

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2002-11-14** | Period of Report: **2002-09-30**
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FILER

NEXSTAR FINANCE HOLDINGS INC

CIK: **1158165** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **333-68964** | Film No.: **02824516**
SIC: **4833** Television broadcasting stations

Mailing Address
200 ABINGTON EXECUTIVE
PARK
CLARKS SUMMIT PA 18411

Business Address
200 ABINGTON EXECUTIVE
PARK
CLARKS SUMMIT PA 18411
5705865400

NEXSTAR FINANCE HOLDINGS LLC

CIK: **1158168** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **333-68964-01** | Film No.: **02824517**
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

for the quarterly period ended September 30, 2002

OR

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

for the transition period from _____ to _____.

COMMISSION FILE NUMBER: 333-68964

Nexstar Finance Holdings, L.L.C.

Nexstar Finance Holdings, Inc.

(Exact name of Registrant as specified in its charter)

DELAWARE

(State of incorporation)

23-3083129

23-3063153

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

200 Abington Executive Park, Suite 201

Clarks Summit, Pennsylvania 18411

(Address of Principal Executive Offices, including Zip Code)

(570) 586-5400

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 30, 2002, Nexstar Finance Holdings, L.L.C. had one member, Nexstar Finance Holdings II, L.L.C., and Nexstar Finance Holdings, Inc. had 1,000 shares of common stock outstanding.

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PART I

ITEM 1. FINANCIAL STATEMENTS

NEXSTAR FINANCE HOLDINGS, L.L.C.

CONSOLIDATED BALANCE SHEETS

	December 31, 2001 (Restated)	September 30, 2002 (Unaudited)
(dollars in thousands)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,802	\$ 17,987
Accounts receivable, net of allowance for doubtful accounts of \$490 and \$642, respectively	25,442	24,451
Current portion of broadcast rights	10,062	14,555
Prepaid expenses and other current assets	993	1,388
Deferred tax assets	276	279
Taxes receivable	233	1,145
	-----	-----
Total current assets	42,808	59,805
Property and equipment, net	57,383	55,860
Broadcast rights	3,685	3,320
Due from parent entities	958	1,471
Other noncurrent assets	8,240	56
Goodwill, net	87,464	87,888
Intangible assets, net	225,816	225,284
	-----	-----
Total assets	\$ 426,354	\$ 433,684
	-----	-----
Liabilities and Member's Interest		
Current liabilities:		
Current portion of debt	\$ 488	\$ 1,928
Current portion of capital lease obligations	23	16
Current portion of broadcast rights payable	10,242	14,654
Accounts payable	3,732	3,205
Accrued expenses	3,986	5,721
Interest payable	6,041	9,887
Deferred revenue	335	2,921
	-----	-----
Total current liabilities	24,847	38,332
Debt	304,144	315,775
Broadcast rights payable	3,770	3,579
Deferred tax liabilities	6,892	5,281
Other liabilities	4,022	5,877

Total liabilities	343,675	368,844
Commitments and contingencies (Note 8)		
Member' s interest:		
Contributed capital	154,736	153,321
Accumulated deficit	(68,326)	(87,513)
Accumulated other comprehensive loss on derivative instruments	(3,731)	(968)
Total member' s interest	82,679	64,840
Total liabilities and member' s interest	\$ 426,354	\$ 433,684

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

NEXSTAR FINANCE HOLDINGS, L.L.C.

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2002	2001	2002
	(Unaudited)		(Restated)	
	(dollars in thousands)		(Unaudited)	
	(dollars in thousands)		(dollars in thousands)	
Revenue (excluding trade and barter)	\$ 25,708	\$33,816	\$ 81,954	\$ 97,438
Less commissions	(3,410)	(4,815)	(10,997)	(13,507)
Net broadcast revenue (excluding trade and barter)	22,298	29,001	70,957	83,931
Trade and barter revenue	2,563	2,689	7,555	7,603
Total net revenue	24,861	31,690	78,512	91,534
Operating expenses:				
Direct operating expenses (exclusive of depreciation and amortization shown separately below)	7,533	8,573	23,078	25,893
Selling, general and administrative expenses (exclusive of depreciation and amortization shown separately below)	6,754	8,446	20,619	25,447
Amortization of broadcast rights	4,027	3,921	11,830	10,825
Amortization of intangible assets	5,237	3,370	15,793	9,844
Depreciation	3,284	3,443	9,466	9,846
Total operating expenses	26,835	27,753	80,786	81,855
Income (loss) from operations	(1,974)	3,937	(2,274)	9,679
Interest expense, including amortization of debt financing costs	(9,683)	(9,690)	(29,037)	(28,927)
Interest income	141	36	297	94
Other income (expense), net	9	(2,104)	(426)	(2,366)
Loss before income taxes	(11,507)	(7,821)	(31,440)	(21,520)
Income tax benefit	245	1,280	628	2,333
Loss before extraordinary loss from refinancing of credit facilities	(11,262)	(6,541)	(30,812)	(19,187)
Extraordinary loss from refinancing of credit facilities, net of income tax effect	-	-	(1,417)	-
Net loss	(11,262)	(6,541)	(32,229)	(19,187)
Other comprehensive loss:				
Cumulative effect of change in accounting principle	-	-	(241)	-
Deferral of unrealized derivative gains (losses)	1,965	843	(92)	2,763

Net loss and other comprehensive loss	\$ (9,297)	\$ (5,698)	\$ (32,562)	\$ (16,424)
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The accompanying notes are an integral part of these consolidated financial statements

NEXSTAR FINANCE HOLDINGS, L.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBER' S INTEREST

	Contributed Capital	Accumulated Deficit	Other Comprehensive Loss	Total Member' s Interest
	(dollars in thousands)			
Balance at December 31, 2000 (Restated)	\$ 61,531	\$ (28,841)	\$ –	\$ 32,690
Contributions	86,260	–	–	86,260
Distributions	(8,054)	–	–	(8,054)
Net loss	–	(32,229)	–	(32,229)
Cumulative effect of change in accounting principle	–	–	(241)	(241)
Deferral of unrealized derivative losses	–	–	(92)	(92)
Balance at September 30, 2001 (Unaudited)	139,737	(61,070)	(333)	78,334
Contributions	15,005	–	–	15,005
Distributions	(6)	–	–	(6)
Net loss	–	(7,256)	–	(7,256)
Deferral of unrealized derivative losses	–	–	(3,398)	(3,398)
Balance at December 31, 2001 (Restated)	154,736	(68,326)	(3,731)	82,679
Contributions	3	–	–	3
Distributions	(1,418)	–	–	(1,418)
Net loss	–	(19,187)	–	(19,187)
Deferral of unrealized derivative gains	–	–	2,763	2,763
Balance at September 30, 2002 (Unaudited)	\$ 153,321	\$ (87,513)	\$ (968)	\$ 64,840

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

NEXSTAR FINANCE HOLDINGS, L.L.C.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	September 30,	
	2001	2002
	(Restated)	
	Unaudited	
	(dollars in thousands)	
Cash flows from operating activities:		
Net loss	\$ (32,229)	\$(19,187)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income taxes	(742)	(1,614)
Depreciation of property and equipment	9,466	9,846
Amortization of intangible assets	15,793	9,844
Amortization of debt financing costs	3,137	2,121
Amortization of broadcast rights, excluding barter	5,965	5,879
Payments for broadcast rights	(6,020)	(5,785)
Loss (gain) on asset disposal, net	350	(62)
Loss from refinancing of credit facility, net of tax	1,417	–
Amortization of debt discount	1,529	3,196
Effect of accounting for derivative instruments	–	4,521
Changes in assets and liabilities:		
Decrease in accounts receivable and due from parent entities	1,220	478
Increase in prepaid expenses and other current assets	(455)	(395)
Decrease in other noncurrent assets	10	6,596
Increase (decrease) in accounts payable and accrued expenses	(936)	1,208
Increase in taxes receivable	(438)	(912)
Increase in interest payable	11,028	3,846
Increase (decrease) in deferred revenue	(22)	2,586
Decrease in due to Midwest Television, Inc.	(2,256)	–
Net cash provided by operating activities	6,817	22,166
Cash flows from investing activities:		
Additions to property and equipment	(4,943)	(5,780)
Proceeds from sale of assets	8	233
Acquisition of broadcast properties	(107,956)	(14,000)
Net cash used for investing activities	(112,891)	(19,547)
Cash flows from financing activities:		
Proceeds from debt issuance	638,838	–
Repayment of loans	(595,357)	(2,835)

Proceeds from revolver draws	12,500	10,000
Proceeds from termination of swap agreement	–	4,387
Payments for debt finance and transaction costs	(18,256)	(571)
Cash escrowed for debt service	(10,500)	–
Capital contributions	86,260	3
Distributions	(8,054)	(1,418)
	<hr/>	<hr/>
Net cash provided by financing activities	105,431	9,566
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(643)	12,185
Cash and cash equivalents at beginning of period	2,750	5,802
	<hr/>	<hr/>
Cash and cash equivalents at end of period	\$ 2,107	\$ 17,987
	<hr/>	<hr/>

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

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business Operations

Nexstar Finance Holdings, L.L.C. (“Nexstar”) owns, operates and programs, through its subsidiaries, six NBC-affiliated television stations, three ABC-affiliated television stations, four CBS-affiliated television stations and one UPN-affiliated television station in the United States of America. Nexstar has an outsourcing agreement to provide services for a FOX affiliate owned by a subsidiary of Sinclair Broadcast Group, Inc. Through various local service agreements, Nexstar (i) programs one FOX-affiliated television station under a Time Brokerage Agreement (“TBA”), (ii) has Shared Services Agreements (“SSA”) with a CBS-affiliated television station and an ABC-affiliated station and (iii) has an SSA and a Joint Sales Agreement (“JSA”) with a FOX-affiliated television station and a low-power UPN-affiliated television station. The television stations described above are located in New York, Pennsylvania, Illinois, Indiana, Missouri, Texas and Louisiana.

