



# FORM 10-K

**MEREDITH CORP – MDP**

**Filed: September 13, 2004 (period: June 30, 2004)**

Annual report which provides a comprehensive overview of the company for the past year

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

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

**For the fiscal year ended June 30, 2004**

**Commission file number 1-5128**

**MEREDITH CORPORATION**

(Exact name of registrant as specified in its charter)

**Iowa**

**42-0410230**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**1716 Locust Street, Des Moines, Iowa**

**50309-3023**

(Address of principal executive offices)

(ZIP Code)

Registrant's telephone number, including area code: **(515) 284-3000**

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

Title of each class

Name of each exchange on which registered

**Common Stock, par value \$1**

**New York Stock Exchange**

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

Title of class

**Class B Stock, par value \$1**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports),

and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [X] No [ ]

The registrant estimates that the aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant at December 31, 2003, was \$1,831,000,000 based upon the closing price on the New York Stock Exchange at that date.

**Shares of stock outstanding at July 31, 2004**

Common shares	40,794,017
Class B shares	9,650,297
Total common and class B shares	50,444,314

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### **DOCUMENT INCORPORATED BY REFERENCE**

Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 8, 2004, are incorporated by reference in Part III to the extent described therein.



## PART I

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### ITEM 1. BUSINESS

#### GENERAL

Meredith Corporation, one of the nation's leading media and marketing companies, is engaged

in magazine and book publishing, television broadcasting, integrated marketing, and interactive media. Virtually all of the Company's revenues are generated in the United States and all of the assets reside within the United States.

The Company was founded by Edwin Thomas Meredith in 1902 as an agricultural publisher and incorporated in Iowa in 1905. Meredith Corporation became public in 1946 and entered the television broadcasting business in 1948. It has been listed on the New York Stock Exchange since 1965 and currently has approximately 50 million shares of common and class B stock outstanding. The Company had 2,696 employees (including 125 part-time employees) at June 30, 2004.

Meredith's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available free of charge on the Company's website at [www.meredith.com](http://www.meredith.com) as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Also, copies of the Company's annual report, including Form 10-K, will be made available, free of charge, upon written request.

The Company has two business segments: publishing and broadcasting. Financial information about industry segments can be found in Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Item 8-Financial Statements and Supplementary Data under Note 18. These segments had no material expenses for research and development during the past three fiscal years.

The publishing segment is focused on the home and family market. It consists of 17 magazine brands, including *Better Homes and Gardens*, *Ladies' Home Journal*, and *American Baby*, as well as approximately 160 special interest publications; book publishing with more than 300 books in print; integrated marketing relationships with some of America's leading companies; a large consumer database; an extensive Internet presence, including 24 web sites and strategic alliances with leading Internet destinations; brand licensing relationships; and other related operations.

The broadcasting segment includes the operations of 12 network-affiliated television stations located across the continental United States and one AM radio station. The television stations consist of six CBS affiliates, four FOX affiliates, one NBC affiliate, and one UPN affiliate.

The Company's largest revenue source is magazine and television advertising. Television advertising is to some extent seasonal, traditionally generating higher revenues in the second and fourth fiscal quarters and during key political contests, major sporting events, etc.

Name recognition and the public image of the Company's trademarks (e.g., *Better Homes and Gardens* and *Ladies' Home Journal*) and television station call letters are vital to the success of ongoing operations and to the introduction of new business. The Company protects its brands by aggressively defending its trademarks and call letters.

Compliance with federal, state, and local provisions relating to the discharge of materials into the environment and to the protection of the environment has no material effect on capital expenditures, earnings, or the competitive position of the Company.

## DESCRIPTION OF BUSINESS

### Publishing

Publishing represented 75 percent of the Company's consolidated revenues in fiscal 2004.

### Magazines

Information for major subscription titles among the Company's 17 magazine brands follows:

Title	Description	Frequency	Year-end Rate Base (1)
<i>Better Homes and Gardens</i>	Home and women's service	Monthly	7,600,000
<i>Ladies' Home Journal</i>	Women's service	Monthly	4,100,000
<i>American Baby</i>	Parenting	Monthly	2,000,000
<i>Country Home</i>	Home decorating	10x/year	1,250,000
<i>MORE</i>	Women's lifestyle (age 40+)	10x/year	950,000
<i>Traditional Home</i>	Home decorating	8x/year	950,000
<i>Midwest Living</i>	Travel and lifestyle	6x/year	900,000

(1) Rate base is the circulation guaranteed to advertisers. Actual circulation for most of the Company's titles is tracked by the Audit Bureau of Circulation, which issues periodic statements for audited magazines.

Better Homes and Gardens magazine, the Company's flagship, accounts for a significant percentage of revenues and operating profit of the publishing segment and the Company. Meredith's other magazine brands not listed in the preceding table are *Successful Farming*; *WOOD*; *Country Gardens*; *Renovation Style*; *Creative Home*; *Decorating*; *Do It Yourself*; *Garden, Deck & Landscape*; *American Patchwork & Quilting*; and *Scrapbooks etc.* The Company also publishes three special interest titles under the American Baby brand aimed at the growing Hispanic market. These titles are *Espera*, *Primeros 12 Meses*, and *Healthy Kids En Español*.

The Company publishes a group of Special Interest Publications, primarily under the *Better Homes and Gardens* and Creative Collection banners, that are issued from one to six times a year and primarily sold on newsstands. Titles published quarterly or every other month include the aforementioned *Country Gardens*; *Renovation Style*; *Creative Home*; *Decorating*; *Do It Yourself*; *Garden, Deck & Landscape*; *American Patchwork & Quilting*; and *Scrapbooks etc.* as well as *Beautiful Homes*, *Bedroom & Bath*, *Garden Shed*, *Home Planning Ideas*, *Kitchen and Bath Ideas*, *100 Ideas* series, *Paint Decor*, *Quick & Easy Decorating*, *Remodeling Ideas*, and *Window & Wall Ideas*. Approximately 160 issues were published in fiscal 2004.

Meredith Interactive Media has extended many of the Company's magazine brands to the Internet. The flagship home and family site—*bhg.com*—is a leader in providing unique content and applications in its core content areas of decorating, food, home improvement, and remodeling. The Company has established multi-year alliance agreements with two of the leading Internet providers, driving additional traffic to the Company's sites. These web sites are additional sources of advertising and other revenues; more importantly, they hold the potential for significant cost reductions through online magazine subscription orders.

### ***Advertising***

Advertising revenues are generated primarily from sales to clients engaged in consumer marketing. Many of Meredith's larger magazines offer different regional and demographic editions that contain the same basic editorial material but allow advertisers to concentrate on specific markets or specific audiences. The Company sells two primary types of magazine advertising: display and direct-response. Advertisements are either run-of-press (printed along with the editorial portions of the magazine) or inserts (preprinted forms). Most of the publishing segment's advertising revenues are derived from run-of-press display advertising. Meredith Corporate Solutions brings together all of the Company's resources to create multi-platform marketing programs that meet each client's unique advertising and promotional requirements.

### ***Circulation***

Subscriptions obtained through direct-mail solicitation, agencies, insert cards, the Internet, and other means are Meredith's largest source of circulation revenues. All of the Company's subscription magazines except *Successful Farming* and *American Baby* are also sold by single copy as well. Single-copy sales are distributed through magazine wholesalers, who have the right to receive credit from the Company for magazines that retailers return to them.

### ***Other***

Other revenues are derived from book sales, integrated marketing, other custom publishing projects, ancillary products and services, and brand licensing agreements.

The Company publishes and markets more than 300 consumer home and family service books. They are published under the *Better Homes and Gardens* trademark and under licensed trademarks such as The Home Depot® books, Trading Spaces® books, and Ortho® books. Meredith also published books based on properties of the HGTV Home and Garden Television®, Food Network®, and Discovery Channel® cable networks and Marvel Characters, Inc. in fiscal 2004. The Company's books are sold through retail book and specialty stores, mass merchandisers, and other channels. During fiscal 2004, 105 new or revised titles were published.

Meredith Integrated Marketing, which offers integrated promotional strategies that combine all of the Company's custom capabilities, and Meredith's consumer database, which can make more than 75 million names available to magazine and television advertisers, are important because they provide revenue sources that are independent of advertising and circulation. Fiscal 2004 clients included DIRECTV, DaimlerChrysler, Carnival Cruise Lines, Iams, Hunter Douglas, and Nestle.

### ***Production and Delivery***

The major raw materials essential to the publishing segment are coated publication and book-grade papers. Meredith supplies all of the paper for its magazine production and most of the paper for its book production. Average paper prices increased approximately 2 percent in fiscal 2004 from fiscal 2003. The price of paper is driven by overall market conditions and is therefore difficult to predict, but management anticipates paper prices will rise as demand grows over the next year. The Company has contractual agreements with major paper manufacturers to ensure adequate supplies for planned publishing requirements.

Meredith has printing contracts with several major printers for all of its magazine titles. The Company's published books are manufactured by outside printers under contracts that are generally on a title-by-title basis.

Because of the large volume of magazine and subscription promotion mailings, postage is a significant expense to the publishing segment. The Company continually seeks the most economical and effective methods for mail delivery, including cost-saving measures such as pre-sorting and drop-shipping to central postal centers. The United States Postal Service last raised rates in June 2002, resulting in a cost increase of nearly 10 percent. The Postmaster General has stated that no further rate increases will be requested until at least 2006. Meredith continues to work with others in the industry and through trade organizations to encourage the Postal Service to implement efficiencies and contain rate increases. The Company cannot, however, predict future changes in the Postal Service and postal rates or the impact they will have on its publishing business.

Paper, printing, and postage costs accounted for approximately 42 percent of the publishing segment's fiscal 2004 operating expenses.

Fulfillment services for Meredith's publishing segment are provided by a third party. National magazine newsstand distribution services are provided by another third party through a multi-year agreement.

### ***Competition***

Publishing is a highly competitive business. The Company's magazines, books, and related publishing products and services compete with other mass media, including the Internet, and many other types of leisure-time activities. Competition for readers is based principally on price, editorial content, marketing skills, and customer service. Competition for advertising dollars is based primarily on advertising rates, circulation levels, reader demographics, advertiser results, and sales team effectiveness.

Gaining market share for newer magazines and specialty publications is extremely competitive. Competition is also intense for established titles. *Better Homes and Gardens* and *Ladies' Home Journal*, for example, must compete for readers and advertisers with other women's service magazines such as Family Circle®, Good Housekeeping®, Redbook®, and Woman's Day®, which are published by other companies. According to the Publisher's Information Bureau, the combined fiscal 2004 advertising revenue market share of *Better Homes and Gardens* and *Ladies' Home Journal* magazines totaled approximately 44 percent of the women's service magazine market.

## Broadcasting

Broadcasting represented 25 percent of Meredith's consolidated revenues in fiscal 2004. Pertinent information about the Company's television stations owned at June 30, 2004 follows:

Station, Market	DMA National Rank (1)	Network Affiliation	Analog Channel	DTV Channel	Expiration Date of FCC License	Average Audience Share (2)
<b>WGCL-TV</b>  Atlanta, GA	9	CBS	46	19	4-1-2005	7.0 %
<b>KPHO-TV</b>  Phoenix, AZ	15	CBS	5	17	10-1-2006	8.3 %
<b>KPTV</b>  Portland, OR	24	FOX	12	30	2-1-2007	8.0 %
<b>KPDX-TV</b>  Portland, OR	24	UPN	49	48	2-1-2007	4.0 %
<b>WFSB-TV</b>  Hartford, CT  New Haven, CT	27	CBS	3	33	4-1-2007	14.3 %
<b>WSMV-TV</b>  Nashville, TN	30	NBC	4	10	8-1-2005	14.3 %
<b>KCTV</b>  Kansas City, MO	31	CBS	5	24	2-1-2006	13.7 %
<b>WHNS-TV</b>  Greenville, SC  Spartanburg, SC  Asheville, NC	35	FOX	21	57	12-1-2004	6.0 %

<b>KVVU-TV</b>	51	FOX	5	9	10-1-2006	6.3 %
Las Vegas, NV						
<b>WNEM-TV</b>	65	CBS	5	22	10-1-2005	17.7 %
Flint, MI						
Saginaw, MI						
Bay City, MI						
<b>WSHM-LP</b>	106	CBS	67	NA	4-1-2007	8.5 %
Springfield, MA						
Holyoke, MA						
<b>KFXO-CA</b>	197	FOX	39	NA	2-1-2007	6.0 %
Bend, OR						

(1) *Designated Market Area (DMA) is a registered trademark of, and is defined by, Nielsen Media Research. The national rank is from the 2004-2005 DMA ranking.*

(2) *Average audience share represents the estimated percentage of households using television tuned to the station. The percentages shown reflect the average total day shares (9:00 a.m. to midnight) for the November 2003, February 2004, and May 2004 measurement periods except for WSHM-LP which reflects only the February 2004 and May 2004 measurement periods.*

NA *Not applicable*

In January 2004, Meredith acquired WSHM-LP, a low-power television station serving Springfield-Holyoke, MA, and signed a long-term affiliation agreement with CBS for the station.

In May 2004, Meredith acquired an AM radio station serving the mid-Michigan market, including Saginaw and Bay City. The station, WNEM-AM, primarily offers local news programming and utilizes the on-air talent and other news resources of WNEM-TV, the Company's CBS affiliate in the same market.

In June 2004, Meredith announced that it had agreed to purchase WFLI-TV, the WB television affiliate in Chattanooga, TN. Chattanooga is the 86<sup>th</sup> ranked market in the United States. The transaction closed in August 2004.

### *Operations*

Advertising is the principal source of revenues for the broadcasting segment. The stations sell commercial time to both local/regional and national advertisers. Rates for spot advertising are influenced primarily by the market size, number of in-market broadcasters, audience share, and audience demographics. The larger a station's share in any particular daypart, the more leverage a station has in setting advertising rates. As the market fluctuates with supply and demand, so do a station's rates. Most national advertising is sold by independent representative firms. The sales staff at each station generates local/regional advertising revenues.

Typically 30 to 40 percent of a market's television advertising revenues is generated by local news. The Company's stations have increased the number of hours of local news programming over the last several years and are continually working to improve their news operations and ratings.

The national network affiliations of Meredith's 12 television stations influence advertising rates. Generally a network affiliation agreement provides a station the exclusive right to broadcast network programming in its local service area. In return, the network has the right to sell most of the commercial advertising aired during network programs. In some instances, the network compensates the local stations in accordance with the television station's network affiliation agreement. Conversely, affiliated stations make payments to the network for certain specified programming such as professional football. As a standard practice, the FOX and UPN networks make no cash payments to affiliates. The Company's FOX affiliates, however, pay the FOX network for additional advertising spots in prime-time programming. Network compensation has declined gradually at most stations over the past several years. This industry trend is expected to result in the eventual elimination of network compensation. Revenues from network affiliation agreements are not material to Meredith.

The Company's six CBS affiliates have agreements that expire from November 2004 to November 2010. Meredith's affiliation agreements for all FOX-affiliated stations expire in June 2007. The Company's Nashville station has an affiliation agreement with NBC that expires in December 2013 and the Portland UPN affiliation agreement expires in September 2004. Meredith is currently negotiating the renewal of the Atlanta station's CBS affiliation agreement, which expires in November 2004, and the Portland UPN affiliation agreement. Management expects these agreements to be renewed. While Meredith's relations with the networks historically have been good, the Company can make no assurances these relationships will continue in the same manner over time.

The costs of locally produced and purchased syndicated programming are significant. Syndicated programming costs are based largely on uncontrollable market factors, primarily demand from other stations in the market. The Company has been emphasizing its locally produced news and entertainment programming, not only to attract advertisers but also to gain greater control of content and costs. Changes in Federal Communication Commission (FCC) regulations (see "Regulation") may lead to increased ownership

consolidation, which in turn could affect local market competition for syndicated programming and lead to higher costs.

## *Competition*

Meredith's television and radio stations compete directly for advertising dollars and programming in each of their markets with other television and radio stations and cable television providers. Other mass media providers such as newspapers, web sites, and direct broadcast satellite are also competitors. Advertisers compare market share, audience demographics, and advertising rates and take into account audience acceptance of a station's programming, whether local, network, or syndicated.

## *Regulation*

Television and radio broadcasting operations and ownership are subject to regulation by the FCC under the Communications Act of 1934 as amended (Communications Act). Among other things, the FCC allots channels for television and radio broadcasting; determines the particular frequencies, locations and operating power of television and radio stations; issues, renews and modifies station licenses; determines whether to approve changes in ownership or control of station licenses; regulates equipment used by stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, program content, employment practices and business of stations; and has the power to impose penalties, including license revocations, for violations of its rules or the Communications Act.

Television broadcast licenses are granted for eight-year periods. The Communications Act directs the FCC to renew a broadcast license if the station has served the public interest and is in substantial compliance with the provisions of the Communications Act and FCC regulations. Management believes the Company is in substantial compliance with all applicable provisions of the Communications Act and FCC regulations and knows of no reason why Meredith's broadcast station licenses will not be renewed.

The Communications Act and the FCC regulate the ownership of television and radio stations. In 2003, Congress enacted a national television ownership cap that limits one entity to ownership of an unlimited number of television stations, provided that these stations do not reach more than 39 percent of U.S. television households. As of June 30, 2004, the Company's television household coverage was less than eight percent (per the FCC calculation method).

In June 2003, the FCC adopted several significant changes to local ownership restrictions. These changes largely eased restrictions on the combination of television stations, radio stations, and newspapers that a single entity can own in a local market. In September 2003, a federal appeals court issued an order staying the effective date of these new media ownership regulations. In June 2004, the same court issued a decision remanding certain aspects of the FCC's June 2003 media ownership decision to the FCC for further proceedings and continuing to stay the effective date of the new regulations. Congress is also considering legislation that would modify or repeal some or all of the new FCC media ownership regulations. The Company cannot predict when or how these matters eventually will be resolved.

The Communications Act and the FCC also regulate relationships between television broadcasters and cable and satellite television providers. Under these provisions, most cable systems must devote a specified portion of their channel capacity to the carriage of the signals of local television stations that elect to exercise this right to mandatory carriage. Alternatively, television stations may elect to restrict cable systems from carrying their signals without their written permission, referred to as "retransmission consent." Congress and the FCC have established and implemented generally similar market-specific requirements for mandatory carriage of local television stations by satellite television providers when those providers choose to provide a market's local television signals.

The FCC is implementing the transition to digital television (DTV) broadcast service and digital radio broadcast service. DTV technology permits television stations to transmit video images with a higher resolution than that of existing analog signals, and it also permits broadcasters to transmit multiple video program streams and ancillary data services. All of the Company's television stations with the exception of KFXO and WSHM, which are low-power stations and therefore not subject to these requirements, are currently transmitting DTV signals on their assigned second channels. The Company's radio station, WNKX, does not transmit a digital radio signal at this time.

At the end of the DTV transition period, television stations will be required to transmit exclusively in the DTV format. The Communications Act directs the FCC to complete the transition to DTV on a market-by-market basis by the end of 2006 or when 85 percent of viewers can receive a DTV signal, whichever is later. The FCC has not yet issued final regulations governing certain aspects of DTV operation, including how cable and satellite television providers should carry DTV signals and whether and to what extent DTV stations should be subject to additional public interest obligations. In addition, Congress and the FCC are considering altering certain existing transition rules, including the deadline for completion of the DTV transition.

The information given in this section is not intended to be inclusive of all regulatory provisions currently in effect. Statutory provisions and FCC regulations are subject to change, and any such changes could affect future operations and profitability of the Company's broadcasting segment. Management cannot predict what regulations or legislation may be adopted, nor can management estimate the effect any such changes would have on the Company's television and radio broadcasting operations.

## **EXECUTIVE OFFICERS OF THE COMPANY**

Below is a listing of the executive officers of the Company. Executive officers are elected to one-year terms of office each November and may be re-elected.

### **William T. Kerr**

Chairman and Chief Executive Officer (1998-present) and a director of the Company since 1994. Formerly: President and Chief Executive Officer (1997-1998); President and Chief Operating Officer (1994-1997); President-Magazine Group and Executive Vice President (1991-1994). Age 63.

### **Stephen M. Lacy**

President and Chief Operating Officer (effective July 2004) and a director of the Company since 2004. Formerly: President-Publishing Group (2000-2004); President-Interactive and Integrated Marketing Group (2000); Vice President-Chief Financial Officer (1998-2000). Age 50.

### **John H. (Jack) Griffin, Jr.**

President-Publishing Group (effective July 2004). Formerly: President-Magazine Group (2003-2004). Prior to joining Meredith, Mr. Griffin had been President of Parade Publications, Inc. and Publisher of Parade magazine since 1999. Mr. Griffin spent five years with Meredith prior to joining Parade Publications. He served in a number of sales and marketing roles, including General Manager of Meredith Integrated Marketing and Meredith Custom Publishing, and Vice President of Marketing for the Meredith Broadcasting Group. Age 44.

### **Kevin P. O'Brien**

President-Broadcasting Group (2001-present). Prior to joining Meredith, Mr. O'Brien had worked for Cox Broadcasting for 15 years, most recently serving as executive vice president of the Cox Television Independent Group. In this capacity he supervised five Cox stations around the United States and also served as vice president and general manager of Cox's FOX affiliate in San Francisco. Age 61.

**Suku V. Radia**

Vice President–Chief Financial Officer (2000–present). Prior to joining Meredith, Mr. Radia had served as managing partner of the Des Moines, Iowa office of KPMG LLP, a global professional services firm, since 1993. Age 53.

**John S. Zieser**

Vice President–Corporate Development/General Counsel and Secretary (effective May 2004). Formerly: Vice President–Corporate and Employee Services/General Counsel and Secretary (2002–2004); Vice President–General Counsel and Secretary (1999–2002). Prior to joining Meredith, Mr. Zieser had been group president of First Data Merchant Services Corporation, a division of First Data Corporation (FDC), a leading provider of transaction processing and information services. Mr. Zieser joined FDC in 1993 as legal counsel and was subsequently promoted to associate general counsel prior to his appointment to other senior management positions. Age 45.

**ITEM 2. PROPERTIES**

Meredith is headquartered in Des Moines, Iowa. The Company owns buildings at 1716 and 1615 Locust Street and 1912 Grand Avenue and is the sole occupant of these buildings. These facilities are adequate for their intended use.

The publishing segment operates mainly from the Des Moines offices and from leased facilities at 125 Park Avenue in New York City. The New York facility is used primarily as an advertising sales office for all Meredith magazines and as headquarters for *Ladies' Home Journal* and *MORE* magazines and the American Baby Group properties. The publishing segment also maintains offices, which are leased, in Chicago, Detroit, Los Angeles and several other cities. These offices are adequate for their intended use.

The broadcasting segment operates from offices in the following locations: Atlanta, GA; Phoenix, AZ; Portland, OR; Hartford, CT; Nashville, TN; Fairway, KS; Greenville, SC; Asheville, NC; Henderson, NV; Flint, MI; Saginaw, MI; and Bend, OR. All of these properties are adequate for their intended use. The properties in Asheville, Flint and Bend are leased while the other properties are owned by the Company. Each of the broadcast stations also maintains an owned or leased transmitter site.

**ITEM 3. LEGAL PROCEEDINGS**

There are various legal proceedings pending against the Company arising from the ordinary course of business. In the opinion of management, liabilities, if any, arising from existing litigation and claims will not have a material effect on the Company's earnings, financial position or liquidity.

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

No matters have been submitted to a vote of shareholders since the Company's last annual meeting held on November 10, 2003.

## PART II

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

#### MARKET INFORMATION, DIVIDENDS AND HOLDERS

The principal market for trading Meredith's common stock is the New York Stock Exchange (trading symbol MDP). There is no separate public trading market for Meredith's class B stock, which is convertible share-for-share at any time into common stock. Holders of both classes of stock receive equal dividends per share.

The range of trading prices for the Company's common stock and the dividends paid during each quarter of the past two fiscal years are presented below.

	High	Low	Dividends
<b>Fiscal 2003</b>			
First Quarter	\$44.75	\$33.42	\$0.090
Second Quarter	47.75	40.11	0.090
Third Quarter	43.10	36.91	0.095
Fourth Quarter	45.30	37.92	0.095

	High	Low	Dividends
<b>Fiscal 2004</b>			
First Quarter	\$48.30	\$43.65	\$0.095
Second Quarter	50.32	46.00	0.095
Third Quarter	52.90	48.66	0.120
Fourth Quarter	55.94	49.82	0.120

Stock of Meredith became publicly traded in 1946, and quarterly dividends have been paid continuously since 1947. Meredith has increased its dividend in each of the last 11 years. It is anticipated that comparable dividends will continue to be paid in the future.

On July 31, 2004, there were approximately 1,600 holders of record of the Company's common stock and 900 holders of record of class B stock.

## ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth information with respect to the Company's repurchases of common and class B stock during the quarter ended June 30, 2004.

Period	(a) Total number of shares purchased <sup>1</sup>	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Maximum number of shares that may yet be purchased under programs
April 1 to April 30, 2004	54,903	\$ 50.89	54,903	2,290,473
May 1 to May 31, 2004	119,822	51.60	119,822	2,170,651
June 1 to June 30, 2004	89,710	54.69	89,710	2,080,941
<b>Total</b>	<b>264,435</b>	<b>\$ 52.50</b>	<b>264,435</b>	<b>2,080,941</b>

<sup>1</sup> Column (a), Total number of shares purchased, includes the following purchases of Class B stock: 8 shares in April 2004 and 28 shares in May 2004; and the following shares withheld to pay taxes upon the exercise of stock options: 4,977 shares in April 2004, 36,784 shares in May 2004 and 36,641 in June 2004.

In January 2001, Meredith announced the Board of Directors had authorized the repurchase of up to 2 million additional shares of the Company's stock through public and private transactions.

In February 2004, Meredith announced the Board of Directors had authorized the repurchase of up to 2 million additional shares of the Company's stock through public and private transactions.

For more information on the Company's share repurchase program, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Share repurchase program" on page 32.

## ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the years 2000 through 2004 is contained under the heading "Eleven-Year Financial History with Selected Financial Data" on pages 76–79 and is derived from financial statements for those years which were audited by KPMG LLP, an independent registered public accounting firm. The information contained in the "Selected Financial Data" is not necessarily indicative of the results of operations to be expected for future years, and should be read in conjunction with Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8—Financial Statements and Supplementary Data of this Form 10–K.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) consists of the following sections:

	Page
<b><u>Executive Overview</u></b>	15
A description of each of Meredith's businesses, including their major sources of revenues and operating costs, and financial highlights from fiscal 2004.	
<b><u>Results of Operations</u></b>	18
A review of results of operations for fiscal 2004 compared with fiscal 2003 and for fiscal 2003 compared with fiscal 2002. It begins with an overview followed by a more detailed discussion of results by business segment and in total.	
<b><u>Liquidity and Capital Resources</u></b>	29
An analysis of changes in the balance sheet and cash flows, as well as a discussion of long-term debt, contractual obligations, the Company's share repurchase program, dividend payments, and capital expenditures.	
<b><u>Critical Accounting Policies</u></b>	33
A discussion of the critical accounting policies management believes are important to understanding the assumptions and judgments incorporated into the reported financial results.	
<b><u>Outlook and Risk Factors</u></b>	35
A discussion of the outlook for fiscal 2005 and factors that may cause actual results to differ from those currently anticipated.	

The MD&A should be read in conjunction with the other sections of this Annual Report on Form 10-K, including Item 1-Business, Item 6-Selected Financial Data, and Item 8-Financial Statements and Supplementary Data. The MD&A contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing and particularly in the Outlook and Risk Factors section of the MD&A.

### EXECUTIVE OVERVIEW

Meredith Corporation is one of America's leading home and family publishers and a broadcaster with television stations in top markets such as Atlanta and Phoenix. Each month we reach more than 75 million American consumers through our magazines, books, custom publications, web sites, and television stations. Our businesses serve well-defined readers and viewers, deliver the messages of advertisers, and extend our brand franchises and expertise to related markets. Our products and services distinguish themselves on the basis of quality, customer service, and value that can be trusted.

Meredith operates in two business segments. Publishing consists of magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing and other related operations. Broadcasting consists of 12 network-affiliated television stations and one radio station. Both segments operate primarily in the United States and compete against similar media and other types of media on both a local and national basis. Publishing accounted for 75 percent of the Company's \$1.16 billion in revenues in fiscal 2004 while broadcasting revenues totaled 25 percent.

Meredith is committed to building value for its shareholders. We have three primary strategies. The first is to expand our powerful publishing base by broadening our magazine portfolio, extending and developing our brands, capturing the potential in the Hispanic market and expanding our book and custom publishing businesses. The second strategy is to continue to strengthen the broadcasting business by improving ratings and share especially for newscasts, aggressively selling the improved ratings, creating additional revenue sources, and managing costs. The third strategy is to maintain our excellent financial position which allows us to pursue targeted acquisitions and to invest in our businesses. In publishing we are primarily focused on acquiring properties aimed at women between the ages of 30 and 40. Topics of interest to this age group include fitness, health, and parenting. In broadcasting we are targeting the creation of duopolies (the ownership of two stations in a single market) or regional clusters that allow us to generate cost efficiencies by operating multiple stations from one location. We also seek to improve our network diversity and expand our audience reach while maintaining our geographic diversity.

## **PUBLISHING**

Advertising revenues made up 48 percent of fiscal 2004 publishing revenues. These revenues are generated from the sale of advertising space in the Company's magazines and on web sites to clients interested in promoting their brands, products and services to consumers. Changes in advertising revenues tend to correlate with changes in the level of economic activity in the United States. Indicators of economic activity include changes in the level of gross domestic product, consumer spending, housing starts, unemployment rates, auto sales, and interest rates. Circulation levels of Meredith's magazines, reader demographic data, and the advertising rates charged relative to other available advertising opportunities also affect the level of advertising revenues.

Circulation revenues accounted for 28 percent of fiscal 2004 publishing revenues. Circulation revenues result from the sale of magazines to consumers through subscriptions and by single copy sales on newsstands, primarily at major retailers and grocery/drug stores. In the short term, subscription revenues, which accounted for nearly 70 percent of circulation revenues, are less susceptible to economic changes because subscriptions are generally sold for terms of one to three years. However, the same economic factors that affect advertising revenues can influence consumers' response to subscription offers and result in lower revenues and/or higher costs to maintain subscriber levels over time. A key factor in Meredith's subscription success is our industry-leading database. It contains approximately 75 million names, including about three-quarters of American homeowners, with an average of 300 data points on each name. This size and depth is a key to our circulation model and allows more precise consumer targeting. Newsstand revenues are more volatile than subscription revenues and can vary significantly month to month depending on economic and other factors.

The remaining 24 percent of publishing revenues came from a variety of activities that included the sale of books and custom publishing services as well as brand licensing, product sales and other related activities. These revenues generally are affected by the same economic factors that affect advertising revenues.

Publishing's major expense categories include production and delivery of publications and promotional mailings and employee compensation costs. Paper, postage, and production charges represented approximately 42 percent of the segment's operating expenses in fiscal 2004. Paper is a commodity, and pricing can vary significantly year to year. Prices fluctuate based on the worldwide demand and supply for paper in general and for specific types of paper used by Meredith. Postal rates are dependent on the financial condition of the United States Postal Service. Postal rates were last increased in June 2002, and no further rate increases are expected until 2006. Meredith works with others in the industry and through trade organizations to encourage the Postal Service to implement efficiencies and contain rate increases. Our publications are outsourced to printers, and rates can fluctuate with changes in the demand and supply for printing services in the United States. We typically have multi-year contracts for the production of our magazines, a practice which reduces price fluctuations over the contract term.

Employee compensation, which includes benefits expense, represented almost 20 percent of fiscal 2004 publishing operating expenses. Compensation expense is affected by salary and incentive levels, the number of employees, the costs of our various employee benefit plans, and other factors. The remaining 38 percent of fiscal 2004 publishing expenses included costs for magazine newsstand and book distribution, advertising and promotional efforts, and general overhead costs for facilities and technology services.

## **BROADCASTING**

Broadcasting derives almost all of its revenues—98 percent in fiscal 2004—from the sale of advertising. The remainder comes from television rebroadcast rights fees, network compensation, television production services, and other services.

The stations sell both local/regional and national advertising. Political advertising associated with biennial election campaigns can result in cyclical increases (in odd-numbered fiscal years) and decreases (in even-numbered fiscal years) in advertising revenues. Meredith has also developed the Cornerstone program, which leverages our publishing brands. The program packages material from our national magazines with local advertising to create customized mini-magazines delivered to targeted customers. We have generated additional revenues from Internet activities and programs focused on local interests such as Community events and college and professional sports. Changes in advertising revenues tend to correlate with changes in the level of economic activity in the United States and in the local markets in which we operate stations; they also are linked to cyclical changes discussed previously. Indicators of economic activity include changes in the level of gross domestic product, consumer spending, unemployment rates, auto sales, and interest rates. Programming content, audience share, audience demographics, and the advertising rates charged relative to other available advertising opportunities also affect advertising revenues. On occasion, unusual events necessitate uninterrupted television coverage and will adversely affect spot advertising revenues.

Broadcasting's major expense categories are employee compensation and programming costs. Employee compensation represented approximately 49 percent of fiscal 2004 broadcasting operating expenses and is affected by the same factors as noted for publishing. Programming expense represented approximately 14 percent of this segment's fiscal 2004 expenses. Programming expense is affected by the costs of programs available for purchase and the selection of programs aired by our television stations. Sales and promotional activities and general overhead costs for facilities and technical resources accounted for the majority of the remaining 37 percent of operating expenses.

## **FISCAL 2004 HIGHLIGHTS**

- In terms of advertising growth, both publishing and broadcasting outperformed their peers in fiscal 2004. According to the Publisher's Information Bureau (PIB), Meredith's magazine advertising pages increased 9 percent in fiscal 2004 while the industry was down 1 percent. Meredith increased broadcasting advertising revenue 6 percent while the industry grew 2 percent, according to the Television Bureau of Advertising (TVB).
- Both segments increased revenues and operating profits and improved their operating profit margins in fiscal 2004.

- Diluted earnings per share increased 24% to \$2.14 from prior year earnings of \$1.73 before the cumulative effect of a change in accounting principle. The increase reflected the improved performance of both operating groups as well as lower interest expense.
- We generated \$171 million in operating cash flows in fiscal 2004. Our priorities for the use of available cash include investments in the businesses, debt reduction, dividend payments, and share repurchases. In fiscal 2004, long-term debt was reduced by \$75 million to \$300 million. The quarterly dividend was increased 26 percent from 9.5 cents per share to 12 cents per share effective with the March 2004 payment. In addition, we spent \$37.4 million to repurchase shares of our common stock and \$24.5 million on capital investments.
- We acquired a low-power television station serving Springfield-Holyoke, MA and signed a long-term affiliation agreement with CBS for the station. The station is operated by WFSB-TV, our CBS affiliate serving Hartford, CT. We also acquired an AM radio station serving the mid-Michigan market, including Saginaw and Bay City. The station's programming has been changed to a local news radio format utilizing the on-air talent and other news resources of WNEM-TV, our CBS affiliate serving the same market. We also announced plans to purchase WFLI-TV, the WB television affiliate serving Chattanooga, TN. This transaction closed in August 2004. While our initial investments in these acquisitions are not material, they demonstrate our ability to seek new, cost-effective ways to expand and grow revenues and operating profit.

## RESULTS OF OPERATIONS

Years ended June 30	2004	Change	Restated 2003	Change	2002
<i>(In millions except per share)</i>					
Total revenues	\$ 1,161.7	8 %	\$ 1,080.1	9 %	\$ 987.8
Costs and expenses	923.3	6 %	871.4	7 %	816.4
Depreciation and amortization	35.3	(3)%	36.3	(32)%	53.6
Total operating costs and expenses	958.6	6 %	907.7	4 %	870.0
Income from operations	203.1	18 %	172.4	46 %	117.8
Nonoperating (expense) income	-	100 %	(1.6 )	NM	63.8
Earnings before cumulative effect of change in accounting principle	110.7	26 %	88.1	(4)%	91.4
Net earnings	110.7	NM	2.3	(97)%	91.4
Diluted earnings per share before cumulative effect of change in accounting principle	2.14	24 %	1.73	(3)%	1.79
Diluted earnings per share	2.14	NM	0.05	(97)%	1.79

*NM—Not meaningful*

## OVERVIEW

Following are descriptions of significant acquisitions and dispositions as well as accounting changes that have affected the comparability of Meredith's results of operations over the last three fiscal years. Also included is a discussion of our rationale for the use of financial measures that are not in accordance with generally accepted accounting principles, or non-GAAP financial measures, and a discussion of the trends and uncertainties that affect our businesses. Following the Overview is an analysis of the results of operations for the publishing and broadcasting segments and an analysis of the consolidated results of operations for the last three fiscal years.

## Acquisitions, Exchanges and Dispositions

In December 2002, Meredith purchased *American Baby* magazine and related assets (American Baby Group) from Primedia Inc. for \$117.9 million. In June 2002, Meredith exchanged its Orlando and Ocala, FL television stations for KPTV in Portland, OR. The transaction created a Meredith duopoly in Portland where we already owned KPDX-TV. A duopoly (defined as the ownership of two stations in a single market) provides opportunities to combine operations and lower overall costs. The operations of the acquired properties have been included in our consolidated operating results since their respective acquisition dates. See Note 5 to the consolidated financial statements for further information.

## Accounting Changes

At the beginning of fiscal 2003, Meredith adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be reviewed at least annually for impairment. It also required an initial review for impairment as of the beginning of the fiscal year of adoption. Our initial review resulted in transitional impairment losses of \$139.9 million (\$85.7 million after tax), or \$1.68 per diluted share. The charge was recorded net of tax as the cumulative effect of a change in accounting principle in the first quarter of fiscal 2003. No further impairments have been noted as a result of the subsequent annual reviews performed as of May 31, 2003 and 2004. Note 3 to the consolidated financial statements provides further information about the adoption of SFAS No. 142.

Upon the adoption of SFAS No. 142, we, like most broadcasters, determined that our broadcasting network affiliation agreement intangible assets had indefinite lives and ceased recording amortization expense on these assets. The staff of the Securities and Exchange Commission (SEC) has recently determined that network affiliation agreements are definite lived assets and should be amortized over the period of time the agreements are expected to remain in place, assuming renewals without material modifications to the original terms and conditions. After discussion with the SEC, we have changed our accounting policy and will amortize these assets effective with the adoption of SFAS No. 142 generally using lives of 25 to 40 years from their original acquisition dates. This change in accounting policy has resulted in the restatement of results for fiscal 2003 (and each of the quarters of fiscal 2003) and the first three quarters of fiscal 2004 in this annual report on Form 10-K. If future renewals result in modifications to the original terms and conditions of these agreements, the lives will be reassessed. In addition, the final resolution of Issue No. 03-09, which relates to the determination of the useful life and amortization of an intangible asset, by the Emerging Issues Task Force may also result in the reassessment of the lives of the network affiliation agreements.

The elimination of amortization expense related to indefinite-lived intangible assets and goodwill as a result of SFAS No. 142 materially affected the comparisons of fiscal 2004 and 2003 results with the reported results for fiscal 2002. SFAS No. 142 does not permit the restatement of prior years' results. Because this reduction in amortization expense resulted from a change in accounting principle and did not reflect a change in the underlying performance of the business, we believe it is useful to present adjusted financial information as if the amortization provisions of SFAS No. 142 had been effective in all periods presented. The adjusted data do not reflect the after-tax impairment loss of \$85.7 million that was recognized by the Company upon the adoption of SFAS No. 142 and do not take into account impairment charges that may have been recorded had the Company adopted this statement at an earlier date. If the statement had been adopted at the beginning of fiscal 2002 earnings and earnings per share would have been as follows:

Years ended June 30	2004	Change	Restated 2003	Change	2002
<i>(In millions except per share)</i>					
<b>Earnings before cumulative effect of change in accounting principle</b>					
As reported	\$ 110.7	26 %	\$ 88.1	(4)%	\$ 91.4
SFAS No. 142 amortization (net of tax)	—		—		12.0
As adjusted	\$ 110.7	26 %	\$ 88.1	(15)%	\$ 103.4
<b>Diluted earnings per share before cumulative effect of change in accounting principle</b>					
As reported	\$ 2.14	24 %	\$ 1.73	(3)%	\$ 1.79
SFAS No. 142 amortization (net of tax)	—		—		.24
As adjusted	\$ 2.14	24 %	\$ 1.73	(15)%	\$ 2.03

#### Use of Non-GAAP financial measures

The adjusted earnings and earnings per share figures shown above are non-GAAP financial measures.

In the following discussions, results excluding the effect of this accounting change are disclosed as adjusted segment operating costs, adjusted segment operating profit, adjusted consolidated operating costs and expenses, and adjusted income from operations. These, too, are non-GAAP measures.

The following analysis of broadcasting segment results includes references to earnings before interest, taxes, depreciation, and amortization (EBITDA). EBITDA and EBITDA margin are non-GAAP measures. We use EBITDA along with operating profit and other GAAP measures to evaluate the financial performance of our broadcasting segment. EBITDA is a common alternative measure of performance in the broadcasting industry and is used by investors and financial analysts, but its calculation may vary among companies. Broadcasting segment EBITDA is not used as a measure of liquidity, nor is it necessarily indicative of funds available for our discretionary use.

We believe the non-GAAP measures used in the MD&A contribute to an understanding of our financial performance. These measures should not, however, be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. We use and present non-GAAP financial measures along with GAAP results to evaluate and communicate the performance of the Company and its segments. We believe the non-GAAP financial measures provide an additional analytic tool to understand our results from core operations and to reveal underlying trends.

#### Trends and Uncertainties

Advertising volume is the Company's key uncertainty, and its fluctuation can have a material effect on operating results. Advertising revenues accounted for approximately 60 percent of total revenues in fiscal 2004. Other significant uncertainties that can affect operating results include fluctuations in the cost of paper, postage rates and, over time, television programming rights. The Company's cash flow from operating activities, its primary source of liquidity, is adversely affected when the advertising market is weak or when costs rise. One of our priorities is to manage our businesses prudently during expanding and contracting economic cycles to maximize shareholder return over time. To manage the uncertainties inherent in our businesses, we prepare monthly forecasts of anticipated results of operations and monitor the economic indicators mentioned in the Executive Overview. See the Outlook and Risk Factors section of the MD&A for further discussion.

#### PUBLISHING

The following discussion reviews operating results for our publishing segment, which includes magazine and book publishing, integrated marketing, interactive media, brand licensing, and other related operations. The publishing segment contributed 75 percent of Meredith's revenues and 69 percent of the income from publishing and broadcasting operations in fiscal 2004.

The publishing segment achieved record revenues and operating profit in fiscal 2004. Revenues grew 8 percent and operating profit increased 16 percent as a result of a full year's ownership of the American Baby Group, higher advertising revenues, improved circulation contribution, and higher revenues and improved operating results from integrated marketing and interactive media operations. Publishing operating results for the last three fiscal years were as follows:

Years ended June 30	2004	Change	2003	Change	2002
<i>(In millions)</i>					
<b>Revenues</b>	\$ 873.1	8 %	\$ 808.0	10 %	\$ 733.2
<b>Operating costs</b>	712.0	6 %	668.7	9 %	616.2
<b>Operating profit</b>	\$ 161.1	16 %	\$ 139.3	19 %	\$ 117.0

In the following discussion, references to comparable results in both fiscal 2004 and fiscal 2003 exclude the impact of the American Baby Group acquisition that occurred in December 2002.

### Publishing Revenues

The 8 percent increase in publishing revenues in fiscal 2004 followed a 10 percent increase in fiscal 2003. The table below presents the components of revenues for the last three fiscal years.

Years ended June 30	2004	Change	2003	Change	2002
<i>(In millions)</i>					
<b>Revenues</b>					
Advertising	\$ 422.1	10 %	\$ 383.1	18 %	\$ 325.5
Circulation	248.6	(4)%	259.1	(1)%	261.6
Other	202.4	22 %	165.8	14 %	146.1
<b>Total revenues</b>	\$ 873.1	8 %	\$ 808.0	10 %	\$ 733.2

### Advertising Revenues

The next table presents advertising page information according to PIB for our major subscription-based magazines for the last three fiscal years:

Years ended June 30	2004	Change	2003	Change	2002
<b><i>Better Homes and Gardens</i></b>	2,104	4 %	2,025	9 %	1,865
<b><i>Ladies' Home Journal</i></b>	1,447	1 %	1,431	18 %	1,210
<b><i>American Baby</i></b> <sup>1</sup>	688	94 %	354	—	—
<b><i>Country Home</i></b>	973	6 %	922	17 %	790
<b><i>Traditional Home</i></b>	962	22 %	790	10 %	716
<b><i>Midwest Living</i></b>	949	12 %	846	23 %	690
<b><i>MORE</i></b>	800	17 %	685	22 %	561

1. Acquired December 2002

Publishing advertising revenues increased 10 percent in fiscal 2004. Comparable (excluding American Baby Group) advertising revenues increased in the mid-single digits on a percentage basis. Comparable advertising revenue growth was stronger in the first half of the fiscal year than in the second half. Second half comparisons reflected both stronger comparative revenues in the prior year and some slowing in the advertising demand in the current calendar year. Online advertising revenues increased more than 40 percent in fiscal 2004 due to full-year ownership of American Baby Group and increased market demand.

Comparable advertising pages increased 6 percent in fiscal 2004 while average net revenues per page were down slightly. The decline in average net revenues per page reflected slowing advertising demand and our efforts to maintain or improve market share. According to PIB, we increased our share of overall magazine industry advertising revenues to 6.7 percent in the twelve months ended with the June issues compared with 6.3 percent in the prior year. Combined advertising pages for our two largest circulation titles, *Better Homes and Gardens* and *Ladies' Home Journal*, increased nearly 3 percent in fiscal 2004. *Ladies' Home Journal* faced difficult comparisons due to strong prior-year advertising page sales related to the release of a new editorial and design package in the third quarter. Advertising pages for our mid-size titles, *Country Home*, *Traditional Home*, *Midwest Living*, and *MORE*, increased 14 percent in fiscal 2004.

Advertising categories showing strength in fiscal 2004 included the home and building category as well as the food and beverage, retail and technology categories. Advertising was weaker in the pharmaceutical and direct response categories, especially at *Ladies' Home Journal*.

In fiscal 2003, publishing advertising revenues increased 18 percent. On a comparable basis, advertising revenues increased 11 percent as the advertising market slowly improved from the recession that followed September 11, 2001. Total comparable advertising pages increased 14 percent, and all of our major magazines reported higher revenues. During the recession, we acted to build market share through three measures: initiatives designed to capture a greater share of advertisers' budgets, specific market share incentives for sellers, and a trade industry promotional program. These measures contributed to our recovery in fiscal 2003 and allowed our growth to outpace the industry's.

#### *Circulation Revenues*

Fiscal 2004 magazine circulation revenues declined 4 percent from fiscal 2003. (The American Baby Group acquisition had no material effect on circulation revenues.) The decline in circulation revenues reflected lower newsstand sales due to continued industrywide weakness at the newsstand and fewer Special Interest Publications on sale in fiscal 2004. We reduced the number of Special Interest Publications in response to declining newsstand sales. Lower average subscription revenues per copy for several titles, due to an increase in the term of direct mail offers, also contributed to the decline. Our strategy to increase the term of direct mail offers lowers costs by reducing the need to find replacement subscribers.

In fiscal 2003, magazine circulation revenues declined 1 percent. The decline reflected lower average subscription revenues per copy for several titles due to an increase in the term of direct mail offers. The decline in subscription revenues was partially offset by higher newsstand revenues. The increase occurred in spite of industrywide weakness in the second half of the fiscal year. The industry downturn coincided with the start of the U.S.–Iraq conflict.

#### *Other Revenues*

Other publishing revenues increased 22 percent in fiscal 2004 (20 percent on a comparable basis), primarily reflecting strong new business growth in integrated marketing, our custom publishing operation. One of our larger new contracts is for publication of the monthly programming guide for DIRECTV® satellite television. Book sales also were up because of strong sales of books based on The Learning Channel® cable network's Trading Spaces® and the Discovery Channel® cable network's Monster Garage® television series and home improvement titles for The Home Depot®. The creation of license-branded books was a significant factor in the growth of our book business although we have experienced higher return rates of the licensed product compared to our internally-developed brands. Released in fiscal 2003, the 12<sup>th</sup> edition of the *Better Homes and Gardens New Cook Book* continued its strong performance in the fiscal year just ended.

In fiscal 2003, other publishing revenues increased 14 percent (7 percent on a comparable basis). The growth in comparable revenues was primarily the result of an increase in the volume of book sales. Book revenues increased 27 percent, led by the fall 2002 release of the 12th edition of the *Better Homes and Gardens New Cook Book* and the spring 2003 release of a book based on The Learning Channel® cable network's popular Trading Spaces® decorating show. Integrated marketing's fiscal 2003 new business was insufficient to offset programs reduced or eliminated by existing clients. Integrated marketing new business sales improved significantly in fiscal 2003, but, due to long lead times, revenues from most new programs did not commence until fiscal 2004.

