertainment programming, including news and syndicated programs purchased for cash, cash and barter, or barter only, and involve significant costs.

In addition, the development of methods of television transmission of video programming other than over-the-air broadcasting and, in particular, cable television have significantly altered competition for audiences in the television industry. These other transmission methods can increase competition for a broadcasting station by bringing into its market distant broadcasting signals not otherwise available to the station s audience and also by serving as a distribution system for non-broadcasting programming.

Technological innovation and the resulting proliferation of programming alternatives, such as home entertainment systems, wireless cable services, satellite master antenna television systems, low power television stations, television translator stations, direct broadcast satellite, video distribution services, pay-per-view and the Internet, have fractionalized television viewing audiences and have subjected free over-the-air television broadcast stations to new types of competition.

Programming. Competition for programming involves negotiating with national program distributors or syndicators that sell first-run and rerun packages of programming. Each station competes against the broadcast station competitors in its market for exclusive access to off-network reruns, such as *Seinfeld,* and first-run product, such as *Entertainment Tonight*. Cable systems generally do not compete with local stations for programming, although various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations. Competition exists for exclusive news stories and features as well.

Advertising. Advertising rates are based upon the size of the market in which the station operates, a station s overall ratings, a program s popularity among the viewers that an advertiser wishes to attract, the number of advertisers competing for the available time, the demographic makeup of the market served by the station, the availability of alternative advertising media in the market area, aggressive and knowledgeable sales forces and the development of projects, features and programs that tie advertiser messages to programming. Advertising revenues comprise the primary source of revenues for our stations. Our stations compete for advertising revenues with other television stations in their respective markets. The stations also compete for advertising revenues with other media, such as newspapers, radio stations, magazines, outdoor advertising, transit advertising, yellow page directories, direct mail, Internet and local cable systems. Competition for advertising dollars in the broadcasting industry occurs primarily within individual markets. Technological advances and developments made by other media entities may result in increased competition and decreased advertising revenue.

Deregulation. Recent changes in law have also increased competition. The Telecommunications Act of 1996, the Telecommunications Act, created greater flexibility and removed some limits on station ownership. The prices for stations have risen as a result. Telephone, cable and some other content providers are also free to provide video services in competition with us. The Federal

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Communications Commission, FCC, is actively reviewing its ownership rules and further deregulation could lead to industry consolidation that could pose new competitive challenges in the markets in which we operate.

Future Technology Under Development. Cable providers and direct broadcast satellite companies are developing new techniques that allow them to transmit more channels on their existing equipment. These so-called video compression techniques will reduce the cost of creating channels, and may lead to the division of the television industry into ever more specialized niche markets. Video compression is available to us as well, but competitors who target programming to such sharply defined markets may gain an advantage over us for television advertising revenues. Lowering the cost of creating channels may also encourage new competitors to enter our markets and compete with us for advertising revenue.

Newspaper Industry. Our newspapers compete for advertisers with a number of other media outlets, including magazines, Internet, radio and television, as well as other newspapers, which also compete for readers with our publications. One of our newspaper competitors is significantly larger than us and operates in two of our newspaper markets. New technological media for the delivery of news and information, such as the Internet, have fragmented historical newspaper audiences and subjected newspaper companies to new types of competition.

Paging Industry. The paging industry is highly competitive. Companies in the industry compete on the basis of price, coverage area offered to subscribers, available services offered in addition to basic numeric or tone paging, transmission quality, system reliability and customer service.

Our primary competitors include those paging companies that provide wireless service in the same geographic areas in which we operate. We experience competition from one or more competitors in all locations in which we operate. Some of our competitors have greater financial and other resources than we have.

Our paging services also compete with other wireless communications services such as cellular service. The typical customer uses paging as a low-cost wireless communications alternative either on a stand-alone basis or in conjunction with cellular services. However, future technological developments in the wireless communications industry and enhancements of current technology could create new products and services, such as personal communications services and mobile satellite services, which are competitive with the paging services we currently offer. Recent and proposed regulatory changes by the FCC are aimed at encouraging these technological developments and new services and promoting competition. There can be no assurance that our paging business would not be adversely affected by these technological developments or regulatory changes.

The phased introduction of digital advanced television will increase our capital and operating costs and may expose us to increased competition.

The FCC has adopted rules and regulations that require television stations to implement digital advanced television service, including high definition, in the United States. Under current regulations, all commercial television stations in the United States were required to start broadcasting in digital format by May 1, 2002 and must abandon the present analog format by 2006, although the FCC may extend these dates. As of May 1, 2002, four of our stations and one of the television stations that we intend to acquire in the merger were broadcasting in digital format. Our remaining nine stations and the remaining 14 television stations that we intend to acquire in the merger have been granted six-month extensions to the May 2002 deadline. The extensions will need to be renewed if the stations are not broadcasting in digital format by the time they expire. These extension renewals may not be granted. The stations that do not begin broadcasting in digital format by their extended deadlines could be subject to fines. If the stations do not eventually begin broadcasting in digital format, the stations could lose their digital allocation and be required to cease broadcasting at the end of the transition period when the analog spectrum is reclaimed.

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There is considerable uncertainty about the final form of the FCC digital regulations. Even so, we believe that these new developments may have the following effects on us:

Signal Quality Issues. Certain industry tests have indicated that the digital standard mandated currently is unable to provide for reliable reception of a digital advanced television signal through a simple indoor antenna. It also appears likely that additional interference will occur to both analog and digital advanced television stations as new digital advanced television broadcast stations are constructed. We are unable to assess at this time the magnitude of such interference or the efficacy of possible remedies.

Because of this possible reception quality and coverage issue, we may be forced to rely on cable television or other alternative means of transmission to deliver our digital signals to all of the viewers we are able to reach with our current analog signals. While the FCC ruled that cable companies are required to carry the signals of digital-only television stations, the agency has tentatively concluded, subject to additional inquiry, that cable companies should not be required to carry both the analog and digital signals of stations during the transition period when stations will be broadcasting in both modes. If the FCC does not require cable companies to carry both analog and digital signals, cable customers in our broadcast markets may not receive our digital signal, which could negatively impact our business.

Capital and Operating Costs. We will incur substantial costs to replace equipment in our stations in order to provide digital advanced television. Even with the flexible operating requirements, our stations will also incur increased utilities costs as a result of converting to digital operations. We cannot be certain we will be able to increase revenues to offset these additional costs.

Conversion and Programming Costs. We expect to incur approximately $31.7 million in costs, of which we have incurred $13.1 million through June 30, 2002, to convert our stations from the current analog format to digital format. However, our aggregate costs may be higher than this estimate. We also may incur additional costs to obtain programming for the additional channels made available by digital technology. Increased revenues from the additional channels may not make up for the conversion costs and additional programming expenses. Also, multiple channels programmed by other stations could increase competition in our markets. Stations expects to incur approximately $11.3 million in costs, of which it already has incurred $5.6 million through June 30, 2002, to convert the stations that we plan to acquire in the merger from the current analog format to digital format.

Certain directors and officers may be subject to potential conflicts.

J. Mack Robinson, President, Chief Executive Officer and a director of Gray, is Chairman of the Board of Bull Run Corporation, our principal stockholder, Bull Run, and the beneficial owner of 24.9% of Bull Run s common stock. Robert S. Prather, Jr., Executive Vice President-Acquisitions and a director of Gray, is President, Chief Executive Officer and a director of Bull Run and the beneficial owner of 8.7% of Bull Run s common stock. Hilton H. Howell, Jr., Executive Vice President and a director of Gray, is Vice President, Secretary and a director of Bull Run. Mr. Howell also is the son-in-law of J. Mack Robinson and Harriett J. Robinson, both members of our board of directors. Accordingly, each of these individuals may be subject to conflicts of interest in connection with, for example, the negotiation of agreements or the provision of services between us and Bull Run. Each of these individuals has other duties and responsibilities with Bull Run, or other businesses, that may conflict with the time that might otherwise be devoted to his duties with us. A minority of our directors are independent.

Bull Run and certain of our directors and executive officers hold substantial equity in us and may use this influence in ways that are not consistent with the interests of other security holders.

Bull Run and the executive officers and directors mentioned above, and their affiliates, hold or have the right to vote in the aggregate 49.9% in voting power of our currently outstanding common stock. Furthermore, if all options and warrants that are currently outstanding were exercised and all of their Series C preferred stock, which we refer to as Series C, was converted into class B common stock

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(although this conversion currently is not permitted under the terms of the Series C), their voting power would increase to 56.0%. Accordingly, these persons may have substantial influence on us in ways that might not be consistent with the interests of other security holders. These persons may also have significant influence and control over the outcome of any matters submitted to our shareholders for approval.

Pending litigation could adversely affect our ownership interest in Sarkes Tarzian, Inc.