2. Summary of Significant Accounting Policies

Basis of presentation

The consolidated financial statements include the accounts of Nexstar and its wholly-owned subsidiaries and Mission Broadcasting of Wichita Falls, Inc. (“Mission”) (collectively, the “Company”). Bastet Broadcasting, Inc. (“Bastet”) and Mission of Wichita Falls (collectively, the “Mission Group”) were separate entities 100% owned by the same independent third party. On September 30, 2002, Bastet and Mission Broadcasting of Joplin, Inc., a subsidiary of Mission, were merged into Mission with Mission as the surviving corporation. The reorganization has been accounted for as a combination of entities under common control in a manner similar to a pooling of interests and, accordingly, the financial statements for all periods have been restated to reflect the exchange of member’s interest. Collectively, Mission owns and operates the following television stations: WYOU, WFXP, KODE, KJTL and KJBO-LP. Nexstar does not own or control Mission’s television stations; however, under U.S. generally accepted accounting principles (“U.S. GAAP”), Nexstar is deemed to have a controlling financial interest in them due to the service and option agreements described below. Nexstar has entered into various management and service agreements with all of Mission’s stations. Nexstar has a TBA with WFXP, which allows Nexstar to program most of the station’s broadcasting time, sell the station’s advertising time and retain the advertising revenue generated by WFXP. Nexstar has an SSA with each of KJTL and KJBO-LP, which allows the sharing of services, including news production, technical maintenance and security, in exchange for Nexstar’s right to receive certain payments from the Mission Group as described in the SSAs. These payments have had the effect of Nexstar receiving substantially all of the available cash flow generated by KJTL and KJBO-LP. Nexstar anticipates that the payments required by the SSAs with KJTL and KJBO-LP will continue to have the effect of Nexstar receiving substantially all of the available cash flow generated by KJTL and KJBO-LP. Through a JSA, Nexstar has also acquired the right to sell and receive the revenues from the advertising time on KJTL and KJBO-LP in return for monthly payments to Mission. Nexstar has SSAs with each of WYOU and KODE, which have terms substantially similar to the terms of the SSAs with KJTL and KJBO-LP. Nexstar’s ability to receive cash from Mission is governed by the agreements described above.

In addition to providing certain services to the Mission television stations, Nexstar is also the guarantor of Mission’s debt (Note 6). Mission is a guarantor of the senior credit facility entered into and the senior subordinated notes issued by Nexstar (Note 6).

In connection with its proposed initial public offering, Nexstar Broadcasting Group, Inc., the ultimate parent of Nexstar, requested the FCC to review and reconfirm compliance of Nexstar’s local service agreements with Mission and the purchase options granted by the owner of Mission, with the FCC’s rules and policies. As a result of its review, the FCC requested certain revisions to the purchase options. Under the revised purchase options, the owner of Mission has granted to Nexstar a purchase option on each Mission television station to acquire the assets and liabilities of each station for consideration equal to the greater of (i) seven times the station’s broadcast cash flow less the amount of its indebtedness, as defined in the option agreement or (ii) its indebtedness. These option agreements are freely exercisable or assignable by

Nexstar without consent or approval by the owner of Mission. The purchase options, as revised to address the FCC' s comments, have been submitted to the FCC. Nexstar believes that the local service agreements as well as the purchase options comply with the FCC' s rules and published policies.

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

As a result of the service arrangements, the debt guarantees and the option agreements with Mission, Nexstar is deemed to have a controlling financial interest in Mission under U.S. GAAP while complying with the FCC's rules regarding ownership limits in television markets. As a result of Nexstar's controlling financial interest in Mission, Nexstar consolidates the financial position, results of operations and cash flows of Mission with Nexstar as if it was a wholly-owned entity of Nexstar in order to provide a more meaningful presentation of Nexstar's performance. Because Mission has a net asset deficit and because there is no binding obligation on the owner of Mission to make capital contributions to cover the deficit, minority interest in the results of operations and share of net assets have not been recognized.

The financial statements as of September 30, 2002 and for the three and nine months ended September 30, 2001 and 2002 are unaudited. However, in the opinion of management, such statements include all adjustments (consisting solely of normal recurring adjustments) necessary for the fair statement of the financial information included herein in accordance with U.S. GAAP and pursuant to the rules and regulations of the Securities and Exchange Commission. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Results of operations for interim periods are not necessarily indicative of results for the full year. The financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. The balance sheet at December 31, 2001 has been derived from the audited financial statements at that date, but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

All intercompany account balances and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to current period presentation. Unless otherwise noted, all dollars are in thousands.

Goodwill and other intangible assets

On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). SFAS No. 142 requires companies to cease amortizing certain intangible assets including goodwill and FCC licenses. The amortization of existing goodwill and FCC licenses resulting from acquisitions completed prior to June 30, 2001 ceased on December 31, 2001. Any goodwill and FCC licenses resulting from acquisitions completed after June 30, 2001 were not and will not be amortized. SFAS No. 142 established a new method of testing goodwill and FCC licenses for impairment on an annual basis or on an interim basis if an event occurs or circumstances change which would reduce the fair value of a reporting unit below its carrying value.

SFAS No. 142 requires that goodwill be tested for impairment using a two-step process. The first step is to identify a potential impairment by comparing the fair value of a station with its carrying amount and, in transition, this step must be measured as of the beginning of the fiscal year. However, a company has six months from the date of adoption to complete the first step. The second step of the goodwill impairment test measures the amount of the impairment loss (measured as of the beginning of the year of adoption), if any, and must be completed by the end of the Company's fiscal year. The Company completed the first step of the impairment test during the quarter ended June 30, 2002 using the discounted cash flow method to estimate the fair value of each of the Nexstar and Mission stations. The valuation assumptions used in the discounted cash flow model reflected historical performance of each station and prevailing values in the markets for broadcasting properties. As a result of this test, the Company identified three stations that require additional testing for impairment of goodwill. The net carrying amount of goodwill for these three stations at January 1, 2002 was \$40.1 million. The second step measures the amount of the impairment loss and will be completed by December 31, 2002.

FCC licenses have been tested for impairment using a one-step process, which compares the fair value to the carrying amount of the asset on a station by station basis as of January 1, 2002. The fair value of each station was determined using the discounted cash flow valuation method that excludes network compensation payments, assuming a hypothetical startup whose only asset is the FCC license. The test resulted in no impairment being identified. During the year ended December 31, 2001, the Company incurred goodwill amortization expense of \$2.8 million.

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents certain financial information assuming that amortization expense associated with goodwill and FCC licenses was excluded for all periods presented:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2002	2001	2002
	(Unaudited)		(Restated) (Unaudited)	
Loss before extraordinary loss from refinancing of credit facilities	\$ (11,262)	\$ (6,541)	\$ (30,812)	\$ (19,187)
Add:				
Goodwill amortization, net of tax	685	—	2,052	—
Indefinite-lived intangibles amortization, net of tax	1,289	—	3,882	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before extraordinary loss from refinancing of credit facilities— as adjusted	\$ (9,288)	\$ (6,541)	\$ (24,878)	\$ (19,187)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net loss	\$ (11,262)	\$ (6,541)	\$ (32,229)	\$ (19,187)
Add:				
Goodwill amortization, net of tax	685	—	2,052	—
Indefinite-lived intangibles amortization, net of tax	1,289	—	3,882	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net loss— as adjusted	\$ (9,288)	\$ (6,541)	\$ (26,295)	\$ (19,187)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Long-lived assets

On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS No. 144”). SFAS No. 144 supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of” and the accounting and reporting provisions relating to the disposal of a segment of a business described in Accounting Principles Board Opinion No. 30. The adoption did not have a material impact on the Company’s financial statements.

Recently issued accounting standards

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections” (“SFAS No. 145”), which is effective for fiscal years beginning after May 15, 2002. SFAS No. 145 rescinds SFAS No. 4 and SFAS No. 64, which addressed the accounting for gains and losses from extinguishment of debt. SFAS No. 145 amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. SFAS No. 145 also makes technical corrections to certain existing pronouncements that are not substantive in nature. The adoption of SFAS No. 145 may require the reclassification of debt extinguishment costs presented as an extraordinary item in periods prior to the adoption of the standard.

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. Acquisitions*WCIA/WCFN and WMBD*

On January 12, 2001, Nexstar acquired substantially all of the assets of WCIA/WCFN and WMBD from Midwest Television, Inc. (“Midwest”) for approximately \$108.0 million, exclusive of transaction costs. Included in the purchase price was \$0.5 million, which was paid directly to the owner of Midwest for the building that houses WCIA. The acquisition has been accounted for under the purchase method and, accordingly, the purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair value on the acquisition date. TBA fees in the amount of \$2.25 million were paid to Midwest at the time of closing.