## Publishing Operating Costs

The following table details the impact of SFAS No. 142 on publishing operating costs:

Years ended June 30	2004	Change	2003	Change	2002
<i>(In millions)</i>					
<b>Operating costs</b>	\$ 712.0	6 %	\$ 668.7	9 %	\$ 616.2
<b>SFAS No. 142 amortization</b>	—		—		(2.3)
<b>As adjusted</b>	\$ 712.0	6 %	\$ 668.7	9 %	\$ 613.9

Fiscal 2004 publishing costs increased 6 percent from fiscal 2003. Comparable (excluding American Baby Group) costs were up 5 percent. The higher comparable costs reflected volume-related increases in integrated marketing production and book costs as well as a 2 percent increase in average paper prices. In total, costs for production and delivery of publications and promotional mailings rose 7 percent. Higher employee compensation costs were another contributing factor. Comparable employee compensation costs increased in the mid-single digits on a percentage basis, reflecting higher staff levels primarily to support the growth in integrated marketing business and higher salary levels due to annual merit increases. Partially offsetting these increases were lower magazine subscription acquisition costs resulting from a shift to more profitable direct-to-publisher sources.

In fiscal 2003, publishing costs increased 9 percent after adjusting for the impact of SFAS No. 142. Comparable costs increased 4 percent in fiscal 2003 reflecting higher sales volume in advertising pages and books, higher postal rates, and higher employee compensation costs. The increases were partially offset by lower integrated marketing production costs resulting from lower sales volume, lower paper prices, and lower magazine subscription acquisition costs.

## Publishing Operating Profit

The following table details the impact of SFAS No. 142 on publishing operating profit:

Years ended June 30	2004	Change	2003	Change	2002
<i>(In millions)</i>					
<b>Operating profit</b>	\$ 161.1	16 %	\$ 139.3	19 %	\$ 117.0
<b>SFAS No. 142 amortization</b>	—		—		2.3
<b>As adjusted</b>	\$ 161.1	16 %	\$ 139.3	17 %	\$ 119.3

Publishing operating profit increased 16 percent in fiscal 2004. The primary factors were higher advertising revenues, increased integrated marketing sales and operating profits, lower subscription acquisition costs, and a full year's ownership of the American Baby Group. These improvements were partially offset by increased employee compensation costs and higher paper prices.

In fiscal 2003, publishing operating profit increased 17 percent after adjustment for the impact of SFAS No. 142. Major contributors were higher advertising revenues, increased book sales and operating profits, and lower paper prices. These positives were partially offset by higher postal rates and increased employee compensation costs.

## BROADCASTING

The following discussion reviews operating results for the Company's broadcasting segment, which consists of 12 network-affiliated television stations, one radio station, and the related interactive media operations. The broadcasting segment contributed 25 percent of Meredith's revenues and 31 percent of the income from publishing and broadcasting operations in fiscal 2004.

Revenues grew 6 percent in fiscal 2004, leading to a 20 percent increase in operating profit. The revenue growth was achieved despite significantly lower political advertising due to the biennial nature of elections. Operating costs increased just 2 percent. Lower programming rights amortization expense nearly offset higher costs for sales and promotion efforts. Broadcasting operating results for the last three fiscal years were as follows:

<b>Years ended June 30</b>	<b>2004</b>	<b>Change</b>	<b>Restated 2003</b>	<b>Change</b>	<b>2002</b>
<i>(In millions)</i>					
<b>Revenues</b>	\$ 288.6	6 %	\$ 272.1	7 %	\$ 254.6
<b>Operating costs</b>	217.6	2 %	213.1	(9)%	234.4
<b>Operating profit</b>	\$ 71.0	20 %	\$ 59.0	192 %	\$ 20.2

### **Broadcasting Revenues**

Broadcasting revenues increased 6 percent in fiscal 2004 and 7 percent in fiscal 2003. The table below presents the components of revenues for the last three fiscal years.

<b>Years ended June 30</b>	<b>2004</b>	<b>Change</b>	<b>2003</b>	<b>Change</b>	<b>2002</b>
<i>(In millions)</i>					
<b>Revenues</b>					
Non-political advertising	\$ 275.8	13 %	\$ 244.6	–	\$ 245.6
Political advertising	6.1	(71)%	20.9	NM	1.6
Other	6.7	2 %	6.6	(11)%	7.4
<b>Total revenues</b>	\$ 288.6	6 %	\$ 272.1	7 %	\$ 254.6

*NM—Not meaningful*

Broadcasting revenues increased 6 percent in fiscal 2004, reflecting higher non-political advertising revenues. Political advertising declined 71 percent, or nearly \$15 million. Non-political advertising revenues increased 13 percent in fiscal 2004. Most of our stations have improved their ratings, including ratings for local newscasts, over the last two years. Local newscasts typically account for 30 to 40 percent of a television station's advertising revenues. Our stations' sales staffs have worked aggressively to translate the improved ratings to higher revenues, and we believe their efforts were a significant factor in the revenue growth. All of our stations have recorded strong growth in advertising revenues from unique direct-to-consumer advertising and marketing programs, some of which use content from our well-known magazine titles.

In fiscal 2003, broadcasting revenues increased 7 percent due to strong political advertising revenues. Political advertising associated with the November 2002 election campaigns totaled \$20.9 million compared with only \$1.6 million in political advertising in fiscal 2002. Political advertising displaces a certain amount of non-political advertising, so political advertising revenues are not entirely incremental.

Another factor affecting the comparison of fiscal 2003 and fiscal 2002 revenues was the June 2002 exchange of our Orlando and Ocala, FL television stations for KPTV in Portland, OR. The exchange negatively affected revenues in fiscal 2003, but it did not have a material effect on operating profits because of cost savings associated with the duopoly in Portland. On a same-station basis, fiscal 2003 revenues increased 15 percent. Same-station comparisons include revenues of KPTV-Portland and exclude revenues of the two Florida stations in all periods. The strong same-station growth reflected cyclical political advertising revenues, an improving advertising market, and execution of strategies to improve performance—implementing management changes, revamping newscasts, and modifying sales practices. The television advertising market was weak in fiscal 2002, especially following September 11, 2001. Improvement began late in fiscal 2002 and continued into fiscal 2003.

## Broadcasting Operating Costs

The following table details the impact of SFAS No. 142 on broadcasting operating costs:

Years ended June 30 <i>(In millions)</i>	2004	Change	Restated 2003	Change	2002
<b>Operating costs</b>	\$ 217.6	2 %	\$ 213.1	(9)%	\$ 234.4
<b>SFAS No. 142 amortization</b>	—		—		(17.3)
<b>As adjusted</b>	\$ 217.6	2 %	\$ 213.1	(2)%	\$ 217.1

Fiscal 2004 broadcasting costs increased 2 percent from fiscal 2003. The cost increase was due primarily to higher sales and promotion costs which resulted from our more aggressive sales efforts. Lower broadcasting program rights amortization partially offset the cost increase. Over the last two years, we have worked to reduce the cost of broadcasting program rights without sacrificing programming quality, and these efforts have begun to yield financial benefits. Employee compensation costs were flat year over year.

Broadcasting costs declined 2 percent in fiscal 2003 after adjustment for the impact of SFAS No. 142. The slight decline primarily reflected lower broadcasting program rights amortization net of higher employee compensation costs resulting from our station improvement efforts.

## Broadcasting Operating Profit

The following table details the impact of SFAS No. 142 on broadcasting operating profit:

Years ended June 30 <i>(In millions)</i>	2004	Change	Restated 2003	Change	2002
<b>Operating profit</b>	\$ 71.0	20 %	\$ 59.0	192 %	\$ 20.2
<b>SFAS No. 142 amortization</b>	—		—		17.3
<b>As adjusted</b>	\$ 71.0	20 %	\$ 59.0	57 %	\$ 37.5

Broadcasting operating profit increased 20 percent in fiscal 2004 as revenues grew 6 percent and costs increased just 2 percent. Broadcasting operating profit grew 57 percent in fiscal 2003 after adjustment for the impact of SFAS No. 142. The improvement resulted from a 7 percent increase in revenues and a 2 percent decrease in costs.

## Supplemental Disclosure of Broadcasting EBITDA

Meredith's broadcasting EBITDA is defined as broadcasting segment operating profit plus depreciation and amortization expense. EBITDA is not a GAAP financial measure and should not be considered in isolation or as a substitute for GAAP financial measures. See the discussion of management's rationale for the use of EBITDA in the Overview of this section. Broadcasting EBITDA and EBITDA margin were as follows:

Years ended June 30 <i>(In millions)</i>	2004	Change	Restated 2003	Change	2002
<b>Operating profit</b>	\$ 71.0	20 %	\$ 59.0	192 %	\$ 20.2
<b>Depreciation and amortization</b>	22.3	3 %	21.6	(45)%	39.6
<b>EBITDA</b>	\$ 93.3	16 %	\$ 80.6	35 %	\$ 59.8
<b>EBITDA margin</b>	32.3 %		29.6 %		23.5 %

## UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses are general corporate overhead expenses not attributable to the operating groups. These expenses for the last three years were as follows:

Years ended June 30	2004	Change	2003	Change	2002
<i>(In millions)</i>					
<b>Unallocated corporate expense</b>	\$ 29.0	12 %	\$ 25.8	33 %	\$ 19.4

Unallocated corporate expenses increased 12 percent in fiscal 2004, reflecting increased charitable contributions and higher employee compensation costs. The increase in employee compensation reflected higher performance-based incentives, annual salary merit adjustments and higher employee severance costs resulting from restructuring in certain areas.

Unallocated corporate expenses increased 33 percent in fiscal 2003 due to higher performance-based incentives, higher employee benefit expenses, and increased costs for professional services such as insurance and auditing.

## CONSOLIDATED

### Consolidated Operating Costs and Expenses

Consolidated operating costs and expenses for the last three fiscal years were as follows:

Years ended June 30	2004	Change	Restated 2003	Change	2002
<i>(In millions)</i>					
Production, distribution and editorial	\$ 502.5	8 %	\$ 464.8	7 %	\$ 433.7
Selling, general and administrative	420.8	3 %	406.6	6 %	382.7
Depreciation and amortization	35.3	(3)%	36.3	(32)%	53.6
<b>Operating costs and expenses</b>	<b>958.6</b>	<b>6 %</b>	<b>907.7</b>	<b>4 %</b>	<b>870.0</b>
<b>SFAS No. 142 amortization</b>	<b>—</b>		<b>—</b>		<b>(19.6 )</b>
<b>As adjusted</b>	<b>\$ 958.6</b>	<b>6 %</b>	<b>\$ 907.7</b>	<b>7 %</b>	<b>\$ 850.4</b>

#### Production, distribution and editorial costs

Fiscal 2004 production, distribution and editorial costs increased 8 percent from fiscal 2003. Excluding the impact of the December 2002 American Baby Group acquisition, the increase was 7 percent. The increase in comparable costs primarily reflected a volume-related increase in production costs for integrated marketing custom publishing projects. Also contributing was a 2 percent increase in average paper prices. These cost increases were partially offset by lower broadcasting program rights amortization expense.

Fiscal 2003 production, distribution and editorial costs increased 7 percent. Excluding American Baby Group costs, the increase was 4 percent, reflecting higher volumes in publishing and higher postal rates. Higher volumes resulted from an increase in the number of advertising pages and books sold. Postal rates increased nearly 10 percent on June 29, 2002.

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

Fiscal 2004 selling, general and administrative expenses increased 3 percent from fiscal 2003. Comparable expenses (excluding the impact of the American Baby Group acquisition) increased 2 percent. Investments in our sales and promotion efforts, higher charitable contributions, and increased employee compensation costs were partially offset by lower magazine subscription acquisition costs.

Selling, general and administrative expenses increased 6 percent in fiscal 2003. Excluding American Baby Group costs, the increase was 3 percent, coming primarily from higher performance-based incentive accruals.

#### *Depreciation and amortization expenses*

Fiscal 2004 depreciation and amortization expenses declined 3 percent because of prior-year amortization expense for short-lived intangibles related to the American Baby Group acquisition. Comparable depreciation and amortization expense increased 2 percent, primarily reflecting segment investments in information technology.

Depreciation and amortization expenses declined 32 percent in fiscal 2003 because of the significant amortization expense eliminated by the adoption of SFAS No. 142. Excluding the impact of the new accounting standard, depreciation and amortization expenses increased 7 percent largely due to the amortization of intangible assets resulting from the American Baby Group acquisition. On a comparable basis, fiscal 2003 expense was even with the prior year's. Higher depreciation expense resulting primarily from broadcasting's investments in digital technology equipment was offset by lower amortization expense due to the impairment write-downs of broadcasting network affiliation agreement intangible assets. These write-downs resulted from the adoption of SFAS No. 142.

#### *Operating costs and expense*

Publishing paper, production and postage costs and employee compensation were the largest components of our operating costs and expenses. They are presented in the following table, expressed as a percentage of total pretax operating costs and expenses:

<b>Years ended June 30</b>	<b>2004</b>	<b>Restated 2003</b>	<b>2002</b>
<b>Publishing paper, production and postage</b>	31.4 %	30.8 %	30.6 %
<b>Employee compensation</b>	28.4 %	28.7 %	26.3 %

If fiscal 2002 total pretax operating costs and expenses were adjusted for SFAS No. 142, the preceding percentages would have been 31.3 percent for publishing paper, production and postage and 26.9 percent for employee compensation.

#### **Income from Operations**

The following table details the impact of SFAS No. 142 on income from operations:

<b>Years ended June 30</b>	<b>2004</b>	<b>Change</b>	<b>Restated 2003</b>	<b>Change</b>	<b>2002</b>
<i>(In millions)</i>					
<b>Income from operations</b>	\$ 203.1	18 %	\$ 172.4	46 %	\$ 117.8
<b>SFAS No. 142 amortization</b>	—		—		19.6
<b>As adjusted</b>	\$ 203.1	18 %	\$ 172.4	25 %	\$ 137.4

Income from operations increased 18 percent in fiscal 2004 and 25 percent in fiscal 2003 after adjustment for SFAS No. 142. The increases reflected revenue growth and higher operating margins in both of our business segments.

#### **Nonoperating (Expense) Income**

Nonoperating expense totaled \$1.6 million in fiscal 2003 and included a loss on the sale of a subsidiary (\$2.2 million) and the write-off of an investment in a start-up technology company (\$1.6 million). These charges were partially offset by a gain related to final post closing adjustments on the June 2002 exchange of two Florida television stations for KPTV-Portland (\$1.3 million) and proceeds from life insurance policies (\$0.9 million).

Fiscal 2002 nonoperating income totaled \$63.8 million, consisting of a noncash gain from the disposition of two Florida television stations (\$61.8 million) and proceeds from the demutualization of an insurance company with which Meredith holds policies (\$2.0 million).

### **Net Interest Expense**

Net interest expense was \$22.5 million in fiscal 2004, \$27.2 million in fiscal 2003, and \$32.6 million in fiscal 2002. Average long-term debt outstanding declined to \$330 million in fiscal 2004 from \$390 million in fiscal 2003 and \$430 million in fiscal 2002. The Company's approximate weighted average interest rate was 6.9 percent in fiscal 2004, 7.1 percent in fiscal 2003, and 7.7 percent in fiscal 2002.

Interest expense over the three-year period included the effects of interest rate swap contracts. We had entered into interest rate swap contracts to effectively convert a substantial portion of our variable rate debt to fixed rate debt. The net cash disbursements related to these contracts were included in interest expense in all periods. As a result of the April 2002 debt refinancing and subsequent debt repayments, we had interest rate swap contracts that no longer met the qualifications for hedge accounting. Those swap contracts were deemed ineffective and redesignated as hedge contracts. Subsequent to the redesignation, we determined it was probable the level of variable-rate debt would not increase to allow use of these swaps over the term of the swap contracts. Consequently, related amounts in accumulated other comprehensive loss were reclassified to earnings, resulting in a \$3.5 million increase in fiscal 2002 interest expense. Subsequent to the discontinuation of hedge accounting, changes in the fair market value of the affected interest rate swap contracts were recorded as interest expense. These fair market value adjustments resulted in reductions in interest expense of \$3.9 million in fiscal 2004 and \$0.9 million in fiscal 2003 and an increase in interest expense of \$1.3 million in fiscal 2002. All of our interest rate swap contracts expired in June 2004.

### **Income Taxes**

Our effective tax rate was 38.7 percent in each of the past three fiscal years.

### **Earnings and Earnings per Share**

Fiscal 2004 net earnings were \$110.7 million (\$2.14 per diluted share), up 26 percent from \$88.1 million (\$1.73 per diluted share) in fiscal 2003 before the cumulative effect of a change in accounting principle. The improvement reflected higher segment operating profits and lower interest expense. Average diluted shares outstanding increased 1 percent to 51,689,000 in fiscal 2004. Average basic shares outstanding were 50,214,000, also up 1 percent from fiscal 2003.

Fiscal 2003 net earnings were \$2.3 million or 5 cents per diluted share. Net earnings included a charge of \$85.7 million (\$1.68 per diluted share) for the cumulative effect of a change in accounting principle related to the adoption of SFAS No. 142. Earnings before the cumulative effect of a change in accounting principle were \$88.1 million (\$1.73 per diluted share), down 4 percent from fiscal 2002 net earnings. The decline resulted from unfavorable changes in nonoperating (expense) income that were nearly offset by higher segment operating profits and lower net interest expense. Publishing and broadcasting operating profits improved both on a reported basis and after adjustment for SFAS No. 142.

Fiscal 2002 net earnings were \$91.4 million, or \$1.79 per diluted share. If SFAS No. 142 had been adopted at the beginning of fiscal 2002, net earnings on an adjusted basis would have been \$103.4 million, or \$2.03 per diluted share. See the reconciliation on page 20 of this section.

## LIQUIDITY AND CAPITAL RESOURCES

Years ended June 30	2004	Change	Restated 2003	Change	2002
<i>(In millions)</i>					
<b>Net earnings</b>	\$ 110.7	NM	\$ 2.3	(97)%	\$ 91.4
<b>Cash flows from operating activities</b>	171.0	(1)%	172.4	26 %	136.8
<b>Cash flows from investing activities</b>	(26.9 )	81 %	(140.9 )	(598)%	(20.2 )
<b>Cash flows from financing activities</b>	(107.7 )	(188)%	(37.4 )	70 %	(124.6 )
<b>Net cash flows</b>	36.4	NM	(5.9 )	26 %	(8.0 )
<b>Cash and cash equivalents</b>	58.7	163 %	22.3	(21)%	28.2
<b>Long-term debt (including current portion)</b>	300.0	(20)%	375.0	(3)%	385.0
<b>Shareholders' equity</b>	588.7	18 %	497.8	(2)%	507.7
<b>Debt to total capitalization</b>	34 %		43 %		43 %

*NM—Not meaningful*

### OVERVIEW

Meredith's primary source of liquidity is cash generated by operating activities. Debt financing is typically used for acquisitions. Our core businesses—magazine and book publishing and television broadcasting—have been strong cash generators. Despite the introduction of many new technologies such as the Internet and cable and satellite television, we believe these businesses will continue to have strong market appeal for the foreseeable future. As with any business, operating results and cash flows are subject to changes in demand for our products and changes in costs. Changes in the level of demand for magazine and television advertising and/or other products can have a significant effect on cash flows.

Historically, Meredith has been able to absorb normal business downturns without significant increases in debt, and management believes the Company will continue to do so. We expect cash on hand, internally generated cash flow, and available credit from third-party financing agreements will provide funds for operating and recurring cash needs (e.g., working capital, capital expenditures, debt repayments and cash dividends) into the foreseeable future. We have up to \$250 million available under current credit agreements. While there are no guarantees that we will be able to replace current credit agreements when they expire, we expect to be able to do so.

Our current long-term debt outstanding is due between March 2005 and April 2008. We do not expect to prepay any of this debt prior to the scheduled due dates because of provisions in the debt agreements that make it costly to do so. Therefore, in the absence of a significant acquisition or other cash investment, we expect to accumulate increasing amounts of cash in the coming years. Cash amounts in excess of those needed for operating and recurring needs will be invested prudently and should provide a modest return.

### SOURCES AND USES OF CASH

Cash and cash equivalents increased \$36.4 million in fiscal 2004; they decreased \$5.9 million and \$8.0 million in fiscal 2003 and 2002, respectively. Over the three-year period, net cash provided by operating activities was used for the acquisition of the American Baby Group, debt reduction, purchases of Company stock, capital investments, and dividends.

#### Operating activities

The largest single component of operating cash inflows is cash received from advertising customers. Advertising has accounted for approximately 60 percent of total revenues in each of the past three years. Other sources of operating cash inflows include cash received from magazine circulation sales and other revenue transactions such as book, integrated marketing, and product sales. Operating cash outflows include payments to vendors and employees and payments of interest and income taxes. Our most significant vendor payments are for production and delivery of publications and promotional mailings, broadcasting programming rights, employee benefits (including pension plans), and other services and supplies.

Cash provided by operating activities totaled \$171.0 million in fiscal 2004 compared with \$172.4 million in fiscal 2003. Cash received from advertising sales increased 8 percent in fiscal 2004 but was offset by a reduction in cash received from magazine newsstand sales as well as increased cash spending for employee compensation costs and paper purchases.

Cash provided by operating activities increased 26 percent in fiscal 2003 reflecting increased cash received from advertising, book and magazine newsstand sales and a reduction in cash payments for income taxes. These increases in cash were partially offset by greater cash expenditures for employee compensation and postage costs.

Another factor affecting cash provided by operations is the Company's contributions to qualified defined benefit pension plans. Meredith traditionally contributes the maximum allowable tax-deductible amount to these plans. These contributions totaled \$9.0 million in fiscal 2004, \$12.0 million in fiscal 2003, and \$5.7 million in fiscal 2002. We expect both the maximum allowable tax-deductible contribution and our required contribution to be less than \$0.2 million in fiscal 2005.

### **Investing activities**

Investing cash inflows generally include proceeds from the sale of assets or a business. Investing cash outflows generally include payments for the acquisition of new businesses, investments, and additions to property, plant and equipment.

Net cash used by investing activities decreased significantly in fiscal 2004 compared with the prior year primarily because of the acquisition of the American Baby Group for \$117.6 million in fiscal 2003. Likewise, this acquisition led to a significant year-over-year increase in cash used by investing activities in fiscal 2003.

### **Financing activities**

Financing cash inflows generally include borrowings under debt agreements and proceeds from common stock issued for stock option exercises and for our Employee Stock Purchase Plan. Financing cash outflows generally include the repayment of long-term debt, repurchases of Company stock, and the payment of dividends.

Net cash used by financing activities totaled \$107.7 million in fiscal 2004, up significantly from \$37.4 million in fiscal 2003. The biggest factor in the change was a \$75 million net debt reduction in fiscal 2004 compared with a \$10 million net debt reduction in fiscal 2003. In fiscal 2003, we incurred \$100 million in debt in connection with the American Baby Group acquisition. In fiscal 2002, net cash used by financing activities totaled \$124.6 million and included an \$85 million net debt reduction.

### **Long-term debt**

At June 30, 2004, long-term debt outstanding totaled \$300 million in fixed-rate unsecured senior notes. The fixed-rate notes are repayable in amounts of \$50 million and \$75 million and are due from March 1, 2005 to April 1, 2008. Interest rates range from 6.39 percent to 6.65 percent with a weighted-average interest rate of 6.55 percent. We also have credit available under an asset-backed commercial paper facility with a capacity of up to \$100 million and a revolving credit facility of up to \$150 million.

In connection with the asset-backed commercial paper facility, we entered into a revolving agreement in April 2002. Under this agreement, we currently sell all of our rights, title, and interest in the majority of our accounts receivable related to advertising, book and miscellaneous revenues to Meredith Funding Corporation, a special-purpose entity established to purchase accounts receivable from Meredith. At June 30, 2004, \$156 million of accounts receivable, net of reserves, were outstanding under the agreement. Meredith Funding Corporation in turn sells receivable interests to an asset-backed commercial paper conduit administered by a major national bank. In consideration of the sale, Meredith receives cash and a subordinated note that bears interest at the prime rate (4.00 percent at June 30, 2004) from Meredith Funding Corporation.

The revolving agreement is structured as a true sale under which the creditors of Meredith Funding Corporation will be entitled to be satisfied out of the assets of Meredith Funding Corporation prior to any value being returned to Meredith or its creditors. The accounts of Meredith Funding Corporation are fully consolidated in Meredith's consolidated financial statements. The asset-backed commercial paper facility renews annually until April 9, 2007, the facility termination date. The interest rate changes monthly and is based on a fixed spread over the average commercial paper cost to the lender. The interest rate would have been 1.53 percent in June 2004 had any amount been borrowed.

The revolving credit facility of \$150 million expires on April 5, 2007. At June 30, 2004, borrowings made under the revolving credit facility were subject to an interest rate of 1.9 percent. This rate is variable based on LIBOR and Meredith's debt to trailing 12 month EBITDA ratio. No amount was borrowed under this facility at June 30, 2004.

We believe these debt agreements are material to discussions of Meredith's liquidity. All of our debt agreements include financial covenants, and failure to comply with any such covenants could result in the debt becoming payable on demand. A summary of the most significant financial covenants and their status at June 30, 2004 follows:

	<b>Required at June 30, 2004</b>	<b>Actual at June 30, 2004</b>
Ratio of debt to trailing 12 month EBITDA <sup>1</sup>	Less than 3.5	1.3
Ratio of EBITDA <sup>1</sup> to interest expense	Greater than 3.0	10.4
Ratio of EBIT <sup>2</sup> to interest expense	Greater than 2.5	8.9
Consolidated shareholders' equity <sup>3</sup>	Greater than \$447.2 million	\$674.5 million

1. *EBITDA is earnings before interest, taxes, depreciation and amortization as defined in the debt agreements.*

2. *EBIT is earnings before interest and taxes as defined in the debt agreements.*

3. *Consolidated shareholders' equity is adjusted for special items as defined in the debt agreements.*

The Company was in compliance with these and all other debt covenants at June 30, 2004 and expects to remain so in the future.

### **Interest rate swap contracts**

Over the last three fiscal years, Meredith used interest rate swap contracts to effectively convert our variable-rate debt to fixed-rate debt. The average notional amount of indebtedness outstanding under the contracts was \$132 million in fiscal 2004, \$166 million in fiscal 2003, and \$195 million in fiscal 2002. All interest rate swap contracts expired in June 2004, and at this time we have no plans to enter into new interest rate swap contracts. These contracts did have a significant effect on interest expense over the last three years as discussed under Net Interest Expense on page 28 of the MD&A.

## Contractual obligations

The following table summarizes our principal contractual obligations as of June 30, 2004:

Contractual obligations	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
<i>(In millions)</i>					
Long-term debt	\$ 300.0	\$ 75.0	\$ 175.0	\$ 50.0	\$ –
Debt interest <sup>1</sup>	36.6	18.0	16.1	2.5	–
Broadcast rights <sup>2</sup>	87.9	32.4	38.5	13.9	3.1
Operating leases	62.0	8.9	17.0	14.0	22.1
Purchase obligations and other <sup>3</sup>	59.9	16.9	15.4	8.9	18.7
<b>Total contractual cash obligations</b>	<b>\$ 546.4</b>	<b>\$ 151.2</b>	<b>\$ 262.0</b>	<b>\$ 89.3</b>	<b>\$ 43.9</b>

1. *Debt interest represents semi-annual interest payments due on fixed-rate notes outstanding at June 30, 2004.*

2. *Broadcast rights include \$55 million owed for broadcast rights that are not currently available for airing and are therefore not included in the Consolidated Balance Sheet at June 30, 2004.*

3. *Purchase obligations and other includes expected postretirement benefit payments and fiscal 2005 expected pension plan contributions.*

Purchase obligations represent legally binding agreements to purchase goods and services that specify all significant terms. Outstanding purchase orders, which represent authorizations to purchase goods and services but are not legally binding, are not included in purchase obligations. We believe that current cash balances, cash generated by future operating activities, and cash available under current credit agreements will be sufficient to meet our contractual cash obligations and other operating cash requirements for the foreseeable future. However, projections of future cash flows are subject to substantial uncertainty as discussed throughout the MD&A and particularly in the Outlook and Risk Factors section beginning on page 35. Debt agreements may be renewed or refinanced if we determine it is advantageous to do so. We also have commitments in the form of standby letters of credit and other guarantees totaling \$1.3 million. Approximately half of the commitments expire within one year; the rest are long-term.

In June 2004, Meredith announced that it had agreed to purchase WFLI-TV, the WB television affiliate in Chattanooga, TN. The transaction closed in August 2004. The preliminary purchase price was approximately \$8.5 million and was paid from cash on hand.

## Share repurchase program

We have maintained a program of Company share repurchases for more than fifteen years. In fiscal 2004, we spent \$37.4 million to repurchase an aggregate of 747,000 shares of Meredith Corporation common stock at then current market prices. We spent \$31.5 million to repurchase 761,000 shares in fiscal 2003 and \$30.2 million to repurchase 877,000 shares in fiscal 2002. We expect to continue repurchasing shares from time to time in the foreseeable future, subject to market conditions. As of July 30, 2004, approximately 2.0 million shares were authorized for future repurchase, including a 2 million share repurchase authorization approved by the Board of Directors in February 2004. The status of the repurchase program is reviewed at each quarterly Board of Directors meeting. See Part II, Item 5, Issuer Purchases of Equity Securities, of this Form 10-K for detailed information on share repurchases during the quarter ended June 30, 2004.

## Dividends

Meredith has paid quarterly dividends continuously since 1947 and we have increased our dividend for 11 consecutive years. The last increase occurred in February 2004 when the Board of Directors increased the quarterly dividend 26 percent, or 2.5 cents per share, to 12 cents per share effective with the dividend payable on March 15, 2004. Based on the current number of shares outstanding, this will result in additional dividend payments of approximately \$5 million annually. Dividends payments totaled \$21.6 million, or 43 cents per share, in fiscal 2004 compared with \$18.4 million, or 37 cents per share, in fiscal 2003 and \$17.3 million, or 35 cents per share, in



## Capital expenditures

Spending for property, plant, and equipment totaled \$24.5 million in fiscal 2004, \$26.6 million in fiscal 2003 and \$23.4 million in fiscal 2002. Spending was higher in fiscal 2003 because of the purchase of equipment and remodeling associated with the consolidation of the Portland duopoly and for the initial transition to digital technology at five television stations. Spending for the initial transition to digital technology is now complete. We expect to spend between \$18 and \$22 million in fiscal 2005 and 2006 for a new facility for our television station in Hartford. We have no other material commitments for capital expenditures. We expect funds for future capital expenditures to come from operating activities or, if necessary, borrowings under credit agreements.

## CRITICAL ACCOUNTING POLICIES

Meredith's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Our significant accounting policies are summarized in Note 1 to the consolidated financial statements. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Some of these estimates and assumptions are inherently difficult to make and subjective in nature. We base our estimates on historical experience, recent trends, our expectations for future performance, and other assumptions as appropriate. We reevaluate our estimates on an ongoing basis; actual results, however, may vary from these estimates.

The following are the accounting policies that management believes are most critical to the preparation of our financial statements and require management's most difficult, subjective, or complex judgments. In addition, there are other items within the financial statements that require estimation but are not deemed to be critical accounting policies. Changes in the estimates used in these and other items could have a material impact on the financial statements.

### GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite lives are tested for impairment in accordance with SFAS No. 142. All other intangible assets are tested for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Goodwill and intangible assets totaled \$865.3 million, or nearly 60 percent of Meredith's total assets, as of June 30, 2004. See Notes 3 and 7 to the consolidated financial statements for additional information. The impairment analysis of these assets is considered critical because of their significance to Meredith as a whole and to the publishing and broadcasting segments.

Management periodically reviews goodwill and intangible assets to evaluate whether the carrying value exceeds the fair value. The determination of fair value requires us to estimate the future cash flows expected to result from the use of the assets. These estimates include assumptions about future revenues (including projections of overall market growth and our share of market), estimated costs, and appropriate discount rates where applicable. Our assumptions are based on historical data, various internal estimates, and a variety of external sources and are consistent with the assumptions used in both our short-term financial forecasts and long-term strategic plans. Depending on the assumptions and estimates used, future cash flow projections can vary within a range of outcomes. Changes in key assumptions about the publishing or broadcasting businesses and their prospects or changes in market conditions could result in an impairment charge.

### BROADCAST RIGHTS

Broadcast rights, which consist primarily of rights to broadcast syndicated programs and feature films, are recorded at cost when the programs become available for airing. Amortization of broadcast rights is generally recorded on an accelerated basis over the contract period. Broadcast rights valued at \$16.9 million were included in the consolidated balance sheet at June 30, 2004. In addition, we had entered into contracts valued at \$56.1 million not included in the consolidated balance sheet at June 30, 2004 because they were not yet available for airing. Amortization of broadcast rights accounted for approximately 14 percent of broadcasting segment expenses in fiscal 2004. Valuation of broadcast rights is considered critical to the broadcasting segment because of the significance of the amortization expense to the segment.

Broadcast rights are valued at the lower of unamortized cost or net realizable value in accordance with GAAP. The determination of net realizable value requires us to estimate future net revenues expected to be earned during the airing of the programming. Future revenues can be affected by changes in the level of advertising demand, competition from other television stations or other media, changes in television programming ratings, changes in the planned usage of programming materials, and other factors. Changes in such key assumptions could result in the write-down of broadcast rights.

## **PENSION AND POSTRETIREMENT PLANS**

Meredith has noncontributory pension plans covering substantially all employees. These plans include qualified (funded) plans as well as non-qualified (unfunded) plans. These plans provide participating employees with retirement benefits in accordance with benefit provision formulas. The non-qualified plans provide retirement benefits only to certain highly compensated employees. Meredith also sponsors defined healthcare and life insurance plans that provide benefits to eligible retirees.

The accounting for pension and postretirement plans is actuarially based and includes assumptions regarding expected returns on plan assets, discount rates, and the rate of increase in healthcare costs. We consider the accounting for pension and postretirement plans critical to Meredith and both of our segments because of the number of significant judgments required. More information on our assumptions and our methodology in arriving at these assumptions can be found in Note 13 to the consolidated financial statements.

Changes in key assumptions could materially affect the associated assets, liabilities, and benefit expenses. Depending on the assumptions and estimates used, these balances could vary within a range of outcomes. We monitor trends in the marketplace and rely on guidance from employee benefit specialists to arrive at reasonable estimates. These estimates are reviewed annually and updated as needed. Nevertheless, the estimates are subjective and may vary from actual results.

Meredith expects to use a long-term rate of return on assets of 8.00 percent in developing the fiscal 2005 pension costs, consistent with the rate used in fiscal 2004. This rate was determined based on a variety of factors. These factors include, but are not limited to, the plans' asset allocations, a review of historic capital market performance, historical plan performance, current market factors such as inflation and interest rates, and a forecast of expected future asset returns. The pension plan assets earned a return of approximately 33 percent in fiscal 2004. If we had decreased our expected long-term rate of return on plan assets by 0.5 percent in fiscal 2004, our pension expense would have increased by \$0.3 million.

Meredith expects to use a discount rate of 5.75 percent in developing the fiscal 2005 pension costs, down from a rate of 6.25 percent used in fiscal 2004. If we had decreased the discount rate by 0.5 percent in fiscal 2004, the combined effect on pension and postretirement expenses would have been an increase of \$0.1 million.

Assumed rates of increase in healthcare cost levels have a significant effect on postretirement benefit costs. A one-percentage-point increase in the assumed healthcare cost trend rate would have increased postretirement benefit costs by \$0.2 million in fiscal 2004.

## **REVENUE RECOGNITION**

Revenues from both the newsstand sale of magazines and the sale of books are recorded net of our best estimate of expected product returns in accordance with GAAP. Net revenues from these sources totaled approximately 18 percent of publishing segment revenues. Allowances for returns may exceed 25 percent of gross revenues and are subject to considerable variability. Estimation of these allowances for future returns is considered critical to the publishing segment and the Company as a whole because of the potential impact on revenues.

Estimates of returns from magazine newsstand and book sales are based on historical experience and current marketplace conditions. Allowances for returns are adjusted continually on the basis of actual results. Unexpected changes in return levels may result in adjustments to net revenues.

## **INCOME TAXES**

Income taxes are accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes*, which requires that deferred tax assets and liabilities be recognized, using enacted tax rates, for the effect of temporary differences between the book and tax basis of recorded assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Income tax expense was almost 39 percent of earnings before income taxes. Net deferred tax liabilities totaled \$100.1 million, or approximately 11 percent of total liabilities, at June 30, 2004. In addition, we operate in numerous taxing jurisdictions and are subject to audit in each of these jurisdictions. These audits can involve complex issues that could require an extended time to resolve and could eventually result in an increase or decrease to amounts previously paid to the taxing jurisdictions.

## **OUTLOOK AND RISK FACTORS**

### **OUTLOOK**

Subject to the risk factors discussed below, our current view of fiscal 2005 is as follows:

- We believe the current First Call mean estimate of \$0.49 per diluted share for the first quarter of fiscal 2005 is achievable. That would equate to an earnings per share increase of 32 percent compared to the first quarter of fiscal 2004.
- We believe the current First Call mean estimate of \$2.61 for all of fiscal 2005 is achievable. However, there are a number of uncertainties that may impact our second quarter and full-year performance. First, there is increased period to period volatility in magazine advertising. Second, we continue to see fluctuation in our retail-based businesses, primarily special interest magazines and books. Third, political advertising continues to book very late, and may be impacted by the competitiveness of national and local campaigns in our markets.

We may update this guidance periodically during the fiscal year through our quarterly earnings releases or through management presentations to industry, investor, and investment analyst groups. Copies of our quarterly earnings releases are available on our website ([www.meredith.com](http://www.meredith.com)) in the Investor Information section. Copies of the text of management presentations that may contain material non-public information are also posted on our website, typically for one week following the presentation. Copies of both earnings releases and such management presentations are also filed with the Securities and Exchange Commission on a Form 8-K and can be accessed through their website ([www.sec.gov](http://www.sec.gov)). We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

### **RISK FACTORS**

Sections of this Form 10-K—and management's public commentary from time to time—may contain certain forward-looking statements that are subject to risks and uncertainties. The words *expect*, *anticipate*, *believe*, *likely*, *will* and similar terms generally identify forward-looking statements. These statements are based on management's current knowledge and estimates of factors affecting our operations. Readers are cautioned not to place undue reliance on such forward-looking information; actual results may differ materially from those currently anticipated. The following discussion identifies some of the factors that may cause actual results to differ materially from expectations. In addition, a number of other factors (those identified elsewhere in this document and others) may cause actual results to differ materially from expectations.

**Advertising revenues**

Advertising is the most significant source of revenue for Meredith and our publishing and broadcasting segments. Advertising revenues accounted for approximately 60 percent of total revenues in each of the last three fiscal years. Competition from other forms of media available in our various markets, including but not limited to other magazines and television stations, cable and satellite television broadcasters, newspapers, radio stations, websites and direct marketing, affects our ability to attract and retain advertisers and to increase advertising rates. Hundreds of new magazines are launched annually, many with limited success. Channel capacities of both cable and direct broadcast satellites have increased as a result of digital transmission technology and other improvements. These developments and the increasing popularity of the Internet have contributed to the increasing number of options available to advertisers and consumers and may adversely affect our ability to sell advertising.

In general, demand for advertising tends to correlate with changes in the level of economic activity in the United States and in our specific markets. Increased consolidation of major advertisers, changes in marketing strategies of major advertisers or the loss of one or more major advertisers may also affect advertising demand for our products. In addition, world, national and local events may affect advertising demand and may require uninterrupted television coverage that adversely affects revenues at our television stations.

Advertising demand for space in our magazines and airtime on our television stations is dependent on our ability to deliver cost-effective access to consumers. Changes in the size or demographics of our magazine readership and/or television audiences may affect our ability to attract advertisers.

**Other revenues**

Magazine circulation is another significant source of revenues, accounting for more than 20 percent of total revenues and nearly 30 percent of publishing segment revenues. Competition from other forms of media and changing consumer lifestyles may limit our ability to attract and retain magazine readers and to raise prices. Similar factors affect Meredith's remaining revenues that consist primarily of revenues from the sale of books and custom publishing programs. Circulation and other revenues are also influenced by economic conditions that change the level of demand for our services or affect consumers' disposable income.

**Operating costs and expenses**

Meredith's major expense categories include employee compensation; publishing paper, postage and production; and broadcasting program rights amortization. Some of the factors affecting our costs are beyond our control.

We offer our employees competitive salary and benefit packages in order to attract and retain the quality employees required to grow and expand our businesses. These costs are influenced by general economic factors, including those affecting the cost of health insurance, and any trends specific to the employee skill sets we require or the markets in which we operate. Only a small percentage of our workforce is unionized.

Paper is a commodity, and pricing can vary significantly year to year. Prices fluctuate based on the worldwide demand and supply for paper in general and for the specific types of paper used by Meredith.

Postal rates are dependent on the financial condition of the United States Postal Service. Meredith works with others in the industry and through trade organizations to encourage the Postal Service to implement efficiencies and contain rate increases. There can be no guarantees these efforts will be successful. Our publications are outsourced to printers, and rates can fluctuate with changes in the demand and supply for printing services in the United States. We typically have multi-year contracts for the production of Meredith's magazines, a practice which reduces price fluctuations over the contract term.

Program rights amortization is affected by the costs of programs purchased by our stations. The costs of programs are influenced by the availability of desirable programming and the demand for programs in general and in our specific markets. Increased consolidation in the broadcasting industry may affect local market competition for syndicated programming and lead to higher costs.

**Product portfolio and acquisitions**

We continually evaluate the performance of our businesses. These evaluations may lead to the decision to divest or otherwise discontinue certain businesses or products. In addition, we are continually seeking ways to expand and grow our businesses through acquisitions and internally developed products or programs, the implementation of which may affect our future revenues, costs, profitability, and financial position. Other risks include difficulties in integrating acquired properties, diversion of management resources, unforeseen costs or liabilities, and in some cases debt incurred to finance these ventures. A new magazine launch typically will require investment for at least three to five years. Very few magazines launched in the last 10 years have achieved long-term success.

**Broadcasting industry**

Our broadcasting operations are subject to regulation by the Federal Communication Commission and may also be affected by legislation and judicial developments. Additional detail regarding regulation and its impact on our broadcasting operations is provided in Item 1–Business beginning on page 10. All of our television stations are currently affiliated with national networks. Significant changes in our television network affiliation agreements are not currently anticipated. Any such changes, however, could affect the profitability of our broadcasting operations.

*The preceding risk factors should not be construed as a complete list of factors that may affect our future operations and financial results.*

## **TEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Meredith is exposed to certain market risks as a result of its use of financial instruments, in particular the potential market value loss arising from adverse changes in interest rates. All of the Company's financial instruments subject to market risk are held for purposes other than trading. There have been no significant changes in the market risk exposures since June 30, 2003.

### **Long-term debt**

At June 30, 2004, Meredith had outstanding \$300 million in fixed-rate long-term debt. There are no earnings or liquidity risks associated with the Company's fixed-rate debt. The fair market value of the fixed-rate debt (based on discounted cash flows reflecting borrowing rates currently available for debt with similar terms and maturities) varies with fluctuations in interest rates. A 10 percent decrease in interest rates would have changed the fair market value of the fixed-rate debt to \$312.9 million from \$310.1 million at June 30, 2004.

### **Broadcast rights payable**

The Company enters into broadcast rights contracts for its television stations. As a rule, these contracts are on a market-by-market basis and subject to terms and conditions of the seller of the broadcast rights. These rights generally are sold to the highest bidder in each market, and the process is very competitive. There are no earnings or liquidity risks associated with broadcast rights payable. Fair market values are determined using discounted cash flows. At June 30, 2004, a 10 percent decrease in interest rates would have resulted in a \$0.9 million increase in the fair market value of the available and unavailable broadcast rights payable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Financial Statement Schedules  
and Other Financial Information**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and  
Shareholders of Meredith Corporation:

We have audited the accompanying consolidated balance sheets of Meredith Corporation and subsidiaries (the Company) as of June 30, 2004 and 2003, and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the years in the three-year period ended June 30, 2004. In connection with our audits of the aforementioned financial statements, we also audited the related financial statement schedule (as listed in Part IV, Item 15 (a) 2 herein). These consolidated financial statements and financial statement schedule are the responsibility of company management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Meredith Corporation and subsidiaries as of June 30, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company has restated its financial statements as of and for the year ended June 30, 2003. Also, as discussed in Note 3 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, on July 1, 2002.

/s/ KPMG LLP

KPMG LLP  
Des Moines, Iowa  
July 30, 2004

## REPORT OF MANAGEMENT

To the Shareholders of Meredith Corporation:

Meredith management is responsible for the preparation, integrity and objectivity of the financial information included in this annual report to shareholders. We take this responsibility very seriously as we recognize the importance of having well informed, confident investors. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts based on our informed judgments and estimates. We have adopted appropriate accounting policies and are fully committed to ensuring that those policies are applied properly and consistently. In addition, we strive to report our financial results in a manner that is relevant, complete and understandable. We welcome any suggestions from those who use our reports.

To meet our responsibility for financial reporting, internal control systems and accounting procedures are designed to provide reasonable assurance as to the reliability of financial records. In addition, the internal audit staff monitors and reports on compliance with Company policies, procedures and internal control systems.

The consolidated financial statements have been audited by independent auditors from a registered public accounting firm. In accordance with the standards of the Public Company Accounting Oversight Board (United States), the independent auditors conducted a review of the Company's internal accounting controls and performed tests and other procedures necessary to determine an opinion on the fairness of the Company's consolidated financial statements. The independent auditors were given unrestricted access to all financial records and related information, including all Board of Directors' and Board committees' minutes.

The audit committee of the Board of Directors is responsible for reviewing and monitoring the Company's accounting policies, internal controls and financial reporting practices. The audit committee is also directly responsible for the appointment, compensation and oversight of the Company's independent auditors. The audit committee consists of five independent directors, and meets with the independent auditors, management and internal auditors to review accounting, auditing and financial reporting matters. To ensure complete independence, the independent auditors have direct access to the audit committee without the presence of management representatives.

At Meredith, we have always placed a high priority on good corporate governance. We endorse the ongoing improvements in this area.