On December 3, 2001, we acquired 301,119 shares of the outstanding common stock of Tarzian from Bull Run for $10.0 million plus $3.2 million of related costs which had previously been capitalized. Bull Run had previously acquired these shares from the Estate of Mary Tarzian. Subsequent to Bull Run s acquisition of these shares, Tarzian filed a complaint against Bull Run and the representative of the Estate claiming that Tarzian had a binding and enforceable contract to purchase these shares from the Estate prior to Bull Run s acquisition. Tarzian requested judgment to enforce its alleged contract. Although the action has since been dismissed without prejudice against Bull Run, the litigation between Tarzian and the Estate is ongoing. If Tarzian were to prevail in that litigation, that could ultimately lead to litigation against us, which might involve a claim for rescission of the acquisition of the Tarzian shares from the Estate and/or a claim for damages. The stock purchase agreement with the Estate provides that if a court of competent jurisdiction awards title to the Tarzian shares to a person or entity other than the purchaser, the stock purchase agreement will be rescinded. In that event, the Estate will be required to pay for our benefit, as successor in interest to the purchaser, the full $10.0 million purchase price paid to the Estate, plus interest.

Our success depends on our senior management.

Our success depends to a significant extent on the efforts of our senior management. As a result, if any of these individuals were to leave, we could face substantial difficulty in hiring and retaining qualified successors and could experience a loss in productivity while any successors gain the necessary experience.

A deficiency has been asserted by the Internal Revenue Service for 1996.

In connection with an audit of our 1996 and 1998 federal income tax returns, the Internal Revenue Service has asserted a deficiency in income taxes of $12.1 million, plus related interest and penalties. The asserted deficiency relates principally to our acquisition in 1996 of certain assets of First American Media, Inc. If the IRS is successful in its claims, we would be required to account for the 1996 acquisition transaction as a stock purchase instead of an asset purchase which would significantly lower the tax basis in the assets acquired. On January 18, 2002, we filed a petition in the United States Tax Court to contest this deficiency, and we believe that we have a meritorious position with respect to the issues related to the deficiency. We cannot be certain when, and if, this matter will be resolved in our favor, and if it is not, we could incur negative consequences in future years.

We have a material amount of intangible assets, and if we are required to write-down intangible assets to comply with new accounting standards, it would reduce our net income, which in turn could materially and adversely affect our results of operations and the trading prices of our common stock.

Our intangible assets principally include FCC licenses, network affiliations and goodwill. In July 2001, the Financial Accounting Standards Board issued Statement No. 142, Goodwill and Other Intangible Assets, which generally is effective for us from January 1, 2002. The regulation requires, among other things, the discontinuance of the amortization of goodwill and FCC licenses and network affiliations, and the introduction of annual impairment testing in its place. In addition, the standard includes provisions for the reclassification under limited circumstances of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of identifiable intangibles out of previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairments of goodwill. The regulation also requires us to complete a transitional goodwill impairment test six months from the date of adoption. Potential writedown of intangible assets in compliance with these new accounting standards may reduce our net income in the future, which in turn could materially and adversely affect our results of operations and the trading prices of our common stock.

Because a significant portion of our assets are intangible, they may have little value upon a liquidation.

Our assets consist primarily of intangible assets, including affiliation agreements with television networks such as NBC and CBS and FCC licenses, the value of which will depend significantly upon the success of our business and the financial prospects of the television broadcasting and paging industries in general. If we default on our indebtedness, or if we are liquidated, the value of these assets may not be sufficient to satisfy our obligations to our creditors and debtholders, including the holders of the debt securities that we may offer hereby, and to enable us to make any distribution to the holders of shares of our common stock or preferred stock. Furthermore, if our FCC licenses are not renewed, it could materially and adversely affect our results of operations and the trading prices of our common stock.

We may be unable to identify or integrate acquisitions successfully or on commercially acceptable terms.

We have made a number of acquisitions and in the future may make additional acquisitions. We cannot assure you that we will be able to identify suitable acquisition candidates in the future. Even if we do identify suitable candidates, we cannot assure you that we will be able to make acquisitions on commercially acceptable terms. The failure to acquire suitable candidates, or the consummation of a future acquisition, including the Stations acquisition and the Reno acquisition, at a price or on other terms that prove to be unfavorable, could adversely affect our business and results of operations.

In order to integrate successfully these future acquisitions, including the Stations acquisition and the Reno acquisition, into our business, we will need to coordinate the management and administrative functions and sales, marketing and development efforts of each company. Combining companies presents a number of challenges, including integrating the management of companies that may have different approaches to sales and service, and the integration of a number of geographically separated facilities. In addition, integrating acquisitions, including the Stations acquisition and the Reno acquisition, requires substantial management time and attention, which may distract management from our day-to-day business, and could disrupt our ongoing business and increase our expenses. If we cannot successfully integrate our future acquisitions, including the Stations acquisition and the Reno acquisition, our business and results of operations could be adversely affected.

We may need to incur debt or issue equity securities to pay for any future acquisitions and to pay for increased capital expenditures following any acquisitions, and will require such financing in connection with the Stations acquisition. However, debt or equity financing may not be available in sufficient amounts or on terms acceptable to us, or at all, and equity financing could be dilutive to our shareholders.

We may not be able to complete the merger or the Reno acquisition.

Consummation of the merger is dependent upon, among other things, the bankruptcy court approving Stations plan of reorganization and such confirmation order becoming a final bankruptcy court order, the FCC approving the transactions contemplated by the merger agreement and our ability to obtain financing for the acquisition. For these or other reasons, the merger may not be consummated. Consummation of the Reno acquisition is dependent upon, among other things, approval by the FCC of the assignment of the Reno station s licenses, permits and other authorizations issued by the FCC for the operation of the Reno station. For these reasons, the Reno acquisition may not be consummated.

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If we consummate the Stations acquisition, the risks related to our business likely will intensify.

If the merger is consummated, we will expand our broadcast operations from 13 stations in 11 markets to 28 stations serving 24 television markets. In addition, we intend to increase our indebtedness, through the issuance of additional debt securities and the amendment of our existing credit facility, in order to consummate the acquisition. Accordingly, if we consummate the Stations acquisition, the risks related to our broadcasting segment, the related regulatory environment and our indebtedness likely will intensify.

Failure to complete the merger could negatively impact our operating results.

If the merger is not consummated because of a material default by us under the merger agreement, and Stations is not in material default under the merger agreement, then Stations may draw on the letter of credit that we have provided and receive shares of our class B common stock that we have placed in escrow. The aggregate proceeds to Stations from drawing on the letter of credit and from the escrow shares would total $25.0 million. If we are unable to raise sufficient financing, we would not be able to complete the merger. In addition, costs related to the merger, such as legal and accounting fees, must be paid even if the merger is not completed. Therefore, if we do not consummate the merger, our operating results will be negatively affected.

Risks Related to Our Stock

The price of our common stock has experienced substantial volatility and may continue to do so in the future.

There has been significant volatility in the market prices for publicly traded shares of media companies, including ours.

In 2001, the price of our class A common stock fluctuated from a high of $19.05 to a low of $12.20. In addition, for the first two quarters of 2002, the price of our class A common stock fluctuated from a high of $18.10 to a low of $12.90. On August 30, 2002, our class A common stock closed at a price of $13.40 per share.

In 2001, the price of our class B common stock fluctuated from a high of $17.65 to a low of $9.60. In addition, for the first two quarters of 2002, the price of our class B common stock fluctuated from a high of $14.55 to a low of $10.24. On August 30, 2002, our class B common stock closed at a price of $11.75 per share.

The prices of our common stock may not remain at or exceed current levels. In the event that we issue preferred stock and it is publicly traded, our preferred stock may also experience substantial volatility. The following factors may have an adverse impact on the market prices of our stock:

- market conditions for media stocks, and particularly, broadcasting stocks;
- market conditions generally;
- governmental regulation;
- communications legislation;
- fluctuations in our operating results; and
- announcements of technical or product developments by our competitors.

There can be no assurance as to the liquidity of our common stock or preferred stock.

Currently our common stock is traded on the New York Stock Exchange. There can be no assurance as to the future liquidity of the market for our common stock. Any preferred stock that we may offer would be a new issue of securities for which there currently is no public market. There can be no

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assurance that an active market for our preferred stock would develop or as to the liquidity of any such market.

Purchasers of our common stock or preferred stock may experience immediate and substantial dilution of their investment.

In the event that common stock or preferred stock is offered pursuant to this prospectus and the registration statement of which this prospectus is a part, the public offering price of our common stock or preferred stock may be substantially higher than its book value immediately after the applicable offering. As a result, if you were to purchase shares of our common stock or preferred stock in the offering under such circumstances, you most likely would incur immediate and substantial dilution in the net tangible book value of the shares purchased from the public offering price.

In the event of a liquidation of our company, holders of our common stock and preferred stock may not receive a distribution of assets.

Our common stock ranks junior to our preferred stock and our debt as to dividends and distribution of assets upon liquidation. As a result, in the event of a liquidation of our company, holders of our common stock would receive distributions only after distributions are made in full to holders of our preferred stock and our debt. In addition, in the event of a liquidation, holders of our debt will be entitled to receive amounts owed to them prior to any distributions to holders of our preferred stock. There can be no assurance that we would have enough assets to make distributions to holders of our stock in a liquidation.