KODE

On December 31, 2001, Mission entered into a TBA with GOCOM Broadcasting of Joplin, L.L.C. (“GOCOM”) and simultaneously entered into a Purchase and Sale Agreement to acquire substantially all of the assets of KODE for \$14.0 million. Pursuant to terms of the agreement, Mission made a down payment of \$6.0 million against the purchase price on December 31, 2001 and paid the remaining \$8.0 million upon the consummation of the acquisition on September 30, 2002, exclusive of transaction costs. KODE is the ABC-affiliated television station in Joplin, Missouri. The acquisition has been accounted for under the purchase method and, accordingly, the purchase price was allocated to assets and liabilities acquired based on their estimated fair value on the acquisition date. As a result of the TBA, effective December 31, 2001, the revenue and expenses associated with the operations of KODE (exclusive of depreciation and amortization expense) are included in the consolidated financial statements of Nexstar. The TBA was terminated upon the closing of the acquisition and non-recurring TBA fees in the amount of \$0.3 million are included in the consolidated financial statements of Nexstar.

On April 1, 2002, Mission entered into an SSA with KSNF, a Nexstar-owned station in the Joplin, Missouri market. As a result of the SSA with KSNF, Mission was able to reduce overhead costs associated with operations at KODE. Based on the expectation of the cost reductions through the SSA, Mission purchased KODE for an amount which resulted in the recognition of \$0.4 million of goodwill.

The selected unaudited pro forma consolidated information for the three and nine months ended September 30, 2001 and 2002, determined as if the Midwest and KODE acquisitions, described above, had occurred on January 1 of each period is as follows:

	Three Months Ended			
	September 30, 2001		September 30, 2002	
	As		As	
	reported	Pro forma	reported	Pro forma
	(Unaudited)		(Unaudited)	
Net broadcast revenue (excluding trade and barter)	\$ 22,298	\$ 23,432	\$29,001	\$ 29,001
Total net revenue	24,861	26,121	31,690	31,690
Income (loss) from operations	(1,974)	(2,374)	3,937	3,496
Net loss	\$(11,262)	\$(11,968)	\$(6,541)	\$ (7,062)
	Nine Months Ended			
	September 30, 2001 ⁽¹⁾		September 30, 2002	

	<u>As</u> <u>reported</u> <u>(Restated)</u>	<u>Pro forma</u>	<u>As</u> <u>reported</u>	<u>Pro forma</u>
	(Unaudited)		(Unaudited)	
Net broadcast revenue (excluding trade and barter)	\$ 70,957	\$ 74,401	\$ 83,931	\$ 83,931
Total net revenue	78,512	82,333	91,534	91,534
Income (loss) from operations	(2,274)	(3,664)	9,679	7,915
Net loss	\$(32,229)	\$(34,540)	\$(19,187)	\$(21,271)

- (1) The nine months ended September 30, 2001 pro forma amounts do not include the results of Midwest for the 12 days prior to acquisition on January 12, 2001 because the amounts are de minimis. As a result, the Midwest acquisition has no pro forma effect in the table set forth above.

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The selected unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of results of operations in future periods or results that would have been achieved had the Company and the acquired stations been combined during the specified periods.

4. Related Party Transactions*Guaranty—Chief Executive Officer*

Pursuant to a continuing guaranty agreement dated January 5, 1998 with Nexstar's primary lender, Nexstar guarantees a \$3.0 million non-revolving line of credit to its President and Chief Executive Officer to enable him, among other uses, to purchase equity units of Nexstar. The line of credit is full-recourse to the officer and is available until December 31, 2004. The full amount has been drawn against the line of credit.

5. Intangible Assets

	Estimated useful life (years)	December 31, 2001 (Restated)	September 30, 2002 (Unaudited)
Network affiliation agreements	15	\$ 171,957	\$ 177,509
FCC licenses	indefinite	77,113	81,468
Debt financing costs	term of debt	17,488	17,897
Other intangibles	1-15	11,154	12,271
		277,712	289,145
Less: accumulated amortization		(51,896)	(63,861)
Intangible assets, net of accumulated amortization		\$ 225,816	\$ 225,284

Total amortization expense from definite-lived intangibles (excluding debt financing costs) for the year ended December 31, 2001 and nine months ended September 30, 2002 was \$13.2 million and \$9.8 million, respectively. The carrying value of indefinite-lived intangibles, excluding goodwill, at December 31, 2001 and September 30, 2002 was \$64.3 million and \$68.6 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangibles, including debt financing costs, recorded on its books as of September 30, 2002:

Year ending December 31,	
2002	15,662
2003	14,949
2004	14,873
2005	14,823
2006	13,850

6. Debt

Long term debt consists of the following:

	December 31, 2001	September 30, 2002 (Unaudited)
Term loan	\$ 82,000	\$ 81,676
Revolving credit facility	46,143	53,643
12% Senior subordinated notes due 2008, net of discount	154,097	154,583
16% Senior discount notes due 2009, net of discount	20,802	23,512
SFAS No. 133 hedge accounting adjustment	1,590	4,289
	304,632	317,703
Less: current portion	(488)	(1,928)
	\$ 304,144	\$ 315,775

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Bank Debt

Bank Debt Facility Agreements

The Nexstar Senior Secured Credit Facility

On January 12, 2001, Nexstar entered into senior secured credit facilities (the “Nexstar Credit Facilities”) with a group of commercial banks. The terms of the credit agreement provided for a revolving credit facility (the “Nexstar revolver”) in the amount of \$122.0 million and a term loan facility (the “Nexstar term loan”) in the amount of \$110.0 million. The revolving credit facility was subsequently reduced to \$72.0 million after the issuance of the Senior Subordinated Notes discussed below. The credit facility was subsequently amended on June 14, 2001 to allow for a \$50.0 million Term A facility, a \$75.0 million Term B facility and a \$57.0 million revolving facility. On November 14, 2001, the credit facilities were further amended to adjust financial covenants effective for the period ended September 30, 2001 and future periods because we were not in compliance with the consolidated total leverage ratio as of September 30, 2001, due in large part to the negative impact on advertising revenues resulting from the events of September 11, 2001, and because we anticipated non-compliance in future periods. The amendment also reduced the revolving facility to \$42.0 million. On June 4, 2002, the Nexstar Credit Facilities were amended again to allow Nexstar Broadcasting Group, L.L.C. (Nexstar’s indirect parent) to undertake the reorganization and other transactions related to the proposed initial public offering by Nexstar Broadcasting Group, Inc., including the redemption of the preferred membership interests of Nexstar Broadcasting Group, L.L.C. and a loan to the Mission Group. Nexstar Broadcasting Group, Inc.’s proposed initial public offering is discussed below in Note 10. Prepayments have been made under the Term A facility, which have effectively reduced the commitment to \$32.0 million. Interest rates associated with the Nexstar revolver and term loans are based, at the option of Nexstar, on the prevailing prime rate plus an applicable margin or the LIBOR rate plus an applicable margin, as defined (ranging from 5.11% to 5.27% at September 30, 2002). Interest is fixed for a period ranging from one month to 12 months, depending on availability of the interest basis selected, except if Nexstar selects a prime-based loan, in which case the interest rate will fluctuate during the period as the prime rate fluctuates. Interest is payable periodically based on the type of interest rate selected. In addition, Nexstar is required to pay quarterly commitment fees based on the Company’s leverage ratio for that particular quarter on the unused portion of the Nexstar revolver loan commitment. The Nexstar term loans are subject to scheduled mandatory repayments and the Nexstar revolver is subject to scheduled mandatory reductions commencing in 2003. The Nexstar revolving and Term A facilities mature on January 12, 2007. The Term B facility matures on July 12, 2007. Any excess amount outstanding at the time of a mandatory reduction is payable at that time. The borrowings under the Nexstar senior secured credit facility are guaranteed, jointly and severally, by Nexstar and Mission, and by each existing and subsequently acquired or organized subsidiary of Nexstar.

The Mission Group Senior Secured Credit Facility

On January 12, 2001, Bastet and Mission entered into a credit agreement (the “Mission Group credit facility”) with a group of commercial banks. The terms provided for the banks to make revolving loans to Bastet and Mission, not to exceed the aggregate commitment of \$43.0 million. On November 14, 2001, the Mission Group credit facility was amended to increase the revolving facility to \$58.0 million. The Mission Group credit facility was amended on June 4, 2002, in connection with the proposed initial public offering by Nexstar Broadcasting Group, Inc. to permit a loan to the Mission Group by Nexstar Broadcasting Group, Inc. The Mission Group credit facility was amended again on September 30, 2002 in order to permit the merger of Bastet and Mission Broadcasting of Joplin, Inc. into Mission. Bastet and Mission are jointly and severally liable for the outstanding amount of the loan. Nexstar has entered into a guarantor agreement, whereby Nexstar guarantees full payment of any obligations outstanding in the event of the Mission Group’s default. Interest rates associated with the Mission Group credit facility are based, at the option of the Mission Group, on the prevailing prime rate plus an applicable margin or the LIBOR rate plus an applicable margin, as defined (ranging from 5.29% to 5.32% at September 30, 2002). Interest is fixed for a period ranging from one month to 12 months, depending on availability of the interest basis selected, except if the Mission Group selects a prime-based loan,

in which case the interest rate will fluctuate during the period as the prime rate fluctuates. Interest is payable periodically based on the type of interest rate selected. In addition, the Mission Group is required to pay quarterly commitment fees based on the Company' s leverage ratio for that particular quarter on the unused portion of the Mission Group credit facility loan commitment. The Mission Group credit facility is due and payable on the maturity date, January 12, 2007. Any excess amount outstanding at the time of a mandatory reduction is payable at that time.