/s/ Suku V. Radia

Suku V. Radia  
Vice President – Chief Financial Officer

## FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Consolidated Balance Sheets Meredith Corporation and Subsidiaries

Assets	June 30	2004	Restated 2003
<i>(In thousands)</i>			
<b>Current assets</b>			
Cash and cash equivalents	\$	58,723	\$ 22,294
Accounts receivable			
(net of allowances of \$14,844 in 2004 and \$13,822 in 2003)		164,876	144,717
Inventories		31,262	27,148
Current portion of subscription acquisition costs		35,716	46,050
Current portion of broadcast rights		11,643	15,366
Other current assets		11,794	12,854
<b>Total current assets</b>		<b>314,014</b>	<b>268,429</b>
<b>Property, plant and equipment</b>			
Land		19,454	19,488
Buildings and improvements		110,010	108,740
Machinery and equipment		245,535	239,421
Leasehold improvements		8,819	8,735
Construction in progress		9,313	4,413
Total property, plant and equipment		393,131	380,797
Less accumulated depreciation		(197,332 )	(179,313 )
<b>Net property, plant and equipment</b>		<b>195,799</b>	<b>201,484</b>
Subscription acquisition costs		26,280	33,464
Broadcast rights		5,293	9,252
Other assets		59,270	49,038
Intangibles, net		673,968	678,326
Goodwill		191,303	191,831
<b>Total assets</b>	<b>\$</b>	<b>1,465,927</b>	<b>\$ 1,431,824</b>

*See accompanying Notes to Consolidated Financial Statements*

**Consolidated Balance Sheets (continued)**  
**Meredith Corporation and Subsidiaries**

<b>Liabilities and Shareholders' Equity</b>	<b>June 30</b>	<b>2004</b>	<b>Restated 2003</b>
<i>(In thousands except share data)</i>			
<b>Current liabilities</b>			
Current portion of long-term debt	\$	75,000	\$ —
Current portion of long-term broadcast rights payable		19,929	23,060
Accounts payable		42,684	38,907
Accrued expenses			
Compensation and benefits		48,679	45,018
Distribution expenses		19,406	21,139
Other taxes and expenses		33,074	30,448
Total accrued expenses		101,159	96,605
Current portion of unearned subscription revenues		132,189	138,627
<b>Total current liabilities</b>		<b>370,961</b>	<b>297,199</b>
Long-term debt		225,000	375,000
Long-term broadcast rights payable		13,024	21,514
Unearned subscription revenues		120,998	122,275
Deferred income taxes		97,858	70,084
Other noncurrent liabilities		49,356	47,989
<b>Total liabilities</b>		<b>877,197</b>	<b>934,061</b>
<b>Shareholders' equity</b>			
Series preferred stock, par value \$1 per share			
Authorized 5,000,000 shares; none issued		—	—
Common stock, par value \$1 per share			
Authorized 80,000,000 shares; issued and outstanding 40,801,949 shares in 2004 (excluding 29,523,362 shares held in treasury) and 40,180,529 shares in 2003 (excluding 28,788,285 shares held in treasury)		40,802	40,181
Class B stock, par value \$1 per share, convertible to common stock			
Authorized 15,000,000 shares; issued and outstanding 9,682,648 shares in 2004 and 9,968,534 shares in 2003		9,683	9,969
Additional paid-in capital		5,726	5,038
Retained earnings		535,070	445,962
Accumulated other comprehensive loss		(427 )	(1,550 )
Unearned compensation		(2,124 )	(1,837 )
<b>Total shareholders' equity</b>		<b>588,730</b>	<b>497,763</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>1,465,927</b>	<b>\$ 1,431,824</b>

See accompanying Notes to Consolidated Financial Statements

**Consolidated Statements of Earnings**  
**Meredith Corporation and Subsidiaries**

<b>Years ended June 30</b>	<b>2004</b>	<b>Restated 2003</b>	<b>2002</b>
<i>(In thousands except per share data)</i>			
<b>Revenues</b>			
Advertising	\$ 703,969	\$ 648,653	\$ 572,691
Circulation	248,579	259,141	261,640
All other	209,104	172,310	153,498
Total revenues	1,161,652	1,080,104	987,829
<b>Operating costs and expenses</b>			
Production, distribution and editorial	502,494	464,764	433,645
Selling, general and administrative	420,801	406,578	382,695
Depreciation and amortization	35,243	36,340	53,640
Total operating costs and expenses	958,538	907,682	869,980
<b>Income from operations</b>			
Nonoperating (expense) income	–	(1,551 )	63,812
Interest income	225	567	621
Interest expense	(22,726 )	(27,776 )	(33,210 )
Earnings before income taxes and cumulative effect of change in accounting principle	180,613	143,662	149,072
Income taxes	69,897	55,596	57,691
<b>Earnings before cumulative effect of change in accounting principle</b>			
Cumulative effect of change in accounting principle, net of taxes	–	(85,749 )	–
<b>Net earnings</b>	\$ 110,716	\$ 2,317	\$ 91,381
<b>Basic earnings per share</b>			
Before cumulative effect of change in accounting principle	\$ 2.20	\$ 1.78	\$ 1.85
Cumulative effect of change in accounting principle	–	(1.73 )	–
<b>Basic earnings per share</b>	\$ 2.20	\$ 0.05	\$ 1.85
Basic average shares outstanding	50,214	49,706	49,528
<b>Diluted earnings per share</b>			
Before cumulative effect of change in accounting principle	\$ 2.14	\$ 1.73	\$ 1.79
Cumulative effect of change in accounting principle	–	(1.68 )	–
<b>Diluted earnings per share</b>	\$ 2.14	\$ 0.05	\$ 1.79
Diluted average shares outstanding	51,689	51,093	50,921

See accompanying Notes to Consolidated Financial Statements

**Consolidated Statements of Cash Flows**  
**Meredith Corporation and Subsidiaries**

Years ended June 30	2004	Restated 2003	2002
<i>(In thousands)</i>			
<b>Cash flows from operating activities</b>			
Net earnings	\$ 110,716	\$ 2,317	\$ 91,381
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	29,715	29,059	27,741
Amortization	5,528	7,281	25,899
Cumulative effect of change in accounting principle, net of taxes	-	85,749	-
Interest rate swap adjustments	(3,941 )	(851 )	4,791
Amortization of broadcast rights	31,071	37,343	40,130
Payments for broadcast rights	(35,806 )	(35,877 )	(36,446 )
Losses (gains) from dispositions, net of taxes	-	524	(39,117 )
Changes in assets and liabilities, net of acquisitions/dispositions:			
Accounts receivable	(19,215 )	(16,513 )	5,388
Inventories	(4,114 )	5,773	(86 )
Supplies and prepayments	2,391	(4,768 )	(692 )
Subscription acquisition costs	17,518	(3,587 )	162
Other assets	(7,938 )	(5,118 )	(4,810 )
Accounts payable	3,360	(3,842 )	(3,483 )
Accruals	19,177	5,696	(3,397 )
Unearned subscription revenues	(7,715 )	24,859	11,617
Deferred income taxes	29,076	43,588	18,130
Other noncurrent liabilities	1,213	722	(421 )
Net cash provided by operating activities	171,036	172,355	136,787
<b>Cash flows from investing activities</b>			
Acquisition of American Baby Group	-	(117,594 )	-
Proceeds from dispositions	-	313	-
Additions to property, plant and equipment	(24,535 )	(26,645 )	(23,365 )
Other	(2,363 )	3,061	3,145
Net cash used by investing activities	(26,898 )	(140,865 )	(20,220 )
<b>Cash flows from financing activities</b>			
Long-term debt incurred	20,000	124,000	220,000
Repayment of long-term debt	(95,000 )	(134,000 )	(305,000 )
Debt acquisition costs	-	-	(636 )
Proceeds from common stock issued	26,315	22,512	8,561
Purchases of Company stock	(37,416 )	(31,521 )	(30,178 )
Dividends paid	(21,608 )	(18,412 )	(17,343 )
Net cash used by financing activities	(107,709 )	(37,421 )	(124,596 )
Net increase (decrease) in cash and cash equivalents			
	36,429	(5,931 )	(8,029 )
Cash and cash equivalents at beginning of year	22,294	28,225	36,254
<b>Cash and cash equivalents at end of year</b>	<b>\$ 58,723</b>	<b>\$ 22,294</b>	<b>\$ 28,225</b>



**Consolidated Statements of Cash Flows (continued)**  
**Meredith Corporation and Subsidiaries**

<b>Years ended June 30</b>		<b>2004</b>		<b>2003</b>		<b>2002</b>
<i>(In thousands)</i>						
<b>Supplemental disclosures of cash flow information</b>						
Cash paid:						
	Interest	\$	26,581	\$	28,490	\$ 29,091
	Income taxes	\$	22,248	\$	20,148	\$ 10,032
Noncash transactions:						
	Broadcast rights financed by contracts payable	\$	24,185	\$	36,120	\$ 45,019
	Tax benefit related to stock options	\$	11,037	\$	13,721	\$ 6,491

*See accompanying Notes to Consolidated Financial Statements*



Stock issued under various incentive plans, net of forfeitures	1,082	-	26,320	-	-	(1,457)	25,945
Purchases of Company stock	(738)	(9)	(36,669)	-	-	-	(37,416)
Conversion of class B to common stock	277	(277)	-	-	-	-	-
Dividends paid, 43 cents per share							
Common stock	-	-	-	(17,392)	-	-	(17,392)
Class B stock	-	-	-	(4,216)	-	-	(4,216)
Restricted stock amortized to operations	-	-	-	-	-	1,170	1,170
Tax benefit from incentive plans	-	-	11,037	-	-	-	11,037
<b>Balance at June 30, 2004</b>	<b>\$40,802</b>	<b>\$9,683</b>	<b>\$5,726</b>	<b>\$535,070</b>	<b>\$(427)</b>	<b>\$(2,124)</b>	<b>\$588,730</b>

See accompanying Notes to Consolidated Financial Statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Meredith Corporation and Subsidiaries

#### 1. Organization and Summary of Significant Accounting Policies

##### a. Nature of operations

Meredith Corporation is a diversified media company primarily focused on the home and family marketplace. The Company's principal businesses are magazine publishing and television broadcasting. Revenues of the publishing and broadcasting segments were 75 percent and 25 percent, respectively, of total revenues in fiscal 2004. The publishing segment includes magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing and other related operations. *Better Homes and Gardens* is the most significant trademark of the publishing segment and is used extensively in its operations. The Company's broadcasting operations include 12 network-affiliated television stations and one AM radio station. Meredith's operations are diversified geographically within the United States, and the Company has a broad customer base.

Advertising and magazine circulation revenues accounted for 61 percent and 21 percent, respectively, of the Company's revenues in fiscal 2004. Revenues and operating results can be affected by changes in the demand for advertising and/or consumer demand for the Company's products. National and local economic conditions largely affect the magnitude of advertising revenues. Magazine circulation revenues are generally affected by national and/or regional economic conditions and competition from other forms of media.

##### b. Principles of consolidation

The consolidated financial statements include the accounts of Meredith Corporation and its wholly and majority-owned subsidiaries. Significant intercompany transactions are eliminated.

##### c. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements. The Company bases its estimates on historical experience, management expectations for future performance, and other assumptions, as appropriate. Key areas affected by estimates include: the assessment of the recoverability of long-lived assets, which is based on such factors as estimated future cash flows; the determination of the net realizable value of broadcast rights, which is based on estimated future revenues; provisions for returns of magazines and books sold, which are based on historical experience and current marketplace conditions; and, pension and postretirement benefit expenses, which are actuarially determined and include assumptions regarding discount rates, expected returns on plan assets, and rates of increase in compensation and healthcare costs. The Company re-evaluates its estimates on an ongoing basis. Actual results may vary from those estimates.

##### d. Cash and cash equivalents

All cash and short-term investments with maturities of three months or less are considered cash and cash equivalents, since they are readily convertible to cash. These short-term investments are stated at cost, which approximates fair value.

#### **e. Accounts receivable**

The Company extends credit to customers based upon an evaluation of each customer's credit worthiness and financial condition and collateral is not required. The Company maintains an allowance for estimated losses based upon the aging of such receivables and specific collection issues that may be identified. Accounts are written-off when deemed uncollectible.

#### **f. Inventories**

Paper inventories are stated at cost, which is not in excess of market value, using the last-in first-out (LIFO) method. All other inventories are stated at the lower of cost (first-in first-out, or average) or market.

#### **g. Subscription acquisition costs**

Subscription acquisition costs primarily represent magazine agency commissions. These costs are deferred and amortized over the related subscription term, typically one to two years.

#### **h. Property, plant and equipment**

Property, plant and equipment are stated at cost. Costs of replacements and major improvements are capitalized, and maintenance and repairs are charged to operations as incurred. Depreciation expense is provided primarily by the straight-line method over the estimated useful lives of the assets: five to 45 years for buildings and improvements, and three to 20 years for machinery and equipment. The costs of leasehold improvements are amortized over the lesser of the useful lives or the terms of the respective leases. Depreciation and amortization of property, plant and equipment was \$29.7 million in fiscal 2004 (\$29.1 million in fiscal 2003 and \$27.7 million in fiscal 2002).

#### **i. Broadcast rights**

Broadcast rights and the liabilities for future payments are reflected in the consolidated financial statements when programs become available for broadcast. These rights are valued at the lower of unamortized cost or estimated net realizable value and are generally charged to operations on an accelerated basis over the contract period. Amortization of these rights is included in production, distribution and editorial expenses. Reductions in unamortized costs to net realizable value are included in amortization of broadcast rights in the accompanying consolidated financial statements. Fiscal 2004 results include expense of approximately \$0.2 million for such reductions in unamortized costs (\$2.4 million in fiscal 2003 and \$3.7 million in fiscal 2002).

#### **j. Goodwill and other intangible assets**

Meredith adopted Statement of Financial Accounting Standard (SFAS) No. 142, *Goodwill and Other Intangible Assets*, effective July 1, 2002 (See Note 3). SFAS No. 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. The impairment tests are based on a fair-value approach as described in SFAS No. 142. The estimated fair values of these assets are determined by developing discounted future cash flow analyses. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. The carrying value of intangible assets with finite lives is evaluated whenever events or circumstances indicate that the carrying value may not be recoverable. The carrying value is not recoverable when the projected undiscounted future cash flows are less than the carrying value. Tests for impairment or recoverability require significant management judgment, and future events affecting cash flows and market conditions could result in impairment losses.

Intangible assets with indefinite lives include Federal Communications Commission ("FCC") broadcast licenses. These licenses are granted for a finite period of time, but are renewable if the Company provides at least an average level of service to its customers and complies with the applicable FCC rules and policies and the Communications Act of 1934. The Company has been successful in everyone of its past license renewal requests and has incurred only minimal costs in the process. The Company expects the television broadcasting business to continue into the foreseeable future and, therefore, the cash flows from the broadcast licenses are expected to continue indefinitely.

Additional information regarding goodwill and other intangible assets is in Note 7.

## **k. Derivative financial instruments**

Meredith adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, including subsequent amendments, as required on July 1, 2000.

Meredith has used derivative financial instruments to manage the risk that changes in interest rates would affect its future interest payments. All interest rate swap contracts expired in June 2004. Interest rate swap contracts were generally considered to be cash flow hedges against changes in the amount of future interest payments on the Company's variable-rate debt obligations. The fair market value of the interest rate swap contracts was recorded in *Accrued expenses: Other taxes and expenses* in the Consolidated Balance Sheets. The related unrealized gains (losses) on these contracts were recorded in shareholders' equity as a component of other comprehensive income (loss), net of tax, and then recognized as an adjustment to interest expense over the same period in which the related interest payments being hedged were recognized in earnings. However, to the extent that any of these contracts were not considered to be highly effective in offsetting the change in the value of the interest payments being hedged, any changes in fair value relating to the ineffective portion of these contracts were immediately recognized in interest expense. The net effect of this accounting on the Company's operating results was that interest expense on the portion of the variable-rate debt being hedged was effectively recorded based on fixed interest rates.

As a result of its debt refinancing in April 2002, the notional amount of Meredith's interest rate swap contracts exceeded the variable-rate debt outstanding. Therefore a portion of the Company's interest rate swap contracts no longer met the qualifications for hedge accounting. All subsequent changes in the fair market value of these swaps affected future net earnings. Previously changes in the fair market value were recorded in other comprehensive income (loss). Management determined that it was probable that the level of variable-rate debt would not increase to allow use of these swaps over the term of the swap contracts. Therefore, \$3.5 million in accumulated other comprehensive loss related to these swaps was reclassified to interest expense in fiscal 2002.

## **l. Revenues**

Revenues are recognized only when realized/realizable and earned, in accordance with GAAP. Advertising revenues are recognized, net of agency commissions, when the underlying advertisements are published, defined as the issue's on-sale date, or aired by the broadcasting stations. Magazine advertising revenues totaled \$422.1 million in fiscal 2004 (\$383.1 million in fiscal 2003 and \$325.5 million in fiscal 2002). Broadcasting advertising revenues were \$281.9 million in fiscal 2004 (\$265.5 million in fiscal 2003 and \$247.2 million in fiscal 2002). Barter advertising revenues, and the offsetting expense, are recognized at the fair value of the advertising surrendered, as determined by similar cash transactions. Barter advertising revenues were not material in any period. Revenues from magazine subscriptions are deferred and recognized proportionately as products are delivered to subscribers. Revenues from magazine and book retail sales are recognized upon delivery, net of provisions for anticipated returns. The Company bases its estimates for returns on historical experience and current marketplace conditions. Revenues from integrated marketing and other custom programs are recognized when the products or services are delivered. In certain instances, revenues are recorded gross in accordance with GAAP although the Company receives cash for a lesser amount due to the netting of certain expenses.

### m. Advertising expenses

Total advertising expenses included in the Consolidated Statements of Earnings were \$75.7 million in fiscal 2004 (\$74.9 million in fiscal 2003 and \$70.0 million in fiscal 2002). The majority of the Company's advertising expenses relate to direct-mail costs for magazine subscription acquisition efforts. Advertising costs are expensed the first time the advertising takes place.

### n. Stock-based compensation

The Company has several stock-based compensation plans which are more fully described in Note 15. Meredith accounts for those plans under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Compensation costs are reflected in net earnings for restricted stock plans; however, no stock-based compensation cost is reflected in net earnings for the employee stock purchase plan or for options granted as all options had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-based Compensation*, to stock-based employee compensation:

Years ended June 30	2004	Restated 2003	2002
<i>(In thousands except per share data)</i>			
Net earnings as reported	\$ 110,716	\$ 2,317	\$ 91,381
Add: Total stock-based employee compensation expense included in reported net earnings, net of related tax effects	717	535	760
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(7,474 )	(6,943 )	(6,455 )
Pro forma net earnings (loss)	\$ 103,959	\$ (4,091 )	\$ 85,686
Basic earnings per share as reported	\$ 2.20	\$ 0.05	\$ 1.85
Pro forma basic earnings (loss) per share	2.07	(0.08 )	1.73
Diluted earnings per share as reported	2.14	0.05	1.79
Pro forma diluted earnings (loss) per share	2.00	(0.08 )	1.67

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. Options vest over a period of several years and additional awards are generally made each year. In addition, valuations are based on highly subjective assumptions about the future, including stock price volatility and exercise patterns. The Company used the Black-Scholes option pricing model to determine the fair value of grants made.

The following assumptions were applied in determining the pro forma compensation costs:

Years ended June 30	2004	2003	2002
Risk-free interest rate	3.98 %	3.63 %	4.62 %
Expected dividend yield	0.90 %	0.75 %	0.75 %
Expected option life	6.4 yrs	6.3 yrs	6.5 yrs
Expected stock price volatility	23.00 %	25.00 %	24.00 %

## **o. Income taxes**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

## **p. Earnings per share**

Basic earnings per share are computed using the weighted average number of actual common and Class B shares outstanding during the period. Diluted earnings per share reflects the potential dilution that would occur from the exercise of common stock options outstanding and the issuance of other stock equivalents. The following table presents the calculations of earnings per share:

<b>Years ended June 30</b> <i>(In thousands)</i>	<b>2004</b>	<b>Restated 2003</b>	<b>2002</b>
Earnings before cumulative effect of change in accounting principle	\$ 110,716	\$ 88,066	\$ 91,381
Basic average shares outstanding	50,214	49,706	49,528
Dilutive effect of stock options and equivalents	1,475	1,387	1,393
Diluted average shares outstanding	51,689	51,093	50,921
Earnings per share before cumulative effect of change in accounting principle			
Basic	\$ 2.20	\$ 1.78	\$ 1.85
Diluted	2.14	1.73	1.79

Antidilutive options excluded from the above calculations totaled 71,000 options for the year ended June 30, 2004 (with a weighted average exercise price of \$49.81); 101,000 options for the year ended June 30, 2003 (with a weighted average exercise price of \$45.16); and 9,000 options for the year ended June 30, 2002 (with a weighted average exercise price of \$43.40).

## **q. Special-purpose entities**

Meredith does not have any off-balance sheet financing activities. The Company's use of special-purpose entities is limited to Meredith Funding Corporation, whose activities are fully consolidated in Meredith's Consolidated Financial Statements (see Note 9).

## **r. New accounting pronouncements**

In April 2003, the Financial Accounting Standards Board (FASB) issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This statement was effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*. This statement established standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement was effective on July 1, 2003.

In December 2003, the FASB issued SFAS No. 132 (Revised), *Employers' Disclosure about Pensions and Other Postretirement Benefits*. This statement retains the disclosure requirements of SFAS No. 132 and requires additional disclosures in both interim and annual financial statements. This statement was effective for fiscal years ending after December 15, 2003, and interim periods beginning after December 15, 2003.

In December 2003, the FASB issued Interpretation No. 46 (Revised) to address certain implementation issues associated with Interpretation No. 46, *Consolidation of Variable Interest Entities*. This interpretation addresses consolidation by business enterprises of certain variable interest entities. This statement was effective for periods ending after December 15, 2003 or March 15, 2004, depending on the type of entity.

There was no material impact on the Company's financial position or results of operations from the adoption or implementation of these accounting standards.

#### **s. Other**

Certain prior-year financial information has been reclassified or restated to conform to the fiscal 2004 financial statement presentation. This includes a restatement to recognize amortization expense related to broadcasting network affiliation agreement intangibles assets effective July 1, 2002.

## **2. Restatement of Fiscal 2003 Financial Statements**

At the beginning of fiscal 2003, Meredith adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be reviewed at least annually for impairment. Upon the adoption of SFAS No. 142, Meredith, like most broadcasters, determined that its broadcasting network affiliation agreements had indefinite lives and ceased recording amortization expense on these assets. The staff of the Securities and Exchange Commission (SEC) has recently determined that network affiliation agreements are definite lived assets and should be amortized over the period of time the agreements are expected to remain in place, assuming renewals without material modifications to the original terms and conditions. After discussion with the SEC, the Company has changed its accounting policy and will amortize these assets effective with the adoption of SFAS No. 142 generally using lives of 25 to 40 years from their original acquisition dates. If future renewals result in material modifications to the original terms and conditions of these agreements, the lives will be reassessed. In addition, the final resolution of Issue No. 03-09, *Interaction of Paragraphs 11 and 12 of SFAS No. 142 Regarding the Determination of the Useful Life and Amortization of an Intangible Asset*, by the Emerging Issues Task Force could also result in Meredith reassessing the lives of the network affiliation agreements.

This change in accounting policy has resulted in the restatement of the financial statements as of and for the year ended June 30, 2003 presented in this Annual Report on Form 10-K. The restatement adjustments had no impact on cash flows from operating, investing or financing activities although it did impact certain non-cash components of cash flows from operating activities. The following is a summary of the adjustments to the financial statements as a result of the restatement:

June 30	2003	
<b>Selected Balance Sheet Data:</b>	As previously reported	As restated
<b>Assets</b>		
Intangible assets, net	\$ 683,223	\$ 678,326
Total assets, net	1,436,721	1,431,824
<b>Liabilities and shareholders' equity</b>		
Deferred income taxes	71,979	70,084
Total liabilities	935,956	934,061
Retained earnings	448,964	445,962
Total shareholders' equity	500,765	497,763
Total liabilities and shareholders' equity	1,436,721	1,431,824

Year ended June 30	2003	
<b>Selected Statement of Earnings Data:</b>	As previously reported	As restated
Depreciation and amortization	\$ 31,443	\$ 36,340
Total operating costs and expenses	902,785	907,682
Income from operations	177,319	172,422
Earnings before income taxes and cumulative effect of change in accounting principle	148,559	143,662
Income taxes	57,491	55,596
Earnings before cumulative effect of change in accounting principle	91,068	88,066
Net earnings	5,319	2,317
<b>Basic earnings per share</b>		
Before cumulative effect of change in accounting principle	1.84	1.78
Basic earnings per share	0.11	0.05
<b>Diluted earnings per share</b>		
Before cumulative effect of change in accounting principle	1.78	1.73
Diluted earnings per share	0.10	0.05

**Selected Statement of Cash Flows Data:**

Net earnings	5,319	2,317
Amortization	2,384	7,281
Deferred income taxes	45,483	43,588

In addition, the unaudited selected quarterly financial data presented in Note 19 for the first three quarters of the year ended June 30, 2004 and for all quarters of the year ended June 30, 2003 have been restated to reflect this change in accounting policy.

### 3. Change in Accounting Principle

Meredith adopted SFAS No. 142, *Goodwill and Other Intangible Assets*, effective July 1, 2002. SFAS No. 142 requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings, but be reviewed at least annually for impairment. Reviews are based on a fair-value approach as described in SFAS No. 142, which required an initial review of goodwill and intangible assets with indefinite lives as of the beginning of the fiscal year of adoption. The Company's initial review resulted in transitional impairment losses of \$139.9 million (\$85.7 million after tax), or \$1.68 per diluted share. This charge was recorded net of tax as the cumulative effect of a change in accounting principle in the first quarter of fiscal 2003. The impairment losses related to certain television network affiliation agreements (\$33.7 million) and goodwill at certain television stations (\$106.2 million). The fair values of the network affiliation agreements and goodwill were determined by developing discounted cash flow analyses. The impairments were primarily the result of lower revenues and cash flows at television station WGCL-TV in Atlanta as compared to the projections on which the purchase price was based. Meredith completed annual impairment reviews of goodwill and intangible assets with indefinite lives as of May 31, 2004 and 2003. No impairments were recorded as a result of those reviews.

The elimination of amortization expense related to indefinite-lived intangible assets and goodwill as a result of SFAS No. 142 materially affected the comparisons of fiscal 2004 and 2003 results with the reported results for fiscal 2002. Intangible asset amortization expense was \$5.5 million in fiscal 2004 and \$7.3 million in fiscal 2003. Amortization expense related to intangible assets and goodwill totaled \$25.9 million in fiscal 2002. SFAS No. 142 does not permit the restatement of prior years' results. The following adjusted amounts assume the non-amortization provisions of SFAS No. 142 had been effective at the beginning of fiscal 2002.

Year ended June 30	2002		
	Net Earnings	Basic EPS	Diluted EPS
<i>(In thousands except per share)</i>			
As reported	\$ 91,381	\$1.85	\$1.79
Add back amortization, net of taxes			
FCC licenses and other	7,263	0.15	0.15
Goodwill	4,735	0.09	0.09
As adjusted	\$ 103,379	\$2.09	\$2.03

The FASB also issued SFAS No. 141, *Business Combinations*, in June 2001. SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. It also specifies criteria that must be met for the recognition of intangible assets separate from goodwill. Adoption of SFAS No. 142 required Meredith to evaluate its existing intangible assets and make any reclassifications necessary to meet the criteria specified in SFAS No. 141. The resulting reclassifications did not have a material impact on the Company's financial position.

### 4. Nonoperating Income

In fiscal 2003, Meredith recorded nonoperating expense of \$1.6 million. It included a loss of \$2.2 million on the sale of a subsidiary and the write-off of a \$1.6 million investment in a start-up technology company. These charges were partially offset by a \$1.3 million gain related to final post closing adjustments on the June 2002 exchange of two Florida television stations for KPTV-Portland and \$0.9 million in life insurance proceeds.

In fiscal 2002, Meredith recorded nonoperating income of \$63.8 million. This represented \$61.8 million in gains from dispositions as described in Note 5 and \$2.0 million from the demutualization of an insurance company with which Meredith holds policies.

## 5. Acquisitions, Exchanges and Dispositions

On December 5, 2002, Meredith purchased *American Baby* magazine and related assets (American Baby Group) from Primedia Inc., for \$117.9 million (\$115.0 million plus certain costs). The acquisition was financed with existing credit facilities and cash on hand. The cost was allocated based on the fair values of assets acquired and liabilities assumed, as determined by an independent appraisal, as follows: accounts receivable of \$0.9 million; property, plant and equipment of \$0.1 million; intangible assets subject to amortization of \$4.4 million; intangible assets not subject to amortization of \$38.9 million; goodwill of \$76.2 million; and liabilities, primarily for unearned subscription revenues, of \$2.6 million. Intangible assets subject to amortization will be amortized on a straight-line basis over their estimated useful lives of less than one year to five years. Goodwill was assigned to the publishing segment and is fully deductible for tax purposes.

Operating results of the properties are included in Meredith's consolidated operating results since the acquisition date. *American Baby* magazine, introduced in 1938, is published monthly and has a circulation of 2 million. Other American Baby Group properties acquired include *Childbirth* and *First Year of Life* magazines, three Hispanic titles and related marketing programs, the *American Baby* television program currently shown on The Discovery Channel® television network, web sites, custom publications and other related programs.

The acquisition of American Baby Group builds on Meredith's strategy to expand its home and family leadership position to a younger and more culturally diverse demographic spectrum of the family marketplace. Management believes this multi-tier franchise is helping the Company reach young families who are just beginning to build their home and family lives. The American Baby Group is a well-established large-scale brand with a strong array of products that reaches younger women and the Hispanic market—two areas that management believes will enhance the Company's already strong presence in the home and family arena.

Pro forma results of operations as if this asset purchase had occurred at the beginning of the fiscal year for each period presented are as follows:

Years ended June 30	Restated 2003	2002
<i>(In thousands except per share)</i>		
Total revenues	\$ 1,101,559	\$ 1,039,285
Earnings before cumulative effect of change		
in accounting principle	89,973	93,944
Net earnings	4,224	93,944
Basic earnings per share		
Before cumulative effect of change		
in accounting principle	1.81	1.90
Net earnings	0.09	1.90
Diluted earnings per share		
Before cumulative effect of change		
in accounting principle	1.76	1.84
Net earnings	0.08	1.84

On June 17, 2002, Meredith exchanged its Orlando and Ocala, FL, television stations for station KPTV, in Portland, OR. The transaction with News Corporation and Fox Television Stations, Inc., created a Meredith duopoly in Portland where the Company also owns KPDX-TV. A duopoly, defined as the ownership of two stations in a market, offers increased efficiency while providing stronger outlets for advertisers and viewers. The operations of the acquired property are included in the Company's consolidated operating results since the acquisition date.

For financial reporting purposes, Meredith recorded the exchange as two simultaneous but separate events: the sale of the two Florida stations, for which nonoperating gains were recognized, and the acquisition of the Portland station, which was accounted for as an asset purchase. The nonoperating gains from the sale of the Florida stations totaled \$61.8 million (\$37.9 million after tax), or 74 cents per share, based on the fair value of the assets acquired as determined by an independent appraisal. The fair value of \$90.0 million was the purchase price of the Portland station. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date.

*(In thousands)*

Property, plant and equipment	\$	17,563
Broadcast rights		11,952
Intangible assets		75,258
Goodwill		4,649
Total assets acquired		109,422
Broadcast rights payable	(19,422 )	
Net assets acquired	\$	90,000

The intangible assets primarily represent the value of the station's FCC license. An intangible asset of less than \$0.2 million was also recorded for the station's network affiliation agreement. The FCC license is indefinite-lived and, therefore, will not be amortized. It will be reviewed for impairment annually or as circumstances warrant. The network affiliation agreement will be amortized over 40 years and will be reviewed for impairment or changes in remaining life whenever circumstances warrant. Goodwill was assigned to the broadcasting segment and is fully deductible for tax purposes.

Pro forma results of operations as if this asset sale and purchase had occurred at the beginning of the fiscal year for each period presented are as follows:

<b>Year ended June 30</b>	<b>2002</b>
<i>(In thousands except per share)</i>	
Total revenues	\$ 973,786
Net earnings	89,561
Basic earnings per share	1.81
Diluted earnings per share	1.76

The pro forma results include estimated noncash gains from the disposition of the two Florida television stations of 72 cents per diluted share in fiscal 2002.

In fiscal 2004 Meredith acquired a low-power television station serving Springfield-Holyoke, MA and an AM radio station serving Saginaw and Bay City, MI. These acquisitions were not material.

In June 2003, Meredith sold the stock of a wholly owned subsidiary that produced and sold calendars and books through annual programs. The revenues and operating profits of the subsidiary were not material to the publishing segment or the Company. The sale resulted in a loss of \$2.2 million.

## 6. Inventories

Inventories consist of paper stock, books and editorial content. Of net inventory values shown, approximate portions determined using the LIFO method were 36 percent at June 30, 2004, and 30 percent at June 30, 2003. LIFO inventory (income) expense included in the Consolidated Statements of Earnings was \$(0.9) million in fiscal 2004, \$0.7 million in fiscal 2003 and \$(2.8) million in fiscal 2002.

<b>June 30</b>	<b>2004</b>	<b>2003</b>
<i>(In thousands)</i>		
Raw materials	\$ 13,025	\$ 8,745
Work in process	15,573	18,095
Finished goods	7,611	6,199
	36,209	33,039
Reserve for LIFO cost valuation	(4,947 )	(5,891 )
Inventories	\$ 31,262	\$ 27,148

## 7. Goodwill and Intangibles

Intangible assets and goodwill consist of the following:

<b>June 30</b>	<b>2004</b>			<b>Restated 2003</b>		
	<b>Gross Amount</b>	<b>Accumulated Amortization</b>	<b>Net Amount</b>	<b>Gross Amount</b>	<b>Accumulated Amortization</b>	<b>Net Amount</b>
<i>(In thousands)</i>						
<b>Intangible assets</b>						
<b>subject to amortization</b>						
Publishing Group						
Noncompete agreements	\$ 2,534	\$ (1,013 )	\$ 1,521	\$ 2,534	\$ (383 )	\$ 2,151
Customer lists	1,863	(1,863 )	-	1,863	(1,863 )	-
Broadcasting Group						
Network affiliation agreements	218,651	(73,554 )	145,097	218,651	(68,656 )	149,995
Total	\$ 223,048	\$ (76,430 )	146,618	\$ 223,048	\$ (70,902 )	152,146
<b>Intangible assets not</b>						
<b>subject to amortization</b>						
Publishing Group						
Trademarks			48,131			48,131
Broadcasting Group						
FCC licenses			479,219			478,049
Total			527,350			526,180
Intangibles, net			\$ 673,968			\$ 678,326

On December 5, 2002, Meredith acquired the American Baby Group from Primedia, Inc. This acquisition resulted in the recognition of \$4.4 million in intangible assets subject to amortization, \$38.9 million in intangible assets not subject to amortization and \$76.2 million in goodwill.

Amortization expense was \$5.5 million in fiscal 2004 and \$7.3 million in fiscal 2003. Future amortization expense for intangible assets is expected to be as follows: \$5.5 million in fiscal 2005, \$5.3 million in fiscal 2006, \$5.2 million in fiscal 2007, \$5.0 million in fiscal 2008 and \$4.9 million in fiscal 2009.

The changes in the carrying amount of goodwill are as follows:

<i>(In thousands)</i>	<b>Publishing Group</b>	<b>Broadcasting Group</b>	<b>Total</b>
<b>Balance at June 30, 2002</b>	\$ 36,455	\$ 184,193	\$ 220,648
Acquisitions	76,786	–	76,786
Dispositions	(2,389 )	–	(2,389 )
Impairment writedowns	–	(106,173 )	(106,173 )
Reclassified/other	–	2,959	2,959
<b>Balance at June 30, 2003</b>	\$ 110,852	\$ 80,979	\$ 191,831
Reclassified/other	(528 )	–	(528 )
<b>Balance at June 30, 2004</b>	\$ 110,324	\$ 80,979	\$ 191,303

#### 8. Restructuring Accrual

In response to a weakening economy and a widespread advertising downturn in fiscal 2001, management took steps to reduce the number of Meredith employees, including a one-time, voluntary early retirement program. Other selective workforce reductions were achieved through attrition, realignments and job eliminations. Approximately 200 positions were eliminated in fiscal 2001 and early fiscal 2002. The Company also wrote off certain Internet investments. These actions were the primary factors in a fiscal 2001 fourth-quarter nonrecurring charge of \$25.3 million (\$15.4 million after tax), or 30 cents per share, for personnel costs (\$18.4 million), asset write-downs and other (\$8.2 million), offset by the reversal of excess accruals (\$1.3 million). The nonrecurring charge resulted in balance sheet adjustments of \$8.5 million and cash payments of \$1.1 million in fiscal 2001, leaving an accrual balance of \$15.7 million for personnel costs at June 30, 2001. Details of the activities affecting the accrual since that date follow:

<i>(In thousands)</i>	
<b>Restructuring accrual at June 30, 2001</b>	\$ 15,716
Payments	(10,975 )
Adjustments	232
<b>Restructuring accrual at June 30, 2002</b>	\$ 4,973
Payments	(3,494 )
Adjustments	(157 )
<b>Restructuring accrual at June 30, 2003</b>	\$ 1,322
Payments	(458 )
<b>Restructuring accrual at June 30, 2004</b>	\$ 864

Payments made were for enhanced retirement benefits, severance, and other associated costs. The adjustments in fiscal 2002 represent an additional accrual of \$0.4 million for higher than expected severance costs which was partially offset by a charge of \$0.2 million for accelerated amortization of restricted stock. The adjustments in fiscal 2003 represent the reversal of excess accruals. The adjustments were recorded in selling, general and administrative expenses in both fiscal 2002 and 2003. Approximately 95 percent of the personnel costs accrued at June 30, 2001 were paid out by June 30, 2004. The remaining accrual represents early retirement benefit costs that will be paid over the next 4 fiscal years.

## 9. Long-term Debt

Long-term debt consists of the following:

<b>June 30</b>	<b>2004</b>	<b>2003</b>
<i>(In thousands)</i>		
<b>Variable-rate credit facilities</b>		
Asset-backed commercial paper facility of \$100 million due 4/9/2007	\$ —	\$ 75,000
Revolving credit facility of \$150 million due 4/5/2007	—	—
<b>Private placement notes</b>		
6.51% senior notes, due 3/1/2005	75,000	75,000
6.57% senior notes, due 9/1/2005	50,000	50,000
6.65% senior notes, due 3/1/2006	75,000	75,000
6.39% senior notes, due 4/1/2007	50,000	50,000
6.62% senior notes, due 4/1/2008	50,000	50,000
Total long-term debt	300,000	375,000
Current portion of long-term debt	(75,000 )	—
Long-term debt	\$ 225,000	\$ 375,000

Principal payments on the debt due in succeeding fiscal years are:

<b>Years ended June 30</b>	
<i>(In thousands)</i>	
2005	\$ 75,000
2006	125,000
2007	50,000
2008	50,000
Total long-term debt	\$ 300,000

In connection with the asset-backed commercial paper facility, Meredith entered into a revolving agreement in April 2002. Under this agreement the Company currently sells all of its rights, title and interest in the majority of its accounts receivable related to advertising, book and miscellaneous revenues to Meredith Funding Corporation, a special purpose entity established to purchase accounts receivable from Meredith. At June 30, 2004, \$156 million of accounts receivable, net of reserves, were outstanding under the agreement. Meredith Funding Corporation in turn sells receivable interests to an asset-backed commercial paper conduit administered by a major national bank. In consideration of the sale, Meredith receives cash and a subordinated note, bearing interest at the prime rate (4.00 percent at June 30, 2004), from Meredith Funding Corporation. The agreement is structured as a true sale under which the creditors of Meredith Funding Corporation will be entitled to be satisfied out of the assets of Meredith Funding Corporation prior to any value being returned to Meredith or its creditors. The accounts of Meredith Funding Corporation are fully consolidated in Meredith's consolidated financial statements. The asset-backed commercial paper facility renews annually until April 9, 2007, the facility termination date.

The interest rate on the asset-backed commercial paper program changes monthly and is based on a fixed spread over the average commercial paper cost to the lender. The interest rate would have been 1.53 percent in June 2004 had any amount been borrowed under the program. The interest rate on the variable-rate revolving credit facility is based on a spread over LIBOR determined by the Company's leverage ratio. This rate was 1.9 percent at June 30, 2004, although no amounts were borrowed at the time. Interest rates on the private placement notes range from 6.39 to 6.65 percent. The weighted average interest rate on debt outstanding at June 30, 2004 was 6.8 percent.

All of the Company's debt agreements include financial covenants, and failure to comply with any such covenants could result in the debt becoming payable on demand. A summary of the Company's significant financial covenants and their status at June 30, 2004 follows:

	<b>Required at June 30, 2004</b>	<b>Actual at June 30, 2004</b>
Ratio of debt to trailing 12 month EBITDA <sup>1</sup>	Less than 3.5	1.3
Ratio of EBITDA <sup>1</sup> to interest expense	Greater than 3.0	10.4
Ratio of EBIT <sup>2</sup> to interest expense	Greater than 2.5	8.9
Consolidated shareholders' equity <sup>3</sup>	Greater than \$447.2 million	\$674.5 million

1. *EBITDA is earnings before interest, taxes, depreciation and amortization as defined in the debt agreements.*

2. *EBIT is earnings before interest and taxes as defined in the debt agreements.*

3. *Consolidated shareholders' equity is adjusted for special items as defined in the debt agreements.*

The Company was in compliance with these and all other debt covenants at June 30, 2004.

Interest expense related to long-term debt totaled \$26.1 million in fiscal 2004, \$28.0 million in fiscal 2003 and \$27.2 million in fiscal 2002.

At June 30, 2004, Meredith had \$90 million of credit available under the asset-backed commercial paper program based on the level of accounts receivable outstanding under the program and \$150 million of credit available under the revolving credit facility. The commitment fee rate for the asset-backed commercial paper facility is 0.19 percent of the unused commitment. The commitment fee rate for the revolving credit facility ranges from 0.125 to 0.225 percent of the unused commitment based on the Company's leverage ratio. Commitment fees paid in fiscal 2004 were not material.

## **10. Derivative Financial Instruments**

Meredith has used derivative financial instruments to manage the risk that changes in interest rates would affect its future interest payments. Interest rate swap contracts were used to effectively convert a substantial portion of the Company's variable interest rate debt to fixed interest rate debt. Under the interest rate swap contracts, Meredith agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable rate of interest times the same notional principal amount. The notional amounts of the contract were not exchanged. All of Meredith's interest rate swap contracts expired in June 2004.

As a result of the debt refinancing completed in April 2002 and subsequent debt repayments, Meredith had swap contracts that no longer met the qualifications for hedge accounting. Those swap contracts were deemed to be ineffective and dedesignated as hedge contracts. Expense related to fair market value adjustments on the swap contracts had been recorded in other comprehensive income (loss). As a result of the dedesignation, the loss was to be amortized into earnings over the life of the swap contracts and all future changes in the fair market value of the dedesignated swap contracts would affect future net earnings. Interest expense of \$1.3 million was recorded in fiscal 2002, for such amortization and changes in fair market value. Subsequent to the dedesignation, management determined that it was probable that the level of the Company's variable-rate debt would not increase to allow use of the dedesignated swaps over the term of the swap contracts. Therefore, \$3.5 million remaining in accumulated other comprehensive loss related to the dedesignated swap contracts was reclassified as interest expense in the fourth quarter of fiscal 2002. Changes in the fair market value of the dedesignated swap contracts resulted in reductions in interest expense of \$3.9 million in fiscal 2004 and \$0.9 million in fiscal 2003.

## 11. Fair Values of Financial Instruments

Carrying amounts and estimated fair values of financial instruments are as follows:

June 30	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(In thousands)</i>				
Broadcast rights payable	\$ 32,953	\$ 30,722	\$ 44,574	\$ 41,365
Long-term debt	300,000	310,095	375,000	400,750

Fair values were determined as follows:

Broadcast rights payable: Present value of future cash flows discounted at the Company's current borrowing rate.

Long-term debt: Present value of future cash flows using borrowing rates currently available for debt with similar terms and maturities.

Interest rate swap contracts outstanding at June 30, 2003, which expired in June 2004, were reported at fair market value in the Consolidated Balance Sheet.

The carrying amounts for all other financial instruments approximate their respective fair values due to the short-term nature of these instruments. Fair value estimates are made at a specific point in time based on relevant market and financial instrument information. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision.

Changes in assumptions could significantly affect these estimates.

## 12. Income taxes

Income tax expense attributable to earnings before the cumulative effect of a change in accounting principle consists of:

Years ended June 30	2004	Restated 2003	2002
<i>(In thousands)</i>			
<b>Currently payable</b>			
Federal	\$ 35,367	\$ 9,938	\$ 14,859
State	5,454	2,070	2,193
	40,821	12,008	17,052
<b>Deferred</b>			
Federal	24,540	36,788	34,299
State	4,536	6,800	6,340
	29,076	43,588	40,639
Income taxes	\$ 69,897	\$ 55,596	\$ 57,691

In addition, a deferred income tax benefit of \$54.2 million was recognized in association with the charge for the cumulative effect of a change in accounting principle in fiscal 2003. Income tax benefits related to the exercise of stock options and vesting of restricted stock reduced current taxes payable and increased additional paid-in capital by \$11.0 million in fiscal 2004 (\$13.7 million in fiscal 2003 and \$6.5 million in fiscal 2002).

The differences between the effective tax rates and the statutory U.S. federal income tax rate are as follows:

Years ended June 30	2004	2003	2002
U.S. statutory tax rate	35.0 %	35.0 %	35.0 %
State income taxes, less federal income tax benefits	3.6	3.9	3.7
Goodwill amortization	—	—	0.7
Other	0.1	(0.2 )	(0.7 )
Effective income tax rate	38.7 %	38.7 %	38.7 %

The tax effects of temporary differences that gave rise to the deferred income tax assets and liabilities are as follows:

June 30	2004	Restated 2003
<i>(In thousands)</i>		
<b>Deferred tax assets</b>		
Accounts receivable allowances and return reserves	\$ 13,983	\$ 10,047
Compensation and benefits	17,319	26,243
All other assets	1,693	11,261
Total deferred tax assets	32,995	47,551
<b>Deferred tax liabilities</b>		
Subscription acquisition costs	21,746	28,429
Accumulated depreciation and amortization	77,134	53,462
Gains from dispositions	25,863	25,625
All other liabilities	8,388	10,377
Total deferred tax liabilities	133,131	117,893
Net deferred tax liability	\$ 100,136	\$ 70,342

The current portions of deferred tax assets and liabilities are included in *Accrued expenses: Other taxes and expenses* in the Consolidated Balance Sheets.

### 13. Pension and Postretirement Benefit Plans

#### Savings and Investment Plan

The Company maintains a 401(k) Savings and Investment Plan which permits eligible employees to contribute funds on a pre-tax basis. The plan allows employee contributions of up to 50 percent of eligible compensation subject to the maximum allowed under federal tax provisions. The Company matches 100 percent of the first 3 percent and 50 percent of the next 2 percent of employee contributions.

The 401(k) Savings and Investment Plan allows employees to choose among various investment options, including the Company's common stock, for both their contributions and the Company's matching contribution. Company contribution expense under this plan totaled \$5.0 million in fiscal 2004 and \$4.6 million annually in fiscal 2003 and 2002.

#### Pension and Postretirement Plans

Meredith has noncontributory pension plans covering substantially all employees. These plans include qualified (funded) plans as well as non-qualified (unfunded) plans. These plans provide participating employees with retirement benefits in accordance with benefit provision formulas. The non-qualified plans provide retirement benefits only to certain highly compensated employees. The Company also sponsors defined healthcare and life insurance plans that provide benefits to eligible retirees. Meredith uses a March 31

measurement date for its plans.

## Obligations and Funded Status

The following tables present changes in, and components of, the Company's net assets/liabilities for pension and other postretirement benefits:

June 30 <i>(In thousands)</i>	Pension		Postretirement	
	2004	2003	2004	2003
<b>Change in benefit obligation</b>				
Benefit obligation, beginning of year	\$ 67,714	\$ 68,403	\$ 18,723	\$ 18,652
Service cost	4,190	4,805	816	752
Interest cost	4,100	4,991	1,358	1,351
Participant contributions	—	—	399	446
Plan amendments	122	—	(1,032 )	—
Actuarial loss (gain)	6,503	(1,914 )	3,980	(938 )
Benefits paid (including lump sums)	(5,227 )	(8,571 )	(1,950 )	(1,540 )
Benefit obligation, end of year	\$ 77,402	\$ 67,714	\$ 22,294	\$ 18,723
<b>Change in plan assets</b>				
Fair value of plan assets, beginning of year	\$ 55,349	\$ 58,409	\$ —	\$ —
Actual return (loss) on plan assets	19,199	(10,687 )	—	—
Employer contributions	13,890	16,198	1,551	1,094
Participant contributions	—	—	399	446
Benefits paid (including lump sums)	(5,227 )	(8,571 )	(1,950 )	(1,540 )
Fair value of plan assets, end of year	\$ 83,211	\$ 55,349	\$ —	\$ —
Funded status, end of year	\$ 5,809	\$ (12,365 )	\$ (22,294 )	\$ (18,723 )
Unrecognized actuarial (gain) loss	(455 )	8,306	3,068	(912 )
Unrecognized prior service cost	4,133	4,677	(2,478 )	(1,646 )
Unrecognized net transition obligation	—	168	—	—
Contributions between measurement date and fiscal year end	106	4,143	433	376
Net recognized amount, end of year	\$ 9,593	\$ 4,929	\$ (21,271 )	\$ (20,905 )

Benefits paid directly from Meredith assets are included in both employer contributions and benefits paid.

Amounts recognized in the statement of financial position consist of:

<b>Pension</b>	<b>Postretirement</b>
----------------	-----------------------

<b>June 30</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<i>(In thousands)</i>				
<b>Consolidated Balance Sheets</b>				
Prepaid benefit cost	\$ 20,229	\$ 14,728	\$ —	\$ —
Accrued benefit liability	(10,636 )	(9,799 )	(21,271 )	(20,905 )
Additional minimum liability	(3,857 )	(2,532 )	—	—
Intangible asset	3,747	2,532	—	—
Accumulated other comprehensive loss	110	—	—	—
Net recognized amount, end of year	\$ 9,593	\$ 4,929	\$ (21,271 )	\$ (20,905 )

The accumulated benefit obligation for all defined benefit pension plans was \$68.1 million and \$62.0 million at June 30, 2004 and 2003, respectively.

The following table provides information about pension plans with projected benefit obligations in excess of plan assets:

<b>June 30</b>	<b>2004</b>	<b>2003</b>
<i>(In thousands)</i>		
Projected benefit obligation	\$ 17,163	\$ 12,872
Fair value of plan assets	81	52

The following table provides information about pension plans with accumulated benefit obligations in excess of plan assets:

<b>June 30</b>	<b>2004</b>	<b>2003</b>
<i>(In thousands)</i>		
Accumulated benefit obligation	\$ 14,211	\$ 12,082
Fair value of plan assets	81	52

#### Costs

The components of net periodic benefit costs recognized in the Consolidated Statements of Earnings were as follows:

<b>Years ended June 30</b>	<b>Pension</b>			<b>Postretirement</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<i>(In thousands)</i>						
<b>Components of net periodic benefit cost</b>						
Service cost	\$ 4,190	\$ 4,805	\$ 4,853	\$ 816	\$ 752	\$ 738
Interest cost	4,100	4,991	5,256	1,358	1,351	1,285
Expected return on plan assets	(4,385 )	(4,950 )	(4,971 )	–	–	(3 )
Prior service cost amortization	666	666	858	(200 )	(200 )	(200 )
Actuarial loss (gain) amortization	450	(166 )	11	–	–	–
Transition amount amortization	168	223	356	–	–	–
Settlement gain	–	(266 )	(920 )	–	–	–
Net periodic benefit expense	\$ 5,189	\$ 5,303	\$ 5,443	\$ 1,974	\$ 1,903	\$ 1,820

In fiscal 2003 and 2002, lump sum benefit payments triggered accelerated recognition of past gains, resulting in settlement gains that reduced the Company's pension expense.