Risks Related to Our Existing Indebtedness and Debt Securities

Our indebtedness could materially and adversely affect our business and prevent us from fulfilling our obligations under our debt securities.

We are highly leveraged and have significant fixed debt service obligations in addition to our operating expenses. Our indebtedness could have significant adverse effects on our business. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions or a downturn in our business;
- reduce the availability of our cash flow to fund working capital, capital expenditures and other general business purposes;
- limit our flexibility in planning for, or reacting to, changes in our industries, making us more vulnerable to economic downturns and limiting our ability to withstand competitive pressure;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

If our indebtedness affects our operations in these ways, our business, financial condition and results of operations could suffer, making it more difficult for us to satisfy our obligations under our debt securities. Furthermore, our amended and restated senior secured credit facility, dated as of September 25, 2001, which we refer to as the senior secured credit facility, and the indenture governing our $180.0 million 9 1/4% senior subordinated notes due 2011, which we refer to as the 2001 notes, and our 9 1/4% senior subordinated notes due 2011, which we refer to as the exchange notes, to be issued in exchange for the 2001 notes, permit, and the indenture related to the debt securities that we may offer hereby may permit, us to incur substantial amounts of additional debt in specified circumstances. If we incur additional debt in the future, the related risks could intensify.

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Restrictions under our senior secured credit facility limit our flexibility.

Our senior secured credit facility prevents us from taking certain actions and requires us to meet certain tests. These limitations and tests include the following:

- limitations on liens;
- limitations on additional debt;
- limitations on dividends and distributions;
- limitations on management and consulting fees;
- limitations on stock repurchases;
- limitations on transactions with affiliates;
- limitations on guarantees;
- limitations on asset sales;
- limitations on sale-leaseback transactions;
- limitations on acquisitions;
- limitations on changes in our business;
- limitations on mergers and other corporate reorganizations;
- limitations on loans, investments and advances, including investments in joint ventures and foreign subsidiaries; and
- financial ratio and condition tests.

These restrictions and tests may prevent us from taking action that could increase the value of our securities, or may require actions that decrease the value of our securities. In addition, we may fail to meet the tests and thereby default under our senior secured credit facility. If we default on our obligations, creditors could require immediate payment of the obligations or foreclose on collateral. If this happens, we could be forced to sell assets or take other action that would reduce the value of our securities.

Servicing our debt will require a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

Our ability to service our debt depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. In addition, the ability to borrow funds under our senior secured credit facility in the future will depend on our meeting the financial covenants in that agreement. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our senior secured credit facility or otherwise, in an amount sufficient to enable us to pay our debt or to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts or on terms acceptable to us, or at all. If we are unable to implement one or more of these alternatives, we may not be able to service our debt obligations.

We depend on the cash flow of our subsidiaries to satisfy our obligations, including our obligations under our debt securities.

Our operations are conducted through our direct and indirect wholly-owned subsidiaries, which may guarantee our debt securities that we may offer hereby, jointly and severally, fully and unconditionally. As a holding company, we own no significant assets other than our equity in our subsidiaries, and we are dependent upon the cash flow of our subsidiaries to meet our obligations. Accordingly, our ability to make interest and principal payments when due to holders of our debt securities and our ability to purchase our debt securities upon a change of control will be dependent upon the receipt of sufficient funds from our subsidiaries, which may be restricted by the terms of any senior indebtedness of our subsidiaries, including the terms of existing and future guarantees of our indebtedness given by our subsidiaries. There can be no assurance that the funds received from our subsidiaries will be adequate to allow us to make payments on our debt securities. As a result, our debt securities and any subsidiary guarantees effectively will be subordinated to all senior indebtedness and other liabilities and commitments of our subsidiaries.

Your right to receive payment on our debt securities and under any related guarantees may be junior to all of our and the guarantors senior debt.

All indebtedness under our senior secured credit facility is secured by substantially all of our assets, as well as the assets of our subsidiaries. Additionally, our debt securities and any related guarantees may be subordinated to the claims of the lenders under our senior secured credit facility.

In the event that we or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any debt that ranks ahead of our debt securities and the related guarantees will be entitled to be paid in full in cash or cash equivalents or in any other manner acceptable to holders of senior debt from our assets or the assets of the guarantor, as applicable, before any payment may be made with respect to our debt securities or under the related guarantees. In any of these events, we cannot assure you that we would have sufficient assets to pay amounts due on our debt securities. As a result, holders of our debt securities may receive less, proportionally, than the holders of debt that is senior to our debt securities and the related guarantees. The subordination provisions of the indenture related to any subordinated debt securities that we may offer hereby will provide that we can make no payment to holders of our debt securities during the continuance of payment defaults on our senior debt, and payments to holders of our debt securities may be suspended for a period of up to 179 days if a nonpayment default exists under our senior debt. See Description of Debt Securities Subordinated Debt Securities for additional information.

As of June 30, 2002, we and our subsidiaries had senior indebtedness of $200.0 million funded under our senior secured credit facility. We have unused availability of $37.5 million under our senior secured credit facility after giving effect to the $12.5 million undrawn letter of credit. In addition, our senior secured credit facility and the indenture governing our 2001 notes and our exchange notes permit, and the indenture related to the debt securities that we may offer hereby may permit, subject to specified limitations, the incurrence of additional indebtedness, which may be senior indebtedness. If we incur such additional indebtedness, the risks described above could intensify.

Covenant restrictions under our indentures may limit our ability to operate our business.

The indenture governing our 2001 notes and our exchange notes contains, and the indenture related to the debt securities that we may offer hereby may contain, covenants that restrict our ability and the guarantors ability to finance future operations or capital needs or to engage in other business activities.

In addition, the indenture governing our 2001 notes and our exchange notes restricts, and the indenture related to the debt securities that we may offer hereby may restrict, among other things, our ability and the guarantors ability to:

incur additional indebtedness;

make specified restricted payments;

make specified asset sales;

incur liens;

engage in intra-company transactions, such as the payment of dividends and the making of loans or advances;

- engage in transactions with affiliates;
- issue and sell capital stock of our subsidiaries; and
- engage in a merger, consolidation or sale of substantial assets.

We cannot assure you that we will meet the covenants in the indentures or that the holders of our debt securities that are party to the indentures will waive any failure to meet these covenants. A breach of any of these covenants would result in a default under the indentures, and may in turn result in a default under our senior secured credit facility. If an event of default occurs under our senior secured credit facility and continues beyond any applicable cure period, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. If our indebtedness were to be accelerated, there can be no assurance that we would be able to pay it. Such acceleration would have a material adverse effect on our financial condition. See Description of Debt Securities for additional information.

Any guarantees of our debt securities may not be enforceable because of fraudulent conveyance laws.

We are a holding company with no direct operations and no significant assets other than the stock of our subsidiaries. We will depend on funds from our subsidiaries to meet our obligations, including cash interest payments on our debt securities. If a court voids any guarantees of our debt securities, the right of holders of our debt securities to participate in any distribution of the assets of any of our subsidiaries upon the liquidation, reorganization or insolvency of a subsidiary will be subject to the prior claims of that subsidiary s creditors.

Our subsidiaries guarantees may be subject to review under U.S. federal bankruptcy laws or relevant state fraudulent conveyance laws if a bankruptcy case or lawsuit is commenced by or on behalf of the guarantors unpaid creditors. Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws a court could subordinate or avoid a guarantee if it is found that:

- the debt under a guarantee was incurred with the actual intent to hinder, delay or defraud creditors; or
- a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee and a guarantor:
  - was insolvent or was rendered insolvent because of its guarantee;
  - was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital; or
  - intended to incur, or believed that we or it would incur, debts beyond its ability to pay upon maturity (as all of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes).

It may be asserted that, since the guarantors incurred their guarantees for our benefit, they incurred the obligations under the guarantees for less than reasonably equivalent value or fair consideration.

The standards for determining insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in any such proceeding. Generally, a company would be considered insolvent if, at the time it issued the guarantee, either:

- the sum of its debts, including contingent liabilities, is greater than its assets, at fair valuation; or
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and matured.

We anticipate that, at the time the guarantors initially incur the debt represented by the guarantees, the guarantors will not be insolvent or rendered insolvent by the incurrence of the debt, lacking sufficient

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capital to run their businesses effectively or unable to pay obligations on the guarantees as they mature or become due.

In reaching the foregoing conclusions, we have relied upon our analyses of internal cash flow projections and estimated values of the assets and liabilities of the guarantors. We cannot assure you, however, that a court passing on the same questions would reach the same conclusions.

If a guarantee is voided as a fraudulent conveyance or found to be unenforceable for any other reason, you will not have a claim against that particular guarantor and you will be a creditor of only guarantors whose obligations were not set aside or found to be unenforceable.

We may not be able to finance change of control payments required by our debt facilities.