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Senior Subordinated Notes

On March 16, 2001, Nexstar Finance L.L.C. (“Nexstar Finance”), a wholly-owned subsidiary, issued \$160.0 million of 12% senior subordinated notes (the “notes”) at a price of 96.012%. The notes mature on April 1, 2008. Interest is payable every six months in arrears on April 1 and October 1. The notes are guaranteed by all of the domestic existing and future restricted subsidiaries of Nexstar Finance and by Mission. They are general unsecured senior subordinated obligations subordinated to all of the Company’s senior secured debt. The notes are redeemable on or after April 1, 2005, at declining premiums, and Nexstar Finance may redeem, at a premium, up to 35.0% of the aggregate principal amount of the notes before April 1, 2004 with the net cash proceeds from qualified equity offerings. The notes are not redeemable by either the issuer or the note holder between April 1, 2004 and March 31, 2005. The proceeds of the offering were used to partially refinance existing indebtedness of Nexstar Finance and fund working capital needs.

Senior Discount Notes

On May 17, 2001, Nexstar issued \$37.0 million principal amount at maturity of Senior Discount Notes (the “discount notes”) at a price of 54.0373%. The discount notes mature on May 15, 2009. Each discount note will have an accreted value at maturity of \$1,000. The discount notes will not begin to accrue cash interest until May 15, 2005 with payments to be made every six months in arrears on May 15 and November 15. They are general unsecured senior obligations effectively subordinated to all of Nexstar’s senior secured debt and are structurally subordinated to the notes described above.

Debt Covenants

The bank debt agreements and the notes described above contain covenants, which require the Company to comply with certain financial ratios, capital expenditures, cash flow payments, and other limits. The Company was in compliance with all covenants at September 30, 2002.

Debt Financing Costs

In conjunction with the refinancing of the credit facility in January 2001, the Company expensed \$1,417 related to certain debt financing costs. The amount, net of tax benefit, has been presented as an extraordinary item. See Note 2 for recent accounting pronouncements.

Derivative Instrument

In August 2002, the Company terminated the \$60.0 million notional interest rate swap contract to receive a fixed rate of 12.0% and pay a LIBOR-based variable rate of interest. The interest rate swap contract had been designated as a fair value hedge of the benchmark interest rate in Nexstar Finance’s \$160.0 million, 12% senior subordinated notes, which resulted in an adjustment to the notes of \$4.3 million pursuant to the requirements of Statement of Financial Accounting Standards No. 133. The adjustment to the notes is being amortized as an adjustment to interest expense over the period originally covered by the swap contract.

7. Income Taxes

The Company’s income tax benefit for the nine months ended September 30, 2001 was \$628, compared to the income tax benefit for the nine months ended September 30, 2002 of \$2,333. The Company’s effective tax rate benefit was 2% for the nine months ended September 30, 2001 as compared to 11% for the nine months ended September 30, 2002. The significant differences from the statutory tax rate and the effective tax rate for the nine months ended September 30, 2002 include an increase in the valuation allowance, income earned by entities not subject to corporate income tax, and state taxes, net of the federal benefit.

8. Commitments and Contingencies

From time to time, the Company is involved with claims that arise out of the normal course of its business. In the opinion of management, any resulting liability with respect to these claims would not have a material adverse effect on the Company's financial condition or results of operations.

9. Effects of Restatement

In June 1999, in conjunction with the refinancing of its senior credit facility, the Company expensed certain debt financing costs as an extraordinary item, net of tax benefit. See Note 6 for a description of the refinancing. Management subsequently determined that a portion of those costs, specifically those related to the revolving credit facility, should not have been expensed as an extraordinary item, but should have remained capitalized and subsequently amortized. As a result, the Company has restated its 1999 financial statements to reverse the extraordinary item, properly state amortization of debt finance costs (included in interest expense), and reverse the related tax effect. The financial statements as of and for the years ended December 31, 2000 and 2001 and the financial statement for the nine months ended September 30, 2001 have also been restated to reflect the carryover effect of the change.

	Deferred Tax Assets	Intangible Assets, Net	Interest Expense, Including Amortization of Debt Financing Costs	Income Tax Expense	Extraordinary Loss from Refinancing of Credit Facilities, Net of tax	Net Loss
Balance at December 31, 1999						
As previously reported			\$ (16,282)	\$ (658)	\$ (2,829)	\$(14,249)
Adjustment to extraordinary loss from refinancing of credit facilities and interest expense, including amortization of debt financing costs			(107)	4	1,388	1,285
As revised			\$ (16,389)	\$ (654)	\$ (1,441)	\$(12,964)
Balance at December 31, 2000						
As previously reported	\$ 280	\$220,480	\$ (20,045)	\$(1,098)		\$ (2,523)
Adjustment to extraordinary loss from refinancing of credit facilities and interest expense, including amortization of debt financing costs		1,224	(125)	7		(118)
Adjustment to deferred tax assets	(58)					
As revised	\$ 222	\$221,704	\$ (20,170)	\$(1,091)		\$ (2,641)
Balance at September 30, 2001						
As previously reported			\$ (29,026)		\$ (263)	\$(31,064)
Adjustment to extraordinary loss from refinancing of credit facilities and interest expense, including amortization of debt financing costs			(11)		(1,154)	(1,165)
As revised			\$ (29,037)		\$ (1,417)	\$(32,229)

Balance at December 31, 2001

As previously reported	\$ 276	\$313,280	\$ (38,794)	\$ (263)	\$(38,319)
Adjustment to extraordinary loss from refinancing of credit facilities and interest expense, including amortization of debt financing costs		-	(11)	(1,154)	(1,165)
Adjustment to deferred tax assets	-				
As revised	\$ 276	\$313,280	\$ (38,805)	\$ (1,417)	\$(39,484)

NEXSTAR FINANCE HOLDINGS, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

10. Initial Public Offering

On April 24, 2002, Nexstar Broadcasting Group, Inc., filed for an initial public offering with the SEC. Nexstar Broadcasting Group, L.L.C., Nexstar's indirect parent, will undertake a reorganization in connection with the consummation of the initial public offering whereby Nexstar Broadcasting Group, L.L.C. and certain of its direct and indirect subsidiaries will be merged with and into, Nexstar Broadcasting Group, Inc., which will become the surviving corporation.

NEXSTAR FINANCE HOLDINGS, L.L.C.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking and Cautionary Statements

The following discussion and analysis should be read in conjunction with the Unaudited Consolidated Balance Sheet as of September 30, 2002, Unaudited Consolidated Statement of Operations and Other Comprehensive Loss and other unaudited financial statements for the three months and nine months ended September 30, 2001 and 2002 and notes to related financial statements included elsewhere in this report. The "forward-looking statements" in this discussion regarding the television broadcasting industry, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in the discussion are subject to numerous risks and uncertainties, including those described in Nexstar' s Annual Report on Form 10-K for the year ended December 31, 2001. Forward-looking statements may include the words "may," "will," "estimate," "intend," "continue," "believe," "expect" or "anticipate" and other similar words. Our actual results may differ materially from those contained in any forward-looking statements.

We make references throughout our "Management' s Discussion and Analysis of Financial Condition and Results of Operations" to comparisons on a "same station basis." These comparisons refer to stations that we have owned or provided services to at the beginning and end of a particular period. In particular, references to a comparison on a same station basis for the three months and nine months ended September 30, 2001 versus the three months and nine months ended September 30, 2002 include the following stations: WYOU, KQTV, WTWO, WBRE, KFDX, KSNF, KBTW, WJET, WFXP, WROC, KJTL, KJBO, KTAB, KMID, KTAL, WCIA and WMBD. As used in the report, unless the context indicated otherwise, "Nexstar" refers to Nexstar Finance Holdings, L.L.C. and its consolidated subsidiaries including Nexstar Finance Holdings, Inc., "Nexstar Finance" refers to Nexstar Finance, L.L.C., a wholly-owned subsidiary of Nexstar, "Mission" refers to Mission Broadcasting of Wichita Falls, Inc.; and all references to "we," "our," and "us" refer, collectively, to Nexstar and Mission.

Introduction

Nexstar owns and operates, through our subsidiaries, 14 television stations. Through various local service agreements with Mission, Nexstar provides various management, sales or other services to additional television stations. Mission is 100% owned by an independent third party. Mission owns and operates the following television stations: WYOU, WFXP, KODE, KJTL and KJBO-LP. Nexstar does not own or control the Mission television stations; however, under U.S. generally accepted accounting principles ("U.S. GAAP"), Nexstar is deemed to have a controlling financial interest in them due to the service and option agreements described below. Nexstar has entered into various management and service agreements with all of the Mission stations. Nexstar has a time brokerage agreement with WFXP, which allows Nexstar to program most of the station' s broadcasting time, sell the station' s advertising time and retain the advertising revenue generated by WFXP. Nexstar has a shared services agreement with each of KJTL and KJBO-LP, which allows the sharing of services, including news production, technical maintenance and security, in exchange for Nexstar' s right to receive certain payments from the Mission Group as described in the shared service agreements. These payments have had the effect of Nexstar receiving substantially all of the available cash flow generated by KJTL and KJBO-LP. Nexstar anticipates that the payments required by the shared service agreements with KJTL and KJBO-LP will continue to have the effect of Nexstar receiving substantially all of the available cash flow generated by KJTL and KJBO-LP. Through a joint sales agreement, Nexstar has also acquired the rights to sell and receive the revenues from the advertising time on KJTL and KJBO-LP in return for monthly payments to Mission. Nexstar has shared services agreements with each of WYOU and KODE, which have terms substantially similar to the terms of the shared services agreements with KJTL and KJBO-LP. Nexstar' s ability to receive cash from Mission is governed by the agreements described above.

In addition to providing certain services to the Mission television stations, Nexstar Finance also guarantees the debt of Mission. Mission is a guarantor of the senior credit facility entered into and the senior subordinated notes issued by Nexstar Finance.