<b>Years ended June 30</b>	<b>Pension</b>			<b>Postretirement</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<i>(In thousands)</i>						
Increase (decrease) in minimum liability included in other comprehensive income (net of tax)	\$ 67	\$ (350 )	\$ 216	\$ –	\$ –	\$ –

## Assumptions

Benefit obligations were determined using the following weighted-average assumptions:

June 30	Pension		Postretirement	
	2004	2003	2004	2003
<b>Weighted-average assumptions</b>				
Discount rate	5.75 %	6.25 %	5.75 %	6.25 %
Rate of compensation increase	5.00 %	5.00 %	5.00 %	5.00 %
Rate of increase in health care cost levels:				
Initial level	NA	NA	10.50 %	12.00 %
Ultimate level	NA	NA	5.50 %	5.50 %
Years to ultimate level	NA	NA	4 yrs	5 yrs

NA—Not applicable

Net periodic benefit costs were determined using the following weighted-average assumptions:

Years ended June 30	Pension			Postretirement		
	2004	2003	2002	2004	2003	2002
<b>Weighted-average assumptions</b>						
Discount rate	6.25 %	7.25 %	7.25 %	6.25 %	7.25 %	7.25 %
Expected return on plan assets	8.00 %	8.25 %	8.25 %	NA	NA	NA
Rate of compensation increase	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
Rate of increase in health care cost levels:						
Initial level <sup>1</sup>	NA	NA	NA	12.00 %	8.00 %	7.00 %
Ultimate level	NA	NA	NA	5.50 %	5.75 %	5.75 %
Years to ultimate level	NA	NA	NA	5 yrs	5 yrs	2 yrs

NA—Not applicable

1.

*In fiscal 2002, the initial level was 5.75% for participants age 65 and over.*

The expected long-term rate of return on asset assumption was determined, with the assistance of the Company's investment consultants, based on a variety of factors. These factors include, but are not limited to, the plans' asset allocations, a review of historic capital market performance, historical plan performance, current market factors such as inflation and interest rates, and a forecast of expected future asset returns. The Company reviews this long-term assumption on a periodic basis.

Assumed rates of increase in healthcare cost levels have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in the assumed healthcare cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
<i>(In thousands)</i>		
Effect on service and interest cost components for fiscal 2004	\$ 158	\$ (137 )
Effect on postretirement benefit obligation as of June 30, 2004	1,133	(994 )

Meredith's postretirement healthcare plan does not provide prescription drug benefits for Medicare-eligible retirees. Therefore, the Medicare Prescription Drug, Improvement and Modernization Act of 2003, enacted in December 2003, has no effect on the accumulated postretirement benefit obligation or net periodic cost of the Company's plan.

### *Plan Assets*

The targeted and weighted-average asset allocations by asset category for investments held by the Company's pension plans are as follows:

<b>June 30</b>	<b>Target Allocation</b>	<b>Actual Allocation</b>	
		<b>2004</b>	<b>2003</b>
Domestic equity securities	60 %	60 %	60 %
International equity securities	10 %	10 %	9 %
Fixed income investments	30 %	30 %	31 %
Fair value of plan assets	100 %	100 %	100 %

The primary objective of the Company's pension plans is to provide eligible employees with scheduled pension benefits by utilizing a prudent investment approach. The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return on plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across domestic and international stocks, as well as between growth and value stocks and small and large capitalizations. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies. The target asset allocations represent the long-term perspective. A 10% range is utilized around individual asset classes. The overall asset mix is reviewed on a quarterly basis and plan assets are rebalanced back to target allocations as needed.

Equity securities do not include any Meredith Corporation common or class B stock at June 30, 2004 or 2003. Dividend income of \$24 thousand was received on Meredith common stock in fiscal 2003 prior to the sale of such shares.

### *Cash Flows*

Meredith expects to contribute approximately \$1.2 million to its pension plans and \$2.1 million to its postretirement plan in fiscal 2005.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	<b>Pension Benefits</b>	<b>Postretirement Benefits</b>
<b>Fiscal years ended June 30:</b>		
<i>(In thousands)</i>		
2005	\$ 9,187	\$ 2,057
2006	7,204	2,311
2007	17,052	2,572
2008	7,965	2,814
2009	8,693	2,993
2010–2014	43,977	18,129

## 14. Capital Stock

The Company has two classes of common stock outstanding: common and class B. Holders of both classes of common stock receive equal dividends per share. Class B stock, which has 10 votes per share, is not transferable as class B stock except to family members of the holder or certain other related entities. At any time, class B stock is convertible, share for share, into common stock with one vote per share. Class B stock transferred to persons or entities not entitled to receive it as class B stock will automatically be converted and issued as common stock to the transferee. The principal market for trading the Company's common stock is the New York Stock Exchange (trading symbol MDP). No separate public trading market exists for the Company's class B stock.

From time to time, the Company's Board of Directors has authorized the repurchase of shares of the Company's common stock on the open market. In February 2004, a 2 million share repurchase authorization was approved.

Repurchases under these authorizations were as follows:

<b>Years ended June 30</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<i>(In thousands)</i>			
Number of shares	747	761	877
Cost at market value	\$ 37,416	\$ 31,521	\$ 30,178

As of June 30, 2004, approximately 2.1 million shares could be repurchased under existing authorizations by the Board of Directors.

## 15. Common Stock and Stock Option Plans

### Restricted Stock and Stock Equivalent Plans

The Company has awarded common stock and/or common stock equivalents to eligible key employees under a stock incentive plan and to nonemployee directors under restricted stock and stock equivalent plans. All plans have restriction periods tied primarily to employment and/or service. In addition, certain awards are granted based on specified levels of Company stock ownership. The awards are recorded at market value on the date of the grant as unearned compensation. The initial values of the grants are amortized over the restriction periods, net of forfeitures.

The number of stock units and annual expense information follows:

<b>Years ended June 30</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<i>(In thousands except per share)</i>			
Number of stock units awarded	30	28	18
Average market price of stock units awarded	\$ 48.61	\$ 42.71	\$ 35.28
Stock units outstanding	157	159	170
Annual expense, net	\$ 1,170	\$ 873	\$ 1,240

### Employee Stock Purchase Plan

Meredith has a noncompensatory employee stock purchase plan (ESPP) available to substantially all employees. The ESPP allows employees to purchase shares of Meredith common stock through payroll deductions at the lesser of 85 percent of the fair market value of the stock on either the first or last trading day of the offering period. The initial offering period was July 1 to December 31, 2002. Beginning January 1, 2003, the ESPP had quarterly offering periods. Shareholders authorized the reservation of 500,000 common shares for issuance under the ESPP at the November 2002 annual meeting. Information about the shares issued under this plan follows:



<b>Years ended June 30</b>	<b>2004</b>	<b>2003</b>
<i>(In thousands except per share)</i>		
Shares issued	40	23
Average price	\$ 38.40	\$ 32.25
Average fair value	\$ 47.61	\$ 39.91

#### Stock Option Plans

Under the Company's stock incentive plan, nonqualified stock options may be granted to certain employees to purchase shares of common stock at prices not less than market prices at the dates of grants. All options granted under these plans expire at the end of 10 years. Most of the options granted in fiscal 2004 vest in full three years from the date of grant. Most of the options granted prior to fiscal 2004 vest one-third each year over a three-year period. Meredith has also occasionally granted options tied to attaining specified earnings per share and/or return on equity goals for the subsequent three-year periods. Attaining these goals results in the acceleration of vesting for all, or a portion of, the options to three years from the date of grant. Options not subject to accelerated vesting will vest eight years from the date of grant, subject to certain tenure qualifications.

The Company also has a nonqualified stock option plan for nonemployee directors. Options vest one-third each year over a three-year period and expire 10 years after issuance.

A summary of stock option activity and weighted average exercise prices follows:

<b>Years ended June 30</b>	<b>2004</b>		<b>2003</b>		<b>2002</b>	
	Options	Exercise Price	Options	Exercise Price	Options	Exercise Price
<i>(Options in thousands)</i>						
Outstanding, beginning of year	5,992	\$ 30.56	6,461	\$ 26.58	6,320	\$ 24.21
Granted at market price	1,405	46.36	876	39.74	886	34.66
Exercised	(1,015 )	24.09	(1,276 )	16.54	(635 )	13.01
Forfeited	(60 )	43.97	(69 )	33.69	(110 )	34.14
Outstanding, end of year	6,322	\$ 34.98	5,992	\$ 30.56	6,461	\$ 26.58
Exercisable, end of year	3,937	\$ 30.92	4,146	\$ 28.34	4,554	\$ 24.26
Fair value of options granted at market price		13.49		11.98		11.19

A summary of stock options outstanding and exercisable as of June 30, 2004, follows:

<b>Range of exercise prices</b>	<b>Options outstanding</b>			<b>Options exercisable</b>	
	<b>Number outstanding</b>	<b>Weighted average remaining life (years)</b>	<b>Weighted average exercise price</b>	<b>Number exercisable</b>	<b>Weighted average exercise price</b>
<i>(Options in thousands)</i>					
\$ 11.56 – \$ 28.06	1,682	3.74	\$ 24.54	1,440	\$ 23.95
\$ 28.44 – \$ 33.62	1,288	4.51	31.55	1,215	31.49
\$ 34.08 – \$ 39.05	1,506	7.17	37.01	900	36.54
\$ 39.13 – \$ 50.37	1,846	8.04	45.22	382	42.15
	6,322	5.97	34.98	3,937	30.92

The maximum number of shares reserved for use in all company restricted stock, stock equivalent and stock incentive plans totals 13.6 million. The total number of shares, including restricted and equivalent stock shares, and stock options that have been awarded under these plans as of June 30, 2004, is approximately 11.9 million.

## 16. Commitments and Contingent Liabilities

The Company occupies certain facilities and sales offices and uses certain equipment under lease agreements. Rental expense for such leases was \$9.9 million in fiscal 2004 (\$9.2 million annually in both fiscal 2003 and 2002). Minimum rental commitments at June 30, 2004, under all noncancelable operating leases due in succeeding fiscal years are:

Years ended June 30		
<i>(In thousands)</i>		
2005	\$	9,469
2006		9,304
2007		8,287
2008		7,342
2009		7,480
Later years		22,008
Total amounts payable	\$	63,890

Most of the future lease payments relate to the lease of office facilities in New York City through December 31, 2011. In the normal course of business, leases that expire are generally renewed or replaced by leases on similar property.

The Company has recorded commitments for broadcast rights payable in future fiscal years. The Company also is obligated to make payments under contracts for broadcast rights not currently available for use, and therefore not included in the Consolidated Financial Statements, in the amount of \$55.0 million at June 30, 2004 (\$55.8 million at June 30, 2003). The fair values of these commitments for unavailable broadcast rights, determined by the present value of future cash flows discounted at the Company's current borrowing rate, were \$47.8 million and \$48.5 million at June 30, 2004 and 2003, respectively.

The broadcast rights payments due in succeeding fiscal years are:

Years ended June 30	Recorded Commitments	Unavailable Rights
<i>(In thousands)</i>		
2005	\$ 19,929	\$ 12,422
2006	7,889	14,847
2007	3,517	12,268
2008	1,421	9,695
2009	197	2,570
Later years	—	3,179
Total amounts payable	\$ 32,953	\$ 54,981

The Company is involved in certain litigation and claims arising in the normal course of business. In the opinion of management, liabilities, if any, arising from existing litigation and claims will not have a material effect on the Company's earnings, financial position or liquidity.

## 17. Other Comprehensive Income

Comprehensive income is defined as the change in equity during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income includes net earnings as well as items of other comprehensive income.

The following table summarizes the items of other comprehensive income (loss) and the accumulated other comprehensive income (loss) balances:

	Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustments	Interest Rate Swaps	Accumulated Other Comprehensive Income (Loss)
<i>(In thousands)</i>				
<b>Balance at June 30, 2001</b>	\$ (748 )	\$ (134 )	\$ (1,085 )	\$ (1,967 )
Current-year adjustments, pre-tax	23	(354 )	(231 )	(562 )
Tax (expense) benefit	(9 )	138	90	219
Other comprehensive income (loss)	14	(216 )	(141 )	(343 )
<b>Balance at June 30, 2002</b>	\$ (734 )	\$ (350 )	\$ (1,226 )	\$ (2,310 )
Current-year adjustments, pre-tax	333	573	340	1,246
Tax expense	(130 )	(223 )	(133 )	(486 )
Other comprehensive income	203	350	207	760
<b>Balance at June 30, 2003</b>	\$ (531 )	\$ –	\$ (1,019 )	\$ (1,550 )
Current-year adjustments, pre-tax	281	(110 )	1,670	1,841
Tax (expense) benefit	(110 )	43	(651 )	(718 )
Other comprehensive income (loss)	171	(67 )	1,019	1,123
<b>Balance at June 30, 2004</b>	\$ (360 )	\$ (67 )	\$ –	\$ (427 )

## 18. Financial Information about Industry Segments

Meredith is a diversified media company primarily focused on the home and family marketplace. Based on products and services, the Company has established two reportable segments: publishing and broadcasting. The publishing segment includes magazine and book publishing, integrated marketing, interactive media, database-related activities, brand licensing and other related operations. The publishing segment information includes the effect of the acquisition of the American Baby Group in December 2002. The broadcasting segment includes the operations of 12 network-affiliated television stations and one AM radio station. The broadcasting segment information includes the effect of the acquisition of KPTV and the disposition of WOFL-TV and WOGX-TV in June 2002. Virtually all of the Company's revenues are generated in the United States and all of the assets reside within the United States. There are no material intersegment transactions.

There are three principal financial measures reported to the chief executive officer (the chief operating decision maker) for use in assessing segment performance and allocating resources. Those measures are operating profit, adjusted operating profit, and earnings before interest, taxes, depreciation, and amortization (EBITDA). Operating profit for segment reporting, disclosed below, is revenues less operating costs and excluding nonoperating income, interest income and expense, or unallocated corporate expenses. Segment operating costs include allocations of certain centrally incurred costs such as employee benefits, occupancy, information systems, accounting services, internal legal staff and human resources administration expenses. These costs are allocated based on actual usage or other appropriate methods, primarily number of employees. Unallocated corporate expenses are corporate overhead expenses not attributable to the operating groups. Adjusted operating profit assumes the amortization provisions of SFAS No. 142, *Goodwill and Other Intangible Assets*, were effective for all periods reported. Segment EBITDA also excludes nonoperating income and unallocated corporate expenses. In accordance with SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, adjusted operating profit and EBITDA are not presented below.

The adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, effective July 1, 2002 had a significant effect on the amortization expense and operating profit of the broadcasting segment, and to a lesser extent the publishing segment. See Notes 2 and 3.

A significant noncash item included in segment operating costs, other than depreciation and amortization of fixed and intangible assets, is the amortization of broadcast rights in the broadcasting segment. Broadcast rights amortization totaled \$31.1 million in fiscal 2004, \$37.3 million in fiscal 2003 and \$40.1 million in fiscal 2002.

Segment assets include intangible, fixed and all other noncash assets identified with each segment. Jointly used assets such as office buildings and information technology equipment are allocated to the segments by appropriate methods, primarily number of employees. Unallocated corporate assets consist primarily of cash and cash items, assets allocated to or identified with corporate staff departments and other miscellaneous assets not assigned to one of the segments.

Expenditures for long-lived assets other than capital expenditures in the publishing segment included the acquisition of the American Baby Group in December 2002 for \$117.9 million. Expenditures for long-lived assets other than capital expenditures in the broadcasting segment included the acquisition of one television station in exchange for two of Meredith's television stations in June 2002. This exchange resulted in net additions to broadcasting segment long-lived assets of \$69.4 million.

The following table presents financial information by segment:

<b>Years ended June 30</b>	<b>2004</b>	<b>Restated 2003</b>	<b>2002</b>
<i>(In thousands)</i>			
<b>Revenues</b>			
Publishing	\$ 873,052	\$ 808,049	\$ 733,251
Broadcasting	288,600	272,055	254,578
Total revenues	\$ 1,161,652	\$ 1,080,104	\$ 987,829
<b>Operating Profit</b>			
Publishing	\$ 161,102	\$ 139,306	\$ 117,023
Broadcasting	71,035	58,962	20,186
Unallocated corporate	(29,023 )	(25,846 )	(19,360 )
Income from operations	\$ 203,114	\$ 172,422	\$ 117,849
<b>Depreciation/amortization</b>			
Publishing	\$ 9,904	\$ 11,685	\$ 11,441
Broadcasting	22,315	21,608	39,639
Unallocated corporate	3,024	3,047	2,560
Total depreciation/amortization	\$ 35,243	\$ 36,340	\$ 53,640
<b>Assets</b>			
Publishing	\$ 421,217	\$ 428,054	\$ 297,732
Broadcasting	907,536	908,340	1,054,470
Unallocated corporate	137,174	95,430	108,062
Total assets	\$ 1,465,927	\$ 1,431,824	\$ 1,460,264
<b>Capital expenditures</b>			
Publishing	\$ 3,910	\$ 3,919	\$ 4,991
Broadcasting	16,845	18,643	12,270
Unallocated corporate	3,780	4,083	6,104
Total capital expenditures	\$ 24,535	\$ 26,645	\$ 23,365

## 19. Selected Quarterly Financial Data (unaudited)

<b>Year ended June 30, 2004</b>	<b>First Quarter</b>	<b>Restated Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
<i>(In thousands except per share)</i>					
<b>Revenues</b>					
Publishing	\$ 206,671	\$ 206,855	\$ 230,432	\$ 229,094	\$ 873,052
Broadcasting	65,999	73,524	69,121	79,956	288,600
Total revenues	272,670	280,379	299,553	309,050	1,161,652
<b>Operating Profit</b>					
Publishing	33,000	22,824	52,428	52,850	161,102
Broadcasting	10,424	20,061	14,619	25,931	71,035
Unallocated corporate expense	(6,547 )	(5,494 )	(7,798 )	(9,184 )	(29,023 )
Income from operations	36,877	37,391	59,249	69,597	203,114
<b>Net earnings</b>	19,050	19,437	32,882	39,347	110,716
<b>Basic earnings per share</b>	0.38	0.39	0.65	0.78	2.20
<b>Diluted earnings per share</b>	0.37	0.38	0.64	0.76	2.14
<b>Dividends per share</b>	0.095	0.095	0.120	0.120	0.430

### Fiscal 2004

Results for the first, second and third quarters have been restated to reflect the amortization of broadcasting network affiliation agreements. This restatement reduced broadcasting operating profits by \$1.2 million per quarter, with an after-tax impact of \$750,000 per quarter, or approximately 1.5 cents per diluted share (Note 2).

As a result of rounding and changes in shares outstanding during the year, the sum of the four quarters' earnings per share may not necessarily equal the earnings per share for the year.

Year ended June 30, 2003 <i>(In thousands except per share)</i>	First Quarter	Second Quarter	Restated Third Quarter	Fourth Quarter	Total
<b>Revenues</b>					
Publishing	\$ 185,868	\$ 170,927	\$ 220,800	\$ 230,454	\$ 808,049
Broadcasting	64,194	80,784	57,376	69,701	272,055
Total revenues	250,062	251,711	278,176	300,155	1,080,104
<b>Operating Profit</b>					
Publishing	28,938	17,402	46,551	46,415	139,306
Broadcasting	10,096	25,919	6,086	16,861	58,962
Unallocated corporate expense	(5,100 )	(6,252 )	(5,912 )	(8,582 )	(25,846 )
Income from operations	33,934	37,069	46,725	54,694	172,422
<b>Earnings before</b>					
<b>    cumulative effect of change</b>					
<b>    in accounting principle</b>					
	15,710	18,571	24,737	29,048	88,066
<b>Net (loss) earnings</b>	(70,039 )	18,571	24,737	29,048	2,317
<b>Basic earnings per share</b>					
Before cumulative effect of change in accounting principle	0.32	0.37	0.50	0.58	1.78
<b>Net (loss) earnings</b>	(1.41 )	0.37	0.50	0.58	0.05
<b>Diluted earnings per share</b>					
Before cumulative effect of change in accounting principle	0.31	0.36	0.48	0.57	1.73
<b>Net (loss) earnings</b>	(1.37 )	0.36	0.48	0.57	0.05
<b>Dividends per share</b>	0.090	0.090	0.095	0.095	0.370

### Fiscal 2003

Results for all of fiscal 2003 have been restated to reflect the amortization of broadcasting network affiliation agreements. This restatement reduced broadcasting operating profits by approximately \$1.2 million per quarter and \$4.9 million for the year. The after-tax impact of the restatement was \$750,000 per quarter, or approximately 1.5 cents per diluted share, and \$3.0 million for the year, or approximately 6 cents per diluted share (Note 2).

First quarter results included a charge for the cumulative effect of a change in accounting principle related to the adoption of SFAS No. 142, *Accounting for Goodwill and Intangible Assets*, of \$139.9 million (\$85.7 million after tax), or \$1.68 per diluted share (Note 3).

Second quarter results included nonoperating expense of \$0.3 million for the write-off of an investment in a start-up technology company, net of a gain related to final post closing adjustments on the June 2002 exchange of two Florida television stations for KPTV-Portland (Note 4).

Fourth quarter results included nonoperating expense of \$1.3 million for a loss on the sale of a subsidiary, net of insurance proceeds (Note 4).

As a result of rounding and changes in shares outstanding during the year, the sum of the four quarters' earnings per share may not necessarily equal the earnings per share for the year.

## ELEVEN-YEAR FINANCIAL HISTORY WITH SELECTED FINANCIAL DATA

### Meredith Corporation and Subsidiaries

Years ended June 30	2004	Restated 2003	2002	2001	2000	1999
<i>(\$ in thousands except per share)</i>						
<b>Results of operations</b>						
Revenues	\$ 1,161,652	\$ 1,080,104	\$ 987,829	\$ 1,043,451	\$ 1,089,470	\$ 1,029,804
Costs and expenses	923,295	871,342	816,340	839,947	852,688	814,634
Depreciation and amortization	35,243	36,340	53,640	51,572	52,349	44,083
Nonrecurring items	-	-	-	25,308	23,096	-
Income from operations	203,114	172,422	117,849	126,624	161,337	171,087
Nonoperating (expense) income	-	(1,551 )	63,812	21,477	-	2,375
Net interest (expense) income	(22,501 )	(27,209 )	(32,589 )	(31,901 )	(33,751 )	(21,287 )
Income taxes	(69,897 )	(55,596 )	(57,691 )	(44,928 )	(56,556 )	(62,518 )
Earnings from continuing operations	110,716	88,066	91,381	71,272	71,030	89,657
Discontinued operations	-	-	-	-	-	-
Cumulative effect of change in accounting principle	-	(85,749 )	-	-	-	-
Net earnings (loss)	\$ 110,716	\$ 2,317	\$ 91,381	\$ 71,272	\$ 71,030	\$ 89,657
<b>Basic per share information</b>						
Earnings from continuing operations	\$ 2.20	\$ 1.78	\$ 1.85	\$ 1.43	\$ 1.38	\$ 1.72
Discontinued operations	-	-	-	-	-	-
Cumulative effect of change in accounting principle	-	(1.73 )	-	-	-	-
Net earnings (loss)	\$ 2.20	\$ 0.05	\$ 1.85	\$ 1.43	\$ 1.38	\$ 1.72
<b>Diluted per share information</b>						
Earnings from continuing operations	\$ 2.14	\$ 1.73	\$ 1.79	\$ 1.39	\$ 1.35	\$ 1.67
Discontinued operations	-	-	-	-	-	-
Cumulative effect of change in accounting principle	-	(1.68 )	-	-	-	-
Net earnings (loss)	\$ 2.14	\$ 0.05	\$ 1.79	\$ 1.39	\$ 1.35	\$ 1.67
<i>(In thousands)</i>						
<b>Average diluted shares outstanding</b>	51,689	51,093	50,921	51,354	52,774	53,761
<b>Other per share information</b>						
Dividends	\$ 0.43	\$ 0.37	\$ 0.35	\$ 0.33	\$ 0.31	\$ 0.29
Stock price-high	55.94	47.75	45.00	38.97	42.00	48.50
Stock price-low	43.65	33.42	26.50	26.75	22.37	26.69
<b>Financial Position at June 30</b>						
Current assets	\$ 314,014	\$ 268,429	\$ 272,211	\$ 291,082	\$ 288,799	\$ 256,175
Working capital	(56,947 )	(28,770 )	(35,195 )	(80,324 )	(69,902 )	(87,940 )
Net assets of discontinued operations	-	-	-	-	-	-
Total assets	1,465,927	1,431,824	1,460,264	1,437,747	1,439,773	1,423,396
Long-term obligations						
(including current portion)	332,953	419,574	429,331	505,758	541,146	564,573
Shareholders' equity	588,730	497,763	507,717	447,908	422,509	413,305
<b>Number of employees at June 30</b>	2,696	2,633	2,569	2,616	2,703	2,642
<b>Comparable Basis Reporting<sup>1</sup></b>						
Earnings from continuing operations as reported	\$ 110,716	\$ 88,066	\$ 91,381	\$ 71,272	\$ 71,030	\$ 89,657
Adjustment for SFAS No. 142:						
add back amortization, net of tax	-	-	11,998	12,106	12,603	9,592
Adjusted earnings from continuing operations	\$ 110,716	\$ 88,066	\$ 103,379	\$ 83,378	\$ 83,633	\$ 99,249
Adjusted earnings from continuing operations: per basic/diluted share	\$ 2.20/2.14	\$ 1.78/1.73	\$ 2.09/2.03	\$ 1.67/1.63	\$ 1.63/1.59	\$ 1.90/1.85

1. Comparable basis reporting assumes the provisions of SFAS No. 142 eliminating the amortization of goodwill and certain intangible assets were effective in all periods. See Note 3 of the "Notes to Consolidated Financial Statements."

**ELEVEN-YEAR FINANCIAL HISTORY WITH SELECTED FINANCIAL DATA (continued)**

**Meredith Corporation and Subsidiaries**

<b>Years ended June 30</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>
<i>(\$ in thousands except per share)</i>					
<b>Results of operations</b>					
Revenues	\$ 1,004,922	\$ 850,702	\$ 864,676	\$ 826,194	\$ 741,100
Costs and expenses	815,581	713,034	742,041	734,475	670,898
Depreciation and amortization	36,840	22,997	25,130	19,017	16,942
Nonrecurring items	-	-	-	-	7,384
Income from operations	152,501	114,671	97,505	72,702	45,876
Nonoperating (expense) income	-	-	5,898	-	11,997
Net interest (expense) income	(13,387)	3,756	(3,347)	6,894	1,529
Income taxes	(59,256)	(50,835)	(45,399)	(35,398)	(26,929)
Earnings from continuing operations	79,858	67,592	54,657	44,198	32,473
Discontinued operations	-	27,693	(717)	(4,353)	(5,319)
Cumulative effect of change in accounting principle	-	-	-	(46,160)	-
Net earnings (loss)	\$ 79,858	\$ 95,285	\$ 53,940	\$ (6,315)	\$ 27,154
<b>Basic per share information</b>					
Earnings from continuing operations	\$ 1.51	\$ 1.26	\$ 1.00	\$ 0.81	\$ 0.57
Discontinued operations	-	0.52	(0.02)	(0.07)	(0.09)
Cumulative effect of change in accounting principle	-	-	-	(0.86)	-
Net earnings (loss)	\$ 1.51	\$ 1.78	\$ 0.98	\$ (0.12)	\$ 0.48
<b>Diluted per share information</b>					
Earnings from continuing operations	\$ 1.46	\$ 1.22	\$ 0.97	\$ 0.79	\$ 0.57
Discontinued operations	-	0.50	(0.01)	(0.07)	(0.09)
Cumulative effect of change in accounting principle	-	-	-	(0.83)	-
Net earnings (loss)	\$ 1.46	\$ 1.72	\$ 0.96	\$ (0.11)	\$ 0.48
<i>(In thousands)</i>					
<b>Average diluted shares outstanding</b>	54,603	55,522	56,391	55,508	56,730
<b>Other per share information</b>					
Dividends	\$ 0.27	\$ 0.24	\$ 0.21	\$ 0.19	\$ 0.17
Stock price—high	46.94	29.37	24.37	13.50	11.41
Stock price—low	26.75	19.69	11.75	10.62	8.37
<b>Financial Position at June 30</b>					
Current assets	\$ 246,801	\$ 337,208	\$ 210,676	\$ 250,598	\$ 290,177
Working capital	(100,068)	59,248	(68,831)	(28,436)	27,766
Net assets of discontinued operations	-	-	88,051	88,097	90,579
Total assets	1,065,989	760,433	733,692	743,796	679,813
Long-term obligations (including current portion)	244,607	17,032	71,482	102,259	10,801
Shareholders' equity	378,013	326,649	261,516	241,050	257,761
<b>Number of employees at June 30</b>					
	2,559	2,102	2,234	2,400	2,194
<b>Comparable Basis Reporting<sup>1</sup></b>					
Earnings from continuing operations as reported	\$ 79,858	\$ 67,592	\$ 54,657	\$ 44,198	\$ 32,473
Adjustment for SFAS No. 142: add back amortization, net of tax	7,617	4,154	2,783	3,199	2,692
Adjusted earnings from continuing operations	\$ 87,475	\$ 71,746	\$ 57,440	\$ 47,397	\$ 35,165
Adjusted earnings from continuing operations: per basic/diluted share	\$ 1.65/1.61	\$ 1.34/1.29	\$ 1.05/1.02	\$ 0.86/0.85	\$ 0.62/0.62

1. Comparable basis reporting assumes the provisions of SFAS No. 142 eliminating the amortization of goodwill and certain intangible assets were effective in all periods. See Note 3 of the "Notes to Consolidated Financial Statements."

## NOTES TO ELEVEN-YEAR FINANCIAL HISTORY WITH SELECTED FINANCIAL DATA

### General

Prior years are reclassified to conform with the current-year presentation.

Significant acquisitions occurred: in December 2002 with the acquisition of the American Baby Group; in June 2002 with the exchange of WOFL and WOGX for KPTV; in March 1999 with the acquisition of WGCL; in September 1997 with the acquisition of WFSB; in July 1997 with the purchase of KPDX, WHNS and KFXO; and in January 1995 with the purchase of WSMV.

Data has been adjusted to reflect two-for-one stock splits in March 1997 and March 1995.

Long-term obligations include broadcast rights payable and Company debt associated with continuing operations.

Shareholders' equity includes temporary equity where applicable.

### Earnings from continuing operations

#### *Fiscal 2003*

results have been restated to reflect amortization of network affiliation agreements. Nonoperating expense primarily represented a loss on the sale of stock of Craftways Corporation, a wholly-owned publishing subsidiary.

#### *Fiscal 2002*

nonoperating income primarily represented a gain from the disposition of the Orlando and Ocala television stations.

#### *Fiscal 2001*

nonrecurring items primarily represented charges for employment reduction programs and Internet investment write-offs. Nonoperating income represented a gain from the disposition of Golf for Women magazine.

#### *Fiscal 2000*

nonrecurring items represented charges for asset write-downs, contractual obligations and personnel costs associated with the decision to exit certain publishing operations and other restructuring activities.

#### *Fiscal 1999*

nonoperating income represented a gain from the sale of the real estate operations.

#### *Fiscal 1996*

nonoperating income represented a gain from the sale of three book clubs.

#### *Fiscal 1995*

included interest income of \$8.6 million from the IRS for the settlement of the Company's 1986 through 1990 tax years.

#### *Fiscal 1994*

nonrecurring items represented charges for broadcasting film write-downs and taxes on disposed properties. Nonoperating income represented a gain from the disposition of the Syracuse and Fresno television properties.

**Discontinued operations*****Fiscal years 1994 through 1997***

include the results of the Company's former cable television operation reflected as a discontinued operation.

***Fiscal 1997***

included an after-tax gain from the disposition of the Company's remaining interest in the cable television operation.

***Fiscal 1996***

reflected cable net losses through the measurement date of September 30, 1995.

***Fiscal 1995***

included an after-tax gain from the disposition of a cable property.

**Changes in accounting principles*****Fiscal 2003***

reflected the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*.

***Fiscal 1995***

reflected the adoption of Practice Bulletin 13, *Direct-Response Advertising and Probable Future Benefits*.

## SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

### Meredith Corporation and Subsidiaries

Those reserves which are deducted in the Consolidated Financial Statements from Receivables:	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
<i>(In thousands)</i>					
<b>Fiscal year ended June 30, 2004</b>					
Reserve for doubtful accounts	\$ 7,459	\$ 3,591	\$ —	\$ (6,367 )	\$ 4,683
Reserve for returns	6,363	28,017	—	(24,219 )	10,161
Total	\$ 13,822	\$ 31,608	\$ —	\$ (30,586 )	\$ 14,844
<b>Fiscal year ended June 30, 2003</b>					
Reserve for doubtful accounts	\$ 7,904	\$ 3,236	\$ —	\$ (3,681 )	\$ 7,459
Reserve for returns	7,234	16,402	—	(17,273 )	6,363
Total	\$ 15,138	\$ 19,638	\$ —	\$ (20,954 )	\$ 13,822
<b>Fiscal year ended June 30, 2002</b>					
Reserve for doubtful accounts	\$ 8,564	\$ 3,366	\$ 174	\$ (4,200 )	\$ 7,904
Reserve for returns	6,269	19,337	—	(18,372 )	7,234
Total	\$ 14,833	\$ 22,703	\$ 174	\$ (22,572 )	\$ 15,138

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

None.

### ITEM 9A. CONTROLS AND PROCEDURES

Meredith's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this Form 10-K, that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that Meredith files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

## PART III

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### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information required by this Item is set forth in Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 8, 2004, under the captions "Election of Directors," "Board Committees, Meetings and Compensation," and "Corporate Governance" and in Part I of this Form 10-K beginning on page 11 under the caption "Executive Officers of the Company," and is incorporated herein by reference.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item is set forth in Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 8, 2004, under the captions "Compensation of Executive Officers," "Retirement Programs and Employment Agreements" and "Board Committees, Meetings and Compensation—Compensation of the Board" and is incorporated herein by reference.

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

The information required by this Item is set forth in Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 8, 2004, under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" and is incorporated herein by reference.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required by this Item is set forth in Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 8, 2004, under the caption "Certain Relationships and Related Transactions" and is incorporated herein by reference.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Item is set forth in Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 8, 2004, under the caption "Independent Registered Public Accounting Firm" and is incorporated herein by reference.

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K**

The following consolidated financial statements listed under (a) 1. and the financial statement schedule listed under (a) 2. of the Company and its subsidiaries are filed as part of this report as set forth in the Index on page 39 (Item 8).

**(a) Financial Statements, Financial Statement Schedules and Exhibits**

**1. Financial Statements**

Report of Independent Registered Public Accounting Firm  
Consolidated Balance Sheets as of June 30, 2004 and 2003  
Consolidated Statements of Earnings for the years ended June 30, 2004, 2003 and 2002  
Consolidated Statements of Cash Flows for the years ended June 30, 2004, 2003 and 2002  
Consolidated Statements of Shareholders' Equity for the years ended June 30, 2004, 2003 and 2002  
Notes to Consolidated Financial Statements  
Eleven-Year Financial History with Selected Financial Data

**2. Financial Statement Schedule for the years ended June 30, 2004, 2003 and 2002**

Schedule II-Valuation and Qualifying Accounts

*All other Schedules have been omitted for the reason that the items required by such schedules are not present in the consolidated financial statements, are covered in the consolidated financial statements or notes thereto, or are not significant in amount.*

**3. Exhibits**

Certain of the exhibits to this Form 10-K are incorporated herein by reference, as specified:

*(See [Index to Attached Exhibits](#) on page E-1 of this Form 10-K.)*

- 3.1 The Company's Restated Articles of Incorporation, as amended, are incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2003.
- 3.2 The Restated Bylaws, as amended.
- 4.1 Note Purchase Agreement dated as of March 1, 1999 among Meredith Corporation, as issuer and seller, and named purchasers. Amendment to the aforementioned agreement is incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2002.
- 4.2 Credit Agreement dated as of April 5, 2002 among Meredith Corporation and a group of banks including amendment dated May 7, 2004.
- 4.3 \$100 million Note Purchase Agreements dated as of April 1, 2002 among Meredith Corporation, as issuer and seller, and named purchasers.

- 10.1 Amendment to the Meredith Corporation 1990 Restricted Stock Plan for Non–Employee Directors is incorporated herein by reference to Exhibit 10.1 to the Company's Annual Report on Form 10–K for the year ended June 30, 1999.\*
- 10.2 Agreement dated February 25, 1999, between Meredith Corporation and William T. Kerr regarding conversion of restricted stock award shares into stock equivalents is incorporated herein by reference to Exhibit 10.2 to the Company's Annual Report on Form 10–K for the year ended June 30, 1999.\*
- 10.3 Meredith Corporation Management Incentive Plan is incorporated herein by reference to Exhibit 10.3 to the Company's Annual Report on Form 10–K for the year ended June 30, 1999.\*
- 10.4 Employment Agreement dated February 1, 2001, between Meredith Corporation and William T. Kerr is incorporated herein by reference to Exhibit 10.4 to the Company's Annual Report on Form 10–K for the year ended June 30, 2003. Consultancy Agreement and amendment to the aforementioned employment agreement is incorporated herein by reference to Exhibit 10.1 to the Company's Form 10–Q for the period ended March 31, 2004.\*
- 10.5 Deferral Agreement dated August 9, 2004 between Meredith Corporation and William T. Kerr.\*
- 10.6 Meredith Corporation 1990 Restricted Stock Plan for Non–Employee Directors, as amended, is incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10–Q for the period ended September 30, 1996.\*
- 10.7 Meredith Corporation 1993 Stock Option Plan for Non–Employee Directors, as amended, is incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10–Q for the period ended September 30, 1996. Amendment to the aforementioned plan is incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10–Q for the period ended December 31, 2000.\*
- 10.8 Meredith Corporation Deferred Compensation Plan, dated as of November 8, 1993, is incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10–Q for the period ending December 31, 1993.\*
- 10.9 1992 Meredith Corporation Stock Incentive Plan effective August 12, 1992, is incorporated herein by reference to Exhibit 10b to the Company's Annual Report on Form 10–K for the year ended June 30, 1992. Amendment to the aforementioned agreement is incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10–Q for the period ended September 30, 1996.\*
- 10.10 Meredith Corporation 1996 Stock Incentive Plan effective August 14, 1996, is incorporated herein by reference to Exhibit A to the Company's Proxy Statement for the Annual Meeting of Shareholders on November 11, 1996. Amendment to the aforementioned plan is incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10–Q for the period ended December 31, 2000.\*
- 10.11 Indemnification Agreement in the form entered into between the Company and its officers and directors is incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10–Q for the period ending December 31, 1988.\*

- 10.12 Amended and Restated Severance Agreement in the form entered into between the Company and its executive officers is incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2000. Addendum to the aforementioned agreement entered into between Meredith Corporation and Stephen M. Lacy is incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2004.\*
- 10.13 Meredith Corporation Stock Plan for Non-Employee Directors is incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2002.\*
- 10.14 Employment Agreement dated November 9, 2001, between Meredith Corporation and Kevin P. O'Brien is incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the period ended June 30, 2003.\*
- 10.15 Deferral Agreement dated August 10, 2004 between Meredith Corporation and Kevin P. O'Brien.\*
- 10.16 Employment Agreement dated June 20, 2003, between Meredith Corporation and John H. (Jack) Griffin, Jr. is incorporated herein by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the period ended June 30, 2003.\*
- 10.17 Amended and Restated Replacement Benefit Plan effective January 1, 2001 is incorporated herein by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the period ended June 30, 2003.\*
- 10.18 Amended and Restated Supplemental Benefit Plan effective January 1, 2001 is incorporated herein by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the period ended June 30, 2003.\*
- 21 Subsidiaries of the Registrant
- 23 Consent of Independent Registered Public Accounting Firm
- 31 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The Company agrees to furnish to the Commission, upon request, a copy of each agreement with respect to long-term debt of the Company for which the amount authorized thereunder does not exceed 10% of the total assets of the Company on a consolidated basis.

\* *Management contract or compensatory plan or arrangement*

**(b) Reports on Form 8-K**

During the fourth quarter of fiscal 2004, the Company filed the following reports on Form 8-K :

On April 27, 2004, furnishing under Item 12 and Item 7 the text of a news release dated April 27, 2004, reporting earnings for the third fiscal quarter and nine months ended March 31, 2004.

On April 27, 2004, furnishing under Item 12 and Item 7 the script of a conference call held with analysts concerning the news release of the same date.

On May 12, 2004, reporting under Item 5 and providing under Item 7 the text of a news release dated May 11, 2004, announcing that Stephen M. Lacy has been elected as a Board member and as president and Chief Operating Officer effective July 1, 2004.

On June 23, 2004, reporting under Item 5 and providing under Item 7 the text of a management presentation at the Mid-Year Media Review conference on June 23, 2004.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEREDITH CORPORATION

By /s/ John S. Zieser

John S. Zieser, Vice President–Corporate  
Development/General Counsel and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Suku V. Radia

Suku V. Radia, Vice President–  
Chief Financial Officer (Principal  
Accounting and Financial Officer)

/s/ William T. Kerr

William T. Kerr, Chairman of the  
Board, Chief Executive Officer and  
Director (Principal Executive Officer)

/s/ Stephen M. Lacy

Stephen M. Lacy, President,  
Chief Operating Officer and Director

/s/ Herbert M. Baum

Herbert M. Baum, Director

/s/ Mary Sue Coleman

Mary Sue Coleman, Director

/s/ Frederick B. Henry

Frederick B. Henry, Director

/s/ Joel W. Johnson

Joel W. Johnson, Director

/s/ Robert E. Lee

Robert E. Lee, Director

/s/ David J. Londoner

David J. Londoner, Director

/s/ Philip A. Marineau

Philip A. Marineau, Director

/s/ Mell Meredith Frazier

Mell Meredith Frazier, Director

/s/ Charles D. Peebler, Jr.

Charles D. Peebler, Jr., Director

/s/ Nicholas L. Reding

Nicholas L. Reding, Director

Each of the above signatures is affixed as of September 7, 2004.

## INDEX TO ATTACHED EXHIBITS

<b>Exhibit Number</b>	<b>Item</b>
3.2	The Restated Bylaws, as amended.
4.1	Note Purchase Agreement dated as of March 1, 1999 among Meredith Corporation, as issuer and seller, and named purchasers.
4.2	Credit Agreement dated as of April 5, 2002 among Meredith Corporation and a group of banks including amendment dated May 7, 2004.
4.3	\$100 million Note Purchase Agreements dated as of April 1, 2002 among Meredith Corporation, as issuer and seller, and named purchasers.
10.5	Deferral Agreement dated August 9, 2004 between Meredith Corporation and William T. Kerr.
10.15	Deferral Agreement dated August 10, 2004 between Meredith Corporation and Kevin P. O'Brien.
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm
31	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

## HIGHLIGHTS

[Click here for Table of Contents](#)

Part I	<a href="#">Description of Business</a> <a href="#">Publishing</a> <a href="#">Broadcasting</a> <a href="#">Executive Officers</a>
Part II	<a href="#">Market Information, Dividends, Holders and Issuer Purchases</a> <a href="#">Management's Discussion and Analysis</a> <a href="#">Quantitative and Qualitative Disclosures</a> Financial Data: <a href="#">Report of Independent Registered Public Accounting Firm</a> <a href="#">Balance Sheets</a> <a href="#">Statements of Earnings</a> <a href="#">Statements of Cash Flow</a> <a href="#">Statements of Shareholders' Equity</a> <a href="#">Notes</a> <a href="#">Eleven-Year Financial History</a> <a href="#">Controls and Procedures</a>
Part III	<a href="#">Principal Accountant Fees and Services</a>
Part IV	<a href="#">Exhibits and Reports on Form 8-K</a>

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**BYLAWS  
OF  
MEREDITH CORPORATION  
Effective  
August 11, 2004**

## **ARTICLE I. OFFICES**

The principal office of the corporation in the State of Iowa shall be located in the City of Des Moines, County of Polk, or as otherwise or more particularly identified in the most recently filed (at any time), annual report of the corporation on file with the Iowa Secretary of State.

## **ARTICLE II. SHAREHOLDERS**

Section 1. ANNUAL MEETING. The annual meeting of the shareholders shall be held on the second Monday in the month of November in each year, at the hour of 10:00 a.m., at the principal office of the corporation, or at such other date, time and place as may be fixed from time to time by resolution of the Board of Directors and set forth in the notice of the meeting, for the purpose of electing directors and transacting such other business as may properly come before the meeting.

At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before an annual meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a shareholder of the corporation who was a shareholder of record at the time of giving of notice provided for in this Section, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation at the principal executive offices of the corporation. To be timely, a shareholder's notice shall be delivered not earlier than the close of business on the 120th day nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement (as defined herein) of the date of such meeting is first made.

Such shareholder's notice shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (A) the name and address of such shareholder, as they appear on the corporation's books, and the name and address of such beneficial owner and (B) the class and number of shares of the corporation which are owned beneficially and of record by such shareholder and such beneficial owner; and (iii) in the event that such business includes a proposal to amend either the Articles of Incorporation or the Bylaws of the corporation, the language of the proposed amendment. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with this paragraph, and the Chairman of the Board or other person presiding at an annual meeting of shareholders, may refuse to permit any business to be brought before an annual meeting without compliance with the foregoing procedures. For the purposes of this paragraph "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition to the provisions of this paragraph, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in these Bylaws shall be deemed to affect any rights of shareholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes, may be called by the Chairman of the Board, the Chief Executive Officer, the Secretary or the Board of Directors. If the holders of shares having at least fifty percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held, the Board of Directors, or, at its discretion, the Chairman, shall establish a reasonable time, date and place for holding such special meeting. Business transacted at a special meeting of the shareholders shall be confined to the purpose or purposes of the meeting described in the notice of the meeting.

Section 3. PLACE OF SHAREHOLDERS' MEETING. The Board of Directors may designate any place, either within or without the State of Iowa as the place of meeting for any annual meeting or for any special meeting of shareholders. If no designation is made the place of meeting shall be the principal office of the corporation in the State of Iowa.

Section 4. NOTICE OF MEETING. Notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days, nor more than sixty days before the date of the meeting, by or at the direction of the Chairman of the Board, the Chief Executive Officer, the Secretary or the Board of Directors, to each shareholder of record entitled to vote at such meeting.

Section 5. POSTPONEMENT OF MEETINGS. Any previously scheduled annual or special meeting of shareholders may be postponed by resolution of the Board of Directors upon public announcement (as defined in Article II, Section 1 of these Bylaws) made on or prior to the date previously scheduled for such annual or special meeting.

Section 6. FIXING OF RECORD DATE. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the corporation may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the day before the first date on which notice of the meeting is mailed or the day before the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. In order to determine the shareholders entitled to demand a special meeting, the record date shall be the sixtieth day preceding the date of receipt by the corporation of written demands sufficient to require the calling of such meeting, unless otherwise fixed by the Board of Directors. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors selects a new record date or unless a new record date is required by law.

Section 7. VOTING LISTS. After the record date for a meeting has been fixed, the officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged by voting group and within each voting group, in alphabetical order, with the address of and the number and class of shares held by each, which list, for a period beginning two business days after notice of the meeting was first given for which the list was prepared and continuing through the meeting, shall be kept on file at the principal office of the corporation or at the place identified in the meeting notice in the city where the meeting will be held. The list shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The list furnished to the corporation by its stock transfer agent shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

Section 8. QUORUM. At any meeting of the shareholders, a majority of the votes entitled to be cast on the matter by a voting group constitutes a quorum of that voting group for action on that matter, unless the representation of a different number is required by law, and in that case, the representation of the number so required shall constitute a quorum. If a quorum shall fail to attend any meeting, the chairman of the meeting or a majority of the votes present may adjourn the meeting to another place, date or time. When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than one hundred twenty (120) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, date and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 9. PROXIES. At all meetings of shareholders, a shareholder may vote by proxy executed by the shareholder or by the shareholder's duly authorized attorney in fact. A shareholder or shareholder's agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by electronic transmission. An electronic transmission must contain or be accompanied by information from which one can determine that the shareholder, the shareholder's agent or the shareholder's attorney-in-fact authorized the electronic transmission. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. No holder of any share of any class of stock of the corporation shall sell the vote pertaining to such share or issue a proxy to vote such share in consideration of any sum of money or anything of value.

Section 10. VOTING OF SHARES. Each outstanding share entitled to vote shall be entitled to vote as follows:

(a) At each annual or special meeting of shareholders, each holder of common stock shall be entitled to one [1] vote in person or by proxy for each share of common stock standing in the holder's name on the stock transfer records of the corporation, and (except as provided in subsection [b] of this Section 10) each holder of class B stock shall be entitled to ten [10] votes in person or by proxy for each share of class B stock standing in the holder's name on the stock transfer records of the corporation. Except as required pursuant to the Business Corporation Act of the State of Iowa, all actions submitted to a vote of shareholders shall be voted on by the holders of common stock and class B stock voting together as a single class.