If we were to experience a change of control, the indenture related to our 2001 notes and our exchange notes would require us to offer to purchase all of our 2001 notes and our exchange notes then outstanding at 101% of their principal amount, plus accrued interest to the date of purchase. Any new debt securities that we may offer under this prospectus may subject us to a similar requirement. If a change of control were to occur, we cannot assure you that we would have sufficient funds to purchase our debt securities. The purchase of our debt securities may require additional third-party financing and we cannot assure you that we would be able to obtain that financing on favorable terms or at all.

In addition, our senior secured credit facility restricts our ability to purchase our debt securities. Furthermore, similar change of control events will result in an event of default under our senior secured credit facility and could cause the acceleration of our debt under that facility. The inability to repay that debt, if accelerated, and to purchase all of the tendered notes in the event of a change of control, would constitute an event of default under the indenture governing our 2001 notes and our exchange notes and may constitute an event of default under the indenture governing any debt securities we may offer hereby.

We may enter into transactions, including acquisitions, refinancings or recapitalizations, or highly leveraged transactions, that would not constitute a change of control under our senior secured credit facility, the indenture governing our 2001 notes and our exchange notes and any indenture governing new debt securities that we may issue. Any of these transactions may result in an increase in our debt or otherwise affect our capital structure, harm our credit ratings or have a material adverse effect on holders of our debt securities, our common stock and our preferred stock.

Guarantors of our debt securities may be released under certain circumstances.

Any guarantee of a guarantor may be released if we sell, exchange or transfer the stock of that guarantor or substantially all of its assets to a non-affiliate and the guarantor no longer guarantees any of our other debt. The indenture related to the debt securities that we may offer hereby also may permit us to sell a majority interest and retain a minority interest in a subsidiary engaged in our paging or satellite business and not require that subsidiary to remain as a guarantor of our debt securities.

Risks Related to Legal and Regulatory Matters

Certain regulatory agencies and the bankruptcy court must approve the merger and could delay or refuse to approve the merger.

We and Stations must obtain approvals or consents to the merger from certain federal regulatory commissions, including the FCC, and the United States bankruptcy court in Delaware. These agencies and the bankruptcy court may seek to impose conditions on us or Stations before giving their approval or consent, and meeting those conditions could have an adverse effect on our business and/or financial condition. In addition, a delay in obtaining the requisite regulatory and bankruptcy court approvals will delay the completion of the merger. We cannot be certain that we and Stations will obtain the required regulatory and bankruptcy court approvals, or obtain them within the time frame contemplated in the merger agreement.

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Federal regulation of the broadcasting industry limits our operating flexibility.

The FCC regulates our business, just as it does all other companies in the broadcasting industry. We must ask the FCC s approval whenever we need a new license, seek to renew or assign a license, purchase a new station or transfer the control of one of our subsidiaries that holds a license. Our FCC licenses are critical to our operations; our broadcasting segment cannot operate without them. We cannot be certain that the FCC will renew these licenses in the future or approve new acquisitions.

Federal legislation and FCC rules have changed significantly in recent years and can be expected to continue to change. These changes may limit our ability to conduct our business in ways that we believe would be advantageous and therefore may affect our operating results.

The FCC s duopoly restrictions limit our ability to own and operate multiple television stations in the same market and our ability to own and operate a television station and newspaper in the same market.

The FCC s ownership rules generally prohibit us from owning or having attributable interests in television stations located in the same markets in which our stations are licensed. Accordingly, our ability to expand through acquisitions of additional stations in markets where we presently are operating is constrained by those rules. Under current FCC cross-ownership rules, we also are not allowed to own and operate a television station and a newspaper in the same market.

Our paging operations are subject to federal regulation.

Our paging operations, which we acquired in September 1996, are subject to regulation by the FCC under the Communications Act. The FCC has granted us licenses to use the radio frequencies necessary to conduct our paging operations.

The FCC paging licenses granted to us are for varying terms of up to 10 years, at the end of which renewal applications must be approved by the FCC. We hold various FCC radio licenses which are used in connection with our paging operations. Paging licenses will expire during calendar year 2009. Licensees in the paging services normally enjoy a license renewal expectancy and the vast majority of license renewal applications are granted in the normal course. However, we cannot be certain that any of our licenses will be free of competing applications or will be renewed by the FCC. Furthermore, the FCC has the authority to restrict the operations of licensed facilities or to revoke or modify licenses. We cannot be certain that our licenses will not be revoked or modified involuntarily in the future.

Pursuant to Congressional mandate, the FCC has adopted rules regarding the award of license authorizations by competitive bidding. Pursuant to those rules, the FCC may award licenses for new or existing services by auction, as done with the 800 MHz band. The FCC began awarding geographic area and paging licenses by auction in February 2000. We cannot be certain that we will be able to procure additional spectrum or expand our existing paging network into new service areas, which would require us to make significant auction payments.

Campaign finance reform legislation could limit political advertising, upon which we rely heavily.

In March 2002, Congress enacted the Bipartisan Campaign Reform Act of 2002, which prohibits advocacy groups from using soft money to broadcast advertisements that identify a federal candidate within 60 days of an election and bans soft money contributions at the national party level. This legislation and other recent proposals for campaign finance reform could have an adverse effect on us by decreasing advertising revenue in connection with political campaigns.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this prospectus, the words believes, expects, anticipates, estimates and similar words and expressions are generally intended to identify forward-looking statements. Statements that describe our future strategic plans, goals or objectives, including our plans, goals and objectives with respect to our merger with Stations, are also forward-looking statements. Readers of this prospectus are cautioned that any forward-looking statements, including those regarding the intent, belief or current expectations of our management or us, are not guarantees of future performance, results or events and involve risks and uncertainties, and that actual results and events may differ materially from those in the forward-looking statements as a result of various factors including, but not limited to:

- the factors described in Risk Factors beginning on page 3 of this prospectus;
- general economic conditions in the markets in which we and Stations operate;
- competitive pressures in the markets in which we and Stations operate;
- the effect of future legislation or regulatory changes on our operations;
- high debt levels; and
- other factors described from time to time in our filings with the Securities and Exchange Commission.

The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

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USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, the net proceeds from the sale of securities offered by this prospectus are expected to be used for general corporate purposes, including capital expenditures, to meet working capital needs, to refinance our senior debt, to finance one or more acquisitions, including the Stations acquisition, or all or a combination of the above. We will file a prospectus supplement that will contain additional information about the use of the net proceeds from the sale of securities offered hereby.

RATIO OF EARNINGS TO FIXED CHARGES

	For the Year Ended December 31,					For the Six Months Ended June 30,
	1997	1998	1999	2000	2001	2002
	(Dollars in thousands)					
Ratio of earnings to combined fixed charges and preferred dividends	NA(a)	3.0x	NA(a)	NA(a)	NA(a)	NA(a)
Deficiency of earnings to cover combined fixed charges and preferred dividends(b)	$(3,066)	NA	$(9,906)	$(11,982)	$(20,097)	$(2,816)

(a) The ratio would be less than one and therefore is not shown.

(b) Earnings consist of loss from continuing operations before tax benefit plus fixed charges less capitalized interest. Fixed charges consist of interest expense, amortization of debt issuance costs and that portion of rental expense we believe is representative of interest.

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THE MERGER

This section of the registration statement and prospectus describes certain material aspects of the proposed merger. This summary does not contain all of the information that is important to you. You should carefully read the entire registration statement, this prospectus and the other documents to which we refer you, including the merger agreement, for a more complete understanding of the merger.

The Other Parties

Stations is the parent company of Benedek. Stations principal executive offices are located at 2895 Greenpoint Parkway, Hoffman Estates, Illinois 60195, telephone number (847) 585-3450. Gray MidAmerica Television, Inc., which we refer to as Gray MidAmerica Television, is our newly-formed wholly-owned subsidiary, formed solely for the purpose of effecting the merger.

Our Reasons for the Merger

Our business strategy includes continued acquisitions of companies whose businesses are complementary to ours. We believe that Stations is an excellent strategic fit and that the acquisition of Stations will create significant benefits, including:

- the acquisition will create a stronger company and will diversify the geographic range of our television stations, broadening substantially our market presence in the television broadcasting market;
- the acquisition gives us access to additional operating cash flow for the purposes of funding debt service, as well as future acquisitions and investments;
- the acquisition presents an opportunity to increase revenue share and audience share;
- the acquisition presents an opportunity for cross-promotion and cross-selling; and
- the acquisition strengthens our management teams and local news operations.

Bankruptcy Court and Regulatory Filings and Approvals

Bankruptcy Court. Stations has filed a voluntary petition under Chapter 11 of the federal bankruptcy code. Consequently, the merger is subject to the bankruptcy court s approval of Stations amended plan of reorganization, and all of Stations obligations under the merger agreement are subject to the approval of the bankruptcy court. Stations filed the required information and materials with the bankruptcy court on July 1, 2002 and an amended plan of reorganization on July 9, 2002. On August 12, 2002, the bankruptcy court issued an order approving Stations disclosure statement and scheduling a hearing to approve ballots for voting on the amended and restated plan of reorganization. A confirmation hearing has been scheduled for September 25, 2002.