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In connection with the proposed initial public offering, Nexstar Broadcasting Group, Inc., the ultimate parent of Nexstar, requested the FCC to review and reconfirm compliance of Nexstar's local service agreements with Mission and the purchase options granted by the owner of Mission, with the FCC's rules and policies. As a result of its review, the FCC requested certain revisions to the purchase options. Under the revised purchase options, the owner of Mission has granted to Nexstar a purchase option on each Mission television station to acquire the assets and liabilities of each station for consideration equal to the greater of (i) seven times the station's broadcast cash flow less the amount of its indebtedness as defined in the option agreement or (ii) its indebtedness. These option agreements are freely exercisable or assignable by Nexstar without consent or approval by the owner of Mission. The purchase options, as revised to address the FCC comments, have been submitted to the FCC. Nexstar believes that the local service agreements as well as the purchase options comply with the FCC's rules and published policies.

As a result of the service arrangements, the debt guarantees and the option agreements with Mission, Nexstar is deemed to have a controlling financial interest in Mission under U.S. GAAP while complying with the FCC's rules regarding ownership limits in television markets. Mission retains ultimate control over each Mission station. Such control includes, but is not limited to, retaining control over policies, programming, advertisements and operations of the stations. As a result of our controlling financial interest in Mission under U.S. GAAP and in order to present fairly our financial position, results of operations and cash flows, we consolidate the financial position, results of operations and cash flows of Mission with Nexstar as if it was a wholly-owned entity. We believe this presentation is meaningful for understanding our financial performance. Therefore, the following discussion of Nexstar's financial condition and results of operations includes Mission's financial statements.

In addition, pursuant to an outsourcing agreement with a subsidiary of Sinclair Broadcast Group, Inc. that became effective December 1, 2001, Nexstar provides engineering, production, sales and administrative services for WYZZ, the FOX affiliate in the Peoria-Bloomington, IL market. The parties share the combined broadcast cash flow generated by WYZZ and Nexstar-owned, WMBD. The outsourcing agreement expires in December 2008. It is non-cancelable until May 2003, at which time it may be canceled by either party upon 180 days written notice.

The operating revenue of our stations is derived primarily from advertising revenue, which in turn depends on the economic conditions of the markets in which we operate, the demographic makeup of those markets and the marketing strategy we employ in each market. Our primary operating expenses consist of commissions on advertising revenue, employee compensation and related benefits, newsgathering and programming costs. A large percentage of the costs involved in the operation of our stations remain relatively fixed.

Each of our stations has a network affiliation agreement pursuant to which the network provides programming to the station during specified time periods, including prime time. Each of NBC, CBS and ABC compensates our affiliated stations for distributing the network's programming over the air and for allowing the network to keep a portion of advertising inventory during those time periods. Each station acquires licenses to broadcast programming in non-news and non-network time periods. The licenses are either purchased from a program distributor for cash and/or the program distributor is allowed to retain some of the advertising inventory as compensation to eliminate or reduce the cash cost for the license, the latter is referred to as barter broadcast rights. The station records the estimated fair market value of the licenses, including any advertising inventory given to the program distributor, as a broadcast right asset and liability. The assets are amortized as a component of amortization of broadcast rights. Amortization is computed using the straight-line method based on the license period or usage, whichever is greater. The cash broadcast rights liabilities are reduced by monthly payments while the barter liability is amortized over the life of the contract as a component of trade and barter revenue.

Advertising rates are based upon 1) a program's popularity among the viewers that an advertiser wishes to target, 2) the number of advertisers competing for the available time, 3) the size and the demographic composition of the market served by the station, 4) the availability of alternative advertising media in the market area and 5) the effectiveness of the station's sales force. Advertising rates are also determined by a station's overall ability to attract viewers in its market area, as well as the station's ability to attract viewers among particular

demographic groups that an advertiser may be targeting. Advertising revenue is positively affected by strong local economies, national and regional political election campaigns, and certain events such as the Olympic Games or the Super Bowl. Because television broadcast stations rely on advertising revenue, declines in advertising budgets, particularly in recessionary periods, adversely affect the broadcast industry, and as a result may contribute to a decrease in the revenue of broadcast television stations.

NEXSTAR FINANCE HOLDINGS, L.L.C.

Most advertising contracts are short-term and generally run for a few weeks. Excluding political revenue, 62.3% and 65.7% of our spot revenue for the nine months ended September 30, 2001 and 2002, respectively, was generated from local advertising. The remainder of our advertising revenue represents inventory sold for national or political advertising. Each station has an agreement with a national representative firm that provides for representation outside the particular station's market. National commission rates vary within the industry and are governed by each station's agreement. All national and political revenue derived from advertisements is placed by advertising agencies. The agencies receive a commission rate of 15.0% for the gross amount of revenue related to the advertising schedules placed by them. While the majority of local spot revenue is placed by local agencies, some advertisers place their advertisements directly with our stations' local sales staff, thereby eliminating the agency commission.

The advertising revenue of our stations is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to, and including, the holiday season. In addition, advertising revenue is generally higher during even-numbered years as a result of political advertising and advertising aired during the Olympic Games.

We define adjusted EBITDA as net income (loss) plus extraordinary loss, preferred dividends, income taxes, interest expense, depreciation and amortization (including amortization of broadcast rights), other expense (income), non-cash trade and barter expenses, non-recurring expenses (including time brokerage agreement fees) and network compensation payments received or receivable, less payments on broadcast rights, non-cash trade and barter revenue and network compensation revenue. We define broadcast cash flow as adjusted EBITDA plus corporate expenses. Neither adjusted EBITDA nor broadcast cash flow: (1) is a measure of performance calculated in accordance with generally accepted accounting principles; (2) should be considered in isolation or as a substitute for net income, operating income or cash flow as reflected in our consolidated financial statements; or (3) is intended to represent a measure of funds available for debt service, dividends, reinvestment or discretionary uses. In addition, our definition of adjusted EBITDA and/or broadcast cash flow may not be comparable to similarly titled measures reported by other companies. We believe that the presentation of adjusted EBITDA and broadcast cash flow is relevant and useful because such data is used by industry analysts to determine a market value of our television stations and to evaluate our operating performance. Additionally, adjusted EBITDA is a measure used in the broadcast industry to evaluate a company's ability to service its debt. Furthermore, our management uses adjusted EBITDA and broadcast cash flow, among other data, as internal measures for setting budgets, determining financial performance, evaluating targeted stations for acquisition and as a measurement component of incentive bonuses.

On April 1, 2002, Nexstar entered into a shared services agreement with Mission to provide news production, technical maintenance and security for KODE, in exchange for monthly fees paid to Nexstar. The services provided by Nexstar resulted in higher miscellaneous revenues and operating expenses for Nexstar-owned KSNF, the station providing the services.

The local service agreements which were entered into during the fiscal year ended December 31, 2001, affect the year-to-year comparability of the operating results discussed below. Additionally, on April 1, 2002, we converted WCFN from a satellite station of WCIA to a UPN-affiliated station. At that time, WCFN became a full-power station capable of generating revenues of its own. For discussion purposes on a same station basis, we have excluded WCFN's revenues and expenses.

Recent Developments

On April 24, 2002, Nexstar Broadcasting Group, Inc., filed for an initial public offering with the SEC. Nexstar Broadcasting Group, L.L.C., Nexstar's indirect parent, will undertake a reorganization in connection with the consummation of the initial public offering whereby Nexstar Broadcasting Group, L.L.C. and certain of its direct and indirect subsidiaries will be merged with and into, Nexstar Broadcasting Group, Inc., which will become the surviving corporation.

In August 2002, we terminated the \$60.0 million notional interest rate swap contract to receive a fixed rate of 12.0% and pay a LIBOR-based variable rate of interest. The interest rate swap contract had been designated as a fair value hedge of the benchmark interest rate in Nexstar's \$160.0 million, 12% senior subordinated notes, which result in an adjustment to the notes of \$4.3 million pursuant to the requirements of Statement of Financial Accounting Standards No. 133. The adjustment to the notes is being amortized as an adjustment to interest expense over the period originally covered by the swap contract.

On September 30, 2002, Bastet Broadcasting, Inc., a corporation owned by the same shareholder as Mission, and Mission Broadcasting of Joplin, Inc., a subsidiary of Mission, merged into Mission with Mission as the surviving corporation. The reorganization has been accounted for as a combination of entities under common control in a manner similar to a pooling of interests and, accordingly, the financial statements for all periods have been restated to reflect the exchange of member's interest.

On September 30, 2002, Mission acquired substantially all of the assets of KODE, the ABC-affiliated television station in Joplin, Missouri, from GOCOM Broadcasting of Joplin, L.L.C. ("GOCOM"). Mission made a down payment of \$6.0 million against the purchase price on December 31, 2001 and paid the remaining \$8.0 million upon the consummation of the acquisition on September 30, 2002, exclusive of transaction costs.

NEXSTAR FINANCE HOLDINGS, L.L.C.

Critical accounting policies and estimates

In the normal course of business, we are party to various claims and legal proceedings. We record a reserve for these matters when an adverse outcome is probable and we can reasonably estimate our potential liability.

Although the ultimate outcome of these matters is currently not determinable, we do not believe that the resolution of these matters in a manner adverse to our interest will have a material effect upon our financial condition, results of operations or cash flows for an interim or annual period.