(b) Notwithstanding subsection [a] of this Section 10, each holder of class B stock shall be entitled to only one [1] vote, in person or by proxy, for each share of class B stock standing in the holder's

name on the stock transfer records of the corporation with respect to the following matters:

- (i) The removal of any director of the corporation pursuant to Article IV of the Articles of Incorporation;
- (ii) Any amendment to the Articles of Incorporation which would permit the holders of stock of the corporation to amend, alter, change or repeal the Bylaws or any part thereof, pursuant to Article V of the Articles of Incorporation; and
- (iii) Any repeal or amendment of Article IV or Article VI of the Articles of Incorporation.

**Section 11. VOTING OF SHARES BY CERTAIN HOLDERS.** Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted, either in person or by proxy, without a transfer of such shares. Shares standing in the name of a trustee may be voted by the trustee, either in person or by proxy, but no trustee shall be entitled to vote shares so held without a transfer of such shares into the name of the trustee.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Neither treasury shares nor, absent special circumstances, shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by the corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

**Section 12. VOTING BY BALLOT.** Voting by shareholders on any question or in any election may be viva voce unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

**Section 13.** The Board of Directors in advance of any meeting of shareholders shall appoint inspectors to act at such meeting or any adjournment thereof. In case any person appointed as inspector shall fail to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting, or at the meeting by the officer or person acting as chairperson. The inspectors shall ascertain the number of shares outstanding and the voting power of each; determine the shares represented at a meeting; determine the validity of proxies and ballots; count all votes; and determine the result. Each inspector shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of the inspector's ability. The maximum number of such inspectors appointed shall be three, and no inspector, whether appointed by the Board of Directors or by the officer or person acting as chairperson, need be a shareholder.

**Section 14. NOTICE TO SHAREHOLDERS.** (a) Notice may be communicated in person, by mail, or other method of delivery, or by telephone, voice mail, or other electronic means. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television, or other form of public broadcast communication. Written notice by the corporation to its shareholders, if in a comprehensible form, is effective according to one of the following: (i) if mailed, when deposited in the United States mail, addressed to the shareholder at the address as it appears on the stock transfer books of the corporation, with postage thereon prepaid; or (ii) when electronically transmitted to the shareholder in a manner authorized by the shareholder.

(b) Notice to a shareholder shall not be required to be given if either of the following applies: (i) notice of two consecutive annual meetings, and all notices of meetings during the period between such two consecutive annual meetings, have been sent to the shareholder at such shareholder's address as shown on the records of the corporation and have been returned undeliverable; or (ii) all, but not less than two, payments of dividends on securities during a twelve month period, or two consecutive payments of dividends on securities during a period of more than twelve months, have been sent to the shareholder at such shareholder's address as it appears on the stock transfer books of the corporation and have been returned undeliverable. If any such shareholder shall deliver to the corporation a written notice setting forth such shareholder's then-current address, the requirement that notice be given to such shareholder shall be reinstated.

### **ARTICLE III. BOARD OF DIRECTORS**

**Section 1. GENERAL POWERS.** The business and affairs of the corporation shall be managed by its Board of Directors.

**Section 2. NUMBER, TENURE AND QUALIFICATIONS; NOMINATIONS.** Within the limits set forth in Article IV of the Articles of Incorporation, the number of directors of the corporation shall be as fixed from time to time by resolution of the Board of Directors. The directors shall be divided into classes, and hold office for the terms as provided in Article IV of the Articles of Incorporation.

Directors need not be residents of the State of Iowa or shareholders of the corporation.

Nominations of persons for election as directors may be made by the Board of Directors or by any shareholder entitled to vote for the election of directors. Any shareholder entitled to vote for the election of directors may nominate a person or persons for election as director only if written notice of such shareholder's intent is delivered to the Secretary of the corporation at the principal executive offices of the corporation (i) with respect to an election to be held at an annual meeting of shareholders, not earlier than the close of business on the 120th day nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting, or as set out below, and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, not later than the close of business on the 10th day following the date on which public announcement (as defined in Article II, Section 1 of these Bylaws) of the date of such meeting is first made. In the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the annual meeting, notice by the shareholder must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Notwithstanding anything in the foregoing sentence to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by this Section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made.

Such shareholder's notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and the name, address, age, and principal occupation or employment of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) the number and class of shares of the corporation which are owned by such shareholder and the beneficial owner, if any, and the number and class of shares, if any, beneficially owned by the nominee; (d) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (e) such other information regarding each nominee that is required to be disclosed in connection with the solicitation of proxies for the election of directors, or as otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including, without limitation, such person's written consent to being named in a proxy statement as a nominee and to serving as a director if nominated). The Chairman of the Board or other person presiding at a meeting of shareholders may refuse to acknowledge the nomination of any person not made in accordance with the procedures prescribed by these Bylaws, and in that event the defective nomination shall be disregarded.

**Section 3. REGULAR MEETINGS.** A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Iowa, for the holding of additional regular meetings without other notice than such resolution.

**Section 4. SPECIAL MEETINGS.** Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the Secretary or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Iowa, as the place for holding any special meeting of the Board of Directors called by them.

**Section 5. NOTICE.** Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or mailed to each director at the director's business address, or by telephone, cable, telefax, wireless or telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

**Section 6. QUORUM.** A majority of the number of directors fixed pursuant to Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

**Section 7. MANNER OF ACTING.** Except as otherwise specified in these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

**Section 8. VACANCIES.** Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for a term which shall expire at the next election of directors by the shareholders. A director elected by the shareholders to fill a vacancy shall be elected for the unexpired term of the director last elected by the shareholders with respect to the position being filled. Any directorship to be filled by reason of any increase in the number of directors by not more than thirty percent (30%) of the number of directors last approved by the shareholders, may be filled by the Board of Directors for a term of office continuing only until the next election of

directors by the shareholders.

Section 9. COMPENSATION. By resolution of the Board of Directors, those directors who are not at the time active employees of the corporation may be paid an annual retainer. All directors may be reimbursed for expenses incurred in connection with their services. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 10. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless the director's dissent shall be entered in the minutes of the meeting or unless the director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. INFORMAL ACTION BY DIRECTORS. Any action required to be taken at a meeting of the directors, or any other action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 12. EXECUTIVE COMMITTEE. An Executive Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting or at such other time as the Board of Directors may determine. The chairman of said committee shall be the person elected by the Board of Directors to the office of Chairman of the Executive Committee, and such officer shall be designated a member of said committee. If an Executive Committee is designated, it shall, during the intervals between the meetings of the Board of Directors and so far as it lawfully may, possess and exercise all of the authority of the Board of Directors in the management of the business of the corporation, in all cases in which specific directions shall not have been given by the Board of Directors, provided that notwithstanding the foregoing, the Executive Committee shall not have authority:

- (1) to authorize dividends or other distributions;
- (2) to approve or propose to shareholders actions or proposals required by the Iowa Business Corporation Act to be approved by shareholders;
- (3) to fill vacancies on the Board of Directors or any committee thereof;
- (4) to amend the Articles of Incorporation of the corporation;
- (5) to adopt, amend or repeal Bylaws;
- (6) to approve a plan of merger not requiring shareholder approval;
- (7) to authorize or approve the reacquisition of shares unless pursuant to a general formula or method specified by the Board of Directors;
- (8) to authorize or approve the issuance or sale of, or any contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares; except that the Board of Directors may authorize a committee or senior officer to do so within limits specifically prescribed by the Board of Directors; or
- (9) to remove the Chairman of the Board, Chairman of the Executive Committee, Chief Executive Officer or the President, or to appoint any person to fill a vacancy in any such office.

Section 13. FINANCE COMMITTEE. A Finance Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting or at such time as the Board of Directors may determine. If a Finance Committee is designated, said committee's duties shall be to:

- (1) review corporate financial policies and procedures and make recommendations to the Board of Directors or the Executive Committee in regard thereto;
- (2) provide financial advice and counsel to management;
- (3) formulate dividend policy and make recommendations to the Board of Directors in regard thereto;
- (4) make provisions for the appointment of depositories of funds of the corporation and the specification of conditions of deposit and withdrawal of said funds;
- (5) review specific corporate financing plans and advise the Board of Directors or Executive Committee in regard thereto;

- (6) supervise corporate investment portfolios;
- (7) give consideration and approval or disapproval of capital expenditure requests by management within limits established by the Board of Directors;
- (8) review annual capital and operating budgets and advise the Board of Directors or Executive Committee regarding the financial implications thereof;
- (9) monitor the corporation's financial condition and standing in the financial and investment communities;
- (10) review and make recommendations to the Board of Directors concerning acquisitions and dispositions;
- (11) monitor the risk management activities of the corporation; and
- (12) consider any other matters concerning the corporation's financial structure, condition, financing plans and policies and make recommendations to the Board of Directors on such matters.

Section 14. COMPENSATION COMMITTEE. A Compensation Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting, or at such other time as the Board of Directors may determine. Each member of the Committee shall satisfy such requirements as: (i) the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 or its successor under the Exchange Act; (ii) the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under Section 162(m) of the Internal Revenue Code of 1986, as amended; and (iii) the New York Stock Exchange may establish pursuant to its rule-making authority, unless the Company has claimed a "Controlled Company Exemption" for the Compensation Committee as defined in Section 303.A.00 of the New York Stock Exchange Listed Company Manual.

If a Compensation Committee is designated, said committee's authority and responsibilities shall be as set forth in the charter established for such committee.

Section 15. AUDIT COMMITTEE. An Audit Committee consisting of two or more members of the Board of Directors who are independent of management within the meaning of the policy statement on audit committees issued by the New York Stock Exchange shall be designated by the Board of Directors at the time of the annual meeting, or at such other time as the board may determine. The duties of said committee shall be to:

- (1) pursuant to the Audit Committee Charter, on an annual basis, review and retain the independent auditor to audit the books and records of the corporation and its subsidiaries. The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee;
- (2) meet prior to the start of any audit by the outside audit firm and review the scope of the audit to be performed;
- (3) meet prior to the publication of the annual report and review results of the audit by the outside audit firm for the year;
- (4) meet with and determine the responsibilities and scope of the internal audit department and review internal audit reports;
- (5) review the corporation's accounting principles and policies and internal accounting controls;
- (6) review the effect of changes in accounting principles or of other developments emanating from the profession, its standard board or any governmental authority;
- (7) carry on such other activities so as to give additional assurance regarding the financial information used by the Board of Directors in making decisions;
- (8) carry on such other activities so as to give additional assurance regarding the financial information distributed to outsiders; and
- (9) review the standards and policies of proper business conduct and practices for the corporation and its employees and monitor the implementation of, and the compliance with the standards and

policies.

Section 16. PENSION COMMITTEE. A Pension Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting or at such time as the Board of Directors may determine. If a Pension Committee is designated, said committee's duties shall be to:

- (1) review the corporation's pension plans and propose amendments thereto for approval by the Board of Directors;
- (2) review the levels and types of benefits provided under the corporation's pension plans and other features thereof, including eligibility, vesting and the form of payment of benefits;
- (3) recommend to the Board of Directors investment policy and objectives for all employee pension funds, review the investment performance of such funds and recommend revision of the policy and objectives as may be required;
- (4) recommend to the Board of Directors the funding policies for all employee pension funds;
- (5) recommend to the Board of Directors the appointment of such management personnel or committees as it deems desirable for the administration, detailed study, or recommendation of possible changes in the corporation's pension plans; and
- (6) engage in such additional review and assessment as it may deem necessary or appropriate to perform the foregoing duties.

Section 17. LEGAL AFFAIRS COMMITTEE. A Legal Affairs Committee consisting of two or more members of the Board of Directors may be designated by the Board of Directors at the time of the annual meeting, or such other time as the board may determine. If a Legal Affairs Committee is designated, said committee's duties shall be to:

- (1) review the structure, functions and personnel of the corporation's internal legal staff;
- (2) review the procedures established for the engagement of outside counsel and the monitoring of their activities;
- (3) meet with the general counsel of the corporation, and outside counsel engaged by the corporation, to review all significant threatened, pending and settled litigation involving the corporation; including the impact, or potential impact, of such matters upon the policies, planning, operations or finances of the corporation;
- (4) receive reports from the general counsel and outside counsel, as to changes in the law which have or could have an effect upon the corporation or its policies, planning, operations or finances, and assist in the development of strategies in response thereto; and
- (5) inquire into the existence, and encourage the development, of practices and procedures, including legal audits, which could benefit the corporation in avoiding litigation or other legal problems.

Section 18. COMMITTEE PROCEDURES. The chairman of each committee, other than the Executive Committee, shall be selected by the Board of Directors or by the Executive Committee. In the absence of the chairman of any committee, a temporary chairman may be appointed from among the members of the committee. Each committee shall keep minutes of the proceedings of its meetings which shall be submitted to the Board of Directors at the next meeting of the Board of Directors. A majority of members of any committee shall constitute a quorum for the transaction of business. Meetings of any committee shall be called upon the request of any member of the committee or the Chairman of the Board, Chief Executive Officer or the Secretary, and notice of such meetings shall in each instance be given to each member of the committee at least twenty-four hours before the meeting either orally or in writing. Expenses of attendance, if any, shall be paid for attendance at each meeting of any committee. Each director serving on a committee shall hold such office until the annual meeting held next after such director's designation, or until such director's successor shall have been designated.

Section 19. NOMINATING / GOVERNANCE COMMITTEE. A Nominating / Governance Committee consisting of no fewer than three members of the Board of Directors each of which shall meet the independence requirements of the New York Stock Exchange, unless the Company has claimed a "Controlled Company Exemption" for the Nominating / Governance Committee as defined in Section 303.A.00 of the New York Stock Exchange Listed Company Manual, shall be designated by the Board of Directors at the time of the annual meeting or at such other time as the Board of Directors may determine. The Nominating / Governance Committee's authority and responsibilities shall be as set forth in the charter established for such committee.

To the extent the authority of the Nominating / Governance Committee set in the Nominating / Governance Committee Charter overlaps or conflicts with the authority prescribed for any other committee set forth in these Bylaws, the authority vested in the Nominating / Governance Committee shall be construed to take precedence over any such other overlapping or conflicting provision.

#### **ARTICLE IV. OFFICERS**

Section 1. NUMBER. The officers of the corporation shall be a Chairman of the Board, a Chief Executive Officer, a President (who, unless otherwise determined by the Board, shall be the Chief Operating Officer of the corporation), one or more Group Presidents, one or more Executive Vice Presidents, one or more Senior Vice Presidents or one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer, and a Controller, and such other officers as the Board of Directors may from time to time designate by resolution, each of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person. In its discretion, the Board of Directors may delegate the powers or duties of any officer to any other officer or agents, notwithstanding any provision of these Bylaws, and the Board of Directors may leave unfilled for any such period as it may fix, any office except those of Chairman of the Board, Chief Executive Officer, President (unless the duties of President are performed by the Chief Executive Officer), Vice President–Finance and Secretary.

Section 2. ELECTION AND TERM OF OFFICE. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until such officer's successor shall have been duly elected or until death or until such officer shall resign or shall have been removed in the manner hereinafter provided.

Section 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer or agent elected by the Board of Directors except the Chairman of the Board, Chairman of the Executive Committee, Chief Executive Officer and President, may be removed by the Executive Committee. Any officer or agent elected by the Board of Directors except the Chairman of the Board and the Chairman of the Executive Committee may be removed by the Chief Executive Officer.

Section 4. VACANCIES. A vacancy in the office of Chairman of the Board, Chairman of the Executive Committee, Chief Executive Officer or President because of death, resignation, removal, disqualification or otherwise, may be filled only by the Board of Directors for the unexpired portion of the term. A vacancy in any other office may be filled by the Executive Committee or the Chief Executive Officer .

Section 5. CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors and shall be a member of the Executive Committee. The Chairman of the Board shall perform such other duties as may be prescribed by the Board of Directors from time to time and shall have the general powers and duties usually vested in the Chairman of the Board.

Section 6. CHAIRMAN OF THE EXECUTIVE COMMITTEE. The Chairman of the Executive Committee shall be a member of that committee and preside at all of its meetings, and in the absence of the Chairman of the Board, shall preside at all meetings of the shareholders and the Board of Directors. The Chairman of the Executive Committee shall perform such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the principal executive officer of the corporation and, in general shall, subject to the authority of the Board of Directors, supervise and control all of the business, policies and affairs of the corporation and all other officers of the corporation except for the Chairman of the Board and the Chairman of the Executive Committee. The Chief Executive Officer shall have the general powers and duties usually vested in the principal executive officer of a corporation, unless the Board of Directors shall elect another person as President and shall delegate some or all of such powers and duties to the President. The Chief Executive Officer shall perform such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. PRESIDENT. The President shall be the Chief Operating Officer of the corporation (unless otherwise determined by the Board of Directors). As the Chief Operating Officer, the President shall have the management of and exercise general supervision over the corporation's operating groups and all its Group Presidents, subject to the control and supervision of the Chief Executive Officer. The President shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer from time to time.

Section 9. GROUP PRESIDENTS. Each Group President, within the limitations placed by the policies adopted by the Board of Directors or the Chief Executive Officer, shall be a corporate officer and shall be the Chief Operating Officer of the operating group assigned and shall in general supervise and control such business and affairs of the group and operations assigned thereto and perform such other duties as may be prescribed from time to time by the Board of Directors or the Chief Executive Officer.

Section 10. EXECUTIVE VICE PRESIDENTS, SENIOR VICE PRESIDENTS AND VICE PRESIDENTS. Each corporate Executive Vice President, Senior Vice President or Vice President shall perform such duties as may be assigned by the Board of Directors or the Chief Executive Officer. An Executive Vice President, Senior Vice President or Vice President may be assigned the operating authority for managing one or more operating units or service operations of the corporation as established by the Board of Directors. Upon assignment by the Board of Directors of operating authority for an operation or service unit, such Executive Vice President,

Senior Vice President or Vice President shall in general supervise and control all of the business and affairs of such operation or service unit, subject only to such supervision and direction as the Board of Directors or the Chief Executive Officer may provide. Each Executive Vice President, Senior Vice President and Vice President shall be authorized to sign contracts and other documents related to the corporation or to the operations under such officer's supervision and control.

**Section 11. VICE PRESIDENT–FINANCE.** The Vice President–Finance shall be the principal and chief accounting and principal and chief finance officer of the corporation. In that capacity, the Vice President–Finance shall keep and maintain, or cause to be kept and maintained accurate, correct books and records of accounts of the properties and business transactions of the corporation, including accounts of the assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The Vice President–Finance shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors or by the Finance Committee appointed by the Board of Directors. The Vice President–Finance shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the Chairman of the Board, the Chief Executive Officer, the President and the Board of Directors, upon their request, an account of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the Chief Executive Officer.

**Section 12. THE SECRETARY.** The Secretary shall: (a) prepare and keep the minutes of the meetings of the shareholders, the Board of Directors, and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder, unless such register is maintained by the transfer agent or registrar of the corporation; (e) authenticate the records of the corporation; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors or the Chief Executive Officer.

**Section 13. THE TREASURER.** Subject to the supervision of the Vice President–Finance, the Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws; (b) be responsible for filing all required tax returns, and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Board of Directors, the Chief Executive Officer or the Vice President–Finance.

**Section 14. THE CONTROLLER.** The Controller shall maintain adequate records showing the financial condition of the corporation and the results of its operations by established accounting periods, and see that adequate audits thereof are regularly and currently made. The Controller shall perform such other duties as from time to time may be assigned by the Board of Directors, the Chief Executive Officer or the Vice President–Finance.

**Section 15. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS.** The Assistant Secretaries, when authorized by the Board of Directors, may sign with the Chairman of the Board, the Chief Executive Officer, the President or a Vice President certificates for shares of the corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Secretary, the Chief Executive Officer or the Board of Directors. The Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Treasurer, the Chief Executive Officer, the Board of Directors or the Vice President–Finance.

**Section 16. OTHER ASSISTANT AND ACTING OFFICERS.** The Board of Directors or the Chief Executive Officer shall have the power to appoint any person to act as assistant to any officer, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer so appointed by the Board of Directors or the Chief Executive Officer shall have the power to perform all the duties of the office to which the person is so appointed to be assistant, or as to which the person is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors.

**Section 17. SALARIES.** The salaries of the officers shall be fixed from time to time by the Compensation Committee of the Board of Directors and no officer shall be prevented from receiving such salary by reason of also being a director of the corporation.

## **ARTICLE V. GROUPS AND STAFF**

**Section 1. ESTABLISHMENT OF GROUPS.** The Board of Directors or the Chief Executive Officer may cause the business to be divided into one or more groups, based upon product manufactured, geographical territory, character and type of operations, or upon such other basis as the Board of Directors or the Chief Executive Officer may from time to time determine to be advisable. The groups shall operate under the authority and direction of a Group President and may operate under trade names approved for such purpose as may be authorized by the Board of Directors or the Chief Executive Officer.

**Section 2. GROUP OFFICERS.** The Group President of a group may appoint any number of group officers (who shall not, by virtue of such appointment, be corporate officers), and may remove any such group officer. Such officers shall have such authority as may from time to time be assigned by the Group President.

Section 3. STAFF OFFICERS. The Chief Executive Officer may appoint any number of staff officers (who shall not, by virtue of such appointment, be corporate officers), and may remove any such staff officer as the Chief Executive Officer may deem appropriate from time to time. Such officers shall have such authority as may from time to time be assigned by the Chief Executive Officer.

## **ARTICLE VI. CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1. CONTRACTS. The Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer or the President may at any time execute and deliver any deeds, mortgages or bonds which the Board of Directors has authorized to be executed and delivered and may at any time execute and deliver any lease, bid, application, note, guarantee, consent, election, notice or other contract, document or instrument as may be required in the ordinary course and scope of the business of the corporation or as may be specifically authorized by the Board of Directors. The Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer or the President may in writing delegate the foregoing authority, and may delegate authority to redelegate such authority, to any other officer or officers, agent or agents, or other persons and the authority so delegated may be general or confined to specific instances. The Board of Directors may authorize any other officer or officers, agent or agents or other persons to execute and deliver any other contracts, documents or instruments and such authority may be general or confined to specific instances.

Section 2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. EVIDENCES OF INDEBTEDNESS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors or the Finance Committee, or committees or officers to whom the Board of Directors or the Finance Committee have delegated such authority may select.

## **ARTICLE VII. CERTIFICATES FOR SHARES AND THEIR TRANSFER**

Section 1. CERTIFICATES FOR SHARES. Certificates for shares of capital stock of the corporation shall be in such form as shall be determined by the Board of Directors. They shall be issued in consecutive order and shall be numbered in the order of their issue and shall be signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and by the Secretary or an Assistant Secretary, provided, however, that if any stock certificate is countersigned by a transfer agent, other than the corporation or its employee, or by a registrar, other than the corporation or its employee, any other signature, including that of any such officer, on such certificate may be a facsimile, engraved, stamped or printed. In case any officer or agent who has signed or whose facsimile signature shall be used on any stock certificate shall cease to be such officer or agent of the corporation because of death, resignation or otherwise before such stock certificate shall have been delivered by the corporation, such stock certificate may nevertheless be issued and delivered as though the person or agent who signed the certificate or whose facsimile signature shall have been used thereon had not ceased to be such officer or agent of the corporation.

Section 2. TRANSFER OF SHARES. Upon surrender to the corporation or its transfer agent of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books.

Section 3. RESTRICTIONS ON OWNERSHIP, TRANSFER AND VOTING. So long as the corporation or any of its subsidiaries is subject to any law of the United States or any state therein which restricts ownership or voting of capital stock by Aliens (as defined herein), not more than one-fifth of the shares outstanding shall be owned of record or voted by or for the account of Aliens or their representatives or affiliates. The Board of Directors may issue share certificates representing not more than one-fifth of the shares of the stock of the corporation at any time outstanding in special form which may be owned or held by Aliens, such certificates to be known as "Foreign Share Certificates" and to be so marked, but under no circumstances shall the total amount of voting stock of any class represented by Foreign Share Certificates, plus the amount of voting stock of that class owned by or for the account of Aliens and represented by certificates not so marked, exceed one-fifth of the aggregate number of outstanding shares of such class.

Shares of stock shall be transferable on the books of the corporation by the holder thereof, in person or by duly authorized attorney, upon the surrender of the certificate representing the shares to be transferred, properly endorsed; provided, however, that shares of stock other than shares represented by Foreign Share Certificates shall be transferable to Aliens or any person holding for the account thereof only when the aggregate number of shares of stock owned by or for the account of Aliens will not then be more than one-fifth of the number of shares of stock outstanding. The Board of Directors may direct that, before shares of stock shall be transferred on the books of the corporation, the corporation may require information as to whether the proposed transferee is an Alien or will hold the stock for the account of an Alien.

If the stock records of the corporation shall at any time disclose Alien ownership of one-fifth or more of the voting stock of any class and it shall be found by the corporation that any certificate for shares marked "Domestic Share Certificate" is, in fact, held by or for the account of any Alien, the holder of the shares represented by that certificate shall not be entitled to vote, to receive dividends or to have any other rights with respect to such shares, except the right to transfer the shares to a Non-Alien (as defined herein).

If the stock records of the corporation shall at any time disclose Alien ownership of one-fifth or more of the voting stock of any class and a request is made by an Alien to have shares registered in its name or for its account, the corporation shall be under no obligation

to effect the transfer or to issue or reissue any stock certificates to or for the account of the Alien. In addition, if a proposed transferee of any shares is an Alien, and the transfer to such Alien would result in Alien ownership of one-fifth or more of the voting stock of any class, the corporation shall be under no obligation to effect the transfer or to issue or reissue any stock certificates to or for the account of the Alien. Further, if it is determined at any time that a transfer has resulted in Alien ownership of one-fifth or more of the voting stock of any class, the holder of the shares which resulted in the Alien ownership of one-fifth or more of the voting stock shall not be entitled to vote, to receive dividends or have any other rights with respect to such shares, except the right to transfer those shares to a Non-Alien.

The Board of Directors shall establish rules, regulations and procedures to assure compliance with and enforcement of this Article VII, Section 3.

The term "Alien" is defined to mean and include the following:

- (1) Any person (including an individual, a partnership, a corporation or an association or any other entity) who is not a United States citizen or is the representative of or fiduciary for any person who is not a United States citizen;
- (2) Any foreign government or the representative thereof;
- (3) Any corporation any officer of which is an Alien, or of which more than 25% of its directors are Aliens;
- (4) Any corporation or association organized under the laws of any foreign government;
- (5) Any corporation of which more than 20% of its stock is owned beneficially or of record or may be voted by Aliens, or which by any other means whatsoever direct or indirect control of the corporation is held or permitted to be exercised by Aliens;
- (6) Any partnership, association or other entity which is owned or controlled by Aliens;
- (7) Any other person, corporation, trust, partnership or association deemed by the Board of Directors to be an Alien as to the United States or the corporation (or any subsidiary of the corporation).

No person, holding shares of class B stock (hereinafter such class B stock is called "class B stock" and such holder thereof is called a "class B holder") may transfer, and the corporation shall not register the transfer of, such shares of class B stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee of such class B holder, which term shall have the following meanings:

- (i) In the case of a class B holder who is a natural person and the holder of record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means (A) the spouse of such class B holder, (B) a lineal descendant of a grandparent of such class B holder or a spouse of any such lineal descendant, (C) the trustee of a trust (including a voting trust) for the benefit of one or more class B holders, other lineal descendants of a grandparent of such class B holder, the spouse of such class B holder the spouses of such other lineal descendants and an organization contributions to which are deductible for federal income, estate or gift tax purposes (hereinafter called a "Charitable Organization"), and for the benefit of no other person, provided that such trust may grant a general or special power of appointment to such class B holder, the spouse of such class B holder, any lineal descendant of such class B holder or the spouse of any such lineal descendant, and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or the estate of such class B holder payable by reason of the death of such class B holder and provided that such trust prohibits transfer of shares of class B stock to persons other than Permitted Transferees, as defined in clause (ii) below, (D) the estate of such deceased class B holder, (E) a Charitable Organization established by such class B holder, such class B holder's spouse, a lineal descendant of a grandparent of such class B holder or a spouse of any such lineal descendant, and (F) a corporation all the outstanding capital stock of which is owned by, or a partnership all the partners of which are, one or more of such class B holders, other lineal descendants of a grandparent of such class B holder or a spouse of any such lineal descendant, and the spouse of such class B holder provided that if any share of capital stock of such a corporation (or of any survivor of a merger or consolidation of such a corporation), or any partnership interest in such a partnership, is acquired by any person who is not within such class of persons, all shares of class B stock then held by such corporation or partnership, as the case may be, shall be deemed, without further action, to be

automatically converted into shares of common stock, and stock certificates formerly representing such shares of class B stock shall thereupon and thereafter be deemed to represent the like number of shares of common stock.

(ii) In the case of a class B holder holding the shares of class B stock subject to said proposed transfer as trustee pursuant to a trust other than a trust described in clause (iii) below, "Permitted Transferee" means (A) the person who established such trust and (B) a Permitted Transferee of such person determined pursuant to clause (i) above.

(iii) In the case of a class B holder holding the shares of class B stock subject to said proposed transfer as trustee pursuant to a trust which was irrevocable on the record date for the initial distribution of shares of class B stock ("Record Date"), "Permitted Transferee" means any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise or any "Permitted Transferee" of such person determined pursuant to clause (i), (ii), (iv), (v) or (vi) hereof, as the case may be.

(iv) In the case of a class B holder who is the record (but not beneficial) owner of the shares of class B stock subject to said proposed transfer as nominee for the person who was the beneficial owner thereof on the Record Date, "Permitted Transferee" means such beneficial owner and a Permitted Transferee of such beneficial owner determined pursuant to clause (i), (ii), (iii), (v) or (vi) hereof, as the case may be.

(v) In the case of a class B holder which is a partnership and the holder of record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means any partner of such partnership or any "Permitted Transferee" of such partner determined pursuant to clause (i), (ii), (iii), (iv) or (vi) hereof, as the case may be.

(vi) In the case of a class B holder which is a corporation (other than a Charitable Organization described in subclause (E) of clause (i) above and the holder of record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means any stockholder of such corporation receiving shares of class B stock through a dividend or through a distribution made upon liquidation of such corporation or any "Permitted Transferee" of such stockholder determined pursuant to clause (i), (ii), (iii), (iv) or (v) hereof, as the case may be.

(vii) In the case of a class B holder which is the estate of a deceased class B holder, or which is the estate of a bankrupt or insolvent class B holder, and provided such deceased, bankrupt or insolvent class B holder, as the case may be, was the record and beneficial owner of the shares of class B stock subject to said proposed transfer, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent class B holder as determined pursuant to clause (i), (v) or (vi) above, as the case may be.

Notwithstanding anything to the contrary set forth herein, any class B holder may pledge such holder's shares of class B stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this Article VII, Section 3. In the event of foreclosure or other similar action by the pledgee, such pledged shares of class B stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of common stock, as the pledgee may elect.

For purposes of this Article VII, Section 3:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of class B stock shall be considered a "class B holder" of such shares.

(iii) A minor for whom shares of class B stock are held pursuant to a Uniform Gifts or Transfers to Minors Act or similar law shall be considered a "class B holder" of such shares.

(iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(v) The term "grandparent" means an ancestor in any degree born after January 1, 1876.

Any purported transfer of shares of class B stock not permitted hereunder shall result, without further action, in the automatic conversion of the transferee's shares of class B stock into shares of common stock, effective on the date of such purported transfer. The corporation may, as a condition to the transfer or the registration of transfer of shares of class B stock to a purported Permitted Transferee, require the furnishing of such affidavits or other proof as it deems necessary to establish that such transferee is a Permitted Transferee.

Shares of class B stock shall be registered in the name(s) of the beneficial owner(s) thereof (as hereafter defined) and not in "street" or "nominee" names; provided, however, certificates representing shares of class B stock issued as a stock dividend on the corporation's then outstanding common stock may be registered in the same name and manner as the certificates representing the shares of common stock with respect to which the shares of class B stock were issued. For the purposes of this Article VII, Section 3, the term "beneficial owner(s)" of any shares of class B stock shall mean the person or persons who possess the power to dispose, or to direct the disposition, of such shares.

The corporation shall note on the certificates representing the shares of class B stock that there are restrictions on transfer and registration of transfer imposed by this Article VII, Section 3.

Section 4. REGISTERED SHAREHOLDERS. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable claim or other interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Iowa.

Section 5. LOST CERTIFICATES. Upon the making of an affidavit that a certificate has been lost or destroyed, the Board of Directors may direct that a new certificate be issued to the person alleging the loss or destruction of such certificate. When authorizing such issuance of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or such owner's legal representative to give the corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 6. STOCK REGULATIONS. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the statutes of Iowa as they may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation.

#### **ARTICLE VIII. FISCAL YEAR**

The fiscal year of the corporation shall begin on the first day of July and end on the thirtieth day of June in each year.

#### **ARTICLE IX. DIVIDENDS**

The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

#### **ARTICLE X. SEAL**

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words, "Corporate Seal."

#### **ARTICLE XI. WAIVER OF NOTICE**

Whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of the Articles of Incorporation or under the provisions of the Iowa Business Corporations Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

#### **ARTICLE XII. INDEMNIFICATION OF DIRECTORS, OFFICERS OR EMPLOYEES**

Section 1. RIGHT TO INDEMNIFICATION. Each person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director, officer or employee of the corporation or is or was serving at the request of the corporation as director, officer or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the corporation to the fullest extent consistent with the laws of Iowa as the same now or may hereafter exist (but, in the case of any change, only to the extent that such change authorizes the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such change) against all costs, charges, expenses, liabilities and losses (including

attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person; provided, however, that the right to indemnification conferred in this Section shall be conditioned upon the corporation being afforded the opportunity to participate directly on behalf of such person in such proceeding and any settlement discussions relating thereto. The right to indemnification conferred in this Section shall be a contract right and shall, except with respect to an action or proceeding against the corporation by an employee who is neither a director nor an officer of the corporation, include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition upon receipt by the corporation of an undertaking, by or on behalf of such director, officer or employee to repay all amounts so advanced if it shall ultimately be determined that the director, officer or employee is not entitled to be indemnified under this Section or otherwise.

**Section 2. RIGHT OF CLAIMANT TO BRING SUIT.** If a claim under Section I of this Article is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has failed to meet a standard of conduct which makes it permissible under Iowa law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because such person has met such standard of conduct, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such standard of conduct, nor the termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall create a presumption that the claimant has failed to meet the required standard of conduct.

**Section 3. NON-EXCLUSIVITY OF RIGHTS.** The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

**Section 4. INSURANCE.** The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under Iowa law.

**Section 5. EXPENSES AS A WITNESS.** To the extent that any director, officer or employee of the corporation is by reason of such position, or a position with another entity at the request of the corporation, a witness in any proceeding, such person shall be reimbursed for all costs and expenses actually and reasonably incurred in connection therewith.

**Section 6. EFFECT OF AMENDMENT.** Any amendment, repeal or modification of any provision of this Article by the shareholders or the directors of the corporation shall not adversely affect any right or protection of a director, officer or employee of the corporation existing at the time of such amendment, repeal or modification.

**Section 7. SEVERABILITY.** In the event any one or more of the provisions contained in this Article shall, for any reason, be held to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Article.

### **ARTICLE XIII. FACSIMILE AND ELECTRONIC SIGNATURES**

Facsimile and electronic signatures of any officer or officers of the corporation may be used whenever and as authorized by the Board of Directors or a committee thereof. An "electronic signature" is any electronic symbol or process attached to or logically associated with a document sent by electronic transmission and executed or adopted by a person with the intent to sign such document.

"Electronic signature" includes (i) a unique password or unique identification assigned to a person by the corporation; (ii) a person's typed name attached to or part of an electronic transmission sent by or from a source authorized by such person such as an e-mail address provided by such person as that person's e-mail address; (iii) a person's facsimile signature; and (iv) any other form of electronic signature approved by the Board of Directors.

### **ARTICLE XIV. ELECTRONIC TRANSMISSION**

"Electronic transmission" or "electronically transmitted" means, for purposes of these Bylaws, any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval, and reproduction of information by the recipient. Notice by electronic transmission is written notice with respect to communications from directors or officers. Notices and written consents may be given by electronic transmission by directors and officers and as otherwise provided in Article II, Section 9 (Proxies). Each written consent given by electronic transmission shall contain an electronic signature of the person giving such written consent.

## **ARTICLE XV. AMENDMENTS**

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

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Meredith Corporation

\$75,000,000 6.51% Senior Notes, Series A, Due March 1, 2005  
\$50,000,000 6.57% Senior Notes, Series B, Due September 1, 2005  
\$75,000,000 6.65% Senior Notes, Series C, Due March 1, 2006

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Note Purchase Agreement  
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Dated as of March 1, 1999

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Note: Material schedules and exhibits (those marked \*) are included in this filing.

Meredith Corporation

1716 Locust Street

Des Moines, Iowa 50309

\$75,000,000 6.51% Senior Notes, Series A, Due March 1, 2005

\$50,000,000 6.57% Senior Notes, Series B, Due September 1, 2005

\$75,000,000 6.65% Senior Notes, Series C, Due March 1, 2006

Dated as of March 1, 1999

To the Purchaser listed in the attached

Schedule A who is a signatory hereto:

Ladies and Gentlemen:

Meredith Corporation, an Iowa corporation (the "Company"), agrees with you

as follows:

Section 1. Authorization of Notes.

The Company will authorize the issue and sale of

(a) \$75,000,000 aggregate principal amount of its 6.51% Senior Notes, Series A, due March 1, 2005 (the "Series A Notes");

(b) \$50,000,000 aggregate principal amount of its 6.57% Senior Notes, Series B, due September 1, 2005 (the "Series B Notes"); and

(c) \$75,000,000 aggregate principal amount of its 6.65% Senior Notes, Series C, due March 1, 2006 (the "Series C Notes").

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

Section 2. Sale and Purchase of Notes.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing

provided for in Section 3, Notes in the principal amount and of the Series specified opposite your name in Schedule A at the purchase price of 100% of the principal amount and of the Series thereof. Contemporaneously with entering

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into this Agreement, the Company is entering into separate Note Purchase Agreements (the "Other Agreements") identical with this Agreement with each of the other purchasers named in Schedule A (the "Other Purchasers"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount and of the Series specified opposite its name in Schedule A. Your obligation hereunder, and the obligations of the Other Purchasers under the Other Agreements, are several and not joint obligations, and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or nonperformance by any Other Purchaser thereunder.

### Section 3. Closing.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois, at 10:00 a.m. Chicago time, at a closing (the "Closing") on March 1, 1999. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$500,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company as indicated in the written funding instructions delivered pursuant to Section 4.11. If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

Section 4. Conditions to Closing.

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

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing, and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14), no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Sections 9 or 10 hereof had such Sections applied since such date.

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Section 4.3. Compliance Certificates.

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

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

Section 4.4. Opinions of Counsel. You shall have received opinions in

form and substance satisfactory to you, dated the date of the Closing (a) from Winston & Strawn, counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you) and (b) from Chapman and Cutler, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

Section 4.5. Purchase Permitted By Applicable Law, Etc. On the date of the Closing your purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

Section 4.6. [Intentionally Omitted.]

Section 4.7. Sale of Other Notes. Contemporaneously with the Closing, the Company shall sell to the Other Purchasers, and the Other Purchasers shall purchase, the Notes to be purchased by them at the Closing as specified in Schedule A.

Section 4.8. Payment of Special Counsel Fees. Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

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Section 4.9. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

Section 4.10. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.11. Funding Instructions. At least two Business Days prior to the date of the Closing, you shall have received written instructions executed by a Responsible Officer of the Company directing the manner of the payment of funds and setting forth (a) the name and address of the transferee bank, (b) such transferee bank's ABA number, (c) the account name and number into which the purchase price for the Notes is to be deposited, and (d) the name and telephone number of the account representative responsible for verifying receipt of such funds.

Section 4.12. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

Section 5. Representations and Warranties of the Company.

The Company represents and warrants to you that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which

the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Other Agreements and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement, the Other Agreements and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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Section 5.3. Disclosure. The Company, through its agent, Schroder & Co., Inc., has delivered to you and each Other Purchaser a copy of a Private Placement Memorandum, dated November, 1998 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. This Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since June 30, 1998, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. To the best knowledge and belief of senior management of the Company,

there is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

Section 5.4. Organization and Ownership of Shares of Subsidiaries;

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

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

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

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

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

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

Section 5.7. Governmental Authorizations, Etc. (a) No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes.

(b) The Company has applied for all regulatory approvals necessary from any Governmental Authority in connection with the WGNX Acquisition and no default or breach exists under, and no waiver of any default or breach has been granted in respect of, the terms of the WGNX Acquisition Documents.

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

(a) There are no actions, suits or proceedings pending or, to the knowledge of

the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

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

Section 5.9. Taxes. The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and

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assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended June 30, 1995.

Section 5.10. Title to Property; Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5

or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

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

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

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

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

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

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

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

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

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than three other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes as set forth in Schedule 5.14. No

part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute any portion of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 1.0% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

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Section 5.15. Existing Debt; Future Liens. (a) Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of the date of the Closing. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary and no event or condition exists with respect to any Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

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

Section 5.16. Foreign Assets Control Regulations, Etc. Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

Section 5.17. Status under Certain Statutes. Neither the Company nor any

Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Notes Rank Pari Passu. The obligations of the Company under this Agreement and the Notes rank at least pari passu in right of payment with all other senior unsecured Debt (actual or contingent) of the Company, including, without limitation, all senior unsecured Debt of the Company described in Schedule 5.15 hereto.

Section 5.19. Environmental Matters. Neither the Company nor any Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing:

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

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

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

Section 5.20. Computer 2000 Compliant. The Company reasonably believes

that the internal computer systems of the Company and its Subsidiaries will be Year 2000 Compliant in all Material respects on a timely basis and, in any event, on or before September 30, 1999, and that the advent of the year 2000 and its impact on said internal computer systems could not reasonably be expected to result in a Material Adverse Effect. The term "Year 2000 Compliant" means that all computer applications and equipment containing embedded microchips material to the business and operations of the Company and its Subsidiaries will be able to recognize correctly and perform properly date-sensitive functions for all dates before and after January 1, 2000 or, alternatively, the Company will have designed and implemented contingency plans so that any failure of its computer applications and equipment to recognize correctly or to perform properly such functions for such dates will not have a Material Adverse Effect.

#### Section 6. Representations of the Purchaser.

Section 6.1. Purchase for Investment. You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof; provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

Section 6.2. Source of Funds. You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

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

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 901 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 9138 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

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(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part 1(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

If you or any subsequent transferee of the Notes indicates that you or such transferee are relying on any representation contained in paragraph (b), (c) or (e) above, the Company shall deliver on the date of Closing or on the date of transfer, as applicable, a certificate, which shall state whether that

(i) it is a party in interest or a "disqualified person" (as defined in Section 4975(e)(2) of the Code), with respect to any plan identified pursuant to paragraphs (b) or (e) above, or (ii) with respect to any plan, identified pursuant to paragraph (c) above, it or any "affiliate" (as defined in Section V(c) of the QPAM Exemption) has at such time, and during the immediately preceding one year, exercised the authority to appoint or terminate said QPAM as manager of any plan identified in writing pursuant to paragraph (c) above or to negotiate the terms of said QPAM's management agreement on behalf of any such identified plan.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

Section 7. Information as to the Company.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

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(ii) consolidated statements of earnings and cash flows of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year of the Company, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10Q prepared in compliance with the requirements therefor and

filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 105 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of earnings and cash flows of the Company and its Subsidiaries, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(1) an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(2) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit), provided that the delivery within the time period specified above of the Company's Annual Report on Form 10K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in clause (2) above, shall be deemed to satisfy the requirements of this Section 7.1(b);

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(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material and (iii) copies of all written disclosure materials provided to the lenders under the Term Loan Agreement;

(d) Notice of Default or Event of Default promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in Section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

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(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes, including without limitation, such information as is required by SEC Rule 144A under the Securities Act to be delivered to the prospective transferee of the Notes.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.2 through Section 10.7 hereof,

inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Inspection. The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing, but not more frequently than twice in any twelve month period; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company and upon not less than one Business Day's prior notice, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and

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independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 8. Prepayment of the Notes.

Section 8.1. Required Prepayment.

(a) Series A Notes. The Series A Notes shall not be subject to scheduled principal prepayments. On March 1, 2005, the entire unpaid principal amount of each Series A Note, together with accrued interest thereon, shall be due and payable.

(b) Series B Notes. The Series B Notes shall not be subject to scheduled principal prepayments. On September 1 2005, the entire unpaid principal amount of each Series B Note, together with accrued interest thereon, shall be due and payable.

(c) Series C Notes. The Series C Notes shall not be subject to scheduled principal prepayments. On March 1, 2006, the entire unpaid principal amount of each Series C Note, together with accrued interest thereon, shall be due and payable.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, in an amount not less than 10% of the aggregate principal amount of all Notes of all Series then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount and the Series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the

prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

### Section 8.3. Change in Control.

(a) Notice of Change in Control or Control Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes unless notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to subparagraph (b) of this Section 8.3. If a Change in Control has occurred, such notice shall contain

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and constitute an offer to prepay the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, as described in subparagraph (c) of this Section 8.3 and shall be accompanied by the certificate described in subparagraph (g) of this Section 8.3.

(b) Condition to Company Action. The Company will not take any action that consummates or finalizes a Change in Control unless (i) at least 30 days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, as described in subparagraph (c) of this Section 8.3, accompanied by the certificate described in subparagraph (g) of this Section 8.3, and (ii) contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.3.

(c) Offer to Prepay Notes. The offer to prepay Notes contemplated by subparagraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes of each Series held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date"). If such Proposed Prepayment Date is in connection with an offer contemplated by subparagraph (a) of this Section 8.3,

such date shall be not less than 30 days and not more than 120 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(d) Acceptance. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company not later than 15 days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section shall be deemed to constitute a rejection of such offer by such holder.

(e) Prepayment. Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The prepayment shall be made on the Proposed Prepayment Date except as provided in subparagraph (f) of this Section 8.3.

(f) Deferral Pending Change in Control. The obligation of the Company to prepay Notes pursuant to the offers required by subparagraph (c) and accepted in accordance with subparagraph (d) of this Section 8.3 is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control has not occurred on the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on, the date on which such Change in Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change in Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change in Control shall be deemed rescinded).

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(g) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying:

(i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount and Series of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) an estimate of the Make-Whole Amount payable in connection with such prepayment; (vi) that the conditions of this Section 8.3 have been fulfilled; and (vii) in reasonable detail, the nature and date or proposed date of the Change in Control.

(h) Certain Definitions. "Change in Control" shall be deemed to have occurred if any of the following events shall occur: (i) any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), other than members of the Meredith Family,

(1) become the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Company's Voting Stock, or

(2) acquire after the date of the Closing (x) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Company, through beneficial ownership of the capital stock of the Company or otherwise, or (y) all or substantially all of the properties and assets of the Company; or (ii) members of the Meredith Family cease to hold in the aggregate the requisite shares of the Company's Voting Stock necessary to permit the members of the Meredith Family to elect a majority of the corporate directors of the Company.

"Control Event" means:

(i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) the making of any written offer by any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in

Control.

(i) All calculations contemplated in this Section 8.3 involving the capital stock of any Person shall be made with the assumption that all convertible Securities of such Person then outstanding and all convertible Securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock of such Person were exercised at such time.

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Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Notes to be prepaid shall be allocated among all of the Notes of all Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All partial prepayments made pursuant to Section 8.3 shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.6. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.7. Make-Whole Amount. The term "Make-Whole Amount" means, with respect to any Note of any Series, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal; provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% per annum plus (b) the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page USD" of the Bloomberg Financial

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Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting online intraday trading in the U.S. Treasury securities) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S.

Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (1) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (2) interpolating linearly between (A) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (B) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2, 8.3 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

#### Section 9. Affirmative Covenants.

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law. The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA and applicable laws in respect of Non-U.S. Pension Plans and all Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations

necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure

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that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or

assets of the Company or any Subsidiary; provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. The Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Section 10.6, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Notes to Rank Pari Passu. The Notes and all other obligations under this Agreement of the Company are and at all times shall remain direct and unsecured obligations of the Company ranking pari passu as

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against the assets of the Company with all other Notes from time to time issued and outstanding hereunder without any preference among themselves and pari passu with all other present and future unsecured Debt (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Debt of the Company.

Section 9.7. Year 2000 Compliance. The Company shall, and shall cause each Subsidiary to, on a timely basis and, in any event, on or before June 30, 1999, take all commercially reasonable steps to ascertain the extent of the business and financial risks facing such Person as a result of the "Year 2000 Problem" (that is, the risk that computer applications or equipment containing embedded microchips may be unable to recognize correctly and perform properly date-sensitive functions involving all dates before and after January 1, 2000), and shall take all commercially reasonable steps to prioritize such business

and financial risks and to quantify the costs associated with addressing the Year 2000 Problem as it relates the Company and its Subsidiaries. The Company shall, on or before September 30, 1999, adopt a reasonably detailed time line for taking all necessary steps (including the preparation of contingency plans) to ensure that the Year 2000 Problem will not have a Material Adverse Effect and shall provide a copy of such time line to each holder of the Notes requesting the same. The Company shall, on or before September 30, 1999, complete all testing which senior management believes in good faith to be commercially reasonable relating to the Year 2000 Problem and initiate and complete all necessary steps to ensure that the Year 2000 Problem will not have a Material Adverse Effect. The Company shall, and shall cause each Subsidiary to, promptly notify the holders of the Notes in the event such Person (1) deviates in any material respect from the aforesaid time line or (2) determines that any computer application or equipment containing embedded microchips owned or used by (i) such Person or (ii) any material supplier, vendor or customer of such Person will present a Year 2000 Problem, except to the extent that such Year 2000 Problem, if it were to remain uncorrected or if the implementation of a contingency plan is not successful, could not reasonably be expected to have a Material Adverse Effect.