Federal Communications Commission. The merger is subject to approval by the FCC. Stations and its subsidiaries and we and our subsidiaries filed with the FCC the necessary application with respect to the change of control on June 10, 2002.

Antitrust. The merger is subject to the requirements of the Hart-Scott Rodino Antitrust Improvements Act of 1976, which provides that certain transactions may not be consummated until required information and materials have been furnished to the Department of Justice and the Federal Trade Commission, which we sometimes refer to as the FTC, and certain waiting periods have expired or been terminated. Stations and we filed the required information and materials with the Department of Justice and the FTC on June 20, 2002. Early termination of the statutory waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976 was granted on July 1, 2002.

The Department of Justice and the FTC frequently scrutinize the legality under the antitrust laws of transactions such as the merger. At any time before or after the effective time, either the Department of Justice or the FTC could take such action under the antitrust laws as it deems necessary or desirable in

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the public interest, or certain other persons could take action under the antitrust laws, including seeking to enjoin the merger.

Sale of Certain Designated Benedek Stations Prior to the Merger

Benedek has sold or plans to sell, prior to the effective time of the merger, a total of nine designated television stations, which we refer to as the excluded stations. Benedek plans to sell eight of the excluded stations to Chelsey Broadcasting Company, LLC, a Delaware limited liability company, which we refer to as Chelsey, or its affiliates pursuant to an asset purchase agreement. Benedek already has sold its television station in Wheeling, West Virginia to a third party on April 30, 2002. Benedek intends to use the net proceeds of these sales to repay indebtedness under its senior secured credit facility. The sale of the nine designated television stations is a condition to the merger.

Accounting Treatment

The merger will be accounted for as a purchase for financial accounting purposes in accordance with accounting principles generally accepted in the United States. For purposes of preparing our consolidated financial statements, we will establish a new accounting basis for Stations assets and liabilities based upon their fair values, the merger consideration and the costs of the merger. Any excess of cost over the fair value of the net assets of Stations will be recorded as goodwill and other intangible assets. A final determination of the intangible asset values and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. We will determine the fair value of Stations assets and liabilities and will make appropriate purchase accounting adjustments, including adjustments to the amortization period of the intangible assets, upon completion of that determination.

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THE MERGER AGREEMENT AND RELATED AGREEMENTS

This section of the registration statement and prospectus describes the material terms of the Agreement and Plan of Merger, dated as of June 4, 2002, among Stations, Gray MidAmerica Television and us and related agreements, including the Lock Up, Voting and Consent Agreements that Stations and we entered into with certain stockholders and creditors of Stations, an agreement regarding benefits to be provided to members of the Benedek family following consummation of the merger and an amendment to K. James Yager s employment agreement. Copies of the merger agreement and lock up agreements are attached as exhibits to the registration statement. You are urged to read the merger agreement in its entirety for a more complete description of the merger because it is the principal legal document that governs the merger.

The Merger

Subject to the terms and conditions of the merger agreement, we will acquire Stations through the merger of Gray MidAmerica Television with and into Stations. Stations will be the surviving corporation in the merger.

Effective Time

The merger will be consummated when a certificate of merger, that we will file with the State of Delaware, becomes effective. The merger agreement provides that the parties will use their reasonable efforts to cause the effective time to occur on the seventh business day after the satisfaction or waiver of all the conditions to the merger. See The Merger Agreement and Related Agreements Conditions to the Merger. However, the effective time may not occur prior to October 1, 2002.

The merger agreement further provides that we may, on one occasion, delay the effective time for up to 120 days if any of the following occurs: (1) any general suspension of trading in equity securities in the United States securities or financial markets for more than two consecutive trading days; (2) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States; (3) commencement of a war, armed hostilities or other national or international calamity directly involving the United States; (4) any limitation by any governmental authority on the extension of credit by banks or other lending institutions in the United States; or (5) if any of the foregoing exists on the date the merger agreement is signed, a material acceleration or worsening thereof.

Merger Consideration and Conversion of Gray MidAmerica Television and Stations Stock

At the effective time of the merger, the outstanding shares of Stations 11.5% Senior Exchangeable Preferred Stock, which we refer to as the senior preferred stock, and Junior Discount Preferred Stock, which we refer to as the junior preferred stock, will be converted into the right to receive a cash payment. No cash consideration will be paid to holders of outstanding shares of Stations class A common stock and class B common stock. The stock of Gray MidAmerica Television and Stations will be converted as described below:

Gray MidAmerica Television common stock. Each share of Gray MidAmerica Television common stock issued and outstanding immediately prior to the effective time will be converted into one share of Stations class B common stock.

Stations senior preferred stock. Each share of Stations senior preferred stock (excluding shares held by Stations or any of its subsidiaries, other than in a fiduciary capacity) issued and outstanding immediately prior to the effective time will be converted into the right to receive the senior preferred stock purchase price, equal to the quotient obtained by dividing (1) $500,000,000, *minus* (A) the amount outstanding at the effective time under Stations debt instruments plus accrued interest thereon through the effective time, determined in accordance with Stations plan of reorganization, *plus or minus* (B) working capital adjustments and adjustments relating to amounts incurred by Stations and its subsidiaries with

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respect to the conversion of their television stations to digital broadcasting by (2) 100,000 (the number of outstanding shares of Stations senior preferred stock at the effective time).

Stations junior preferred stock. Each share of Stations junior preferred stock (excluding shares held by Stations or any of the Stations subsidiaries, other than in a fiduciary capacity) issued and outstanding immediately prior to the effective time will be converted into the right to receive a cash payment equal to the quotient obtained by dividing (1) $2,500,000 by (2) 450,000 (the number of outstanding shares of Stations junior preferred stock at the effective time).

Stations class A common stock and class B common stock. Each share of Stations class A common stock and class B common stock and any options or warrants to acquire such shares issued and outstanding immediately prior to the effective time will be cancelled. We will not pay any cash consideration for such securities.

The Letter of Credit and the Escrow Shares

When the merger agreement was signed, we delivered to Stations a standby letter of credit in the amount of $12.5 million and deposited with an escrow agent 885,269 shares of our class B common stock. These escrow shares had an aggregate value of $12.5 million, based on the average price of our class B common stock for the 20 consecutive trading days on the New York Stock Exchange ending on June 2, 2002. The escrow shares are being held by the escrow agent in accordance with the terms of an escrow agreement that we executed on June 4, 2002. We will maintain the letter of credit in effect, and the escrow shares will remain in escrow, until the earlier of the effective time or 10 business days after the termination of the merger agreement. If the letter of credit or any replacement letter of credit expires before either of the dates described in the previous sentence, we will renew the letter of credit or obtain a replacement letter of credit, which we will deliver to Stations at least five business days before such expiration.

If the merger is not consummated because of a material default by us, and Stations has not materially defaulted due to a breach of any of its representations or warranties or any of its covenants or agreements under the merger agreement, then Stations may draw on the letter of credit and instruct the escrow agent to deliver to it the escrow shares pursuant to the escrow agreement. We have an obligation to deliver a letter of credit and escrow shares totaling $25.0 million, except that we may, in our sole discretion, replace some or all of the escrow shares with a cash payment, so long as any such cash payment is a whole number multiple of $500,000. Under specified circumstances, if Stations is entitled to receive the escrow shares and the value of the escrow shares decreases to below $12.5 million at the time Stations sells them, we may be required to pay to Stations the amount of such decrease. Likewise, if the value of the escrow shares increases, Stations may be required to pay to us the amount of such increase. At the effective time and subject to the conditions in the merger agreement and the escrow agreement, the letter of credit and the escrow shares will be returned to us.

Registration of the Escrow Shares

The escrow shares have not been registered under the Securities Act or any other applicable securities laws, and therefore are restricted securities. If the merger agreement is terminated and the escrow shares are delivered by the escrow agent to Stations, we are required to:

- file with the SEC a registration statement with respect to the resale or distribution of the escrow shares by Stations and/or an affiliate of Stations, within 30 days after such termination;
- use our best efforts to cause the registration statement to be declared effective at the earliest practicable time;
- keep the registration statement effective and current until the earlier of six months following the effectiveness of the registration statement or the date that all of the escrow shares covered by the registration statement have been sold or distributed;

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- cause the escrow shares to be listed promptly with the New York Stock Exchange; and
- indemnify, to the extent permitted by law, each person selling or distributing securities under this registration statement, and related parties, against all losses caused by any material misstatement or omission by us in the registration statement or any violation by us of the Securities Act, the Exchange Act, any state securities laws or any rules or regulations of the New York Stock Exchange.