Historical Performance**Revenue**

The following table sets forth the principal types of revenue received by our stations for the periods indicated and each type of revenue (other than trade and barter) as a percentage of total gross revenue, as well as agency and national sales representative commissions:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2001		2002		2001		2002	
	Amount	%	Amount	%	Amount	%	Amount	%
	(dollars in thousands)				(dollars in thousands)			
Local	\$14,463	56.3	\$17,605	52.1	\$46,031	56.2	\$53,766	55.2
National	8,678	33.8	9,099	26.9	27,841	34.0	28,091	28.8
Political	230	0.9	5,056	14.9	867	1.0	9,287	9.5
Network compensation	1,836	7.1	1,624	4.8	5,349	6.5	4,881	5.0
Other	501	1.9	432	1.3	1,866	2.3	1,413	1.5
Total gross revenue	25,708	100.0	33,816	100.0	81,954	100.0	97,438	100.0
Less: Agency and national representative commissions	3,410	13.3	4,815	14.2	10,997	13.4	13,507	13.9
Net broadcast revenue	22,298	86.7	29,001	85.8	70,957	86.6	83,931	86.1
Trade and barter	2,563		2,689		7,555		7,603	
Total net revenue	\$24,861		\$31,690		\$78,512		\$91,534	

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Results of Operations

The following table sets forth a summary of our operations for the periods indicated and their percentages of total net revenue:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2001		2002		2001		2002	
	Amount	%	Amount	%	Amount	%	Amount	%
	(dollars in thousands)				(dollars in thousands)			
Total net revenue	\$24,861	100.0	\$31,690	100.0	\$78,512	100.0	\$91,534	100.0
Operating expenses:								
Corporate expenses	593	2.4	1,008	3.2	1,951	2.5	2,869	3.1
Station direct operating expenses, net of trade	7,038	28.3	7,957	25.1	21,395	27.3	23,581	25.8
Selling, general and administrative expenses	6,161	24.8	7,438	23.5	18,668	23.8	22,578	24.7
Trade and barter	2,456	9.9	2,445	7.7	7,548	9.6	7,258	7.9
Depreciation and amortization	8,521	34.3	6,813	21.5	25,259	32.2	19,690	21.5
Amortization of broadcast license rights, net of barter	2,066	8.3	2,092	6.6	5,965	7.6	5,879	6.4
Income (loss) from operations	<u>\$ (1,974)</u>		<u>\$ 3,937</u>		<u>\$ (2,274)</u>		<u>\$ 9,679</u>	

Adjusted EBITDA

The following table sets forth certain financial data for the periods indicated. This information should be reviewed together with our discussion of our historical operating results, particularly our net loss.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2002	2001	2002
	(dollars in thousands)		(dollars in thousands)	
Net loss (Restated) (3)	\$ (11,262)	\$ (6,541)	\$ (32,229)	\$ (19,187)
Add:				
Extraordinary loss, net of tax (Restated) (3)	–	–	1,417	–
Income tax benefit	(245)	(1,280)	(628)	(2,333)
Interest expense, including amortization of debt financing costs (Restated) (3)	9,683	9,690	29,037	28,927
Depreciation	3,284	3,443	9,466	9,846
Amortization of intangible assets	5,237	3,370	15,793	9,844
Amortization of broadcast rights, excluding barter	2,066	2,092	5,965	5,879
Other (income) expense	(9)	2,104	426	2,366
Trade and barter expense	2,456	2,445	7,548	7,258
Network compensation payments received or receivable (1)	1,836	2,167	5,349	6,510
Non-recurring expenses	–	105	77	567
Less:				

Trade and barter revenue	2,563	2,689	7,555	7,603
Network compensation revenue	1,836	1,624	5,349	4,881
Payments for broadcast license liabilities	2,011	1,849	6,020	5,785
Adjusted EBITDA	\$ 6,636	\$11,433	\$ 23,297	\$ 31,408
Adjusted EBITDA margin (2)	29.8%	39.4%	32.8%	37.4%

- (1) Network compensation received or receivable may differ from network compensation revenue due to the recognition of revenue under GAAP as compared to the timing of the receipt of cash payments as agreed in the network affiliation agreement.
- (2) Adjusted EBITDA margin is defined as adjusted EBITDA divided by net broadcast revenue.
- (3) We are restating our 1999 financial statements to capitalize certain debt financing costs which were expensed as an extraordinary item in 1999. The financial statements for the year ended December 31, 2001 and for the nine months ended September 30, 2001, have also been restated to reflect the carryover effect of the change.

NEXSTAR FINANCE HOLDINGS, L.L.C.

Broadcast Cash Flow

The following table sets forth certain financial data for the periods indicated. This information should be reviewed together with our discussion of our historical operating results.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2002	2001	2002
	Amount	Amount	Amount	Amount
	(dollars in thousands)		(dollars in thousands)	
Adjusted EBITDA	\$6,636	\$11,433	\$23,297	\$31,408
Add:				
Corporate expenses (1)	593	1,008	1,951	2,869
Broadcast cash flow	\$7,229	\$12,441	\$25,248	\$34,277
Broadcast cash flow margin (2)	32.4%	42.9%	35.6%	40.8%

(1) Corporate expenses represent costs associated with the centralized management of our stations.

(2) Broadcast cash flow margin is defined as broadcast cash flow divided by net broadcast revenue.

Three Months Ended September 30, 2002 Compared to Three Months Ended September 30, 2001

Net broadcast revenue for the three months ended September 30, 2002 was \$29.0 million, an increase of \$6.7 million, compared to \$22.3 million for the three months ended September 30, 2001. An increase in net broadcast revenue of \$2.0 million was attributed to stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, net broadcast revenue for the three months ended September 30, 2002 was \$27.0 million as compared to \$22.3 million for the three months ended September 30, 2001, an increase of 21.1%. Of this increase, \$3.7 million was political revenue resulting from election campaigns in most of our markets, \$1.5 million was attributed to an increase in local demand, offset, in part, by a decline in national revenue of \$0.1 million and the renewals of network affiliation agreements at five of our stations which resulted in a decrease in network compensation of \$0.3 million, on a same station basis.

Station direct operating expenses, including selling, general and administrative expenses, net of trade, for the three months ended September 30, 2002 were \$15.4 million, compared to \$13.2 million for the three months ended September 30, 2001, an increase of \$2.2 million. Of this increase, \$1.8 million was attributed to stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, station direct operating expenses for the three months ended September 30, 2002 were \$13.6 million as compared to \$13.2 million for the three months ended September 30, 2001, a 2.9% increase. This increase was attributed to additional expenses incurred by KSNF to accommodate the shared services agreement in Joplin that began on April 1, 2002.

Corporate expenses for the three months ended September 30, 2002 were \$1.0 million, compared to \$0.6 million for the three months ended September 30, 2001, an increase of \$0.4 million. The increase was primarily attributed to an increase in personnel, professional fees and the accrual of incentive compensation in 2002.

Amortization of program license rights, excluding barter, for the three months ended September 30, 2002 was \$2.1 million, compared to \$2.1 million for the three months ended September 30, 2001, consistent with the prior year. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN had no material affect on film amortization.

Depreciation of property and equipment was \$3.4 million for the three months ended September 30, 2002, compared to \$3.3 million for the three months ended September 30, 2001, consistent with the prior year. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN had no material effect on depreciation. The amortization of intangibles was \$3.4 million for the three months ended September 30, 2002, compared to \$5.2 million for the same period in 2001. The decrease in amortization was attributed to the elimination of amortization of indefinite-lived intangible assets, including goodwill.

NEXSTAR FINANCE HOLDINGS, L.L.C.

Income from operations for the three months ended September 30, 2002 was \$3.9 million, compared to a loss from operations of \$2.0 million for the three months ended September 30, 2001, an improvement of \$5.9 million. The improvement in income from operations was primarily attributed to the increase in revenue without a corresponding increase in operating expenses due to the relatively fixed nature of operating costs at our television stations along with the elimination of approximately \$1.9 million of amortization of indefinite-lived assets, including goodwill. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN had no material effect on income from operations.

Interest expense, including amortization of debt financing costs, was \$9.7 million for the three months ended September 30, 2002 and 2001.

As a result of the factors discussed above, our net loss was \$6.5 million for the three months ended September 30, 2002, compared to \$11.3 million for the same period in 2001, a decrease in net loss of \$4.8 million.

Adjusted EBITDA for the three months ended September 30, 2002 was \$11.4 million, compared to \$6.6 million for the three months ended September 30, 2001, an increase of \$4.8 million. Of the \$4.8 million increase, approximately \$0.3 million was attributed to stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, adjusted EBITDA for the three months ended September 30, 2002 was \$11.1 million, compared to \$6.6 million for the three months ended September 30, 2001. Adjusted EBITDA margins increased to 39.4% from 29.8% for the same period in 2001. The increase in adjusted EBITDA and the adjusted EBITDA margin was primarily a result of an increase in net broadcast revenue and the effect of accelerated cash payments under the five renewed network affiliation agreements. Due to the relatively fixed nature of operating costs at our television stations, the margins were directly affected by the higher revenue. We expect to continue having higher margins during the even-numbered years as a result of advertising revenue associated with the Olympic Games and political campaigns and lower margins during the odd-numbered years without the Olympic Games and with nominal political activity.

Broadcast cash flow for the three months ended September 30, 2002 was \$12.4 million, compared to \$7.2 million for the same period in 2001, an increase of \$5.2 million. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN accounted for a \$0.3 million increase. On a same station basis, broadcast cash flow for the three months ended September 30, 2002 was \$12.1 million, compared to \$7.2 million for the same period in 2001. Broadcast cash flow margins for the three months ended September 30, 2002 increased to 42.9% from 32.4% for the same period in 2001.