Notwithstanding the foregoing, it is understood by the parties hereto that until the WGNX Acquisition is consummated and the Company is capable of conducting an analysis on its own behalf of the computer applications and equipment of WGNX-TV, Channel 46, in Atlanta, Georgia, the Company is unable to represent or agree that it will be capable of strictly complying with the terms of Section 5.20 and this Section 9.7 with respect to WGNX-TV, except that the Company represents and agrees that it will take all actions which senior management believes in good faith are commercially reasonable in order to address any Year 2000 Problem which may exist with respect to WGNX-TV.

#### Section 10. Negative Covenants.

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and

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upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 10.2. Consolidated Net Worth. The Company will not at any time permit Consolidated Net Worth to be an amount less than the sum of (a) \$280,000,000 plus (b) 331/3% of Consolidated Net Income computed on a cumulative basis for each of the elapsed fiscal years ending after June 30, 1998; provided that notwithstanding that Consolidated Net Income for any such elapsed fiscal year may be a deficit figure, no reduction in such amount as a result thereof shall be made on the sum to be maintained pursuant hereto.

Section 10.3. Interest Coverage Ratio. The Company will keep and maintain the ratio of (a) Consolidated EBIT to (b) Consolidated Interest Expense for each period of four consecutive fiscal quarters at not less than 2.5 to 1.0.

Section 10.4. Limitations on Debt. (a) The Company will not at any time permit the ratio of (i) Consolidated Total Debt to (ii) Consolidated EBITDA for the period of the four consecutive fiscal quarters then most recently ended to exceed 3.5 to 1.0. The maximum amount of Consolidated Total Debt permitted pursuant to the terms of this Section 10.4(a) is hereafter referred to as "Maximum Permitted Total Debt".

(b) The Company will not at any time permit Priority Debt to exceed an amount equal to 15% of Maximum Permitted Total Debt.

Section 10.5. Liens. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Liens, in each case, incurred in the ordinary course of business for sums not yet due and payable or the payment of which is not at the time required by Section 9.1 or Section 9.4;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds (not in excess of \$5,000,000), bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

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(d) any attachment or judgment Lien, unless (i) the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay or (ii) the uninsured portion of the judgment such Lien secures, including any portion for which the insurer has not acknowledged responsibility, exceeds \$5,000,000;

(e) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Company or any of its Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

(f) Liens on property or assets of the Company or any of its Subsidiaries securing Debt owing to the Company or to any of its Wholly-Owned Subsidiaries;

(g) [Intentionally Omitted];

(h) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Company or a Subsidiary after the date of the Closing,

provided that:

(i) any such Lien shall extend solely to the item or items of such property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (1) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed and (2) the fair market value (as determined in good faith by the board of directors of the Company) of such property (or improvement thereon) at the time of such acquisition or construction, and

(iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or construction of such property;

(i) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, and (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property;

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(j) any Lien renewing, extending or refunding any Lien permitted by paragraphs (h) or (i) of this Section 10.5, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such extension,

renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding no Default or Event of Default would exist;

(k) other Liens not otherwise permitted by subparagraphs (a) through (j) securing Debt, provided that all Debt secured by such Liens shall have been incurred within the applicable limitations of Section 10.4, including, without limitation, that after giving effect thereto Priority Debt will not exceed 15% of Maximum Permitted Total Debt.

Section 10.6. Mergers, Consolidations and Sales of Assets. (a) The Company will not, and will not permit any of its Subsidiaries to, consolidate with or be a party to a merger with any other Person, or sell, lease or otherwise dispose of all or substantially all of its assets; provided that:

(i) any Subsidiary may merge or consolidate with or into the Company or any Subsidiary so long as in (1) any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation, (2) any merger or consolidation involving a Wholly-owned Subsidiary (and not the Company), the Wholly-owned Subsidiary shall be the surviving or continuing corporation;

(ii) the Company may consolidate or merge with or into any other corporation if (1) the corporation which results from such consolidation or merger (the "surviving corporation") is organized under the laws of any state of the United States or the District of Columbia, (2) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the surviving corporation and the surviving corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, (3) at the time of such consolidation or merger and immediately after giving effect thereto, no Default or Event of Default would exist, and (4) the Company or such surviving corporation shall have complied with all obligations under

this Agreement with respect to any Change in Control resulting from such transaction;

(iii) the Company may sell or otherwise dispose of all or substantially all of its assets to any Person for consideration which represents the fair market value of such assets (as determined in good faith by the Board of Directors of the Company) at the time of such sale or other disposition if (1) the Person which is acquiring all or substantially all of the assets of the Company is a corporation organized under the laws of any state of the United States or the District of Columbia, (2) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to

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their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement and the Other Agreements to be performed or observed by the Company are expressly assumed in writing by the acquiring corporation and the acquiring corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such acquiring corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, (3) at the time of such sale or disposition and immediately after giving effect thereto, no Default or Event of Default would exist, and (4) the Company or such acquiring corporation shall have complied with all obligations under this Agreement with respect to any Change in Control resulting from such transaction.

(b) The Company will not, and will not permit any of its Subsidiaries to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value and except as provided in Section 10.6(a)(iii)); provided that the foregoing restrictions do not apply to:

(i) (1) the sale, lease, transfer or other disposition of assets of a Subsidiary to the Company or a Wholly-owned Subsidiary or (2) the sale,

lease, transfer or other disposition of assets (valued at net book value) of the Company to a Wholly-owned Subsidiary not to exceed in any 12month period 5% of Consolidated Total Assets as of the last day of the fiscal quarter immediately preceding such sale, lease, transfer or other disposition; or

(ii) the sale of inventory in the ordinary course of business; or

(iii) the sale of assets for cash or other property to a Person or Persons other than an Affiliate if all of the following conditions are met:

(1) such assets (valued at net book value) do not, together with all other assets of the Company and its Subsidiaries previously disposed of during the immediately preceding 36 calendar month period (other than in the ordinary course of business), exceed 30% of the average of Consolidated Total Assets as of the last day of each of the 12 consecutive fiscal quarters then most recently ended;

(2) in the opinion of the Board of Directors of the Company, the sale is for fair value and is in the best interests of the Company and its Subsidiaries; and

(3) immediately after the consummation of the transaction and after giving effect thereto, no Default or Event of Default would exist; provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied either (A) within 12 months before or 12 months after the effective date of such asset disposition to the acquisition of assets useful and intended to be used in the operation of the business of the Company and its Subsidiaries as described in Section 10.9 and having a fair market value (as determined in good faith by the Board of Directors of the Company) at least equal to that of the assets so

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disposed of or (B) within 180 days after the effective date of such asset disposition to the prepayment at any applicable prepayment premium of all Senior Debt of the Company on a pro rata basis (other than Senior Debt owing to the Company, any of its Subsidiaries or any Affiliate), based upon principal amount then outstanding. It is understood and agreed by the Company that, to the extent any such proceeds are applied to the prepayment of the Notes, such prepayment will be made on a pro rata basis in respect of all Notes of all

Series outstanding at such time in the manner and with the premium, if any, then required pursuant to the optional prepayment provisions provided in Section 8.2.

Section 10.7. Limitation on Sale-and-Leaseback Transactions. The Company will not, and will not permit any Subsidiary to, enter into any Sale-and-Leaseback Transaction unless immediately after giving effect thereto, the aggregate amount of Priority Debt (including the Attributable Debt to be incurred in connection with such Sale-and-Leaseback Transaction) does not exceed 15% of Maximum Permitted Total Debt.

Section 10.8. Termination of Pension Plans. The Company will not and will not permit any Subsidiary to withdraw from any Multiemployer Plan or permit any employee benefit plan maintained by it to be terminated if such withdrawal or termination could result in withdrawal liability (as described in Part 1 of Subtitle E of Title IV of ERISA) or the imposition of a Lien on any property of the Company or any Subsidiary pursuant to Section 4068 of ERISA.

Section 10.9. Nature of Business. Neither the Company nor any Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Subsidiaries on the date of this Agreement.

Section 11. Events of Default.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

- (a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or
- (b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or
- (c) the Company defaults in the performance of or compliance with any term contained in Sections 10.1 through 10.7 and such default is not remedied within 10 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (c) of Section 11); or
- (d) the Company defaults in the performance of or compliance with any term

contained herein or in any Other Agreement (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not

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remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any Other Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) the Company defaults in the performance of or compliance with any term contained in the Acquisition Credit Agreement and such default continues beyond any period of grace provided with respect thereto; or

(g) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least \$10,000,000 (or the equivalent in other applicable currencies) beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least \$10,000,000 (or the equivalent in other applicable currencies) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (1) the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal

amount of at least \$10,000,000 (or the equivalent in other applicable currencies), or (2) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Debt; or

(h) the Company or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(i) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Material Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any Material Subsidiary or with respect to any substantial part of the property of the Company or any Material Subsidiary, or constituting an order for relief or approving a petition for

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relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Material Subsidiaries, or any such petition shall be filed against the Company or any of its Material Subsidiaries and such petition shall not be dismissed within 60 days; or

(j) a final judgment or judgments for the payment of money aggregating in excess of \$5,000,000 (or the equivalent in other applicable currencies) are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards

of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA Section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$5,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(k), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

## Section 12. Remedies on Default, Etc.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in paragraph (h) or (i) of Section 11 (other than an Event of Default described in clause (i) of paragraph (h) or described in clause (vi) of paragraph (h) by virtue of the fact that such clause encompasses clause (i) of paragraph (h)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

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(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Note's becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 66-2/3% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and

payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15,

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the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

Section 13. Registration; Exchange; Substitution of Notes.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an

Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$500,000; provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

Section 13.3. Replacement of Notes. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$10,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

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the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

Section 14. Payments on Notes.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in Des Moines, Iowa at the principal office of the Company in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in the United States of America or the principal office of a bank or trust company in the United States of America.

Section 14.2. Home Office Payment. So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1.

Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

Section 15. Expenses, Etc.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees,

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incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those retained by you).

Section 15.2. Survival The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

Section 16. Survival of Representations and Warranties; Entire Agreement.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other

instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

#### Section 17. Amendment and Waiver.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

#### Section 17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions

of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or

approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

Section 18. Notices.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer with a copy to

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the General Counsel, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

#### Section 19. Reproduction of Documents.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

#### Section 20. Confidential Information.

For the purposes of this Section 20, "Confidential Information" means

information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary; provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you; provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this

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Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with

any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

#### Section 21. Substitution of Purchaser.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

#### Section 22. Miscellaneous.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of

principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

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Section 22.3. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made by the Company for the purposes of this Agreement, the same shall be done by the Company in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

Section 22.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed

by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Section 22.7. Submission to Jurisdiction. The Company hereby irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Agreement and the Notes may be litigated in such courts, and the Company waives any objection which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and consents that all such service of process be made by delivery to it at the address of the Company set forth in Section 18 above and that service so made shall be deemed to be completed upon actual receipt. Nothing contained in this section shall affect the right of any holder of Notes to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against the Company or to enforce a judgment obtained in the courts of any other jurisdiction.

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If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

MEREDITH CORPORATION

By /s/ Michael A. Sell

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Treasurer

Accepted as of March 1, 1999.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By /s/ Mary Ann McCarthy

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Managing Director

CM LIFE INSURANCE COMPANY

By /s/ Mary Ann McCarthy

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Investment Officer

PRINCIPAL LIFE INSURANCE COMPANY

By: Principal Capital Management, LLC, a

Delaware limited liability company, its

authorized signatory

By /s/ James C. Fifield

-----

Counsel

By /s/ Clint Woods

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Counsel

PRUCO LIFE INSURANCE COMPANY

By /s/ P. Scott von Fischer

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Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By /s/ P. Scott von Fischer

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Vice President

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THE TRAVELERS INSURANCE COMPANY

By /s/ Pamela Westmoreland

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Investment Officer

TRAVELERS CASUALTY AND SURETY COMPANY

By /s/ Pamela Westmoreland

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Investment Officer

AMERICAN HEALTH AND LIFE INSURANCE COMPANY

By /s/ Pamela Westmoreland

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Investment Officer

COMMERCIAL UNION LIFE INSURANCE COMPANY OF AMERICA,

a Delaware corporation

By: Principal Life Insurance Company, an Iowa  
corporation, its attorney in fact

By /s/ James C. Fifield

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Counsel

By /s/ Clint Woods

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Counsel

METROPOLITAN LIFE INSURANCE COMPANY

By /s/ Gerald P. Marcus

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Director

PRINCIPAL LIFE INSURANCE COMPANY, on behalf

of one or more separate accounts

By: Principal Capital Management, LLC, a Delaware  
limited liability company, its authorized signatory

By /s/ James C. Fifield

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Counsel

By /s/ Clint Woods

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Counsel

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TEXAS LIFE INSURANCE COMPANY

By /s/ Gerald P. Marcus

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Authorized Signatory

TRITON INSURANCE COMPANY

By /s/ Pamela Westmoreland

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Investment Officer

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**Schedule B**

**Defined Terms**

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

*"Acquisition Credit Agreement"*

means the \$200,000,000 Credit Agreement dated as of December 10, 1998 by and between the Company, Wachovia Bank, N. A., as Agent and a Bank, The First National Bank of Chicago, as Syndication Agent and a Bank, and SunTrust Bank, Central Florida, National Association, as Documentation Agent and a Bank, and the other financial institutions party thereto as Banks, as amended, modified, supplemented, restated or replaced from time to time.

*"Affiliate"*

means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

*"Attributable Debt"*

means in connection with any Sale-and-Leaseback Transaction entered into within the limitations of **Section 10.7**, as of the date of any determination thereof, the greater of (a) the fair market value of the property or assets which is or are the subject of such Sale-and-Leaseback Transaction (as reasonably determined in good faith by the Board of Directors of the Company at or about the time of the consummation of such Sale-and-Leaseback Transaction) and (b) the aggregate amount of Rentals due and to become due (discounted from the respective due dates thereof at the interest rate implicit in such Rentals and otherwise in accordance with GAAP) under the lease relating to such Sale-and-Leaseback Transaction.

*"Business Day"*

means (a) for the purposes of **Section 8.7** only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in Des Moines, Iowa or New York, New York are required or authorized to be closed.

*"Capital Lease"*

means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

*"Change in Control"*

is defined in **Section 8.3(h)**.

*"Closing"*

is defined in **Section 3**.

*"Code"*

means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

*"Company"*

means Meredith Corporation, an Iowa corporation.

*"Confidential Information"*

is defined in **Section 20**.

*"Consolidated EBIT"*

for any period means the sum of (a) Consolidated Net Income during such period *plus* (to the extent deducted in determining Consolidated Net Income), (b) all provisions for any Federal, state or other income taxes made by the Company and its Subsidiaries during such period and (c) Consolidated Interest Expense during such period.

*"Consolidated EBITDA"*

for any period means the sum of (a) Consolidated Net Income during such period *plus* (to the extent deducted in determining Consolidated Net Income) (b) all provisions for any Federal, state or other income taxes made by the Company and its Subsidiaries during such period, (c) all provisions for depreciation and amortization (other than amortization of debt discount) made by the Company and its Subsidiaries during such period, and (d) Consolidated Interest Expense during such period.

*"Consolidated Interest Expense"*

means all Interest Expense of the Company and its Subsidiaries for any period after eliminating intercompany items. For purposes of any determination of Consolidated Interest Expense pursuant to this Agreement, the Company shall include, on a *pro forma* basis, *"interest expense"* (calculated in a manner consistent with the computation of Interest Expense herein) of any business entity acquired by the Company or any Subsidiary during the four fiscal quarters immediately preceding any determination of Consolidated Interest Expense and, concurrently with such determination, the Company shall furnish to the holders of the Notes audited financial statements and other financial information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Holders the basis for such computations.

*"Consolidated Net Income"*

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

- (a) any gains or losses on the sale or other disposition of investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
- (b) the proceeds of any life insurance policy;
- (c) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;

- (d) net earnings and losses of any corporation (other than a Subsidiary), substantially all the assets of which have been acquired in any manner by the Company or any Subsidiary, realized by such corporation prior to the date of such acquisition;
- (e) net earnings and losses of any corporation (other than a Subsidiary) with which the Company or a Subsidiary shall have consolidated or which shall have merged into or with the Company or a Subsidiary prior to the date of such consolidation or merger;
- (f) net earnings of any business entity (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Company or such Subsidiary in the form of cash distributions;
- (g) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to the Company or any other Subsidiary;
- (h) earnings resulting from any reappraisal, revaluation or write-up of assets or losses resulting from writedowns of goodwill or other intangibles relating to Existing Properties, other than Incremental Writedowns exceeding \$25,000,000 in the aggregate, under Statement of Financial Accounting Standards No. 142 or any successor statement or principle;
- (i) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;
- (j) any gain arising from the acquisition of any Securities of the Company or any Subsidiary;
- (k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period; and
- (l) any other extraordinary or nonrecurring gain or loss.

For purposes of any determination of Consolidated Net Income pursuant to this Agreement, the Company may include, on a *pro forma* basis, "*net income*" (calculated in a manner consistent with the computation of Consolidated Net Income herein) earned by any business entity acquired by the Company or any Subsidiary during the four fiscal quarters immediately preceding any determination of Consolidated Net Income, *provided* that there shall be a reasonable basis for the computation of such "*net income*" and, concurrently with such determination, the Company shall have furnished to the holders of the Notes audited financial statements and other financial information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Holders the basis for such computations.

*"Consolidated Net Worth"*

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

*"Consolidated Total Assets"*

means, as of the date of any determination thereof, total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

*"Consolidated Total Debt"*

means, as of the date of any determination thereof, all Debt of the Company and its Subsidiaries, determined on a consolidated basis eliminating intercompany items.

*"Control Event"*

is defined in **Section 8.3(h)**.

*"Debt"*

with respect to any Person means, at any time, without duplication,

- (a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;
- (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or

other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) Swaps of such Person;

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) or (h) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (h) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

*"Default"*

means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

*"Default Rate"*

means the Series A Default Rate or the Series B Default Rate, as applicable.

*"Environmental Laws"*

means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

*"ERISA"*

means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

*"ERISA Affiliate"*

means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under Section 414 of the Code.

*"Event of Default"*

is defined in **Section 11**.

*"Exchange Act"*

means the Securities Exchange Act of 1934, as amended.

*"GAAP"*

means generally accepted accounting principles as in effect from time to time in the United States of America.

*"Governmental Authority"*

means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government, including without limitation the Federal Communications Commission of the United States.

*"Guaranty"*

means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such indebtedness or obligation or any property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;
- (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or
- (d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

*"Hazardous Material"*

means any and all pollutants, toxic or hazardous wastes or any other substances, including all substances listed in or regulated in any Environmental law that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, regulated, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

*"holder"*

means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1**.

*"Incremental Writedowns"*

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

*"Institutional Investor"*

means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

*"Interest Expense"*

of the Company and its Subsidiaries for any period means all interest (including the interest component on Rentals on Capital Leases) and all amortization of debt discount and expense on any particular Debt (including, without limitation, payment-in-kind, zero coupon and other like Securities) for which such calculations are being made.

*"Lien"*

means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

*"Make-Whole Amount"*

is defined in **Section 8.7**.

*"Material"*

means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

*"Material Adverse Effect"*

means a material adverse effect on (a) the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

*"Material Subsidiary"*

means any Subsidiary if: (i) the portion of Consolidated Net Income which was contributed by such Subsidiary during the immediately preceding fiscal year of the Company exceeds 5% of Consolidated Net Income or (ii) the portion of consolidated operating profit, as determined in accordance with GAAP, which was contributed by such Subsidiary during the immediately preceding fiscal year of the Company exceeds 5% of such consolidated operating profit or (iii) the assets of such Subsidiary as at the end of the immediately preceding fiscal year of the Company exceeds 5% of Consolidated Total Assets.

*"Maximum Permitted Total Debt"*

is defined in **Section 10.4(a)**.

*"Memorandum"*

is defined in **Section 5.3**.

*"Meredith Family"*

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

*"Minority Interests"*

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

*"Multiemployer Plan"*

means any Plan that is a "multiemployer plan" (as such term is defined in Section 4001(a)(3) of ERISA).

*"Non-U.S. Pension Plan"*

means any plan, fund, or other similar program established or maintained outside the United States of America by the Company or any one or more of the Subsidiaries primarily for the benefit of employees of the Company or such Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides for retirement income for such employees or a deferral of income for such employees in contemplation of retirement and is not subject to ERISA or the Code.

*"Notes"*

is defined in **Section 1**.

*"Officer's Certificate"*

means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

*"Other Agreements"*

is defined in **Section 2**.

*"Other Purchasers"*

is defined in **Section 2**.

*"PBGC"*

means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

*"Person"*

means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

*"Plan"*

means an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

*"Preferred Stock"*

means any class of capital stock (or other equity interests) of a corporation that is preferred over any other class of capital stock (or other equity interests) of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

*"Priority Debt"*

means, without duplication, the sum of (i) all Debt of the Company secured by Liens permitted by **Sections 10.5(h) and (k)** plus (ii) all Debt of Subsidiaries (excluding Debt held by the Company or a Wholly-owned Subsidiary), plus (iii) all Attributable Debt of the Company and its Subsidiaries, plus (iv) all Receivables Facility Attributed Indebtedness of the Company and its Subsidiaries.

*"property"*

or *"properties"* means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

*"QPAM Exemption"*

means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

*"Required Holders"*

means, at any time, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

*"Responsible Officer"*

means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

*"Rentals"*

means and include as of the date of any determination thereof all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company or a Subsidiary, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Company or a Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so-called *"percentage leases"* shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

*"Sale-and-Leaseback Transaction"*

means a transaction or series of transactions pursuant to which the Company or any Subsidiary shall sell or transfer to any Person (other than the Company or a Subsidiary) any property, whether now owned or hereafter acquired, and, as part of the same transaction or series of transactions, the Company or any Subsidiary shall rent or lease as lessee (other than pursuant to a Capital Lease), or

similarly acquire the right to possession or use of, such property or one or more properties which it intends to use for the same purpose or purposes as such property.

*"Securities Act"*

means the Securities Act of 1933, as amended from time to time.

*"Security"*

shall have the same meaning as in Section 2(1) of the Securities Act.

*"Senior Debt"*

means any Debt of the Company that is not in any manner subordinated in right of payment to the Notes or to any other Debt of the Company.

*"Senior Financial Officer"*

means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

*"Series"*

means any of the Series A Notes or the Series B Notes issued hereunder.

*"Series A Default Rate"*

means the lesser of (a) the maximum rate of interest allowed by applicable law and (b) the greater of (i) 8.39% and (ii) 2.0% per annum over the rate of interest publicly announced from time to time by JPMorgan Chase Bank (or its successors) in New York, New York as its "base" or "prime" rate.

*"Series A Notes"*

is defined in **Section 1**.

*"Series B Default Rate"*

means the lesser of (a) the maximum rate of interest allowed by applicable law and (b) the greater of (i) 8.62% and (ii) 2.0% per annum over the rate of interest publicly announced from time to time by JPMorgan Chase Bank (or its successors) in New York, New York as its "base" or "prime" rate.

*"Series B Notes"*

is defined in **Section 1**.

*"Subsidiary"*

means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

*"Swaps"*

means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

*"Voting Stock"*

means Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

"Wholly-owned Subsidiary"

means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-owned Subsidiaries at such time.

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Exhibit 1-A

[Form of Series A Note]

Meredith Corporation

6.51% Senior Note, Series A, due March 1, 2005

No. \_\_\_\_\_ [Date]  
\$ \_\_\_\_\_ PPN 589433 B\* 1

For Value Received, the undersigned, Meredith Corporation (herein called the "*Company*"), a corporation organized and existing under the laws of the State of Iowa, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars on April 1, 2007, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.39% per annum from the date hereof, payable semiannually, on the first day of April and October in each year, commencing with the April or October next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Series A Default Rate (as defined in the Note Purchase Agreements).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Des Moines, Iowa or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Series A Senior Notes (herein called the "*Notes*") issued pursuant to separate Note Purchase Agreements, each dated as of April 1, 2002 (as from time to time amended, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.2** of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.

Meredith  
Corporation

By

**Exhibit 1-B****[Form of Series B Note]**

Meredith Corporation

6.57% Senior Note, Series B, due September 1, 2005

No. \_\_\_\_\_ [Date]  
 \$ \_\_\_\_\_ PPN 589433 B@ 1

For Value Received, the undersigned, Meredith Corporation (herein called the "*Company*"), a corporation organized and existing under the laws of the State of Iowa, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars on April 1, 2008, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.62% per annum from the date hereof, payable semiannually, on the first day of April and October in each year, commencing with the April or October next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Series B Default Rate (as defined in the Note Purchase Agreements).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Des Moines, Iowa or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Series B Senior Notes (herein called the "*Notes*") issued pursuant to separate Note Purchase Agreements, each dated as of April 1, 2002 (as from time to time amended, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.2** of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

**This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.**

Meredith  
 Corporation

By

Exhibit 1-C

[Form of Series C Note]

Meredith Corporation

6.65% Senior Note, Series C, due March 1, 2006

No. \_\_\_\_\_ [Date]  
\$ \_\_\_\_\_ PPN 589433 B# 7

For Value Received, the undersigned, Meredith Corporation (herein called the "*Company*"), a corporation organized and existing under the laws of the State of Iowa, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars on April 1, 2008, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 6.62% per annum from the date hereof, payable semiannually, on the first day of April and October in each year, commencing with the April or October next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Series B Default Rate (as defined in the Note Purchase Agreements).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Des Moines, Iowa or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Series B Senior Notes (herein called the "*Notes*") issued pursuant to separate Note Purchase Agreements, each dated as of April 1, 2002 (as from time to time amended, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.2** of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

**This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.**

Meredith  
Corporation

By

[Title]

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CREDIT AGREEMENT

dated as of  
April 5, 2002

among

MEREDITH CORPORATION,

as Borrower

The Lenders Listed Herein,

FLEET NATIONAL BANK,

as Administrative Agent and Issuing Lender

BANK ONE, NA

WELLS FARGO BANK, NATIONAL ASSOCIATION,

each as Co-Syndication Agent

and

SUNTRUST BANK, CENTRAL FLORIDA,

NATIONAL ASSOCIATION,

as Documentation Agent

with FLEET SECURITIES, INC.

having acted as Lead Arranger

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CREDIT AGREEMENT

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

The parties hereto agree as follows:

## ARTICLE I

-----  
DEFINITIONS

### SECTION 1.01. Definitions.

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

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

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

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

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

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

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

"Affiliate" means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common

control with, such Person, or (b) that directly or indirectly owns or controls

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

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

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

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

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

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

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

accordance with Section 2.05(a):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

market.

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

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

"Capital Lease Obligations".

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

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

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

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

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

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

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

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

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

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

deemed to be a reference to any successor provision or provisions thereof.

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

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

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

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

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

"Consolidated EBITDA" means, in relation to any Person and its Subsidiaries for any period, Consolidated Net Income of such Person and its Subsidiaries for such period, plus, without duplication, and only to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) provisions for income tax expense (including, without limitation, any franchise taxes imposed in lieu of income taxes), plus (b) Consolidated Interest Expense, amortization or write-off of deferred financing fees, debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Debt, plus (c) depreciation and amortization expense, plus (d) amortization of intangibles (including, without limitation, goodwill) and organization costs, plus (e) write-downs of goodwill or other intangibles pursuant to FASB 142, plus (f) any non-cash charges or expenses or non-cash losses, plus (g) losses on Sales of assets outside of the ordinary course of

business, including losses recognized pursuant to FASB 144, plus (h) any extraordinary or non-recurring expenses or losses and minus, without duplication, and only to the extent included in the statement of such Consolidated Net Income for such period, the sum of (i) any extraordinary or non-recurring income or gains, plus (ii) gains on the Sales of assets outside of the ordinary course of business, including gains recognized pursuant to FASB 144, plus (iii) any other non-cash income, all as determined on a consolidated basis and in accordance with GAAP plus (iv) any Equity Interests of the Borrower or any consolidated Subsidiary in the unremitted earnings of any Person that is not a Subsidiary.

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

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

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

"Consolidated Interest Expense" means, in relation to any Person and its Subsidiaries for any period, interest expense on all Debt of such Person or of any of its Subsidiaries for such period, whether paid or accrued, all as determined on a consolidated basis in accordance with GAAP, and including: (a) interest expense in respect of Debt (including the Obligations), (b) the

interest component of Capital Lease Obligations, (c) commissions, discounts and other fees and charges payable in connection with letters of credit and bankers' acceptances, (d) the net payment, if any, payable in connection with Interest Rate Protection Agreements, less the net credit, if any, received in connection with Interest Rate Protection Agreements, and (e) the amortization of all fees payable in connection with the incurrence of Debt, determined on a consolidated basis and in accordance with GAAP.

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

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

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

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

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

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

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

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

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

"Debt" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of Property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under Capital Leases, (e) all obligations of such Person to reimburse any bank or other Person in respect of amounts payable under a bankers' acceptance, (f) all Redeemable Preferred Stock of such Person (in the event such Person is a corporation), (g) all obligations (absolute or contingent) of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, with an expiration date more than one year from such date, (h) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (i) all Debt of others Guaranteed by such Person, (j) all obligations of such Person in respect of Hedging Agreements, and (k) all Receivables Program Attributed Debt.

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

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

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

"Disclosure Schedule" means Schedule III hereto, dated as of the Effective Date, prepared and completed by the Borrower, and delivered by the Borrower to

the Administrative Agent and the Lenders in connection with this Agreement and identified as the "Disclosure Schedule".

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

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

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

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

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

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

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

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

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

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees,

permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, groundwater or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

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

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

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

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

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

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

"Equity Interests" means and includes Capital Stock and all warrants, options or other rights to purchase or otherwise acquire Capital Stock (but excluding

any debt securities that are convertible into, or exchangeable for, Capital Stock).

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

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

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

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

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

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

"FCC" means the Federal Communications Commission.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided, that (a) if the day for which such rate is to be determined is

not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to Fleet on such day on such transactions as determined by the Administrative Agent.

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

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

"Fees" means, collectively, (a) the Commitment Fees, (b) the Utilization Fees, (c) the Letter of Credit Fees, (d) all other fees payable to the Issuing Lender from time to time pursuant to Section 3.08, and (e) all other fees payable to any of the Agents or Lenders from time to time pursuant to Section 2.06.

"Finsub" means a bankruptcy-remote corporation or other Person that is a Wholly Owned Subsidiary of the Borrower organized solely for the purpose of engaging in the Receivables Program.

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

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

"Fleet" means Fleet National Bank.

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

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

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

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

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

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

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

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

"Inactive Subsidiary" means, in relation to any Subsidiary of the Borrower at any particular time, any such Subsidiary that conducts no business, holds no

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

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

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

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

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

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

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

"Interest Period" means:

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

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

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

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

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

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

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

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

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

"Investment" means any investment in any Person, whether by means of purchase or acquisition of obligations, securities or any Equity Interest of such

Person, capital contribution to such Person, loan or advance or other extension of credit made to such Person, making of a time deposit with such Person, Guaranty or assumption of any obligation of such Person or otherwise.

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

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

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

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

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

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

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

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

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

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

"Letter of Credit Obligations" means, at any time of determination, the sum of

(a) the aggregate undrawn amount of all Letters of Credit then outstanding,  
plus (b) the aggregate amount of all Letter of Credit Borrowings then  
outstanding.

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

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

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

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

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

"Margin Stock" means "margin stock" as defined in Regulation T, U or X of the  
Board of Governors of the Federal Reserve System, as in effect from time to

time, together with all official rulings and interpretations issued thereunder.

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

"Maturity Date" means April 5, 2007.

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

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

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

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

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

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

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

"Obligations" means all indebtedness, obligations and liabilities of the Borrower to any of the Lenders, the Issuing Lender and the Agents, individually or collectively, existing on the date of this Agreement or arising thereafter,

direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or Letter of Credit Obligations incurred under this Agreement or any other Loan Documents or other Instruments at any time evidencing any thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Receivables Program Documents" shall mean (i) the Receivables Sale Agreement, dated April 9, 2002, by and among Meredith Funding Corporation, Meredith Corporation and the other Originators party thereto from time to time, (ii) the

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

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

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

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

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

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

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

Total Utilization at such time.

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

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

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

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

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

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

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

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

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

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

Notes (such agreement, together with the schedules and exhibits thereto, each as amended from time to time, being herein called the "Senior Note Purchase Agreement").

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

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

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

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

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

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

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

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

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

"Unencumbered Total Assets" of any Person means, at any time, total assets of

such Person which are subject to any arrangement specified in 12 CFR Section 221.2(g)(1).

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

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

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

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

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

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

SECTION 1.04. Terminology.

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

SECTION 1.05. References.

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

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ARTICLE II

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THE CREDITS

SECTION 2.01. Commitment to Lend.

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

under this Section 2.01, prepay Loans pursuant to Section 2.09 and reborrow Loans pursuant to this Section 2.01 at any time before the Maturity Date.

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

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

(i) the requested Borrowing Date;

(ii) the principal amount of the Borrowing;

(iii) whether the Loans comprising the Borrowing are to be Base Rate Loans or Euro–Dollar Loans; and

(iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period".

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

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

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

(d) The Administrative Agent may, unless notified to the contrary by any

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

(e) Notwithstanding the notice and minimum amount requirements set forth in this Section 2.02 but otherwise in accordance with the terms and conditions of this Agreement, the Administrative Agent agrees to make Loans under this Section 2.02(e) to the Borrower in an aggregate principal amount outstanding at any time not to exceed \$25,000,000. The Borrower acknowledges and agrees that the making of such Loans shall, in each case, be subject in all respects to the provisions of this Agreement as if they were Loans covered by a Notice of

Borrowing including, without limitation, the limitations set forth in Section 2.01 and the requirements that the applicable provisions of Article IV be satisfied. All actions taken by the Administrative Agent pursuant to the provisions of this Section 2.02(e) shall be conclusive and binding on the Borrower and the Lenders absent the Administrative Agent's bad faith, gross negligence or willful misconduct. Loans made pursuant to this Section 2.02(e) shall be Base Rate Loans or, at the request of the Borrower not less than two (2) Business Days prior to the requested Borrowing Date, may be Euro-Dollar Loans with a seven (7) day Interest Period, and prior to Settlement, such interest shall be for the account of the Administrative Agent.

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

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

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

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

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

SECTION 2.03. Notes.

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

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

SECTION 2.04. Maturity of Loans.

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

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SECTION 2.05. Interest Rates.

(a) The Applicable Margin shall be determined by reference to the Consolidated Leverage Ratio in effect from time to time as set forth in the

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

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

The Applicable Margin shall be determined effective as of the date (herein, the "Rate Determination Date") which is 50 days after the last day of the Fiscal Quarter, and the Applicable Margin so determined shall remain effective from such Rate Determination Date until the date which is 50 days after the last day of the Fiscal Quarter in which such Rate Determination Date falls (which latter date shall be a new Rate Determination Date); provided, that (i) in the case of an Applicable Margin determined for the fourth and final Fiscal Quarter of a Fiscal Year, the Rate Determination Date shall be the date which is 100 days after the last day of such final Fiscal Quarter and such Applicable Margin shall be determined based upon the annual audited financial statements for the Fiscal Year ended on the last day of such final Fiscal Quarter and (ii) if on any Rate Determination Date the Borrower shall have failed to deliver to the Lenders the financial statements required to be delivered pursuant to Section 6.01(a) or (b) with respect to the Fiscal Year or Fiscal Quarter, as the case may be, most recently ended prior to such Rate Determination Date, then for the period beginning on such Rate Determination Date and ending on the earlier of (A) the date on which the Borrower shall deliver to the Lenders the financial statements to be delivered pursuant to Section 6.01(b) with respect to such

Fiscal Quarter or any subsequent Fiscal Quarter, or (B) the date on which the Borrower shall deliver to the Lenders annual financial statements required to be delivered pursuant to Section 6.01(a) with respect to the Fiscal Year which includes such Fiscal Quarter or any subsequent Fiscal Year, the Applicable Margin shall be the Applicable Margin which would be in effect if the Consolidated Leverage Ratio were greater than or equal to 3.00:1.00. Any change in the Applicable Margin on any Rate Determination Date shall result in a corresponding change, effective on and as of such Rate Determination Date, in the interest rate applicable to each Loan outstanding on such Rate

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

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

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

The "Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upward, if

necessary, to the next higher 1/100th of 1%) by dividing (i) the applicable London Interbank Offered Rate for such Interest Period by (ii) 1.00 minus the Euro–Dollar Reserve Percentage.

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

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

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

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

(e) Notwithstanding the forgoing provisions of this Section 2.05, after the occurrence and during the continuance of an Event of Default, the principal

amount of the Loans (and, to the extent permitted by Applicable Law, all accrued interest thereon) shall, at the election of the Required Lenders, bear interest payable on demand, for each day until paid at a rate per annum equal to the Default Rate.

#### SECTION 2.06. Fees.

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

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

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

thereunder on the Effective Date.

SECTION 2.07. Optional Termination or Reduction of Commitments.

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

SECTION 2.08. Mandatory Termination of Commitments. The Commitments shall

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

SECTION 2.09. Optional Prepayments of Loans.

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

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

SECTION 2.10. Mandatory Prepayments.

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

Credit Obligations in the amount of such excess.

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

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

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

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

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

(b) Whenever any payment of principal of, or interest on, the Base Rate Loans or of Fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day.

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

(c)

(i) All payments of principal, interest and Fees and all other amounts to be made by the Borrower pursuant to this Agreement with respect to any Loan or Fee relating thereto shall be paid without deduction for, and free from, any tax, imposts, levies, duties, deductions, or withholdings of any nature now or at anytime hereafter imposed by any Governmental Authority or by any taxing authority thereof or therein excluding in the case of each Lender, (A) taxes imposed on or measured by its net income, (B) franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender is organized or any political subdivision thereof, and (C) taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Lender's applicable Lending Office or any political subdivision thereof (all such non–excluded taxes, imposts, levies, duties, deductions or withholdings of any nature being "Non–excluded Taxes"). In the event that the Borrower is required by applicable law to make any such withholding or deduction of Non–excluded Taxes with respect to any Loan or Fee or other amount, promptly after receiving notice thereof, the Borrower shall pay such deduction or withholding to the applicable taxing authority, shall promptly furnish to any Lender in respect of which such deduction or withholding is made all receipts and other documents evidencing such payment and shall pay to such Lender additional amounts as may be necessary in order that the amount received by such Lender after the required withholding or other payment shall equal the amount such Lender would have received had no such withholding or other payment been made. If no withholding or deduction of Non–excluded Taxes are payable in respect of any Loan or Fee relating thereto, the Borrower shall furnish

any Lender, at such Lender's request, a certificate from each applicable taxing authority or an opinion of counsel acceptable to such Lender, in either case stating that such payments are exempt from or not subject to withholding or deduction of Non-excluded Taxes. If the Borrower fails to provide such original or certified copy of a receipt evidencing payment of Non-excluded Taxes or certificate(s) or opinion of counsel of exemption, the Borrower hereby agrees to compensate such Lender for, and indemnify them with respect to, the tax consequences of the Borrower's failure to provide evidence of tax payments or tax exemption.

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

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

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

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

(A) it shall, no later than the Effective Date (or, in the case of a Lender which becomes a party hereto pursuant to Section 10.07 after the Effective Date, the date upon which such Lender becomes a party hereto) deliver to the Borrower through the Administrative Agent two accurate and complete signed originals of Internal Revenue Service Form W-8BEN or any successor thereto ("Form W-8BEN"), or two accurate and complete signed originals of Internal Revenue Service

Form W-8ECI or any successor thereto ("Form W-8ECI"), as appropriate, in each case indicating that such Lender is on the date of delivery thereof entitled to receive all payments under this Agreement and the other Loan Documents free from withholding of United States Federal income tax;

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

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

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

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Administrative Agent (as the case may be) such other forms or similar documentation as may be required from time to time by any Applicable

Law, in order to establish such Lender's complete exemption from withholding on all payments under this Agreement or any of the other Loan Documents;

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

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

If the forms or other administrative documentation required by clause (A) are not delivered to the Administrative Agent, then the Administrative Agent shall withhold from any interest payment to a Lender not providing such forms or other documentation, an amount equivalent to the applicable withholding tax and, in addition, the Administrative Agent shall also withhold against periodic payments other than interest payments to the extent United States withholding tax is not eliminated by obtaining Form W-8BEN or Form W-8ECI. The Borrower shall indemnify and hold harmless the Administrative Agent and each of its officers, directors, employees, counsel, agents and attorneys-in-fact from and

against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs) of any kind whatsoever from time to time incurred as a result of or in connection with the Administrative Agent's failure to withhold as provided pursuant to the preceding sentence, unless such failure constitutes gross negligence or willful misconduct of the Administrative Agent itself as the same is determined by a final non–appealable judgment of a court of competent jurisdiction, and the Obligations of the Borrower under this sentence shall survive payment of all other Obligations.

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

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

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

(C) if such Lender shall have delivered to the Borrower a Form W–8ECI in respect of its Lending Office pursuant to Section

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

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

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

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

#### SECTION 2.13. Settlement.

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

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

(b) The Administrative Agent may, unless notified to the contrary by any Settling Lender on or prior to a Settlement Date, assume that such Settling Lender has made or will make available to the Administrative Agent on such Settlement Date the amount of such Settling Lender's Settlement Amount. If any Settling Lender makes available to the Administrative Agent such amount on a date after such Settlement Date, such Settling Lender shall pay to the

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

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

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

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

or the Borrower's failure to satisfy any condition set forth in Article IV; or  
(iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 2.14. Conversion and Continuation Elections for all Borrowings.

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

(i) elect to convert on any Business Day, any Base Rate Loans (or any part thereof in an amount of not less than \$500,000 or an integral multiple of \$500,000 in excess thereof) into Euro–Dollar Loans;

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

(iii) elect to continue on the last day of any Interest Period with respect thereto, any Euro–Dollar Loans (or any part thereof in an amount of not less than \$500,000 or an integral multiple of \$500,000 in excess thereof) as Euro–Dollar Loans;

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

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

(A) the proposed Conversion Date or Continuation Date, which shall in each case be a Business Day;

(B) the aggregate principal amount of all Loans to be converted

or continued;

(C) the nature of the proposed conversion or continuation; and

(D) the duration of the requested Interest Periods, if applicable.

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

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

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

### ARTICLE III

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THE LETTERS OF CREDIT

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

(a) On the terms and conditions set forth herein (i) the Issuing Lender agrees (A) from time to time, on any Business Day during the period from the Closing Date to the date which is thirty (30) days prior to the Maturity Date to issue Letters of Credit for the account of the Borrower, and to amend or renew Letters of Credit previously issued by it, in accordance with Section 3.02(b) and Section 3.02(d), and (B) to honor drafts under the Letters of Credit; and (ii) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower; provided, however, that the Issuing Lender shall not issue any Letter of Credit if as of the date of, and immediately after giving effect to, the issuance of such Letter of Credit: (A)

there shall be continuing any Event of Default of which the Issuing Lender shall have received written notice from the Borrower or the Administrative Agent; (B) the aggregate amount of all Letter of Credit Obligations, plus the aggregate principal amount of all Loans shall exceed the Total Commitment then in effect; or (C) the Letter of Credit Obligations shall exceed the Letter of Credit Commitment then in effect.

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

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

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

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

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

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

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

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

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

(b) From time to time while a Letter of Credit is outstanding and prior to the Maturity Date, the Issuing Lender will, upon the written request of the Borrower received by the Issuing Lender (with a copy sent by the Borrower to the Administrative Agent) at least four (4) Business Days (or such shorter time as the Issuing Lender may agree in a particular instance in its sole discretion) prior to the proposed date of amendment, upon approval by the Administrative Agent of such request, amend any Letter of Credit issued by it. Each such request by the Borrower for amendment of a Letter of Credit shall be made by facsimile, confirmed promptly in an original writing, in the form of a Letter of Credit Amendment Application and shall specify in form and detail reasonably satisfactory to the Issuing Lender: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as the Issuing Lender may reasonably require. The Issuing

Lender shall be under no obligation to amend any Letter of Credit if (i) the Issuing Lender would have no obligation at such time to issue such Letter of

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

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

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

Credit Amendment Application from the Borrower with respect to such renewal or other written direction from the Borrower with respect thereto, the Issuing Lender shall nonetheless be permitted to allow such Letter of Credit to be renewed, and the Borrower and the Lenders hereby irrevocably authorize each such renewal, and, accordingly, the Issuing Lender shall be deemed to have received a Letter of Credit Amendment Application from the Borrower requesting such renewal.

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

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

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

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

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Lender will promptly notify the Borrower. The Borrower shall reimburse the Issuing Lender prior to 12:00 p.m. (Boston, Massachusetts time), on each date that any amount is paid by the Issuing Lender under any Letter of Credit (each such date, a "Disbursement Date"), in an amount equal to the amount so paid by the Issuing Lender, provided that if such drawing occurs after 12:00 p.m. (Boston, Massachusetts time), the Disbursement Date shall be deemed to be the day following the date of such drawing. In the event that the Borrower shall fail to reimburse the

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

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

(d) With respect to any unreimbursed drawing which is not converted into

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

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

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

#### SECTION 3.04. Repayment of Participation.

(a) Upon (and only upon) receipt by the Administrative Agent for the account of the Issuing Lender of funds from the Borrower (i) in reimbursement of any payment made by the Issuing Lender under the Letter of Credit with respect to which any Lender has paid the Administrative Agent for the account of the Issuing Lender for such Lender's participation in the Letter of Credit pursuant to Section 3.03, or (ii) in payment of interest on amounts described in clause (i), the Administrative Agent will pay to each Lender, in the same funds as those received by the Administrative Agent for the account of the Issuing Lender, the amount of such Lender's Commitment Percentage of such funds, and the Issuing Lender shall receive the amount of the Commitment

Percentage of such funds of any Lender that did not so pay the Administrative Agent for the account of the Issuing Lender.

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

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

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

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

(c) The Borrower hereby irrevocably assumes all risks of the acts or

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

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

#### SECTION 3.06. Obligations Absolute.

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

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

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any

Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the Letter of Credit Related Documents;

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

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

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

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

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

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

SECTION 3.08. Letter of Credit Fees.

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

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

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

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SECTION 3.09. Uniform Customs and Practice.

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

ARTICLE IV

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CONDITIONS TO BORROWINGS

SECTION 4.01. Conditions to Making First Credit Extension.

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

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

Certificate"), signed by the Secretary or an Assistant Secretary of the Borrower, substantially in the form of Exhibit F hereto, certifying as to the names, true signatures and incumbency of the officer or officers of the

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

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

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

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

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

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

may reasonably request.

SECTION 4.02. Conditions to All Borrowings.

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

- (a) except as provided in Section 2.02(e) and Section 2.02(h), receipt by the Administrative Agent of a Notice of Borrowing as required by Section 2.02;
- (b) the fact that, immediately before and after such Borrowing, no Default or Event of Default shall have occurred and be continuing;
- (c) the fact that the representations and warranties of the Borrower contained in Article V of this Agreement shall be true on and as of the date of such Borrowing;
- (d) the fact that, immediately after such Credit Extension, (i) each Lender's Commitment Percentage of the Total Utilization will not exceed the

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

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

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

Each Borrowing hereunder shall be deemed to be a representation and warranty by

the Borrower on the date of such Borrowing as to the truth and accuracy of the facts specified in clauses (b) and (c) of this Section 4.02.

## ARTICLE V

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### REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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#### SECTION 5.03. Binding Effect.

This Agreement constitutes a valid and binding agreement of the Borrower

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

#### SECTION 5.04. Financial Information.

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

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

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

SECTION 5.05. Litigation.

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

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SECTION 5.06. Compliance with ERISA.

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

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

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

through the Fiscal Year ended June 30, 1997.

#### SECTION 5.08. Subsidiaries.

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

#### SECTION 5.09. Not an Investment Company.

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

#### SECTION 5.10. Public Utility Holding Company Act.

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

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#### SECTION 5.11. Ownership of Property; Liens.

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

(b) Section 5.11 of the Disclosure Schedule identifies all of the Liens

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

#### SECTION 5.12. No Default.

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

#### SECTION 5.13. Full Disclosure.

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

#### SECTION 5.14. Environmental Matters.

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

(b) No Hazardous Materials have been or are being used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of,

managed or otherwise handled at, or shipped or transported to or from the Properties owned, occupied or used by the Borrower or its Subsidiaries or are otherwise present at, on, in or under the Properties owned, occupied or used by the Borrower or its Subsidiaries, except for Hazardous Materials, such as cleaning solvents, pesticides and other materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, and managed or otherwise handled in minimal amounts in the ordinary course of business in compliance in all material respects with all applicable Environmental Requirements.

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

#### SECTION 5.15. Compliance with Laws.

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

#### SECTION 5.16. Capital Stock.

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

claim.

SECTION 5.17. Margin Stock.