Conditions to the Merger

The parties obligations to consummate the merger and related transactions generally are subject to the satisfaction or waiver of the following conditions:

- the bankruptcy court approving the order confirming Stations plan of reorganization and such confirmation order becoming a final bankruptcy court order;
- the FCC approving the transactions contemplated by the merger agreement, without any condition or qualification materially adverse to us or our subsidiaries or Stations or its subsidiaries, or materially adverse to our acquisition of control of Stations and its subsidiaries;
- all regulatory waiting periods applicable to the merger agreement and the related transactions expiring or terminating;
- no order being in effect enjoining, restraining or prohibiting the consummation of the merger and related transactions and no action or proceeding having been instituted by any regulatory authority seeking any such order that would reasonably be expected to have a material adverse effect on us or on Stations; and
- the transactions related to the Chelsey purchase agreement being consummated, unless the failure to consummate such transactions is the result of either the wrongful refusal of Chelsey to consummate such transactions or the election by Chelsey not to consummate the transactions because Benedek failed to satisfy certain conditions set forth in the Chelsey purchase agreement. If the transactions contemplated by the Chelsey purchase agreement are not consummated as a result of FCC action or inaction, Stations and we each agree to use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, everything reasonably necessary, proper or advisable under applicable laws to consummate and make effective the transactions contemplated by the merger agreement and the Chelsey purchase agreement at the earliest practicable date.

Our obligations to consummate the merger and related transactions are subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties made by Stations in the merger agreement being, subject to limited exceptions, correct and complete in all material respects at the effective time;
- each and all of the agreements and covenants of Stations and each of its subsidiaries under the merger agreement and related agreements being performed and complied with in all material respects prior to the effective time;
- our receiving from Stations customary officer certificates and board of directors resolutions relating to the transactions contemplated by the merger agreement;
- our receiving a legal opinion of FCC counsel to Stations;
- Stations returning to us the letter of credit;
- the FCC issuing a final FCC order approving the transfer of control of Benedek s television licenses to us;

Stations obtaining and delivering to us consents or waivers relating to the transactions contemplated by the merger agreement, as required by its network affiliation agreements; and

no litigation being pending or threatened involving Stations or any its subsidiaries that would have, or reasonably be expected to have, a material adverse effect on Stations or its subsidiaries or their respective businesses or assets.

The obligations of Stations to consummate the merger and related transactions are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties made by us and Gray MidAmerica Television in the merger agreement being, subject to limited exceptions, correct and complete in all material respects at the effective time;

each of our and Gray MidAmerica Television s agreements and covenants under the merger agreement and related agreements being performed and complied with in all material respects prior to the effective time; and

Stations receiving from us and Gray MidAmerica Television customary officer certificates and board of directors resolutions relating to the transactions contemplated by the merger agreement.

Once the conditions to the merger have been satisfied or waived, we are required by the merger agreement to consummate the merger within seven days.

Representations and Warranties

In the merger agreement, Stations makes customary representations and warranties about itself and its business, including representations and warranties about:

organization, good standing and corporate power;

authorization and enforceability of the merger agreement;

capitalization and subsidiaries;

financial statements and tax matters; and

absence of undisclosed liabilities or material adverse changes.

In addition, Stations makes numerous representations and warranties with respect to its assets, real property, intellectual property, computer software and databases, accounts receivable, insurance, bonds, letters of credit and guarantees, compliance with law, environmental matters, litigation and claims, benefit plans, contracts, labor matters, brokers and finders, interested transactions, officers, directors and bank accounts and the absence of any material misstatement or omission by it in the merger agreement.

We and Gray MidAmerica Television, jointly and severally, also make customary representations and warranties in the merger agreement about ourselves and our business, including representations and warranties regarding organization, good standing and corporate power, authorization and enforceability of the merger agreement, brokers and finders, litigation, and the absence of any material misstatement or omission by us and Gray MidAmerica Television. We also make representations with respect to our qualification under the Communications Act to enter into and consummate the transactions contemplated by the merger agreement, our filings with the SEC and our issuance of the escrow shares.

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Mutual Covenants of Gray and Stations

Subject to limited exceptions and except for the sale of the excluded stations by Benedek to Chelsey, from June 4, 2002 until the closing of the merger or the termination of the merger agreement, Stations and we will, and will cause each of our respective subsidiaries, to:

- operate our respective businesses only in the usual, regular, and ordinary course;
- use commercially reasonable efforts to preserve intact our respective business organizations and assets and maintain our respective rights and franchises; and
- take no action that would materially adversely affect the ability of any party to (1) obtain any consents required for the transactions contemplated in the merger agreement, or (2) perform its covenants and agreements under the merger agreement in all material respects and to consummate the merger and to satisfy the conditions to closing set forth in the merger agreement. However, the covenant described in clause (2) above will not prohibit us or any of our subsidiaries from discontinuing or disposing of any of our assets or businesses, or, provided that we do not materially adversely affect our ability to obtain an FCC order approving the transactions contemplated by the merger agreement, from acquiring or agreeing to acquire any other person or their assets if such action is, in our judgment, desirable in the conduct of our business or our subsidiaries business.

Additional Covenants. The merger agreement also contains other covenants made by us and Stations, including a covenant to file all necessary FCC applications for approval of the transactions contemplated by the merger agreement and a covenant to use reasonable efforts to take all actions and to do all things necessary, proper or advisable to consummate the merger as promptly as practicable but not before October 1, 2002.

Covenants of Stations

The merger agreement contains numerous covenants of Stations that are customary for this type of transaction. Among other things, subject to limited exceptions, Stations and its subsidiaries will not do or agree to do any of the following without our prior written consent, which we will not withhold unreasonably:

- amend the organizational documents of Stations or of any of its subsidiaries;
- incur, guarantee or otherwise become responsible for any new debt obligation or other obligation for borrowed money (other than indebtedness of Stations or any of its subsidiaries to Stations or any of its subsidiaries) or enter into or extend any capital leases, in excess of an aggregate of $500,000 for Stations and its subsidiaries on a consolidated basis;
- acquire, sell or encumber any securities or assets of Stations or any of its subsidiaries, or declare or pay any dividend or make any other distribution in respect of any such securities;
- increase the compensation or benefits of the employees or officers of Stations or any or its subsidiaries;
- voluntarily accelerate the vesting of any stock options or other stock-based compensation or employee benefits;
- adopt any new employee benefit plan or program of Stations or any of its subsidiaries or make any material change in or to any existing employee benefit plans or programs of Stations or any of its subsidiaries;
- make any significant change in any accounting methods, principles, or practices or systems of internal accounting controls, except as may be necessary to conform to changes in regulatory accounting requirements or generally accepted accounting principles;
- settle any material litigation other than in accordance with past practice or to the extent it is covered by insurance;

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- except in the ordinary course of business consistent with past practices, enter into or terminate any material contract or make any material change in any contract;

- fail to promptly notify us of any inquiry, investigation, or proceeding related to any of Stations television stations that is initiated by the FCC; and

- request the bankruptcy court to take any action or to grant any approval to any action or matter that is in any way inconsistent with the merger agreement.

Indemnification

For a period of six years after the effective time of the merger, we will indemnify the pre-merger directors, officers, employees and agents of Stations and its subsidiaries against all liabilities arising out of acts or omissions occurring at or prior to the effective time arising out of their service as directors, officers, employees or agents of Stations, any of its subsidiaries or, at Stations or any of its subsidiaries request, another entity, to the fullest extent permitted under Delaware law, by Stations or its subsidiaries certificates of incorporation and bylaws and by any applicable indemnification agreements.

Termination of the Merger Agreement

The merger agreement generally may be terminated at any time prior to the effective time by the mutual consent of Gray and Stations or by us or Stations:

- if the terminating party is not then in material breach of any of its representations or warranties or any of its covenants contained in the merger agreement, in the event of the inaccuracy of any representation or warranty of the non-terminating party contained in the merger agreement which would reasonably be expected to have or result in a material adverse effect on the non-terminating party and cannot be or has not been cured within 30 days after written notice of such inaccuracy is given to the non-terminating party;

- if the terminating party is not then in material breach of any of its representations or warranties or any of its covenants contained in the merger agreement, in the event of a material breach by the non-terminating party of any covenant or agreement contained in the merger agreement that cannot be or has not been cured within 30 days after written notice of such breach is given to the non-terminating party, except that we may not cure any breach of our obligation to pay the merger consideration;

- if the merger is not consummated by March 31, 2003, in each case only if the failure to consummate the transactions contemplated by the merger agreement on or before such date is not caused by any material breach of the merger agreement by the terminating party, except that the March 31, 2003 termination date automatically will be extended by one day for each day that the closing does not occur because, subject to certain exceptions, the transactions contemplated by the Chelsey purchase agreement are not consummated; or

- if it is reasonably anticipated that any of the conditions precedent to the obligations of the terminating party to consummate the merger, other than the condition that, subject to certain exceptions, the transactions contemplated by the Chelsey purchase agreement are consummated, cannot be satisfied or fulfilled by March 31, 2003 and such failure was not the fault of the terminating party.

Effects of Termination

If the merger agreement is terminated, as described above, it will become void and have no effect. However, certain provisions of the merger agreement will survive termination, including provisions relating to the letter of credit and the escrow shares, confidentiality and expenses. In addition, in the event that the merger agreement is terminated by us or by Stations in connection with any material breach of any representation or warranty or any covenant or other agreement of the other party contained in the merger agreement or because the merger is not consummated prior to the applicable termination date, the breaching party will remain liable for any uncured breach of a representation, warranty, covenant or agreement giving rise to such termination.