Nine Months Ended September 30, 2002 Compared to Nine Months Ended September 30, 2001

Net broadcast revenue for the nine months ended September 30, 2002 was \$83.9 million, an increase of \$12.9 million, compared to \$71.0 million for the nine months ended September 30, 2001. An increase in net broadcast revenue of \$5.9 million was attributed to stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, net broadcast revenue for the nine months ended September 30, 2002 was \$78.0 million as compared to \$71.0 million for the same period in 2001, an increase of 9.9%, or \$7.0 million. Of this increase, \$6.5 million was political revenue resulting from the election campaigns in most of our markets, \$3.0 million was attributed to an increase in local demand, offset, in part, by a decline in national revenue of \$0.9 million and the renewals of network affiliation agreements at five of our stations which resulted in a decrease in network compensation of \$0.9 million, on a same station basis.

Station direct operating expenses and selling, general and administrative expenses, net of trade, for the nine months ended September 30, 2002 were \$46.2 million, compared to \$40.1 million for the nine months ended September 30, 2001, an increase of \$6.1 million. Of the \$6.1 million increase in station direct operating expenses, \$5.5 million was attributed to stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, station direct operating expenses for the nine months ended September 30, 2002 were \$40.7 million as compared to \$40.1 million for the nine months ended September 30, 2001, an increase of 1.5%, or \$0.6 million.

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Corporate expenses for the nine months ended September 30, 2002 were \$2.9 million, compare to \$2.0 million for the nine months ended September 30, 2001, an increase of \$0.9 million. The increase was primarily attributed to an increase in personnel, professional fees and the accrual of incentive compensation in 2002.

Amortization of broadcast license rights, excluding barter, for the nine months ended September 30, 2002 was \$5.9 million, compared to \$6.0 million for the nine months ended September 30, 2001, consistent with the prior year. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN had no material effect on amortization of broadcast rights.

Depreciation of property and equipment was \$9.8 million for the nine months ended September 30, 2002, compared to \$9.5 million for the nine months ended September 30, 2001, an increase of \$0.3 million. The increase in depreciation was attributed to the incremental capital expenditures incurred at our television stations since September 30, 2001. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN had no material effect on depreciation. The amortization of intangibles was \$9.8 million for the nine months ended September 30, 2002, compared to \$15.8 million for the same period in 2001. The decrease in amortization was attributed to the elimination of amortization of indefinite-lived intangible assets, including goodwill.

Income from operations for the nine months ended September 30, 2002 was \$9.7 million, compared to a loss from operations of \$2.3 million for the nine months ended September 30, 2001. Of the \$12.0 million improvement, approximately \$0.1 million was attributed to income from operations from stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, income from operations for the nine months ended September 30, 2002 was \$9.6 million, as compared to a loss from operations of \$2.3 million for the nine months ended September 30, 2001. The \$11.9 million improvement in income from operations is primarily attributed to the increase in revenue without a corresponding increase in operating expenses due to the relatively fixed nature of operating costs at our television stations along with the elimination of approximately \$5.9 million of amortization for indefinite-lived intangible assets, including goodwill.

Interest expense, including amortization of debt financing costs, for the nine months ended September 30, 2002 was \$28.9 million, compared to \$29.0 million for the nine months ended September 30, 2001, relatively flat with the prior year. For the nine months ended September 30, 2002, an increase of \$1.5 million was attributed to an increase in the cost of funds associated with the 16% senior discount notes, which were issued in May 2001. For the nine months ended September 30, 2001, \$1.5 million of debt financing costs were written off as a result of refinancing our credit facilities.

In January 2001, we wrote off \$1.4 million in debt financing costs, as an extraordinary item, net of tax effect, as a result of refinancing our senior credit facilities.

As a result of the factors discussed above, our net loss was \$19.2 million for the nine months ended September 30, 2002, compared to \$32.2 million for the same period in 2001, a decrease in net loss of \$13.0 million.

Adjusted EBITDA for the nine months ended September 30, 2002 was \$31.4 million, compared to \$23.3 million for the nine months ended September 30, 2001, an increase of \$8.1 million. Of the \$8.1 million increase, approximately \$0.8 million was attributed to stations for which a local service arrangement was initiated after January 1, 2001 and WCFN. On a same station basis, adjusted EBITDA for the nine months ended September 30, 2002 was \$30.6 million, compared to \$23.3 million for the nine months ended September 30, 2001. Adjusted EBITDA margins increased to 37.4% from 32.8% for the same period in 2001. The increase in adjusted EBITDA and the adjusted EBITDA margin was primarily a result of an increase in net broadcast revenue and the effect of accelerated cash payments under the five renewed network affiliation agreements. Due to the relatively fixed nature of operating costs at our television stations, the margins were directly affected by the higher revenue. We expect to continue having higher margins during the even-numbered years as a result of advertising

revenue associated with the Olympic Games and political campaigns and lower margins during the odd-numbered years without the Olympic Games and with nominal political activity.

Broadcast cash flow for the nine months ended September 30, 2002 was \$34.3 million, compared to \$25.2 million for the same period in 2001, an increase of \$9.1 million. The stations for which a local service arrangement was initiated after January 1, 2001 and WCFN accounted for a \$0.8 million increase. On a same station basis, broadcast cash flow for the nine months ended September 30, 2002 was \$33.5 million, compared to \$25.2 million for the same period in 2001. Broadcast cash flow margins for the nine months ended September 30, 2002 increased to 40.8% from 35.6% for the same period in 2001.

Liquidity and Capital Resources

As of September 30, 2002, cash and cash equivalents were \$18.0 million, compared to \$2.1 million as of September 30, 2001.

Our primary sources of liquidity are cash flows from operating activities, borrowings from our senior credit facilities and capital contributions. Cash flows provided by operating activities were \$22.2 million for the nine months ended September 30, 2002, as compared to \$6.8 million for the nine months ended September 30, 2001. The comparative increase in cash flows provided

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by operations of \$15.4 million is primarily due to the timing of payments made or received on operating assets and liabilities along with improved operating results for the nine months ended September 30, 2002 compared to the same period in 2001.

Cash flows used for investing activities was \$19.5 million for the nine months ended September 30, 2002, as compared to \$112.9 million for the nine months ended September 30, 2001. Investing activities for the nine months ended September 30, 2002 was associated with purchasing KODE for \$14.0 million and ongoing equipment purchases. Investing activities for the same period in 2001 was associated with purchasing WCIA and WMBD for approximately \$108.0 million and ongoing equipment purchases.

Cash flows provided by financing activities were \$9.6 million for the nine months ended September 30, 2002, as compared to \$105.4 million for the nine months ended September 30, 2001. The change in cash flows from financing activities for the nine months ended September 30, 2002 was primarily the result of revolver borrowings of \$10.0 million, less repayments of loans of \$2.8 million and a distribution to Nexstar's direct parent company, Nexstar Finance Holdings II, L.L.C., of \$1.4 million. In August 2002, we received a payment of \$4.4 million representing the fair market value, excluding accrued interest, for terminating the \$60.0 million swap agreement. For the nine months ended September 30, 2001, the change in cash flows from financing activities was the result of (1) borrowings under the senior credit facilities of \$278.8 million with a subsequent borrowing and repayment of \$160.1 million as a result of the amendment on June 14, 2001 to the credit agreement governing our senior credit facilities, (2) borrowings of \$153.6 million under the senior subordinated notes issued in March 2001, (3) borrowings and subsequent repayment of a \$40.0 million interim loan, (4) borrowings of \$18.7 million from the issuance of senior discount notes and (5) additional equity proceeds of \$78.2 million (net of a \$8.1 million distribution), which were used to assist in financing the January 2001 acquisition, less the repayment of the existing senior credit facility. As of September 30, 2002, there was approximately \$61.0 million of unused commitments under the senior credit facilities, of which approximately \$15.0 million was available on the Term A facility. However, of the \$61.0 million of unused commitments, approximately \$6.0 million could be drawn in compliance with the financial covenants under the senior credit facilities. We were in compliance with all covenants contained in the credit agreements and indentures governing our senior credit facilities and the senior subordinated notes at September 30, 2002.

We are highly leveraged, which makes us vulnerable to changes in general economic conditions. Our ability to repay or refinance our debt will depend on, among other things, financial, business, market, competitive and other conditions, many of which are beyond our control. We believe that, taken together, our current cash balances, internally generated cash flow and availability under our credit facilities should result in our having adequate cash resources to meet our future requirements for working capital, capital expenditures and debt service.

Digital Conversion

FCC regulations required us to commence digital operations by May 1, 2002, in addition to continuing our analog operations, unless an extension of time was granted. We have obtained extensions of time, through December 1, 2002, to begin digital operations at all of our stations except WCIA and WCFN, which have met the May 1, 2002 deadline. We have requested a further extension of time for nine of our stations that will not meet the December 1, 2002 deadline, which request remains pending with the FCC. Our most recent estimate is that the digital conversion will require an average initial capital expenditure of \$0.2 million per station for low-power transmission of a digital signal and an average additional capital expenditure of \$0.7 million per station to modify the transmitter for full-power digital signal transmission. Digital conversion expenditures were \$0.0 million and \$0.7 million for the year ended December 31, 2001 and nine months ended September 30, 2002, respectively. We anticipate that digital conversion expenditures will be funded through available cash on hand and cash generated from operations.

NEXSTAR FINANCE HOLDINGS, L.L.C.