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

SECTION 5.18. Insolvency.

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

SECTION 5.19. Broadcast Licenses.

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

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(b)

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

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

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

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

(c) The Broadcast Licenses described in Section 5.19 of the Disclosure Schedule constitute all of the main station licenses and low power television licenses issued by the FCC or any Governmental Authority, necessary for the operation of the business of the Borrower and each Subsidiary in the same manner as it is currently conducted and as proposed to be conducted. The Broadcast Licenses described in Section 5.19 of the Disclosure Schedule are, or on the Closing Date will be, validly issued and in full force and effect, unimpaired by any act or omission by the Borrower or any Subsidiary. Except for rulemakings or similar proceedings of general applicability to entities such as the Borrower and its Subsidiaries, no Borrower or Subsidiary is a party to any investigation (to the best of its knowledge), notice of violation, order, or complaint issued by or before the FCC or any other Governmental Authority, nor are there any other proceedings involving the Borrower or any one or more of the Subsidiaries by or before the FCC or any other Governmental Authority, which investigation, notice, order, complaint or proceeding could in any manner materially threaten or adversely affect such Broadcast Licenses. Neither the Borrower nor any Subsidiary has any knowledge of a threat of any such investigation, notice of violation, order, complaint or proceeding with respect thereto. Neither the Borrower nor any Subsidiary has any reason to

believe that the Broadcast Licenses listed and described in Section 5.19 of the Disclosure Schedule will not be renewed in the ordinary course. The Borrower and each Subsidiary has filed with the FCC and all other applicable Governmental Authorities all material reports, applications, documents, instruments and information required to be filed by it pursuant to applicable rules and regulations or requests of the FCC or such applicable Governmental Authorities.

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SECTION 5.20. Delivery of Ancillary Documents.

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

ARTICLE VI

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COVENANTS

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

SECTION 6.01. Information.

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

(a) as soon as available and in any event within ninety (90) days after the end of each Fiscal Year, a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, shareholders' equity and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all certified by KPMG Peat Marwick or other independent public accountants of nationally recognized standing reasonably acceptable to the

Administrative Agent, with such certification to be free of exceptions and qualifications not acceptable to the Required Lenders; provided, however, that the Borrower's delivery of its Form 10-K as filed with the Securities and Exchange Commission containing such financial statements shall satisfy such requirement;

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

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

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

(d) simultaneously with the delivery of each set of annual financial statements referred to in clause (a) above, a statement of the firm of independent public accountants which reported on such statements to the effect

that they have read this Agreement, and that, on the date of reporting such financial statements, they have obtained no knowledge of any Default or Event of Default, or if such accountants have obtained knowledge of any then existing Default or Event of Default they shall disclose in such statement any such Default or Event of Default;

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

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

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

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

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

(j) as soon as practicable after the receipt thereof, and in any event

within ten (10) Business Days after the issuance thereof

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

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(ii) a copy of any competing application filed against any Broadcast License of the Borrower or any Subsidiary or application therefor;

(iii) copies of any citation, notice of violation or order to show cause from the FCC, or any material complaint filed by or with the FCC, in each case, in connection with the Borrower or any Subsidiary; and

(iv) a copy of any notice or application by the Borrower or any Subsidiary requesting authority to cease broadcasting on any broadcast station for any period in excess of forty-eight (48) hours;

(k) if and whenever any direct or indirect Subsidiary of the Borrower shall be created, formed or acquired by the Borrower or by any of its Subsidiaries or shall cease to be an Inactive Subsidiary after the Effective Date during any Fiscal Quarter, furnish in the Compliance Certificate for such Fiscal Quarter information identifying such Subsidiary and setting forth with respect to such Subsidiary the information required by Section 5.08 with respect to the Subsidiaries of the Borrower as of the Closing Date; provided, that such information shall not be required for Inactive Subsidiaries;

(l) if and whenever any of the Ancillary Documents shall be amended, supplemented or otherwise modified by any of the parties thereto, within ten (10) Business Days after the effective date of such amendment, supplement or modification of such Ancillary Document, furnish a true, correct and complete copy of such amendment, supplement or modification; and

(m) from time to time such additional information regarding the financial position or business of the Borrower or any Subsidiary as the Administrative Agent, at the request of any Lender, may reasonably request.

SECTION 6.02. Inspection of Property, Books and Records.

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

SECTION 6.03. Maximum Consolidated Leverage Ratio.

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

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SECTION 6.04. Consolidated Interest Coverage Ratio.

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

SECTION 6.05. Loans or Advances.

Neither the Borrower nor any of its Subsidiaries shall make loans or advances to any Person, except: (a) loans or advances to employees not exceeding \$2,500,000 in the aggregate outstanding made in the ordinary course of business and consistently with practices existing on December 31, 2001; (b) deposits required by government agencies or public utilities; (c) loans or advances to Wholly Owned Subsidiaries, except Finsub; (d) loans or advances made pursuant to the Receivables Program Documents and (e) loans or advances not otherwise

permitted by the foregoing clauses of this Section 6.05, provided, that, the aggregate outstanding loans and advances made under this clause (e) when aggregated with the Investments made under Section 6.06(g) shall not at any time exceed \$100,000,000; provided, further, that, after giving effect to the making of any loans, advances or deposits permitted by clause (a), (b), (c) or (e) of this Section 6.05, no Default shall have occurred and be continuing.

#### SECTION 6.06. Investments.

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

#### SECTION 6.07. Negative Pledge.

Neither the Borrower nor any Subsidiary will create, assume or suffer to exist

any Lien on any asset now owned or hereafter acquired by it; except:

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- (a) Liens existing on the Effective Date securing Debt outstanding on such date in an aggregate principal amount not to exceed \$5,000,000;
- (b) any Lien existing on any asset of any corporation at the time such corporation becomes a Subsidiary and not created in contemplation of such event;
- (c) any Lien on any asset securing Debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring or constructing such asset, provided that such Lien attaches to such asset concurrently with or within eighteen (18) months after the acquisition or completion of construction thereof;
- (d) any Lien on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Borrower or a Subsidiary and not created in contemplation of such event;
- (e) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Subsidiary and not created in contemplation of such acquisition;
- (f) Liens securing Debt owing by any Subsidiary to the Borrower;
- (g) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by any Lien permitted by any of the foregoing clauses of this Section 6.07; provided, that (i) such Debt is not secured by any additional assets, and (ii) the amount of such Debt secured by any such Lien is not increased;
- (h) Liens incidental to the conduct of its business or the ownership of its assets which (i) do not secure Debt and (ii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;
- (i) any Lien on Margin Stock;
- (j) Liens on the Receivables Program Assets incurred pursuant to the Receivables Program Documents; and
- (k) Liens not otherwise permitted by the foregoing clauses of this

Section 6.07 so long as the aggregate principal amount (without duplication) of (i) Debt secured by liens under this Section 6.07(k), (ii) Receivables Program Attributed Debt, (iii) sale and leaseback transactions permitted by Section 6.23 and (iv) Debt outstanding under Section 6.21(b)(iii) at any time outstanding shall not exceed twenty-five percent (25%) of Maximum Permitted Total Debt.

SECTION 6.08. Maintenance of Existence.

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

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SECTION 6.09. Dissolution.

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

SECTION 6.10. Consolidations, Mergers and Sales of Assets. The Borrower will not, nor will it permit any Subsidiary to, consolidate or merge with or into, or complete the Sale of, lease or otherwise transfer all or any substantial part of its assets to, any other Person, or discontinue or eliminate any business line or segment, provided, that (a) the Borrower may merge with another Person if (i) such Person was organized under the laws of the United States of America or one of its states, (ii) the Borrower is the corporation surviving such merger and (iii) immediately prior to and after giving effect to such merger, no Default or Event of Default shall have occurred and be continuing; (b) Subsidiaries of the Borrower, except Finsub, may merge with one another or with the Borrower, provided that the Borrower is the corporation surviving such merger, and may complete the Sale of, lease or otherwise transfer assets to one another or to the Borrower; and (c) the foregoing limitation on the Sale, lease or other transfer of assets and on the

discontinuation or elimination of a business line or segment shall not prohibit, during any Fiscal Quarter, a transfer of assets or the discontinuance or elimination of a business line or segment (in a single transaction or in a series of related transactions), unless the aggregate assets to be so transferred or utilized in a business line or segment to be so discontinued, when combined with all other assets transferred, and all other assets utilized in all other business lines or segments discontinued, during such Fiscal Quarter and the immediately preceding three Fiscal Quarters, either (i) would have, if retained, contributed more than 20% of Consolidated Gross Revenues during the four (4) Fiscal Quarters immediately preceding such Fiscal Quarter, or (ii) would have, if retained, contributed more than 20% of Consolidated Operating Profits during the four (4) Fiscal Quarters immediately preceding such Fiscal Quarter.

For purposes of determining compliance with Section 6.10(c) above, if the proceeds from the Sale, lease or other transfer of assets (the "Transferred Assets") in the applicable four Fiscal Quarter period are reinvested in capital assets or other Property during such period, then such Transferred Assets shall be excluded from the calculations set forth in clauses (i) and (ii) above.

Notwithstanding the foregoing limitations contained in this Section 6.10, the Borrower or any Subsidiary may sell or otherwise transfer Receivables Program Assets pursuant to the Receivables Program Documents.

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

#### SECTION 6.11. Use of Proceeds.

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

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

SECTION 6.12. Compliance with Laws; Payment of Taxes.

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

(b) The Borrower shall not permit the aggregate complete or partial withdrawal liability under Title IV of ERISA with respect to Multiemployer Plans incurred by the Borrower and members of the Controlled Group to exceed \$5,000,000 at any time. For purposes of this Section 6.12(b), the amount of withdrawal liability of the Borrower and members of the Controlled Group at any date shall be the aggregate present value of the amount claimed to have been incurred less any portion thereof which: (i) the Borrower and members of the Controlled Group have paid; or (ii) as to which the Borrower reasonably believes, after appropriate consideration of possible adjustments arising under Sections 4219 and 4221 of ERISA, it and members of the Controlled Group will have no liability, provided that the Borrower shall obtain prompt written advice from independent actuarial consultants supporting any such adjustments

under Sections 4219 and 4221 of ERISA. The Borrower agrees, from time to time but no more frequently than once each Fiscal Year, upon the request of the Administrative Agent (i) to request and obtain a current statement of the withdrawal liability of the Borrower and members of the Controlled Group from each Multiemployer Plan, if any, and (ii) to transmit a copy of such statement to the Administrative Agent and the Lenders within fifteen (15) days after the Borrower receives the same.

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

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#### SECTION 6.13. Insurance.

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

#### SECTION 6.14. Change in Fiscal Year.

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

#### SECTION 6.15. Maintenance of Property.

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

SECTION 6.16. Environmental Notices.

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

SECTION 6.17. Environmental Matters.

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

SECTION 6.18. Environmental Release.

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

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SECTION 6.19. Transactions with Affiliates.

Neither the Borrower nor any of its Subsidiaries shall enter into, or be a party to, any Affiliate Transaction, except: (a) as permitted by law; (b) in the ordinary course of business; and (c) pursuant to reasonable terms which are

no less favorable to Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person which is not an Affiliate.

As used herein "Affiliate Transaction" means any of the following transactions or arrangements: (a) the making of any loans, advances or other Investments of any kind whatsoever by the Borrower or any of its Subsidiaries to or in any Affiliate of the Borrower; (b) the Sale by the Borrower or any of its Subsidiaries of all or any part of its Property to, or for the direct or indirect benefit of, any Affiliate of the Borrower; (c) the incurrence by the Borrower or any of its Subsidiaries of any Debt to any Affiliate of the Borrower; or (d) the declaration or payment by the Borrower or any of its Subsidiaries of any dividends or other distributions on account of, or the making by the Borrower or any of its Subsidiaries of any payment or other distribution on account of the purchase, repurchase, redemption or other acquisition for value of, any shares of Capital Stock or any other Equity Interests of any Affiliate of the Borrower. Notwithstanding the foregoing, "Affiliate Transaction" shall not include any transaction or arrangement among the Borrower and its Subsidiaries pursuant to the Receivables Program Documents.

#### SECTION 6.20. Acquisitions.

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

#### SECTION 6.21. Debt.

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

- (i) the Obligations;
- (ii) Debt owing to any Subsidiary of the Borrower (other than Finsub), and Debt owing to Finsub in connection with the Receivables Program;
- (iii) Debt outstanding on the Closing Date of this Agreement as set forth in Section 5.04 of the Disclosure Schedule;
- (iv) Debt of the Borrower under or in respect of the Senior Notes; provided, that, that the aggregate principal amount of all of such Debt shall not exceed \$100,000,000;

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- (v) Debt under Hedging Agreements entered into to hedge interest rate, foreign currency exchange rate or commodity price risk, and not for speculative purposes;
  - (vi) any Debt arising out of the refinancing, extension, renewal or refunding of any Debt permitted by any of the foregoing clauses of this Section 6.21, provided, that, the amount of such debt does not exceed the outstanding amount of the Debt so refinanced, extended, renewed or refunded;
  - (vii) Debt, in addition to Debt permitted under the other clauses of this Section 6.21, provided, that, the Borrower shall not incur, create, assume or permit to exist any Debt under this Section 6.21 if the incurrence, creation, assumption or existence of any such Debt shall result in a Default or Event of Default or if the aggregate principal amount of such Debt incurred pursuant to this clause (vii) would result in the Consolidated Leverage Ratio as of the most recent Covenant Determination Date, as determined on a Pro Forma Basis, exceeding the maximum Consolidated Leverage Ratio then in effect under Section 6.03; and
  - (viii) prior to the Closing Date, Debt pursuant to the Borrower's existing \$360,000,000 credit facility governed by the Credit Agreement, dated as of July 1, 1997, and its existing \$200,000,000 credit facility governed by the Credit Agreement, dated as of December 10, 1998, which Debt shall be paid in full on or prior to the Closing Date.
- (b) Any Subsidiary of the Borrower shall not at any time incur, create,

assume or permit to exist any Debt; except:

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

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

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

#### SECTION 6.23. Sale and Leaseback.

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

#### SECTION 6.24. Restricted Payments.

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

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

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

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- (a) any gains or losses on the sale or other disposition of Investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
- (b) the proceeds of any life insurance policy;
- (c) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;
- (d) net earnings and losses of any corporation (other than a Subsidiary), substantially all the assets of which have been acquired in any manner by the Borrower or any Subsidiary, realized by such corporation prior to the date of such acquisition;
- (e) net earnings and losses of any corporation (other than a Subsidiary) with which the Borrower or a Subsidiary shall have consolidated or which shall have merged into or with the Borrower or a Subsidiary prior to the date of such consolidation or merger;
- (f) net earnings of any business entity (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Borrower or such Subsidiary in the form of cash distributions;
- (g) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to the Borrower or any other Subsidiary;
- (h) earnings resulting from any reappraisal, revaluation or write-up of assets or losses resulting from writedowns of goodwill or other intangibles relating to Existing Properties, other than Incremental Writedowns exceeding \$25,000,000 in the aggregate, under FASB No. 142 or any successor statement or

principle;

- (i) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;
- (j) any gain arising from the acquisition of any Equity Interests of the Borrower or any Subsidiary;
- (k) any reversal of any contingency reserve, except to the extent that provision for such contingency reserve shall have been made from income arising during such period; and
- (l) any other extraordinary or nonrecurring gain or loss.

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

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

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

"Incremental Writedowns" shall mean writedowns of goodwill or other intangibles with respect to an Existing Property that was acquired after March 1, 2002 (an "Acquired Existing Property") in a swap or exchange involving one

or more Existing Properties where (a) the Borrower or its Subsidiaries paid cash or delivered debt obligations to the other parties to such swap or exchange and such cash or debt obligations constituted more than 10% of the total value of the consideration delivered by the Borrower or its Subsidiaries to the other parties in such swap or exchange and (b) the writedowns of goodwill or other intangibles with respect to such Acquired Existing Property exceed the aggregate amount of goodwill or other intangibles relating to the Existing Properties transferred by the Borrower or its Subsidiaries in such swap or other exchange shown on the books of the Borrower or its Subsidiaries prior to such transfer.

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

## ARTICLE VII

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### DEFAULTS

#### SECTION 7.01. Events of Default.

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

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

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(b) the Borrower shall fail to observe or perform any covenant contained in Section 6.01(e), Section 6.02(b), or Section 6.03 to Section 6.11, inclusive, or Section 6.20 to Section 6.24 inclusive; or

(c) the Borrower shall fail to observe or perform any covenant or agreement contained or incorporated by reference in this Agreement (other than those covered by clause (a) or (b)), and any such default shall continue unremedied for a period of more than thirty (30) days after the earlier of (i) the first day on which the Borrower has knowledge of such failure or (ii) written notice thereof has been given to the Borrower by the Administrative Agent at the request of any Lender or the Issuing Lender; or

(d) any representation, warranty, certification or statement made or deemed made by the Borrower in Article V of this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect or misleading in any material respect when made (or deemed made); or

(e) the Borrower or any Subsidiary shall fail to make any payment in respect of Debt (other than the Notes or Letter of Credit Obligations) having an aggregate principal amount in excess of \$10,000,000 when due or within any applicable grace period, if any, specified in the Instrument relating thereto on the date of such failure (whether such payment is due by reason of scheduled maturity, required prepayment, acceleration, demand or otherwise); or

(f)(i) any event or condition shall occur which results in the acceleration of the maturity of Debt outstanding of the Borrower or any Subsidiary having an aggregate principal amount in excess of \$10,000,000 or the mandatory prepayment or purchase of such Debt by the Borrower (or its designee) or such Subsidiary (or its designee) prior to the scheduled maturity thereof, or enables (or, with the giving of notice or lapse of time or both, would enable) the holders of such Debt or any Person acting on such holders' behalf to accelerate the maturity thereof or require the mandatory prepayment or purchase thereof prior to the scheduled maturity thereof, without regard to whether such holders or other Person shall have exercised or waived their right to do so; (ii) the occurrence of any "Amortization Event" under the Receivables

Program; or (iii) the Borrower shall be removed by the agent under the Receivables Program Documents as the "Servicer" under the Receivables Program;

or

(g) the Borrower or any Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any federal or state bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or shall admit in writing its inability, to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(h) an involuntary case or other proceeding shall be commenced against the Borrower or any Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any federal or state bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the

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

(i) the Borrower or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by the Borrower, any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or

Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or

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

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

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

(m) except as permitted by Section 6.22, if any material Broadcast Licenses necessary for the operation of the Stations shall be terminated,

forfeited or revoked or shall fail to be renewed for any reason whatsoever, or, for any other reason, the Borrower or any Subsidiary of the Borrower shall at any time fail to be a licensee under any of the Broadcast Licenses or shall

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

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

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

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

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

(c) demand that the Borrower immediately cash collateralize all of the Letter of Credit Obligations to the extent of outstanding and wholly or

partially undrawn Letters of Credit, whereupon the Borrower shall so cash collateralize in a manner satisfactory to the Administrative Agent all of such Letters of Credit to that extent; and/or

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

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ARTICLE VIII

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THE ADMINISTRATIVE AGENT AND OTHER AGENTS

SECTION 8.01. Appointment and Authorization.

(a) Each of the Lenders and the Issuing Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document, and to exercise such powers and perform such duties, as are expressly delegated to it by the terms of this Agreement or any other Loan Document, and to exercise such other powers as are reasonably incidental thereto.

Notwithstanding any provision to the contrary contained elsewhere in this

Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or therein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or the Issuing Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

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

#### SECTION 8.02. Delegation of Duties.

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

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

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

officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided

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

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

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

be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders or, as required by Section 10.05, all of the Lenders, and such request or consent and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders, the Issuing Lender and the other Agents.

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

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#### SECTION 8.05. Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to Defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders or the Issuing Lender, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a written notice, the Administrative Agent shall give notice thereof to the Lenders and the Issuing

Lender. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Required Lenders in accordance with Article VII; provided, however, that, unless and until the Administrative Agent shall have received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as the Administrative Agent shall deem advisable or in the best interests of the Lenders and the Issuing Lender.

#### SECTION 8.06. Credit Decisions.

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

by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any of the Lenders, the Issuing Lender or the other Agents with any credit or other information concerning the business, prospects, operations, Property, financial or other condition or creditworthiness of the Borrower or of any of its Subsidiaries which may come into the possession of any of the Administrative Agent–Related Persons.

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SECTION 8.07. Indemnification.

Whether or not any of the transactions contemplated hereby shall be consummated, each of the Lenders shall indemnify, upon demand, each of the Administrative Agent–Related Persons (to the extent not reimbursed by or on behalf of the Borrower, and without limiting the Obligations of the Borrower to do so), ratably from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever which may at any time (including at any time following the expiration of the Letters of Credit and the repayment of the Loans and the resignation of the Administrative Agent) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement, any other Loan Document, any document contemplated by or referred to herein or therein, the transactions contemplated hereby or thereby or any action taken or omitted by any such Person under or in connection with any of the foregoing; provided, however, that none of the Lenders shall be liable for the payment to any of the Administrative Agent–Related Persons of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent arising from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each of the Lenders shall reimburse the Administrative Agent upon demand for such Lender's ratable share of any fees, costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or

otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document or any document contemplated by or referred to herein, in each case, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. Without limiting the generality of the foregoing, if the U.S. Internal Revenue Service or any other Governmental Authority of the United States or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid as a result thereof, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section 8.07, together with all related fees, costs and expenses (including Attorney Costs). The obligations of each of the Lenders in this Section 8.07 shall survive the payment of all of the Obligations hereunder.

SECTION 8.08. Administrative Agent in its Individual Capacity.

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

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

SECTION 8.09. Successor Administrative Agent.

The Administrative Agent may resign as Administrative Agent upon not less than thirty (30) days' prior written notice to the Lenders and the Borrower, such notice to specify the effective date of resignation. If the Administrative Agent shall resign as Administrative Agent under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders and the Issuing Lender, which successor agent shall be subject to the approval of the Borrower if no Event of Default is continuing, such approval not to be unreasonably withheld or delayed. If no successor agent is appointed prior to the effective date of resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders, and subject to the approval of the Borrower if no Event of Default is continuing, such approval not to be unreasonably withheld or delayed, a successor agent from among the Lenders or any Lender Affiliate. Any successor Administrative Agent appointed under this Section 8.09 shall be a commercial bank organized under the laws of the United States or any State thereof, and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent; and the term "Administrative Agent" shall mean such successor agent, and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VIII and Section 10.03 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the effective date of resignation specified in the retiring Administrative Agent's written notice of resignation, the retiring Administrative Agent's resignation shall nevertheless become effective upon the effective date of resignation so specified, and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

SECTION 8.10. Other Agents.

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

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ARTICLE IX

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CHANGE IN CIRCUMSTANCES; COMPENSATION;  
INCREASE IN TOTAL COMMITMENT

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

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

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

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

the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon: (i) the obligations of the Lender to make the Euro-Dollar Loans specified in such notice shall be suspended; and (ii) the obligations of the Lenders to make the Euro-Dollar Loans specified in such

notice shall continue to be suspended until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist. Unless the Borrower notifies the Administrative Agent at least one (1) Business Day before the date of any Euro–Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such borrowing shall instead be made as a Base Rate Borrowing.

#### SECTION 9.02. Illegality.

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

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Lender into a Base Rate Loan pursuant to Section 2.14. Concurrently with such conversion, the Borrower shall pay the accrued interest on such Euro–Dollar

Loan and any amount due such Lender pursuant to Section 9.05(a).

SECTION 9.03. Increased Cost and Reduced Return.

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

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

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

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

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

Lender for such increased cost or reduction.

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

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

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

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

(e) The Borrower shall not be liable to any Lender or the Administrative Agent for costs incurred pursuant to Section 9.03(a) and (b) more than two hundred seventy (270) days prior to receipt by the Borrower of such demand for payment from such Lender or, as the case may be, the Administrative Agent,

unless such costs were incurred prior to such two hundred seventy (270) day period as a result of such present or future applicable law being retroactive to a date which occurred prior to such two hundred seventy (270) day period and such Lender or, as the case may be, the Administrative Agent, has given notice to the Borrower of the effectiveness of such law within two hundred seventy (270) days after the effective date thereof.

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

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

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

(ii) after each of its Euro–Dollar Loans has been repaid, all payments of principal which would otherwise be applied to repay such Euro–Dollar Loans shall be applied to repay its Base Rate Loans instead.

In the event that the Borrower shall elect that the provisions of this Section 9.04 shall apply to any Lender, the Borrower shall remain liable for, and shall pay to such Lender as provided herein, all amounts due such Lender under Section 9.03 in respect of the period preceding the date of conversion of such Lender's Loans resulting from the Borrower's election.

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#### SECTION 9.05. Compensation.

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

a result of

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

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

or

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

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

#### SECTION 9.06. Increase in Total Commitment.

(a) At any time prior to 5:00 p.m. (Boston, Massachusetts time) on the tenth (10th) Business Day prior to the third anniversary of the Effective Date, the Borrower may request on no more than three occasions that the Total Commitment be increased, without the consent of the Required Lenders, by an amount up to \$100,000,000 to be provided to the Borrower hereunder; provided, that, the Total Commitment, determined after giving effect to such increase in the Total Commitment, shall not at any time exceed \$250,000,000. The Borrower's request shall be made in writing (a "Commitment Increase Notice") and delivered to the Administrative Agent at least ten (10) Business Days prior

to the proposed effective date of the increase in Total Commitment and shall specify the amount of the proposed increase in Total Commitment and the proposed effective date for such increase in Total Commitment, which proposed effective date must be prior to the third anniversary of the Effective Date.

In the event of such a Commitment Increase Notice, each of the Lenders shall be given the opportunity to participate in the requested increase. No Lender, by virtue of its being a party hereto, shall have any obligation of any kind to provide such commitments, and each Lender may determine with sole, absolute and complete discretion whether to provide such commitments. On or prior to a date that is five (5) Business Days after receipt of the Commitment Increase Notice, each Lender shall submit to the Administrative Agent a notice indicating the

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maximum amount by which it is willing to increase its Commitments in connection with such Commitment Increase Notice (any such notice to the Administrative Agent being herein a "Lender Increase Notice"). Any Lender which does not submit a Lender Increase Notice to the Administrative Agent prior to the expiration of such five (5) Business Day period shall be deemed to have denied any increase in its Commitments. In the event that the increases of Commitments set forth in the Lender Increase Notices exceed the amount requested by the Borrower in the Commitment Increase Notice, the Administrative Agent shall have the right, in consultation with the Borrower, to allocate the amount of increases necessary to meet the Borrower's Commitment Increase Notice. In the event that the Lender Increase Notices are less than the amount requested by the Borrower, no later than three (3) Business Days prior to the proposed effective date the Borrower may notify the Administrative Agent of any Eligible Assignee that shall have agreed to become a "Lender" party hereto (an "Acceding Lender") in connection with the Commitment Increase Notice. Any Acceding Lender shall be approved of by the Administrative Agent, which approval shall not be unreasonably withheld. If the Borrower shall not have arranged any Acceding Lender(s) to commit to the shortfall from the Lender Increase Notices, then the Borrower shall be deemed to have reduced the amount of its Commitment Increase Notice to the aggregate amount set forth in the Lender Increase Notices; provided, however, that the Borrower may at its option

withdraw such Commitment Increase Notice, in which case such Commitment Increase Notice shall not count toward the limit of three provided in the first sentence of this paragraph (a). Based upon the Lender Increase Notices, any allocations made in connection therewith and any notice regarding any Acceding Lender, if applicable, the Administrative Agent shall notify the Borrower and the Lenders on or before the Business Day immediately prior to the proposed effective date of the amount of each Lender's and Acceding Lender's Commitment (the "Effective Commitment Amount") and the amount of the Total Commitment, which amounts shall be effective on the following Business Day subject to the conditions set forth herein. Any increase in the Total Commitment under this Agreement shall be subject to the following conditions precedent: (i) as of the date of the Commitment Increase Notice and as of the proposed effective date of the increase in the Total Commitment under this Agreement, all representations and warranties shall be true and correct in all material respects as though made on such date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true and correct as of such date); (ii) as of the date of the Commitment Increase Notice and as of the proposed effective date of the increase in the Total Commitment under this Agreement, no event shall have occurred and then be continuing which constitutes a Default or Event of Default under the Agreement and all other conditions precedent to a Credit Extension specified in Section 4.02 shall be satisfied; (iii) the Borrower, the Administrative Agent and each Acceding Lender which shall have agreed to provide a "Commitment" in support of such increase in the Total Commitment under this Agreement, shall have executed and delivered an "Instrument of Accession" in a form reasonably acceptable to the Administrative Agent; (iv) counsel for the Borrower shall have provided to the Administrative Agent a supplemental opinion in form and substance reasonably satisfactory to the Administrative Agent; and (v) the Borrower and the Acceding Lender(s) shall otherwise have executed and delivered such other instruments and documents as the Administrative Agent shall have reasonably requested in connection with such increase. Upon satisfaction of the conditions precedent to any increase in the Total Commitment under this Agreement, the Administrative Agent shall promptly advise the Borrower and each Lender of the effective date of such

increase. Upon the effective date of any increase in the Total Commitment

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

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

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

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

#### SECTION 9.07. Replacement of Lenders.

If any Lender (an "Affected Lender") makes demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 2.11(c) or Section 9.03, the Borrower may within ninety (90) days of receipt of such demand (or the occurrence of such other event causing the Borrower to be

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

## ARTICLE X

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### MISCELLANEOUS

#### SECTION 10.01. Notices.

All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party at its address or telecopy number set forth on Schedule I

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

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

#### SECTION 10.02. No Waivers.

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

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

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

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

any of the transactions contemplated hereby or thereby, including the Attorney Costs incurred or sustained by the Administrative Agent in connection therewith or with respect thereto; and

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

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

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(d) whether or not any of the transactions contemplated by this Agreement or any of the other Loan Documents shall be consummated, the Borrower shall, on demand, pay, indemnify and hold each of the Lenders, the Issuing Lender, the Administrative Agent and each of their respective officers, directors, other Affiliates, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs) of any kind or nature whatsoever with respect to each of (i) any investigation, litigation or

proceeding (including any Insolvency Proceedings involving the Borrower or any of its Subsidiaries) related to this Agreement or any of the other Loan Documents, Credit Extensions, or the use of any of the proceeds thereof, whether or not any Indemnified Person is a party thereto, and (ii) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Property owned or at any time operated by the Borrower or by any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location by the Borrower or any of its Subsidiaries, whether or not owned or operated by the Borrower or any of its Subsidiaries, the noncompliance of any such Property with Environmental Laws (including applicable permits thereunder) applicable to any such Property, or any Environmental Liabilities asserted against the Borrower, any of its Subsidiaries or any Property owned or at any time operated by the Borrower or any of its Subsidiaries (all the foregoing described in clauses (i) and (ii) above, collectively, the "Indemnified Liabilities"); provided, however, that the Borrower shall not have an obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities to the extent determined by a final non–appealable judgment that such Indemnified Liability resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Person. The obligations in this Section 10.03 shall survive payment of all of the other Obligations.

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

(a) In addition to any other rights and remedies of the Lenders provided by law, if any Event of Default shall be continuing, each Lender is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being irrevocably waived by the Borrower to the fullest extent permitted by law, to set off and apply, to the fullest extent permitted by Applicable Law, any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the Borrower against any and all Obligations owing to such Lender, now or at any time hereafter created, arising or existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement

or any other Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give any such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section 10.04(a) are in addition to all of the other rights and remedies (including other rights of set-off) which such Lender may have.

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

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Letter of Credit Obligations held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount of all principal and interest owing with respect to the Notes and Letter of Credit Obligations held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Notes and Letter of Credit Obligations held by the other Lenders owing to such other Lenders, and/or such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Notes and Letter of Credit Obligations held by the Lenders owing to such other Lenders shall be shared by the Lenders pro rata; provided, that (i) nothing in this Section 10.04 shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness under the Notes and the Letter of Credit Obligations, and (ii) if all or any portion of such payment received by the purchasing Lender is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price of such participation to the extent of such recovery together with an amount equal to such other Lender's ratable share (according to the proportion of (A) the amount of such other Lender's required repayment to (B) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of

the total amount so recovered. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Note or Letter of Credit Obligation, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

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

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

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

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

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

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(iii) postpone or extend the Maturity Date or any other regularly scheduled dates for payments of principal of, or interest on, the Loans or the Letter of Credit Obligations or any Fees or other amounts payable to such Lender (it being understood that (A) a waiver of the application of

the Default Rate pursuant to Section 2.05(e), and (B) any vote to rescind any acceleration made pursuant to Article VII of amounts owing with respect to the Loans and other Obligations shall require only the approval of the Required Lenders);

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

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

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

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

#### SECTION 10.06. Margin Stock Collateral.

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

#### SECTION 10.07. Successors and Assigns.

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

(b) Any Lender may at any time sell to one or more Persons (each a "Participant") participating interests in any Loan or Letter of Credit Obligations owing to such Lender, any Note held by such Lender, any Commitment

hereunder or any other interest or obligation of such Lender hereunder. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement, and the Borrower, Issuing Lender and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall a Lender that sells a participation be obligated to the Participant to

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

(c) Any Lender may at any time assign to one or more Lenders or financial institutions (each an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and such Assignee shall assume all such rights and obligations,

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

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

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

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

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

#### SECTION 10.08. Confidentiality.

Each Lender agrees to exercise its best efforts to keep any information delivered or made available by the Borrower to it which is clearly indicated to be confidential information, confidential from anyone other than persons employed or retained by such Lender who are or are expected to become engaged

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

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**SECTION 10.09. Representation by Lenders.**

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

**SECTION 10.10. Obligations Several.**

The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or commitments of any other Lender hereunder. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt,

and each Lender shall be entitled to protect and enforce its rights arising out of this Agreement or any other Loan Document and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

SECTION 10.11. Survival of Certain Obligations.

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

SECTION 10.12. Severability.

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

SECTION 10.13. Marshalling; Payments Set Aside.

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

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

#### SECTION 10.14. Interest and Fees.

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

#### SECTION 10.15. Interpretation.

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

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

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

RESPECTIVE RIGHTS TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION 10.16 AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 10.17. JURISDICTION.

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

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

SECTION 10.18. GOVERNING LAW.

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

SECTION 10.19. Counterparts.

This Agreement and any amendment hereof may be executed in several counterparts and by each party on a separate counterpart, each of which when executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Agreement it shall not be necessary to produce or

account for more than one such counterpart signed by the party against whom enforcement is sought. Delivery by facsimile by any of the parties hereto of an executed counterpart hereof or of any amendment or waiver hereto shall be as effective as an original executed counterpart hereof or of such amendment or waiver and shall be considered a representation that an original executed counterpart hereof or such amendment or waiver, as the case may be, will be delivered.

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

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

MEREDITH CORPORATION

By: /s/ Thomas J. Ferree

Name: Thomas J. Ferree

Title: Controller

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

By: /s/ Manuel Burgueno

Name: Manuel Burgueno

Title: Director

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

By: /s/ Curtis R. Worthington

Name: Curtis R. Worthington

Title: Associate Director

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

By: /s/ Pete R. Martinets

Name: Pete R. Martinets

Title: Vice President

By: /s/ Melissa Nachman

Name: Melissa Nachman

Title: Vice President

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

By: /s/ Thomas C. Palmer

Name: Thomas C. Palmer

Title: Managing Director

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

By: /s/ Kristen Talaber

Name: Kristen Talaber

Title: Vice President

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THE NORTHERN TRUST COMPANY, as a Lender

By: /s/ Mark Taylor

Name: Mark Taylor

Title: Vice President

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LIST OF SCHEDULES AND EXHIBITS

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

CO-SYNDICATION AGENT, AND SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION,  
AS DOCUMENTATION AGENT

SCHEDULE DESCRIPTION  
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SCHEDULE I LENDING OFFICES/NOTICE ADDRESSES

SCHEDULE II \* COMMITMENTS OF LENDERS

SCHEDULE III DISCLOSURE SCHEDULE

EXHIBIT DESCRIPTION  
-----

EXHIBIT A \* FORM OF NOTE

EXHIBIT B \* FORM OF NOTICE OF BORROWING

EXHIBIT C \* FORM OF ASSIGNMENT AND ACCEPTANCE

EXHIBIT D FORM OF COMPLIANCE CERTIFICATE

EXHIBIT E FORM OF CLOSING CERTIFICATE OF THE BORROWER

EXHIBIT F FORM OF SECRETARY'S CERTIFICATE OF THE BORROWER

EXHIBIT G FORM OF LEGAL OPINION OF GENERAL COUNSEL FOR THE BORROWER

EXHIBIT H FORM OF LEGAL OPINION OF SPECIAL COUNSEL TO THE BORROWER

Note: Material schedules and exhibits (those marked \*) are included in this filing.

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**SCHEDULE II**

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

**COMMITMENTS OF LENDERS**

<b><u>Lender</u></b>	<b><u>Commitment of Lender</u></b>
Fleet National Bank	\$42,500,000

Bank One, NA	\$27,500,000
Wells Fargo Bank, National Association	\$27,500,000

**COMMITMENTS OF LENDERS**

<b><u>Lender</u></b>	<b><u>Commitment of Lender</u></b>
SunTrust Bank, Central Florida, National Association	\$27,500,000
The Bank of New York	\$12,500,000
The Northern Trust Company	\$12,500,000

**EXHIBIT A**

**NOTE**

\$ \_\_\_\_\_

April \_\_\_\_, 2002

For value received, **MEREDITH CORPORATION**, an Iowa corporation (the "**Borrower**"), promises to pay to the order of

(the "**Lender**"), for the account of its Lending Office, the principal sum of \_\_\_\_\_ and No/100 Dollars (\$ \_\_\_\_\_), or such lesser amount as shall equal the unpaid principal amount of each Loan made by the Lender to the Borrower pursuant to the Credit Agreement referred to below, on the dates and in the amounts provided in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of this Note on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of the Administrative Agent, Fleet National Bank, 100 Federal Street, Boston, MA 02110, or such other address as may be specified from time to time pursuant to the Credit Agreement.

All Loans made by the Lender, the interest rates from time to time applicable thereto and all repayments of the principal thereof shall be recorded by the Lender and, prior to any transfer hereof, endorsed by the Lender on the Schedule attached hereto, or on a continuation of such Schedule attached to and made a part hereof; provided, however, that the failure of the Lender to make, or any error of the Lender in making, any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, dated as of April 5, 2002, among the Borrower, the Lenders from time to time party thereto, Fleet National Bank, as Administrative Agent, Bank One, NA, as Co-Syndication Agent, Wells Fargo Bank, National Association, as Co-Syndication Agent, and SunTrust Bank, Central Florida, National Association, as Documentation Agent (as the same may be amended or modified from time to time, the "**Credit Agreement**"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions governing the prepayment and repayment of this Note and the acceleration of the maturity hereof.

The Borrower hereby waives presentment, demand, protest, notice of demand, protest and nonpayment and any other notice required by law relative hereto, except to the extent otherwise expressly provided by the terms of the Credit Agreement.

The Borrower agrees, in the event that this Note or any portion hereof is collected by law or through an attorney at law, to pay all reasonable costs of collection, including, without limitation, all reasonable attorneys' fees.




**EXHIBIT B**

**NOTICE OF BORROWING**

\_\_\_\_\_, 200\_

Fleet National Bank, as Administrative Agent  
 100 Federal Street  
 Boston, MA 02110

Re: Credit Agreement (as amended from time to time, the "**Credit Agreement**"), dated as of April 5, 2002, by and among Meredith Corporation, the Lenders from time to time party thereto, Fleet National Bank, as Administrative Agent, Bank One, NA, as Co-Syndication Agent, Wells Fargo Bank, National Association, as Co-Syndication Agent, and SunTrust Bank, Central Florida, National Association, as Documentation Agent

Gentlemen:

Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the Credit Agreement. This Notice of Borrowing is delivered to you pursuant to Section 2.02 of the Credit Agreement.

The Borrower hereby requests that a [Euro-Dollar Borrowing] [Base Rate Borrowing] in the aggregate principal amount of \$ \_\_\_\_\_ be made to the Borrower on \_\_\_\_\_, 200\_, and that interest accrue thereon at the rate established by the Credit Agreement for [Euro-Dollar Loans] [Base Rate Loans]. [The duration of the Interest Period with respect thereto shall be [1 month] [2 months] [3 months] [6 months]].

The Borrower has caused this **Notice of Borrowing** to be executed and delivered by its duly authorized officer this \_\_\_\_ day of \_\_\_\_\_, 200\_.

**MEREDITH  
 CORPORATION**

By:  
 Name:  
 Title:

**EXHIBIT C**

**ASSIGNMENT AND ACCEPTANCE**

**ASSIGNMENT AND ACCEPTANCE**

Dated \_\_\_\_\_, 200\_

Reference is made to the Credit Agreement, dated as of April 5, 2002 (together with all amendments and modifications thereto, the "**Credit Agreement**"), among Meredith Corporation, an Iowa corporation (the "**Borrower**"), the Lenders (as defined in the Credit Agreement), from time to time party thereto, Fleet National Bank, as Administrative Agent (the "**Administrative Agent**"), Bank One, NA, as Co-Syndication Agent, Wells Fargo Bank, National Association, as Co-Syndication Agent, and SunTrust Bank, Central Florida, National Association, as Documentation Agent. Terms defined in the Credit Agreement are used herein with the same meaning.

\_\_\_\_\_ (the "**Assignor**") and \_\_\_\_\_ (the "**Assignee**") hereby agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse to the Assignor, and the Assignee hereby purchases and assumes from the Assignor, a \_\_\_\_% interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the Effective Date (as defined below) (including, without limitation, a \_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Assignor's Commitment, and a \_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Loans owing to the Assignor, and a \_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Note held by the Assignor.

2. The Assignor: (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement, any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder, that such interest is free and clear of any adverse claim, and that as of the date hereof its Commitment (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_, the aggregate outstanding principal amount of Loans owing to it (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_ and the aggregate amount of its Letter of Credit participations (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto; and (c) attaches the Note referred to in paragraph 1 above and requests that the Administrative Agent exchange such Note as follows: [a new Note, dated \_\_\_\_\_, \_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_, payable to the order of the Assignee] [new Notes as follows: a Note dated \_\_\_\_\_, \_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_, payable to the order of the Assignor, and a Note, dated \_\_\_\_\_, \_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_, payable to the order of the Assignee].

3. The Assignee: (a) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 5.04(a) thereof (or any more recent financial statements of the Borrower delivered pursuant to Section 6.01(a) or (b) thereof) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (b) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (c) confirms that it is a bank or financial institution; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (f) specifies as its Lending Office (and address for notices) the office set forth beneath its name on the signature pages hereof; (g) represents and warrants that the execution, delivery and performance of this Assignment and Acceptance are within its corporate powers and have been duly authorized by all necessary corporate action; [(h) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement and the Notes or such other documents as are necessary to indicate that all such payments are subject to such taxes at a rate reduced by an applicable tax treaty]

^; and (i) acknowledges that it has made arrangements with the Assignor satisfactory to the Assignee with respect to its pro rata share of Letter of Credit Fees in respect of outstanding Letters of Credit.

4. The Effective Date for this Assignment and Acceptance shall be \_\_\_\_\_, 200\_\_ (the "**Effective Date**"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for execution and acceptance by the Administrative Agent [and to the Borrower for execution by the Borrower]^/. Schedules I and II thereupon shall be replaced as of the Effective Date by Schedules I and II annexed hereto.

5. Upon such execution and acceptance by the Administrative Agent [and execution by the Borrower]; and (i) acknowledges that it has made arrangements with the Assignor satisfactory to the Assignee with respect to its pro rata share of Letter of Credit Fees in respect of outstanding Letters of Credit.

4. The Effective Date for this Assignment and Acceptance shall be \_\_\_\_\_, 200\_\_ (the "**Effective Date**"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for execution and acceptance by the Administrative Agent [and to the Borrower for execution by the Borrower]^/. Schedules I and II thereupon shall be replaced as of the

Effective Date by Schedules I and II annexed hereto.

5. Upon such execution and acceptance by the Administrative Agent [and execution by the Borrower]<sup>2/</sup>, from and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent rights and obligations have been transferred to the Assignee by this Assignment and Acceptance, the Assignee shall have the rights and obligations of a Lender thereunder, and (b) the Assignor shall, to the extent its rights and obligations have been transferred to the Assignee by this Assignment and Acceptance, relinquish its rights (other than under Section 9.03 and Section 10.03 of the Credit Agreement), and be released from its obligations under the Credit Agreement.

6. Upon such execution and acceptance by the Administrative Agent [and execution by the Borrower]<sup>2/</sup>, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the interest assigned hereby to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments for periods prior to such acceptance by the Administrative Agent directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York (excluding the laws applicable to conflicts or choice of law other than General Obligations Law section 5-1401 and section 5-1402).

**[NAME OF  
ASSIGNOR]**

By:

Name:

Title:

**[NAME OF ASSIGNEE]**

By:

Name:

Title:

**Lending Office:**

**[Address]**

**FLEET NATIONAL  
BANK, as  
Administrative Agent**

By:

Name:

Title:

**MEREDITH  
CORPORATION**

/

By:

Name:

Title:

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FIRST AMENDMENT TO

MEREDITH CORPORATION CREDIT AGREEMENT

FIRST AMENDMENT TO

MEREDITH CORPORATION CREDIT AGREEMENT

FIRST AMENDMENT AGREEMENT

, dated as of May 7, 2004 ("**this Amendment**"), pursuant to the Credit Agreement, dated as of April 5, 2002 ("**Credit Agreement**"), by and among Meredith Corporation ("**Borrower**"), the several financial institutions from time to time party to the Credit Agreement as Lenders thereunder (collectively, "**Lenders**"), Fleet National Bank, as the administrative agent for the Lenders ("**Administrative Agent**"), Bank One, NA and Wells Fargo Bank, National Association, each as a co-syndication agent for the Lenders (collectively, "**Co-Syndication Agents**"), and Suntrust Bank, Central Florida, National Association, as documentation agent for the Lenders ("**Documentation Agent**"). Capitalized terms used in this Amendment and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

SECTION 1.

**Background.** The Borrower intends to form a Wholly Owned Subsidiary which will operate under Article 70 of the Insurance Law of the State of New York as a "pure captive insurance company" for the purpose of providing insurance covering the risks of the Borrower and its Subsidiaries. The Borrower has requested that the Lenders agree to amend certain provisions of the Credit Agreement to permit the formation, capitalization and operation of such captive insurance Subsidiary.

SECTION 2. Amendments to Credit Agreement.

Subject to execution and delivery of this Amendment by the Borrower and Required Lenders, the Credit Agreement is hereby amended as set forth below.

(a) Section 1.01 (Definitions) of the Credit Agreement is amended by adding the following new defined terms thereto in alphabetical order:

**"Captive Insurance Subsidiary"**

means a Wholly Owned Subsidiary of the Borrower formed and operated as a "pure captive insurance company" under Article 70 of the Insurance Law of the State of New York to insure certain risks of the Borrower and its Subsidiaries.

**"Permitted Intercompany Debt"**

means any Debt of the Borrower owing to the Captive Insurance Subsidiary; provided, however, that: (a) none of the Subsidiaries of the Borrower shall at any time Guaranty such Debt; (b) no part of such Debt shall at any time be secured by any security interests in or Liens on any Property (including any Equity Interests) of the Borrower or any of its Subsidiaries; (c) the principal of such Debt shall be required to be paid only upon demand made by the Captive Insurance Subsidiary; (d) the terms and conditions of such Debt shall not include any negative or restrictive covenants; and (e) all of the other terms and conditions of such Debt shall be reasonably satisfactory to the Administrative Agent, as evidenced by its prior written approval thereof.

**"Permitted Intercompany Note"**

means any promissory note made by the Borrower in favor of the Captive Insurance Subsidiary evidencing Permitted Intercompany Debt.

(b) Section 6.05 (Loans or Advances) of the Credit Agreement is amended by (i) adding the words "and the Captive Insurance Subsidiary" after the words ", except Finsub" in clause (c) of the first paragraph of Section 6.05, and (ii) adding the following new paragraph after the first paragraph of Section 6.05:

Anything in the first paragraph of this Section 6.05 express or implied to the contrary notwithstanding, the Borrower and its Wholly Owned Subsidiaries shall be permitted to execute and deliver to the Captive Insurance Subsidiary, and the Captive Insurance Subsidiary shall be permitted to accept from the Borrower and its Wholly Owned Subsidiaries, Permitted Intercompany Notes as and to the extent permitted by the second paragraph of Section 6.06.