If the closing does not occur due to a material default by us, and Stations has not materially defaulted due to a breach of any of its representations or warranties or any of its covenants or agreements under the merger agreement, then Stations may draw on the letter of credit and instruct the escrow agent to deliver to it the escrow shares pursuant to the escrow agreement. The aggregate proceeds of the drawing on the letter of credit and the escrow shares will total $25.0 million, but we may replace some or all of the escrow shares with a cash payment so long as any such cash payment is a whole number multiple of $500,000.

If the closing does not occur due to the non-fulfillment of any of the conditions precedent to each party s obligation to consummate the merger, and we are not in material default in the performance of any of our representations or warranties or any of our covenants or agreements under the merger agreement, Stations will not be entitled to the letter of credit or the escrow shares and, after termination of the merger agreement, the letter of credit and the escrow shares will be returned to us.

Waivers

Prior to or at the effective time, we and Stations may waive any material default in the performance of any term of the merger agreement by the other party or any of its subsidiaries, waive or extend the time for the compliance or fulfillment by the other party and its subsidiaries of any and all of their obligations under the merger agreement, and waive any or all of the conditions precedent to the obligations of the other party and its subsidiaries under the merger agreement. However, neither we nor Stations may waive any condition which, if not satisfied, would result in the material violation of any law.

Fees and Expenses

Generally, regardless of whether the merger is consummated, Stations will be responsible for all expenses and fees incurred by it and its subsidiaries in connection with the merger and we will be responsible for all expenses and costs incurred by us in connection with the merger. However, we will pay all the fees related to the filings with the FTC. Also, Stations and we will each pay one-half of the processing fees related to the filing with the FCC of applications regarding the transfer of control of Benedek s television licenses to us.

Lock Up Agreements

On June 4, 2002, in connection with the transactions contemplated by the merger agreement, Stations and we entered into the lock up agreements with certain stockholders and creditors of Stations, whom we refer to as the consenting stockholders and creditors. Under these lock up agreements, the consenting stockholders and creditors agreed to, among other things, support and vote their shares in favor of a Stations bankruptcy plan that will give effect to the transactions contemplated by the merger agreement. Stations has received executed lock up agreements from holders of 97.9% of the outstanding senior preferred stock, 98.8% of the outstanding junior preferred stock, 100% of the outstanding class B common stock, and 94.6% of the outstanding aggregate principal amount of the senior subordinated discount notes.

In addition, consenting stockholders that hold Stations senior preferred stock have agreed to pay to us, if Stations receives an offer from a third party to purchase more than 50% of Stations outstanding senior preferred stock and such offer is approved by the bankruptcy court, a termination fee of $15.0 million. The liability of each consenting stockholder that holds Stations senior preferred stock is limited to an amount determined by multiplying $15.0 million by a fraction, the numerator of which is the number of shares of senior preferred stock owned by such consenting stockholder and the denominator of which is the number of shares of Stations senior preferred stock owned by all consenting stockholders.

The United States trustee in the Stations bankruptcy proceeding has asserted that the lock up agreements contravene the federal bankruptcy code and cannot be enforced against a party if it chooses not to vote for the Stations bankruptcy plan. The bankruptcy court has not ruled with respect to the U.S. trustee s assertions, but Stations believes that the lock up agreements are enforceable under applicable law.

Benedek Family Benefits Agreement

On May 29, 2002, in connection with the transactions contemplated by the merger agreement, we entered into a letter agreement with A. Richard Benedek, Chairman of the Board and Chief Executive Officer of Stations, Laura Benedek, Richard Benedek s wife, and Stephen D. Benedek, a Vice President of Stations and Richard Benedek s son, in which we agreed to provide to them, following consummation of the merger, certain health and welfare benefits, use of office space in New York City until no later than August 31, 2005, and severance benefits of up to $275,000. In addition, we are forgiving certain indebtedness owed by Richard Benedek to Stations. Upon the closing of the merger, we will cease the use of the name Benedek Broadcasting, the Benedek.com URL and the name Benedek Interactive Media. The right to use the Benedek Broadcasting name will be conveyed, at no cost, to Richard Benedek and the right to use the Benedek.com URL and the name Benedek Interactive Media will be conveyed, at no cost, to Stephen Benedek.

K. James Yager Employment Agreement

On June 4, 2002, Benedek and K. James Yager, Benedek s President and Chief Operating Officer, entered into a second amendment to K. James Yager s employment agreement, which will become effective only upon consummation of the merger. In addition, we entered into a letter agreement with K. James Yager relating to this amendment.

K. James Yager s employment agreement is for a term of four years commencing on January 1, 2001 and ending on December 31, 2004, the expiration date. K. James Yager s base salary is $630,000 for 2001 and $680,000 for 2002 and thereafter increases to a per annum rate not less than 105% of his base salary during the preceding year. K. James Yager is eligible to receive a bonus in respect of each fiscal year during the term of the agreement in such amount as Benedek may determine. The agreement also entitles K. James Yager to specified fringe benefits and to participation in employee benefit plans generally available to Benedek s executives. In addition, Benedek has agreed to pay to K. James Yager the amount necessary, on an after-tax basis, to discharge all amounts, including accrued interest, owed by him to Benedek under his $555,000 promissory note.

If Benedek terminates K. James Yager s employment without cause, or if K. James Yager terminates his employment by reason of a constructive discharge, which includes the assignment to K. James Yager of duties or reporting responsibilities inconsistent in any material respect with his status, title, position or duties or any breach by Benedek of his employment agreement, K. James Yager will be entitled to receive his base salary, and to participate, at no cost to him, in all employee benefits, through the expiration date and his non-competition obligations will be terminated. In our letter agreement with K. James Yager, we agreed that our failure to employ him as President and Chief Operating Officer of our broadcast division or subsidiary within 12 months after the consummation of the merger would constitute a constructive discharge, entitling him to the above benefits.

Our letter agreement with K. James Yager also provides that, after consummation of the merger, we will grant to him nonqualified options to purchase shares of our class B common stock pursuant to the terms of our long term incentive plan. The number of shares subject to the option award will be determined by our board of directors, and the exercise price of the option shares will be the market price of our class B common stock at the time the award is granted. The options will vest ratably over the term of K. James Yager s employment agreement, with vesting to be accelerated in the event of a constructive discharge.

Bull Run Advisory Fee

For advisory services rendered by Bull Run in connection with the merger, we advanced to Bull Run an advisory fee of $5.0 million on June 10, 2002. This advisory fee must be repaid to us if the merger is not completed.

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INFORMATION REGARDING GRAY

Selected Historical Consolidated Financial Data

Set forth below is our selected historical consolidated financial data. The financial data for, and as of the end of, each of the years in the five-year period ended December 31, 2001 was derived from the audited consolidated financial statements included in our Annual Reports on Form 10-K and from other information in the Annual Reports. The financial data for, and as of the six month periods ended June 30, 2002 and 2001 was derived from our unaudited accounting records and have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of our management, include all normal and recurring adjustments and accruals necessary for a fair presentation of such information. More comprehensive financial information is included in the Annual Reports and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002. The financial information that follows is qualified in its entirety by reference to, and should be read in conjunction with, the Annual Reports, the Quarterly Reports and all of the financial statements and related notes contained in the Annual Reports and the Quarterly Reports.

	Year Ended December 31,					Six Months Ended June 30,	
	1997(a)	1998(b)	1999(c)	2000	2001	2001	2002
	(Dollars in thousands except per share data)						
Statements of Operations Data:							
Revenues							
Broadcast (less agency commissions)	$ 72,300	$ 91,007	$ 97,015	$120,640	$106,430	$ 52,575	$ 55,006
Publishing	24,536	29,330	37,808	41,499	41,189	19,927	21,216
Paging	6,712	8,553	9,130	9,074	8,725	4,405	4,083
Total revenues	103,548	128,890	143,953	171,213	156,344	76,907	80,305
Operating expenses							
Broadcast, publishing and paging	65,771	82,783	93,994	105,314	104,025	50,846	50,149
Corporate and administrative	2,528	3,063	3,448	3,594	3,615	1,829	2,116
Depreciation and amortization	14,519	18,117	24,451	31,207	30,824	15,696	7,433
Total operating expenses	82,818	103,963	121,893	140,115	138,464	68,371	59,698
Operating income	20,730	24,927	22,060	31,098	17,880	8,536	20,607
Gain on disposition of television stations		72,646					
Valuation adjustments of goodwill and other assets		(2,074)					
Appreciation (depreciation) in value of derivative, net					(1,581)	(961)	730
Miscellaneous income (expense), net	(31)	(242)	336	780	194	98	97
Income (loss) before interest expense, income taxes, extraordinary charge and cumulative effect of accounting change	20,699	95,257	22,396	31,878	16,493	7,673	21,434
Interest expense	21,861	25,454	31,021	39,957	35,783	18,167	16,866