(c) Section 6.06 (Investments) of the Credit Agreement is amended by (i) deleting the words "under Section 6.05(d)" in the proviso of clause (g) of the first paragraph of Section 6.06 and replacing them with the words "under Section 6.05(e)", and (ii) adding the following two new paragraphs after the first paragraph of Section 6.06:

Anything in the first paragraph of this Section 6.06 express or implied to the contrary notwithstanding:

(y) the Borrower shall be permitted to:

(i) make capital contributions to the Captive Insurance Subsidiary in an aggregate amount not exceeding \$100,250,000 for all capital contributions made during the twelve-month period commencing on the date of formation of the Captive Insurance Subsidiary, which capital contributions shall consist of cash in an aggregate amount not exceeding \$250,000, and Permitted Intercompany Notes in an aggregate principal amount not exceeding \$100,000,000;

(ii) make capital contributions to the Captive Insurance Subsidiary in an aggregate amount not exceeding \$100,000,000 for all capital contributions made during the twelve-month period commencing on the first anniversary of the date of formation of the Captive Insurance Subsidiary, which capital contributions shall consist of Permitted Intercompany Notes;

(iii) pay insurance premiums to the Captive Insurance Subsidiary in an aggregate amount of up to \$50,000,000 for each Fiscal Year, which payments shall consist of such amounts of cash and such amounts of Permitted Intercompany Notes as the Borrower and the Captive Insurance Subsidiary shall from time to time agree;

(iv) accept from the Captive Insurance Subsidiary loans and advances of the kind described in subclause (ii) of clause (z) below; and

(v) pay principal of and interest on the outstanding principal amount of Permitted Intercompany Notes in accordance with the terms thereof; and

(z) the Captive Insurance Subsidiary shall be permitted to (i) accept the capital contributions and payments of the kinds described in clause (y) above, and (ii) make loans and advances to the Borrower. Such loans and advances made by the Captive Insurance Subsidiary to the Borrower shall be evidenced by Permitted Intercompany Notes.

All capital contributions and payments of the kind described in clauses (y) and (z) above may be made either directly by the Borrower, or indirectly through one or more Wholly Owned Subsidiaries, to the Captive Insurance Subsidiary. All capital contributions and other payments by the Borrower or any of its Wholly Owned Subsidiaries to other Wholly Owned Subsidiaries (other than the Captive Insurance Subsidiary) shall be deemed to be permitted for purposes of this paragraph if and to the extent that such capital contributions and other payments are used promptly to make capital contributions and payments that would at the time be permitted if made directly by the Borrower to the Captive Insurance Subsidiary. For purposes of the limitations contained in clauses (y) and (z) of this Section 6.06, the aggregate amount of all capital contributions and payments made (directly or indirectly through one or more Wholly Owned Subsidiaries) from time to time by the Borrower to the Captive Insurance Subsidiary shall be calculated on a consolidated basis (excluding the Captive Insurance Subsidiary from such consolidation) in accordance with GAAP.

For purposes of calculating the amount of Investments referred to in the proviso of clause (g) of the first paragraph of this Section 6.06, and the amount of loans and advances referred to in the first proviso of clause (e) of the first paragraph of Section 6.05, none of the capital contributions or payments of the kind described in clauses (y) and (z) of the second paragraph of this Section 6.06 shall be included.

(d) Section 6.08 (Maintenance of Existence) of the Credit Agreement is amended by deleting the period at the end thereof and inserting the following:

, and except that the Captive Insurance Subsidiary may engage in the business of providing insurance coverage to the Borrower and its Subsidiaries.

### **SECTION 3. No Other Changes.**

Except as and to the limited extent otherwise expressly provided by this Amendment, all of the terms, conditions and provisions of the Credit Agreement and each of the other Loan Documents, and all of the rights and remedies of the Lenders and the Agents thereunder, shall remain unaltered, and are hereby ratified and confirmed in all respects by the Borrower.

**SECTION 4. Other Provisions.**

This Amendment and the rights and obligations hereunder of each of the parties hereto shall in all respects be construed in accordance with and governed by the laws of the State of New York. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, but all of such counterparts shall together constitute but one and the same agreement. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart hereof signed by each of the parties hereto. Delivery of photocopies of the signature pages to this Amendment by facsimile shall be as effective as delivery of manually executed counterparts of this Amendment.

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

**\*\*\*Signature Pages to First Amendment Agreement Follow\*\*\***

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**IN WITNESS WHEREOF**

, the undersigned have duly executed this **FIRST AMENDMENT AGREEMENT** under seal as of the date first set forth above.

**MEREDITH CORPORATION**

By: /s/ Suku V. Radia

Name: Suku V. Radia

Title: Vice President, Chief Financial Officer

**\*\*Signature Page to First Amendment Agreement\*\***

**\*\*\* Signature Pages to First Amendment Agreement Follow\*\*\***

---

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

By: /s/ Laura Neenan

Name: Laura Neenan

Title: Vice President

**BANKONE, NA, as a Lender and as a Co-Syndication Agent**

By: /s/ Jason A. Rastovski

Name: Jason A. Rastovski

Title: Associate Director

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

By: /s/ Kathleen M. Savard

Name: Kathleen M. Savard

Title: Vice President

By: /s/ Mary D. Falck

Name: Mary D. Falck

Title: Senior Vice President

**SUNTRUST BANK, CENTRAL FLORIDA, NATIONAL ASSOCIATION, as a Lender and as Documentation Agent**

By: /s/ Thomas C. Palmer

Name: Thomas C. Palmer

Title: Managing Director

**\*\*Signature Page to First Amendment Agreement\*\***

**\*\*\*Signature Page to First Amendment Agreement Follows\*\*\***

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

By: /s/ Robert B. Lerner

Name: Robert B. Lerner

Title: Vice President

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

By: /s/ Mark E. Taylor

Name: Mark E. Taylor

Title: Vice President

**\*\*Signature Page to First Amendment Agreement\*\***

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EXECUTION COPY

## MEREDITH CORPORATION

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

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

## NOTE PURCHASE AGREEMENT

Dated as of April 1, 2002

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EXHIBIT 4.4(a) – Form of Opinion of Special Counsel for the Company

EXHIBIT 4.4(b) – Form of Opinion of General Counsel for the Company

EXHIBIT 4.4(c) – Form of Opinion of Special Counsel for the Purchasers

Note: Material schedules and exhibits (those marked \*) are included in this filing.

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MEREDITH CORPORATION

1716 Locust Street

Des Moines, Iowa 50309

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

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

Dated as of April 1, 2002

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

Ladies and Gentlemen:

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

#### SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of

(a) \$50,000,000 aggregate principal amount of its 6.39% Senior Notes,

Series A, due April 1, 2007 (the "Series A Notes"); and

(b) \$50,000,000 aggregate principal amount of its 6.62% Senior Notes,

Series B, due April 1, 2008 (the "Series B Notes").

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

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

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount and of the Series specified opposite your name in Schedule A at the purchase price of 100% of the principal amount and of the Series thereof. Contemporaneously with entering into this

Agreement, the Company is entering into separate Note Purchase Agreements (the "Other Agreements") identical with this Agreement with each of the other purchasers named in Schedule A (the "Other Purchasers"), providing for the sale at such Closing to each of the Other Purchasers of Notes in the principal amount and of the Series specified opposite its name in Schedule A. Your

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

### SECTION 3. CLOSING.

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

### SECTION 4. CONDITIONS TO CLOSING.

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

Closing, of the following conditions:

Section 4.1. Representations and Warranties.

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

Section 4.2. Performance; No Default.

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

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Section 4.3. Compliance Certificates.

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

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

Section 4.4. Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Sidley Austin Brown & Wood, special

counsel for the Company, covering the matters set forth in Exhibit 4.4(a) and (b) from John S. Zieser, Esq., Vice President, General Counsel and Secretary of the Company, covering the matters set forth in Exhibit 4.4(b) and, in each case, covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to you) and (c) from Chapman and Cutler, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(c) and covering such other matters incident to such transactions as you may reasonably request.

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

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

#### Section 4.6. Sale of Other Notes.

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

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

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

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

#### Section 4.8. Private Placement Number.

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

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

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

#### Section 4.10. Other Agreements.

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

#### Section 4.11. Funding Instructions.

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

#### Section 4.12. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions

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

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

The Company represents and warrants to you that:

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

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

### Section 5.2. Authorization, Etc.

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

### Section 5.3. Disclosure.

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

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

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

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

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

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

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

#### Section 5.5. Financial Statements.

The Company has delivered to you and each Other Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related

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

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

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

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

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

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

(a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any

Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

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

#### Section 5.9. Taxes.

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

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

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

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

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

- (a) The Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;
- (b) To the best knowledge of the Company, no product of the Company infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and
- (c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

#### Section 5.12. Compliance with ERISA.

- (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the inurrence of any such liability by the Company or any ERISA Affiliate, or in

the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

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

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

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

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

the Notes to be purchased by you.

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

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

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

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

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

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

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

(a) Except as described therein, Schedule 5.15 sets forth a complete and

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

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

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

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

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

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

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

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

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Section 5.19. Environmental Matters.

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

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

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

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

Section 5.20. Foreign Assets Control Regulations, Etc.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto. Without limiting the foregoing, neither the Company nor any of its Subsidiaries (a) is a person

whose property or interests in property are blocked pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transaction With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or (b) engages in any dealings or transactions, or be otherwise associated, with any such person.

## SECTION 6. REPRESENTATIONS OF THE PURCHASER.

### Section 6.1. Purchase for Investment.

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

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

### Section 6.2. Source of Funds.

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

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

NAIC Annual Statement filed with your state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90–1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91–38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a Person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

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If you or any subsequent transferee of the Notes indicates that you or such

transferee are relying on any representation contained in paragraph (b), (c) or (e) above, the Company shall deliver on the date of Closing or on the date of transfer, as applicable, a certificate, which shall state whether that (i) it is a party in interest or a "disqualified person" (as defined in Section 4975(e)(2) of the Code), with respect to any plan identified pursuant to paragraphs (b) or (e) above, or (ii) with respect to any plan, identified pursuant to paragraph (c) above, it or any "affiliate" (as defined in Section V(c) of the QPAM Exemption) has at such time, and during the immediately preceding one year, exercised the authority to appoint or terminate said QPAM as manager of any plan identified in writing pursuant to paragraph (c) above or to negotiate the terms of said QPAM's management agreement on behalf of any such identified plan.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

## SECTION 7. INFORMATION AS TO THE COMPANY.

### Section 7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements – within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of earnings and cash flows of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year of the Company, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as

fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements – within 105 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

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(ii) consolidated statements of earnings and cash flows of the Company and its Subsidiaries, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by:

(1) an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, and

(2) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any

failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit), provided that the delivery within the time period specified above of the Company's Annual Report on Form 10–K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a–3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountant's certificate described in clause (2) above, shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports – promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default – promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

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(e) ERISA Matters – promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in Section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority – promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information – with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes, including without limitation, such information as is required by SEC Rule 144A under the Securities Act to be delivered to the prospective transferee of the Notes.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance – the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.2 through Section 10.7 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the

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case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default – a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

### Section 7.3. Inspection.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default – if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be

unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing, but not more frequently than twice in any twelve month period; and

(b) Default – if a Default or Event of Default then exists, at the expense of the Company and upon not less than one Business Day's prior notice, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

## SECTION 8. PREPAYMENT OF THE NOTES.

### Section 8.1. Required Prepayment.

(a) Series A Notes. The Series A Notes shall not be subject to scheduled principal prepayments. On April 1, 2007, the entire unpaid principal amount of each Series A Note, together with accrued interest thereon, shall be due and payable.

(b) Series B Notes. The Series B Notes shall not be subject to scheduled principal prepayments. On April 1, 2008, the entire unpaid principal amount of

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each Series B Note, together with accrued interest thereon, shall be due and payable.

### Section 8.2. Optional Prepayments with Make-Whole Amount.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, any Series of Notes, on a pro rata basis in respect of all Notes of such Series outstanding at such time, in an amount not less than 10% of the aggregate principal amount of all Notes of such

Series then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount and the Series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes of the Series to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

### Section 8.3. Change in Control.

(a) Notice of Change in Control or Control Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes unless notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to subparagraph (b) of this Section 8.3. If a Change in Control has occurred, such notice shall contain and constitute an offer to prepay the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, as described in subparagraph (c) of this Section 8.3 and shall be accompanied by the certificate described in subparagraph (g) of this Section 8.3.

(b) Condition to Company Action. The Company will not take any action that consummates or finalizes a Change in Control unless (i) at least 30 days prior to such action it shall have given to each holder of Notes written notice

containing and constituting an offer to prepay the Notes, on a pro rata basis in respect of all Notes of all Series outstanding at such time, as described in subparagraph (c) of this Section 8.3, accompanied by the certificate described in subparagraph (g) of this Section 8.3, and (ii) contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.3.

(c) Offer to Prepay Notes. The offer to prepay Notes contemplated by subparagraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in

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accordance with and subject to this Section 8.3, all, but not less than all, of the Notes of each Series held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date"). If such Proposed Prepayment Date is in connection with an offer contemplated by subparagraph (a) of this Section 8.3, such date shall be not less than 30 days and not more than 120 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(d) Acceptance. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company not later than 15 days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section shall be deemed to constitute a rejection of such offer by such holder.

(e) Prepayment. Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The prepayment shall be made on the Proposed Prepayment Date except as provided in subparagraph (f) of this Section 8.3.

(f) Deferral Pending Change in Control. The obligation of the Company to prepay Notes pursuant to the offers required by subparagraph (c) and accepted

in accordance with subparagraph (d) of this Section 8.3 is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control has not occurred on the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on, the date on which such Change in Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change in Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change in Control shall be deemed rescinded).

(g) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying:

(i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.3; (iii) the principal amount and Series of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) an estimate of the Make-Whole Amount payable in connection with such prepayment; (vi) that the conditions of this Section 8.3 have been fulfilled; and (vii) in reasonable detail, the nature and date or proposed date of the Change in Control.

(h) Certain Definitions. "Change in Control" shall be deemed to have occurred if any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), other than members of the Meredith Family,

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(1) become the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Company's Voting Stock, or

(2) acquire after the date of the Closing (x) the power to elect,

appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Company, through beneficial ownership of the capital stock of the Company or otherwise, or (y) all or substantially all of the properties and assets of the Company.

"Control Event" means:

- (i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,
- (ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or
- (iii) the making of any written offer by any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

(i) All calculations contemplated in this Section 8.3 involving the capital stock of any Person shall be made with the assumption that all convertible Securities of such Person then outstanding and all convertible Securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock of such Person were exercised at such time.

#### Section 8.4. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Notes pursuant to Section 8.2, the principal amount of the Series of Notes to be prepaid shall be allocated among all of the Notes of such Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All partial prepayments made pursuant to Section 8.3 shall be applied only to the Notes of the holders who have elected

to participate in such prepayment.

#### Section 8.5. Maturity; Surrender, Etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if

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any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

#### Section 8.6. Purchase of Notes.

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 30 days. If the holders of more than 50% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 15 days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.7. Make–Whole Amount.

The term "Make–Whole Amount" means, with respect to any Note of any Series, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal; provided that the Make–Whole Amount may in no event be less than zero. For the purposes of determining the Make–Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% per annum plus (b) the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as Pages PX1 through PX7 of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally

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recognized trading screen reporting on–line intraday trading in the U.S. Treasury securities) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the

Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (1) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (2) interpolating linearly between (A) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (B) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2, 8.3 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or Section 8.3 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

#### SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

### Section 9.1. Compliance with Law.

The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA and applicable laws in respect of Non-U.S. Pension Plans and all Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective

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properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

### Section 9.2. Insurance.

The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

### Section 9.3. Maintenance of Properties.

The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business

and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

#### Section 9.4. Payment of Taxes and Claims.

The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary; provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

#### Section 9.5. Corporate Existence, Etc.

The Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Section 10.6, the Company will at all times

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preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

#### Section 9.6. Notes to Rank Pari Passu.

The Notes and all other obligations under this Agreement of the Company are and at all times shall remain direct and unsecured obligations of the Company ranking pari passu as against the assets of the Company with all other Notes from time to time issued and outstanding hereunder without any preference among themselves and pari passu with all other present and future unsecured Debt (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Debt of the Company.

#### SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

##### Section 10.1. Transactions with Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

##### Section 10.2. Consolidated Net Worth.

The Company will not at any time permit Consolidated Net Worth to be an amount less than the sum of (a) \$336,000,000 plus (b) 25% of Consolidated Net Income computed on a cumulative basis for each of the elapsed fiscal years ending after June 30, 2001; provided that notwithstanding that Consolidated Net Income for any such elapsed fiscal year may be a deficit figure, no reduction in such amount as a result thereof shall be made on the sum to be maintained pursuant hereto.

##### Section 10.3. Interest Coverage Ratio.

The Company will keep and maintain the ratio of (a) Consolidated EBIT to (b) Consolidated Interest Expense for each period of four consecutive fiscal

quarters at not less than 2.5 to 1.0.

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#### Section 10.4. Limitations on Debt.

(a) The Company will not at any time permit the ratio of (i) Consolidated Total Debt to (ii) Consolidated EBITDA for the period of the four consecutive fiscal quarters then most recently ended to exceed 3.5 to 1.0. The maximum amount of Consolidated Total Debt permitted pursuant to the terms of this Section 10.4(a) is hereafter referred to as "Maximum Permitted Total Debt".

(b) The Company will not at any time permit Priority Debt to exceed an amount equal to 25% of Maximum Permitted Total Debt.

#### Section 10.5. Liens.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any property or asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, except:

(a) Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other similar Liens, in each case, incurred in the ordinary course of business for sums not yet due and payable or the payment of which is not at the time required by Section 9.1 or Section 9.4;

(c) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance and other types of social security or retirement benefits, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds (not in excess of \$5,000,000), bids, leases (other than Capital Leases),

performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(d) any attachment or judgment Lien, unless (i) the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay or (ii) the uninsured portion of the judgment such Lien secures, including any portion for which the insurer has not acknowledged responsibility, exceeds \$5,000,000;

(e) leases or subleases granted to others, easements, rights-of-way, restrictions and other similar charges or encumbrances, in each case incidental to, and not interfering with, the ordinary conduct of the business of the Company or any of its Subsidiaries, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

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(f) Liens on property or assets of the Company or any of its Subsidiaries securing Debt owing to the Company or to any of its Wholly-Owned Subsidiaries;

(g) Liens on all existing or hereafter acquired or arising Receivables of the Company or any Subsidiary, the Related Security with respect thereto, the collections and proceeds of such Receivables and Related Security, all lockboxes, lockbox accounts, collection accounts or other deposit accounts into which such collections are deposited and all other rights and payments relating to such Receivables, which are transferred to the Company, a Subsidiary or a Receivables Purchaser in connection with Receivables Facility Attributed Indebtedness; provided such Receivables Facility Attributed Indebtedness is permitted under Section 10.4(b);

(h) any Lien created to secure all or any part of the purchase price, or to secure Debt incurred or assumed to pay all or any part of the purchase price or cost of construction, of property (or any improvement thereon) acquired or constructed by the Company or a Subsidiary after the date of the Closing, provided that:

(i) any such Lien shall extend solely to the item or items of such

property (or improvement thereon) so acquired or constructed and, if required by the terms of the instrument originally creating such Lien, other property (or improvement thereon) which is an improvement to or is acquired for specific use in connection with such acquired or constructed property (or improvement thereon) or which is real property being improved by such acquired or constructed property (or improvement thereon),

(ii) the principal amount of the Debt secured by any such Lien shall at no time exceed an amount equal to the lesser of (1) the cost to the Company or such Subsidiary of the property (or improvement thereon) so acquired or constructed and (2) the fair market value (as determined in good faith by the board of directors of the Company) of such property (or improvement thereon) at the time of such acquisition or construction, and

(iii) any such Lien shall be created contemporaneously with, or within 180 days after, the acquisition or construction of such property;

(i) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, and (ii) each such Lien shall extend solely to the item or items of property so acquired and, if required by the terms of the instrument originally creating such Lien, other property which is an improvement to or is acquired for specific use in connection with such acquired property;

(j) any Lien renewing, extending or refunding any Lien permitted by paragraphs (h) or (i) of this Section 10.5, provided that (i) the principal amount of Debt secured by such Lien immediately prior to such extension, renewal or refunding is not increased or the maturity thereof reduced, (ii) such Lien is not extended to any other property, and (iii) immediately after such extension, renewal or refunding no Default or Event of Default would exist; – 29 –

(k) other Liens not otherwise permitted by subparagraphs (a) through (j) securing Debt, provided that all Debt secured by such Liens shall have been incurred within the applicable limitations of Section 10.4, including, without limitation, that after giving effect thereto Priority Debt will not exceed 25% of Maximum Permitted Total Debt.

#### Section 10.6. Mergers, Consolidations and Sales of Assets.

(a) The Company will not, and will not permit any of its Subsidiaries to, consolidate with or be a party to a merger with any other Person, or sell, lease or otherwise dispose of all or substantially all of its assets; provided that:

(i) any Subsidiary may merge or consolidate with or into the Company or any Subsidiary so long as in (1) any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation, (2) any merger or consolidation involving a Wholly-owned Subsidiary (and not the Company), the Wholly-owned Subsidiary shall be the surviving or continuing corporation;

(ii) the Company may consolidate or merge with or into any other corporation if (1) the corporation which results from such consolidation or merger (the "surviving corporation") is organized under the laws of any state of the United States or the District of Columbia, (2) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the surviving corporation and the surviving corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the surviving corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, (3) at

the time of such consolidation or merger and immediately after giving effect thereto, no Default or Event of Default would exist, and (4) the Company or such surviving corporation shall have complied with all obligations under this Agreement with respect to any Change in Control resulting from such transaction;

(iii) the Company may sell or otherwise dispose of all or substantially all of its assets to any Person for consideration which represents the fair market value of such assets (as determined in good faith by the Board of Directors of the Company) at the time of such sale or other disposition if (1) the Person which is acquiring all or substantially all of the assets of the Company is a corporation organized under the laws of any state of the United States or the District of Columbia, (2) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement and the Other Agreements to be performed or observed by the Company are expressly assumed in writing

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by the acquiring corporation and the acquiring corporation shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such acquiring corporation enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, (3) at the time of such sale or disposition and immediately after giving effect thereto, no Default or Event of Default would exist, and (4) the Company or such acquiring corporation shall have complied with all obligations under this Agreement with respect to any Change in Control resulting from such transaction; and (iv) the Company or any Subsidiary may sell or otherwise dispose of assets as part of any Permitted Receivables Transaction so long as the

aggregate amount of Priority Debt (including Receivables Facility Attributed Indebtedness) does not exceed 25% of Maximum Permitted Total Debt.

(b) The Company will not, and will not permit any of its Subsidiaries to, sell, lease, transfer, abandon or otherwise dispose of assets (except assets sold in the ordinary course of business for fair market value and except as provided in Section 10.6(a)(iii)); provided that the foregoing restrictions do not apply to:

(i) (1) the sale, lease, transfer or other disposition of assets of a Subsidiary to the Company or a Wholly-owned Subsidiary or (2) the sale, lease, transfer or other disposition of assets (valued at net book value) of the Company to a Wholly-owned Subsidiary not to exceed in any 12-month period 10% of Consolidated Total Assets as of the last day of the fiscal quarter immediately preceding such sale, lease, transfer or other disposition; or

(ii) the sale or other disposition of assets as part of any Permitted Receivables Transaction so long as the aggregate amount of Priority Debt (including Receivables Facility Attributed Indebtedness) does not exceed 25% of Maximum Permitted Total Debt; or

(iii) the sale of inventory in the ordinary course of business; or

(iv) the sale of assets for cash or other property to a Person or Persons other than an Affiliate if all of the following conditions are met:

(1) such assets (valued at net book value) do not, together with all other assets of the Company and its Subsidiaries previously disposed of during the immediately preceding 36 calendar month period (other than in the ordinary course of business), exceed 30% of the average of Consolidated Total Assets as of the last day of each of the 12 consecutive fiscal quarters then most recently ended;

(2) in the opinion of the Board of Directors of the Company, the sale is for fair value and is in the best interests of the Company and its Subsidiaries; and

(3) immediately after the consummation of the transaction and after giving effect thereto, no Default or Event of Default would exist;

provided, however, that for purposes of the foregoing calculation, there shall not be included any assets the proceeds of which were or are applied either (A) within 12 months before or 12 months after the effective date of such asset disposition to the acquisition of assets useful and intended to be used in the operation of the business of the Company and its Subsidiaries as described in Section 10.9 and having a fair market value (as determined in good faith by the Board of Directors of the Company) at least equal to that of the assets so disposed of or (B) within 180 days after the effective date of such asset disposition to the prepayment at any applicable prepayment premium of all Senior Debt of the Company on a pro rata basis (other than Senior Debt owing to the Company, any of its Subsidiaries or any Affiliate), based upon principal amount then outstanding. It is understood and agreed by the Company that, to the extent any such proceeds are applied to the prepayment of the Notes, such prepayment will be made on a pro rata basis in respect of all Notes of all Series outstanding at such time in the manner and with the premium, if any, then required pursuant to the optional prepayment provisions provided in Section 8.2.

#### Section 10.7. Limitation on Sale–and–Leaseback Transactions.

The Company will not, and will not permit any Subsidiary to, enter into any Sale–and–Leaseback Transaction unless immediately after giving effect thereto, the aggregate amount of Priority Debt (including the Attributable Debt to be incurred in connection with such Sale–and–Leaseback Transaction) does not exceed 25% of Maximum Permitted Total Debt.

#### Section 10.8. Termination of Pension Plans.

The Company will not and will not permit any Subsidiary to withdraw from any Multiemployer Plan or permit any employee benefit plan maintained by it to be terminated if such withdrawal or termination could result in withdrawal liability (as described in Part 1 of Subtitle E of Title IV of ERISA) or the imposition of a Lien on any property of the Company or any Subsidiary pursuant

to Section 4068 of ERISA, which withdrawal liability or Lien could reasonably be expected to have a Material Adverse Effect.

#### Section 10.9. Nature of Business.

Neither the Company nor any Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Subsidiaries on the date of this Agreement.

#### SECTION 11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

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(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Sections 10.1 through 10.7 and such default is not remedied within 10 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (c) of Section 11); or

(d) the Company defaults in the performance of or compliance with any term contained herein or in any Other Agreement (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to

this paragraph (d) of Section 11); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any Other Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Debt that is outstanding in an aggregate principal amount of at least \$10,000,000 (or the equivalent in other applicable currencies) beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt in an aggregate outstanding principal amount of at least \$10,000,000 (or the equivalent in other applicable currencies) or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), the Company or any Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$10,000,000, (iv) the occurrence of any "Amortization Event" under the Receivables Program, or (v) the Company shall be removed as the "Servicer" under the Receivables Program; or

(g) the Company or any Material Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency,

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reorganization, moratorium or other similar law of any jurisdiction, (iii)

makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Material Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to the Company or any Material Subsidiary or with respect to any substantial part of the property of the Company or any Material Subsidiary, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Material Subsidiaries, or any such petition shall be filed against the Company or any of its Material Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of \$5,000,000 (or the equivalent in other applicable currencies) are rendered against one or more of the Company and its Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA Section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings,

(iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed \$5,000,000, (iv) the Company or

any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(j), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

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## SECTION 12. REMEDIES ON DEFAULT, ETC.

### Section 12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their

option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Note's becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

#### Section 12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

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#### Section 12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to

clause (b) or (c) of Section 12.1, the holders of more than 50% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

#### Section 12.4. No Waivers or Election of Remedies, Expenses, Etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

### SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

#### Section 13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and

address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

#### Section 13.2. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for

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registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$500,000; provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$500,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

### Section 13.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least \$10,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

## SECTION 14. PAYMENTS ON NOTES.

### Section 14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in Des Moines, Iowa at the principal office of the Company in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in the United States of America or the principal office of a bank or trust company in the United States of America.

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### Section 14.2. Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for

principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

## SECTION 15. EXPENSES, ETC.

### Section 15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation:

(a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses,

including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those retained by you).

#### Section 15.2. Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

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#### SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

#### SECTION 17. AMENDMENT AND WAIVER.

##### Section 17.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used

therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

#### Section 17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently

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granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

#### Section 17.3. Binding Effect, Etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

#### Section 17.4. Notes Held by Company, Etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

#### SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

- (i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,
- (ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in

writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer with a copy to the General Counsel, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

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#### SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced.

The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

#### SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being

confidential information of the Company or such Subsidiary; provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you; provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w)

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(x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or

for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

#### SECTION 21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

#### SECTION 22. MISCELLANEOUS.

##### Section 22.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

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Section 22.3. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant.

Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made by the Company for the purposes of this Agreement, the same shall be done by the Company in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

Section 22.5. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.6. Governing Law.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Section 22.7. Submission to Jurisdiction.

The Company hereby irrevocably submits and consents to the jurisdiction of the federal court located within the County of New York, State of New York (or if such court lacks jurisdiction, the State courts located therein), and irrevocably agrees that all actions or proceedings relating to this Agreement and the Notes may be litigated in such courts, and the Company waives any objection which it may have based on improper venue or forum non conveniens to the conduct of any proceeding in any such court and waives personal service of any and all process upon it, and consents that all such service of process be made by delivery to it at the address of the Company set forth in Section 18 above and that service so made shall be deemed to be completed upon actual receipt. Nothing contained in this section shall affect the right of any holder

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of Notes to serve legal process in any other manner permitted by law or to bring any action or proceeding in the courts of any jurisdiction against the Company or to enforce a judgment obtained in the courts of any other jurisdiction.

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If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

MEREDITH CORPORATION

By /s/ Thomas Ferree

Name: Thomas Ferree

Title: Corporate Controller

-----  
Accepted as of April 1, 2002:

METROPOLITAN LIFE INSURANCE COMPANY

By /s/ A. Dennis White

Name: A. Dennis White

Title: Director

-----  
Accepted as of April 1, 2002:

PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation

By: Principal Capital Management, LLC, a Delaware limited liability company,  
its authorized signatory

By /s/ Douglas A. Drees

Name: Douglas A. Drees

Title: Counsel

By /s/ Clint Woods

Name: Clint Woods

Title: Counsel

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Accepted as of April 1, 2002:

PRINCIPAL LIFE INSURANCE COMPANY,

ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS

By: Principal Capital Management, LLC, a Delaware limited liability company,  
its authorized signatory

By /s/ Douglas A. Drees

Name: Douglas A. Drees

Title: Counsel

By /s/ Clint Woods

Name: Clint Woods

Title: Counsel

---

Accepted as of April 1, 2002:

CGU LIFE INSURANCE COMPANY OF AMERICA, a Delaware corporation

By: Principal Capital Management, LLC, a Delaware limited liability company,  
its authorized signatory

By /s/ Clint Woods

Name: Clint Woods

Title: Counsel

By /s/ Debra Svoboda

Name: Debra Svoboda

Title: Counsel

---

Accepted as of April 1, 2002:

THE TRAVELERS INSURANCE COMPANY

By /s/ Teresa M. Torrey

Name: Teresa M. Torrey

Title: Vice President

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Accepted as of April 1, 2002:

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By /s/ John C. Litchfield, Jr.

Name: John C. Litchfield, Jr.

Title: Managing Director

---

Accepted as of April 1, 2002:

TIAA-CREF LIFE INSURANCE COMPANY

By: Teachers Insurance and Annuity Association of America, as Authorized

Agent.

By /s/ John C. Litchfield, Jr.

Name: John C. Litchfield, Jr.

Title: Managing Director

---

Accepted as of April 1, 2002:

HARTFORD LIFE INSURANCE COMPANY

By: Hartford Investment Services, Inc.

Its Agent and Attorney-In-Fact

By /s/ Eva Konopka

Name: Eva Konopka

Title: Vice President

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### Schedule B – Defined Terms

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

*"Affiliate"*

means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, *"Control"* means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an *"Affiliate"* is a reference to an Affiliate of the Company.

*"Attributable Debt"*

means in connection with any Sale-and-Leaseback Transaction entered into within the limitations of **Section 10.7**, as of the date of any determination thereof, the greater of (a) the fair market value of the property or assets which is or are the subject of such Sale-and-Leaseback Transaction (as reasonably determined in good faith by the Board of Directors of the Company at or about the time of the consummation of such Sale-and-Leaseback Transaction) and (b) the aggregate amount of Rentals due and to become due (discounted from the respective due dates thereof at the interest rate implicit in such Rentals and otherwise in accordance with GAAP)

under the lease relating to such Sale—and–Leaseback Transaction.

*"Business Day"*

means (a) for the purposes of **Section 8.7** only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in Des Moines, Iowa or New York, New York are required or authorized to be closed.

*"Capital Lease"*

means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

*"Change in Control"*

is defined in **Section 8.3(h)**.

*"Closing"*

is defined in **Section 3**.

*"Code"*

means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

*"Company"*

means Meredith Corporation, an Iowa corporation.

*"Confidential Information"*

is defined in **Section 20**.

*"Consolidated EBIT"*

for any period means the sum of (a) Consolidated Net Income during such period *plus* (to the extent deducted in determining Consolidated Net Income), (b) all provisions for any Federal, state or other income taxes made by the Company and its Subsidiaries during such period and (c) Consolidated Interest Expense during such period.

*"Consolidated EBITDA"*

for any period means the sum of (a) Consolidated Net Income during such period *plus* (to the extent deducted in determining Consolidated Net Income) (b) all provisions for any Federal, state or other income taxes made by the Company and its Subsidiaries during such period, (c) all provisions for depreciation and amortization (other than amortization of debt discount) made by the Company and its Subsidiaries during such period, and (d) Consolidated Interest Expense during such period.

*"Consolidated Interest Expense"*

means all Interest Expense of the Company and its Subsidiaries for any period after eliminating intercompany items. For purposes of any determination of Consolidated Interest Expense pursuant to this Agreement, the Company shall include, on a *pro forma* basis, *"interest expense"* (calculated in a manner consistent with the computation of Interest Expense herein) of any business entity acquired by the Company or any Subsidiary during the four fiscal quarters immediately preceding any determination of Consolidated Interest Expense and, concurrently with such determination, the Company shall furnish to the holders of the Notes audited financial statements and other financial information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Holders the basis for such computations.

*"Consolidated Net Income"*

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

- (a) any gains or losses on the sale or other disposition of investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
- (b) the proceeds of any life insurance policy;

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

For purposes of any determination of Consolidated Net Income pursuant to this Agreement, the Company may include, on a *pro forma* basis, "net income" (calculated in a manner consistent with the computation of Consolidated Net Income herein) earned by any business entity acquired by the Company or any Subsidiary during the four fiscal quarters immediately preceding any determination of Consolidated Net Income, *provided* that there shall be a reasonable basis for the computation of such "net income" and, concurrently with such determination, the Company shall have furnished to the holders of the Notes audited financial statements and other financial information with respect to such business entity demonstrating to the reasonable satisfaction of the Required Holders the basis for such computations.

*"Consolidated Net Worth"*

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

*"Consolidated Total Assets"*

means, as of the date of any determination thereof, total assets of the Company and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

*"Consolidated Total Debt"*

means, as of the date of any determination thereof, all Debt of the Company and its Subsidiaries, determined on a consolidated basis eliminating intercompany items.

*"Control Event"*

is defined in **Section 8.3(h)**.

*"Credit Agreement"*

is defined in **Section 4.10**.

*"Debt"*

with respect to any Person means, at any time, without duplication,

- (a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock;
- (b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);
- (c) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capital Leases;
- (d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);
- (e) all its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);
- (f) Swaps of such Person;
- (g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) or (h) hereof; and
- (h) Receivables Facilities Attributed Indebtedness.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (h) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

*"Default"*

means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

*"Default Rate"*

means the Series A Default Rate or the Series B Default Rate, as applicable.

*"Environmental Laws"*

means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

*"ERISA"*

means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

*"ERISA Affiliate"*

means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under Section 414 of the Code.

*"Event of Default"*

is defined in **Section 11**.

*"Exchange Act"*

means the Securities Exchange Act of 1934, as amended.

*"Existing Properties"*

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

*"GAAP"*

means generally accepted accounting principles as in effect from time to time in the United States of America.

*"Governmental Authority"*

means

- (a) the government of
  - (i) the United States of America or any State or other political subdivision thereof, or
  - (ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or
- (b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government, including without limitation the Federal Communications Commission of the United States.

*"Guaranty"*

means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

- (a) to purchase such indebtedness or obligation or any property constituting security therefor;
- (b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;
- (c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or
- (d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

In any computation of the indebtedness or other liabilities of the obligor under any Guaranty, the indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

*"Hazardous Material"*

means any and all pollutants, toxic or hazardous wastes or any other substances, including all substances listed in or regulated in any Environmental law that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, regulated, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

*"holder"*

means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1**.

*"Incremental Writedowns"*

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

*"Institutional Investor"*

means (a) any original purchaser of a Note, (b) any holder of a Note holding more than 5% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

*"Interest Expense"*

of the Company and its Subsidiaries for any period means all interest (including the interest component on Rentals on Capital Leases) and all amortization of debt discount and expense on any particular Debt (including, without limitation, payment-in-kind, zero coupon and other like Securities) for which such calculations are being made.

*"Lien"*

means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

*"Make-Whole Amount"*

is defined in **Section 8.7**.

*"Material"*

means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Company and its Subsidiaries taken as a whole.

*"Material Adverse Effect"*

means a material adverse effect on (a) the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

*"Material Subsidiary"*

means any Subsidiary if: (i) the portion of Consolidated Net Income which was contributed by such Subsidiary during the immediately preceding fiscal year of the Company exceeds 5% of Consolidated Net Income or (ii) the portion of consolidated operating profit, as determined in accordance with GAAP, which was contributed by such Subsidiary during the immediately preceding fiscal year of the Company exceeds 5% of such consolidated operating profit or (iii) the assets of such Subsidiary as at the end of the immediately preceding fiscal year of the Company exceeds 5% of Consolidated Total Assets.

*"Maximum Permitted Total Debt"*

is defined in **Section 10.4(a)**.

*"Memorandum"*

is defined in **Section 5.3**.

*"Meredith Family"*

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

*"Minority Interests"*

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

*"Multiemployer Plan"*

means any Plan that is a "multiemployer plan" (as such term is defined in Section 4001(a)(3) of ERISA).

*"Non-U.S. Pension Plan"*

means any plan, fund, or other similar program established or maintained outside the United States of America by the Company or any one or more of the Subsidiaries primarily for the benefit of employees of the Company or such Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides for retirement income for such employees or a deferral of income for such employees in contemplation of retirement and is not subject to ERISA or the Code.

*"Notes"*

is defined in **Section 1**.

*"Officer's Certificate"*

means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

*"Other Agreements"*

is defined in **Section 2**.

*"Other Purchasers"*

is defined in **Section 2**.

*"PBGC"*

means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

*"Permitted Receivables Transaction"*

means each of (a) the sale or other transfer by the Company or Subsidiary of Receivables Assets to a Subsidiary or the Company, (b) the entry by the Company or one or more Subsidiaries into one or more Receivables Purchase Agreements, and (c) the entry by the Company and any such Subsidiaries into such ancillary agreements, guarantees, documents or instruments as are necessary or advisable in connection with such receivables purchase agreements or receivables financing agreements.

*"Person"*

means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

*"Plan"*

means an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

*"Preferred Stock"*

means any class of capital stock (or other equity interests) of a corporation that is preferred over any other class of capital stock (or other equity interests) of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

*"Priority Debt"*

means, without duplication, the sum of (i) all Debt of the Company secured by Liens permitted by **Sections 10.5(h)** and **(k)** plus (ii) all Debt of Subsidiaries (excluding Debt held by the Company or a Wholly-owned Subsidiary), plus (iii) all Attributable Debt of the Company and its Subsidiaries, plus (iv) all Receivables Facility Attributed Indebtedness of the Company and its Subsidiaries.

*"property"*

or *"properties"* means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

*"QPAM Exemption"*

means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

*"Receivable"*

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

*"Receivables Assets"*

means all the assets described in **Section 10.5(g)**.

*"Receivables Facility Attributed Indebtedness"*

means, on any date of determination, the amount of obligations outstanding as of such date under a Receivables Purchase Agreement that would be characterized as principal if such facility were structured as a secured lending transaction rather than as a purchase.

*"Receivables Program"*

has the meaning set forth for such term in the Credit Agreement.

*"Receivables Purchase Agreement"*

means a receivables purchase agreement or other receivables financing agreement with one or more Receivables Purchasers, pursuant to which some or all of such Receivables Purchasers will purchase undivided interests in, or otherwise finance, the Receivables Assets.

*"Receivables Purchaser"*

means any purchaser or investor which purchases undivided interests in or otherwise finances the Receivables Assets, and includes any agent of any such purchaser or investor.

*"Related Security"*

means with respect to any Receivable (i) the inventory and goods, the sale, financing or lease of which gave rise to such Receivable and all insurance contracts with respect thereto, (ii) all security interests or liens and the property subject thereto purporting to secure payment of such Receivable, together with all financing statements and security agreements describing any collateral securing such Receivable, (iii) all guaranties, letters of credit, insurance and other agreements or arrangements supporting or securing the payment of such Receivable, (iv) all invoices, agreements, contracts, records, books and other information relating to such Receivable or the Person obligated to pay such Receivable, (v) any rights of the Company or any Subsidiary under any agreement, document or guaranty executed or delivered in connection with a Permitted Receivables Transaction, and (vi) all proceeds of the foregoing.

*"Required Holders"*

means, at any time, the holders of more than 50% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

*"Responsible Officer"*

means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

*"Rentals"*

means and include as of the date of any determination thereof all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Company or a Subsidiary, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Company or a Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Fixed rents under any so-called "*percentage leases*" shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee regardless of sales volume or gross revenues.

*"Sale-and-Leaseback Transaction"*

means a transaction or series of transactions pursuant to which the Company or any Subsidiary shall sell or transfer to any Person (other than the Company or a Subsidiary) any property, whether now owned or hereafter acquired, and, as part of the same transaction or series of transactions, the Company or any Subsidiary shall rent or lease as lessee (other than pursuant to a Capital Lease), or similarly acquire the right to possession or use of, such property or one or more properties which it intends to use for the same purpose or purposes as such property.

*"Securities Act"*

means the Securities Act of 1933, as amended from time to time.

*"Security"*

shall have the same meaning as in Section 2(1) of the Securities Act.

*"Senior Debt"*

means any Debt of the Company that is not in any manner subordinated in right of payment to the Notes or to any other Debt of the Company.

*"Senior Financial Officer"*

means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

*"Series"*

means any of the Series A Notes or the Series B Notes issued hereunder.

*"Series A Default Rate"*

means the lesser of (a) the maximum rate of interest allowed by applicable law and (b) the greater of (i) 8.39% and (ii) 2.0% per annum over the rate of interest publicly announced from time to time by JPMorgan Chase Bank (or its successors) in New York, New York as its "base" or "prime" rate.

*"Series A Notes"*

is defined in **Section 1**.

*"Series B Default Rate"*

means the lesser of (a) the maximum rate of interest allowed by applicable law and (b) the greater of (i) 8.62% and (ii) 2.0% per annum over the rate of interest publicly announced from time to time by JPMorgan Chase Bank (or its successors) in New York, New York as its "base" or "prime" rate.

*"Series B Notes"*

is defined in **Section 1**.

*"Subsidiary"*

means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

*"Swaps"*

means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

*"Voting Stock"*

means Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

*"Wholly-owned Subsidiary"*

means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-owned Subsidiaries at such

time.

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[Exhibit 1–A Form of Series A Note]

Meredith Corporation

6.39% Senior Note, Series A, due April 1, 2007

No. \_\_\_\_\_ [Date]  
\$ \_\_\_\_\_ PPN 589433 C\* 0

For Value Received, the undersigned, Meredith Corporation (herein called the "*Company*"), a corporation organized and existing under the laws of the State of Iowa, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars on April 1, 2007, with interest (computed on the basis of a 360–day year of twelve 30–day months) (a) on the unpaid balance thereof at the rate of 6.39% per annum from the date hereof, payable semiannually, on the first day of April and October in each year, commencing with the April or October next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make–Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Series A Default Rate (as defined in the Note Purchase Agreements).

Payments of principal of, interest on and any Make–Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Des Moines, Iowa or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Series A Senior Notes (herein called the "*Notes*") issued pursuant to separate Note Purchase Agreements, each dated as of April 1, 2002 (as from time to time amended, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.2** of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make–Whole Amount) and with the effect provided in the Note Purchase Agreements.

**This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice–of–law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.**

Meredith  
Corporation

By

[Title]

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[Exhibit 1–B Form of Series B Note]

Meredith Corporation

6.62% Senior Note, Series B, due April 1, 2008

No. \_\_\_\_\_ [Date]  
\$ \_\_\_\_\_ PPN 589433 C@ 8

For Value Received, the undersigned, Meredith Corporation (herein called the "*Company*"), a corporation organized and existing under the laws of the State of Iowa, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars on April 1, 2008, with interest (computed on the basis of a 360–day year of twelve 30–day months) (a) on the unpaid balance thereof at the rate of 6.62% per annum from the date hereof, payable semiannually, on the first day of April and October in each year, commencing with the April or October next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make–Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Series B Default Rate (as defined in the Note Purchase Agreements).

Payments of principal of, interest on and any Make–Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Des Moines, Iowa or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of Series B Senior Notes (herein called the "*Notes*") issued pursuant to separate Note Purchase Agreements, each dated as of April 1, 2002 (as from time to time amended, the "*Note Purchase Agreements*"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreements and (ii) to have made the representation set forth in **Section 6.2** of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make–Whole Amount) and with the effect provided in the Note Purchase Agreements.

**This Note shall be construed and enforced in accordance with, and the rights and parties shall be governed by, the law of the State of New York, excluding choice–of–law principles of the law of such State which would require application of the laws of the jurisdiction other than such State.**

Meredith  
Corporation

By

[Title]

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**DEFERRAL AGREEMENT**

I, William T. Kerr, hereby irrevocably elect to defer a portion of my Management Incentive Plan bonus for Fiscal 2004 in the amount \$1,000,000 (the "deferred amount") to be deposited in a cash account bearing interest at the prevailing interest rates for Meredith's deferral cash accounts, such deferred amount together with accrued interest to be paid to me on the 90<sup>th</sup> day following my retirement date or termination of employment (by death or otherwise) from Meredith Corporation (such retirement date currently scheduled to be June 30, 2006); provided that the Compensation Committee ratifies this deferral.

Signed: /s/ William T. Kerr

Date: August 9, 2004

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AGREEMENT

This Agreement is entered into as of the 10<sup>th</sup> day of August, 2004, by and between Meredith Corporation (the "Company"), an Iowa corporation, and Kevin P. O'Brien ("Executive").

In connection with the cash incentive of \$750,000 based upon performance as established by the Compensation Committee on May 14, 2003, and attached hereto to be awarded to Executive by the Compensation Committee on August 10, 2004, and in consideration of a discretionary bonus to Executive of \$400,000 as well as other good and valuable consideration, Executive and Company hereby agree that the Company shall not be obligated to make any payment with respect to Fiscal 2004 to Executive under Section 4(c) of the Employment Agreement dated November 9, 2001, between the Company and Executive; provided, however, that the Company shall make a performance-based incentive payment to Executive of \$540,000 in Fiscal 2005 (which shall be immediately payable in the event that the shareholders of the Company approve the 2004 Stock Incentive Plan at the Company's Annual Shareholders' Meeting on November 8, 2004), such bonus to be in addition to any other incentive payments otherwise earned by Executive during such year.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

MEREDITH CORPORATION

EXECUTIVE

By: /s/ John S. Zieser

/s/ Kevin P. O'Brien

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**Subsidiaries of the Registrant**

<b>Significant Subsidiary</b>	<b>State of Incorporation</b>	<b>Percentage Owned</b>
Meredith Holding Company (MHC)	Iowa	100%
Locust Street Insurance Company	New York	100% by MHC

All other subsidiaries of the Company, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

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**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Meredith Corporation:

We consent to incorporation by reference in the Registration Statements No. 333-72635 on Form S-3 and No. 333-87888, No. 333-21979, No. 333-04033, No. 33-2094, No. 2-54974, and No. 33-59258, each on Form S-8, of Meredith Corporation of our report dated July 30, 2004, relating to the consolidated balance sheets of Meredith Corporation and subsidiaries as of June 30, 2004 and 2003, and the related consolidated statements of earnings, shareholders' equity, and cash flows and related financial statement schedule for each of the years in the three-year period ended June 30, 2004, which appears in the June 30, 2004 annual report on Form 10-K of Meredith Corporation.

As discussed in Note 2 to the consolidated financial statements, the Company has restated its financial statements as of and for the year ended June 30, 2003. Also, as discussed in Note 3 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, on July 1, 2002.

/s/ KPMG LLP

KPMG LLP  
Des Moines, Iowa  
September 13, 2004

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**CERTIFICATIONS**

I, William T. Kerr, certify that:

1. I have reviewed this annual report on Form 10-K of Meredith Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 7, 2004

/s/ William T. Kerr

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William T. Kerr, Chairman of the  
Board, Chief Executive Officer and  
Director (Principal Executive Officer)

*A signed original of this written statement required by Section 302 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.*

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**Exhibit 31 continued**

**CERTIFICATIONS**

I, Suku V. Radia, certify that:

1. I have reviewed this annual report on Form 10-K of Meredith Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 7, 2004

/s/ Suku V. Radia

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Suku V. Radia, Vice President–  
Chief Financial Officer (Principal  
Accounting and Financial Officer)

*A signed original of this written statement required by Section 302 has been provided to Meredith and will be retained by Meredith and furnished to the Securities and Exchange Commission or its staff upon request.*

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

In connection with the Annual Report of Meredith Corporation (the "Company") on Form 10–K for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we the undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William T. Kerr

William T. Kerr  
Chairman of the Board,  
Chief Executive Officer and Director  
(Principal Executive Officer)

/s/ Suku V. Radia

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

Dated: September 7, 2004

Dated: September 7, 2004