Income (loss) before income taxes, extraordinary charge and cumulative effect of accounting change	(1,162)	69,803	(8,625)	(8,079)	(19,290)	(10,494)	4,568
Income tax expense (benefit)	240	28,144	(2,310)	(1,867)	(5,972)	(3,232)	1,616
Net income (loss) before extraordinary charge and cumulative effect of accounting change	(1,402)	41,659	(6,315)	(6,212)	(13,318)	(7,262)	2,952
Extraordinary charge on extinguishment of debt							(7,318)
Net income (loss) before cumulative effect of accounting change	(1,402)	41,659	(6,315)	(6,212)	(13,318)	(7,262)	(4,366)
Cumulative effect of accounting change, net							(30,592)
Net income (loss)	(1,402)	41,659	(6,315)	(6,212)	(13,318)	(7,262)	(34,958)
Preferred dividends	1,410	1,318	1,010	1,012	616	308	803
Non-cash preferred dividends associated with preferred stock redemption		3,360		2,160			3,969
Net income (loss) available to common stockholders	$ (2,812)	$ 36,981	$ (7,325)	$ (9,384)	$ (13,934)	$ (7,570)	$ (39,730)

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	Year Ended December 31,					Six Months Ended June 30,	
	1997(a)	1998(b)	1999(c)	2000	2001	2001	2002
	(Dollars in thousands except per share data)						
Basic earnings per common share(d):							
Net income (loss) before extraordinary charge and cumulative effect of accounting change available to common stockholders	$ (0.24)	$ 3.10	$ (0.57)	$ (0.61)	$ (0.89)	$ (0.49)	$ (0.12)
Extraordinary charge on extinguishment of debt, net							(0.47)
Cumulative effect of accounting change, net							(1.95)
Net income (loss) available to common stockholders	$ (0.24)	$ 3.10	$ (0.57)	$ (0.61)	$ (0.89)	$ (0.49)	$ (2.54)
Diluted earnings per common share(d):							
Net income (loss) before extraordinary charge and cumulative effect of accounting change available to common stockholders	$ (0.24)	$ 2.98	$ (0.57)	$ (0.61)	$ (0.89)	$ (0.49)	$ (0.12)
Extraordinary charge on extinguishment of debt, net							(0.47)
Cumulative effect of accounting change, net							(1.95)
Net income (loss) available to common stockholders	$ (0.24)	$ 2.98	$ (0.57)	$ (0.61)	$ (0.89)	$ (0.49)	$ (2.54)
Other Data:							
Media cash flow(e)	$ 38,061	$ 46,624	$ 50,944	$ 66,247	$ 53,074	$ 26,411	$ 30,520
Media cash flow margin(e)	36.8%	36.2%	35.4%	38.7%	33.9%	34.3%	38.0%
Operating cash flow(f)	$ 35,533	$ 43,561	$ 47,496	$ 62,653	$ 49,459	$ 24,582	$ 28,404
Operating cash flow margin(f)	34.3%	33.8%	33.0%	36.6%	31.6%	32.0%	35.4%
Cash flows provided by (used in):							
Operating activities	$ 9,744	$ 20,074	$ 20,842	$ 22,765	$ 16,823	$ 8,268	$ 3,355
Investing activities	(57,498)	(55,299)	(126,780)	(8,276)	(186,165)	(2,679)	154,741
Financing activities	49,071	34,744	105,839	(14,061)	167,685	(6,109)	(143,184)
Capital expenditures	10,372	9,271	11,712	5,702	7,593	2,597	8,133
Cash dividends per common share(g)	0.05	0.06	0.08	0.08	0.08	0.04	0.04
	6.4x	6.2x	8.0x	6.0x	8.0x(h)	6.2x(i)	7.1x(i)

Ratio of total debt to operating cash flow							
Ratio of operating cash flow to interest expense	1.6	1.7	1.5	1.6	1.4	1.5(i)	1.6(i)
Balance Sheet Data (at end of period):							
Cash and cash equivalents	$ 2,367	$ 1,887	$ 1,787	$ 2,215	$ 169,115(h)	$ 1,695	$ 15,470
Total intangible assets, net	263,425	376,015	526,434	511,616	497,311	504,458	457,633
Total assets	345,051	468,974	658,157	636,772	794,337(h)	616,870	595,911
Long-term debt (including current portion)	227,076	270,655	381,702	374,887	551,444(h)	368,557	378,878
Preferred stock	11,111	7,371	7,371	4,637	4,637	4,637	39,233
Total stockholders equity	92,295	126,703	168,188	155,961	142,196	148,765	98,288

(a) Reflects the operating results of our acquisition of substantially all of the assets of WITN-TV and our acquisition of all of the outstanding common stock of GulfLink Communications, Inc. as of their respective acquisition dates, August 1, 1997 and April 24, 1997.

(b) Reflects the operating results of our acquisition of all of the outstanding capital stock of Busse Broadcasting Corporation and our related acquisition of the assets of WEAU-TV in exchange for the assets of WALB-TV as of July 31, 1998, the closing date of the respective transactions. See Note B to our audited consolidated financial statements incorporated by reference in this prospectus.

(c) Reflects the operating results of our acquisition of all of the outstanding capital stock of KWTX Broadcasting Company and Brazos Broadcasting Company, as well as the assets of KXII Broadcasters Ltd., completed on October 1, 1999, and our acquisition of substantially all of the assets of The Goshen News from News Printing Company, Inc. and its affiliates, completed on March 1, 1999, as of their respective acquisition dates. See Note B to our audited consolidated financial statements incorporated by reference in this prospectus.

(d) On August 20, 1998, our board of directors declared a 50% stock dividend, payable on September 30, 1998, to stockholders of record of our class A common stock and class B common stock on September 16, 1998. This stock dividend effected a three-for-two stock split. All applicable share and per share data have been adjusted to give effect to the stock split.

(e) Media cash flow is defined as operating income, plus depreciation and amortization (including amortization of program broadcast rights), non-cash compensation and corporate overhead, less payments for program broadcast obligations. Media cash flow margin is defined as media cash flow divided by revenues.

(f) Operating cash flow is defined as media cash flow less corporate overhead. Operating cash flow margin is defined as operating cash flow divided by revenues.

We have included media cash flow, operating cash flow and certain related calculations because such data is commonly used as a measure of performance for media companies and is also used by investors to measure a company s ability to service debt. Media cash flow, operating cash flow and certain related calculations are not, and should not, be used as an indicator or alternative to operating income, net income or cash flow as reflected in our consolidated financial statements. Media cash flow, operating cash flow and certain related calculations are not measures of financial performance under generally accepted accounting principles and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

(g) Cash dividends were $0.08 per common share for all five annual periods and $0.04 per common share for the six month periods; however, the amounts for 1997 and 1998 have been adjusted for the three-for-two stock split in 1998, which is discussed in Note (d) above.

(h) On December 21, 2001, we deposited $168.6 million with the trustee of our 10 5/8% Senior Subordinated Notes due 2006 to redeem those notes, including payment of principal, the applicable premium costs and accrued interest through the redemption date of January 22, 2002. Total assets include the $168.6 million reflected as restricted cash for redemption of long-term debt and long-term debt (including current portion) includes the related $155.2 million of our 10 5/8% notes that were extinguished on January 22, 2002. The ratio of total debt to operating cash flow of 8.0x is calculated on a pro forma basis, which excludes the $155.2 million of our 10 5/8% notes. If the $155.2 million of our 10 5/8% notes were included in the total debt amount used to calculate the ratio of total debt to operating cash flow, the ratio would be 11.1x.

(i) Represents ratios for the 12 months ended June 30, 2001 and 2002.

(j) The following table presents the transitional disclosures regarding the adoption of SFAS No. 142:

	Year Ended December 31,					**Six Months Ended June 30,**	
	1997(a)	**1998(b)**	**1999(c)**	**2000**	**2001**	**2001**	**2002**
	(Dollars in thousands except per share data)						
Reported net income (loss) before extraordinary charge and cumulative effect of accounting	$(1,402)	$41,659	$(6,315)	$ (6,212)	$(13,318)	$(7,262)	$2,952
Add back: amortization of goodwill and intangible assets with indefinite lives, net of tax	4,175	5,697	8,499	11,022	11,033	5,516	
Adjusted net income (loss) before extraordinary charge and cumulative effect of accounting change	$ 2,773	$47,356	$ 2,184	$ 4,810	$ (2,285)	$(1,746)	$2,952
Basic earnings per common share(d):							
Reported net income (loss) before extraordinary charge and cumulative effect of accounting change available to common stockholders	$ (0.24)	$ 3.10	$ (0.57)	$ (0.61)	$ (0.89)	$ (0.49)	$ (0.12)
Add back: amortization of goodwill and intangible assets with indefinite lives, net or tax	0.35	0.48	0.66	0.71	0.71	0.36	

Adjusted net income (loss) before extraordinary charge and cumulative effect of accounting change available to common stockholders	$ 0.11	$ 3.58	$ 0.09	$ 0.10	$ (0.18)	$ (0.13)	$ (0.12)

Diluted earnings per common share(d):