Recently Issued Accounting Standards

In July 2001, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 141, “Business Combinations” (“SFAS No. 141”), and SFAS No. 142, “Goodwill and Other Intangible Assets” (“SFAS No. 142”). SFAS No. 141 prospectively prohibits the pooling of interest method of accounting for business combinations initiated after June 30, 2001. SFAS No. 142 requires companies to cease amortizing certain intangible assets including goodwill and FCC licenses. The amortization of existing goodwill and FCC licenses resulting from acquisitions completed prior to June 30, 2001 ceased on December 31, 2001. Any goodwill and FCC licenses resulting from acquisitions completed after June 30, 2001 were not and will not be amortized. SFAS No. 142 also establishes a new method of testing goodwill and FCC licenses for impairment on an annual basis or on an interim basis if an event occurs or circumstances change which would reduce the fair value of a reporting unit below its carrying value. The adoption of SFAS No. 142 has resulted in the discontinuation of amortization of goodwill and FCC licenses.

SFAS No. 142 requires that goodwill be tested for impairment using a two-step process. The first step is to identify a potential impairment by comparing the fair value of a station with its carrying amount and, in transition, this step must be measured as of the beginning of the fiscal year. However, a company has six months from the date of adoption to complete the first step. The second step of the goodwill impairment test measures the amount of the impairment loss (measured as of the beginning of the year of adoption), if any, and must be completed by the end of our fiscal year. We completed the first step of the impairment test during the quarter ended June 30, 2002 using the discounted cash flow method to estimate the fair value of each station. The valuation assumptions used in the discounted cash flow model reflected historical performance of each station and prevailing values in the markets for broadcasting properties. As a result of this test, we identified three stations that require additional testing for impairment of goodwill. The net carrying amount of goodwill for these three stations at January 1, 2002 was \$40.1 million. We have begun, but not completed, the second step to measure the amount of the impairment loss, which will be completed by December 31, 2002. FCC licenses have been tested for impairment using a one-step process, which compares the fair value to the carrying amount of the asset on a station by station basis as of January 1, 2002. The fair value of each station was determined using the discounted cash flow valuation method that excludes network compensation payments, assuming a hypothetical startup whose only asset is the FCC license. The test resulted in no impairment being identified. During the year ended December 31, 2001, we incurred goodwill amortization expense of \$2.8 million.

On January 1, 2002, we adopted Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS No. 144”). SFAS No. 144 supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of” and the accounting and reporting provisions relating to the disposal of a segment of a business described in Accounting Principles Board Opinion No. 30. The adoption did not have a material impact on our financial statements.

In April 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections” (“SFAS No. 145”), which is effective for fiscal years beginning after May 15, 2002. SFAS No. 145 rescinds SFAS No. 4 and SFAS No. 64, which addressed the accounting for gains and losses from extinguishment of debt. SFAS No. 145 amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. SFAS No. 145 also makes technical corrections to certain existing pronouncements that are not substantive in nature. The adoption of SFAS No. 145 may require the reclassification of debt extinguishment costs presented as an extraordinary item in periods prior to the adoption of the standard.

NEXSTAR FINANCE HOLDINGS, L.L.C.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***Interest Rate Risk***

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt obligations.

At September 30, 2002, we had in effect two interest rate swap agreements with commercial banks, with notional amounts of \$93.3 million and \$20.0 million. These two interest rate swap agreements require us to pay a fixed rate and receive a floating rate thereby creating fixed rate debt. The differential to be paid or received on the swaps is accrued as an adjustment to interest expense. We are exposed to credit loss in the event of nonperformance by the counter-party. The net fair value of the interest rate swap agreements, which represent the cash that we would pay to settle the agreements, was approximately \$5.9 million and \$2.4 million at September 30, 2002 and December 31, 2001, respectively.

The following table estimates the changes to cash flow from operations if interest rates were to fluctuate by 100 or 50 basis points, or bps (where 100 basis points represents one percentage point), for a twelve-month time horizon after giving effect to the interest rate swap agreements described above:

	<u>Interest Rate Decrease</u>		<u>No Change to Interest Rate</u>	<u>Interest Rate Increase</u>	
	<u>100 bps</u>	<u>50 bps</u>		<u>50 bps</u>	<u>100 bps</u>
	(dollars in thousands)				
Senior credit facilities ⁽¹⁾	\$ 6,409	\$ 6,608	\$ 6,807	\$ 7,006	\$ 7,205
12% senior subordinated notes due 2008	19,200	19,200	19,200	19,200	19,200
16% senior discount notes due 2009	4,185	4,185	4,185	4,185	4,185
Total	\$29,794	\$29,993	\$ 30,192	\$30,391	\$30,590

⁽¹⁾ Excludes effect of applicable margin as defined in the senior credit agreements.

ITEM 4. CONTROLS AND PROCEDURES

(a) Nexstar carried out an evaluation within 90 days prior to the date of this report, under the supervision and with the participation of Nexstar's management, including Nexstar's President and Chief Executive Officer along with Nexstar's Chief Financial Officer, of the effectiveness of the design and operation of Nexstar's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14 under the Securities Exchange Act of 1934. Based upon that evaluation, Nexstar's President and Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures (1) are effective in timely alerting them to material information relating to Nexstar (including its consolidated subsidiaries) required to be included in Nexstar's periodic SEC filings and (2) are adequate to ensure that information required to be disclosed by Nexstar in the reports filed or submitted by Nexstar under the Securities Exchange Act of 1934 is recorded, processed and summarized and reported within the time periods specified in the SEC's rules and forms.

(b) There have been no significant changes in Nexstar's internal controls or in other factors which could significantly affect internal controls subsequent to the date Nexstar carried out its evaluation.

PART II

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

Exhibit No.	Exhibit
10.5	Second Amendment to Credit Agreement, Limited Consent and Limited Waiver, dated as of June 5, 2002, among Nexstar Finance, L.L.C., Nexstar Broadcasting Group, L.L.C., the Parent Guarantors named therein, the several banks named therein and Bank of America, N.A.
10.10	Fourth Amendment to Credit Agreement, Limited Consent and Limited Waiver, dated as of June 5, 2002, among Bastet Broadcasting, Inc., Mission Broadcasting of Wichita Falls, Inc., Mission Broadcasting of Joplin, Inc., the several banks named therein and Bank of America, N.A.
10.53	Fifth Amendment to Credit Agreement and Limited Consent, dated as of September 30, 2002 among Bastet Broadcasting, Inc., Mission Broadcasting of Wichita Falls, Inc., Mission Broadcasting of Joplin, Inc., Bank of America, N.A. and the several banks named therein.

b. Reports on Form 8-K

- (1) Current Report on Form 8-k filed by Nextar Finance Holdings, L.L.C. and Nextar Finance Holdings, Inc. on August 14, 2002, reporting certification pursuant to 18 U.S.C. Section 1350 of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.
- (2) Current Report on Form 8-k filed by Nextar Finance Holdings, L.L.C. and Nextar Finance Holdings, Inc. on August 15, 2002, reporting certification pursuant to 18 U.S.C. Section 1350 of Amendment No. 1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

SIGNATURES

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

NEXSTAR FINANCE HOLDINGS, L.L.C.

NEXSTAR FINANCE HOLDINGS, INC.

/s/ Perry A. Sook _____

By: Perry A. Sook

Its: *President and Chief Executive Officer*

/s/ G. Robert Thompson _____

By: G. Robert Thompson

Its: *Chief Financial Officer*

Dated: November 13, 2002

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I, Perry A. Sook, President and Chief Executive Officer of Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc. ;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant' s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant' s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant' s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant' s ability to record, process, summarize and report financial data and have identified for the registrant' s auditors any material weaknesses in internal controls; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal controls; and
6. The registrant' s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

By: /s/ Perry A Sook
Perry A. Sook
President and Chief Executive Officer

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I, G. Robert Thompson, Chief Financial Officer of Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nexstar Finance Holdings, L.L.C. and Nexstar Finance Holdings, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

By: /s/ G. Robert Thompson
G. Robert Thompson
Chief Financial Officer

SECOND AMENDMENT TO CREDIT AGREEMENT, LIMITED CONSENT
AND LIMITED WAIVER

THIS SECOND AMENDMENT TO CREDIT AGREEMENT, LIMITED CONSENT AND LIMITED WAIVER (this "Amendment"), dated as of June 5, 2002, is among NEXSTAR FINANCE, L.L.C., a Delaware limited liability company (the "Borrower"), NEXSTAR BROADCASTING GROUP, L.L.C., a Delaware limited liability company (the "Ultimate Parent"), the other Parent Guarantors (as such term is defined in the hereinafter described Credit Agreement) parties to this Amendment, the several Banks (as such term is defined in the hereinafter described Credit Agreement) parties to this Amendment, and BANK OF AMERICA, N.A., as Administrative Agent for the Banks (in such capacity, the "Administrative Agent").

R E C I T A L S:

A. The Borrower, the Ultimate Parent, the other Parent Guarantors, the Administrative Agent, Barclays Bank PLC, as Syndication Agent, First Union National Bank, as Documentation Agent, and the several Banks parties thereto entered into that certain Amended and Restated Credit Agreement dated as of June 14, 2001 (as amended by that certain First Amendment and Limited Consent dated as of November 14, 2001, the "Credit Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Ultimate Parent and the Borrower have advised the Administrative Agent that, in connection with the proposed sale (the "Initial Public Offering") of Class A common stock of Nexstar Broadcasting Group, Inc., a Delaware corporation formerly known as Nexstar Equity Corp. ("Group"), in a public offering registered under the Securities Act of 1933, as amended, they wish to effect the following transactions (collectively, the "Proposed Transactions"):

(i) the redemption by the Ultimate Parent of the outstanding Series AA Preferred Interests and Series BB Preferred Interests of the Ultimate Parent (the "Existing Parent Preferred Equity"), which redemption (the "Preferred Redemption") will be effected on the date of, but prior to, the Mergers (as defined below) and the Initial Public Offering by the Ultimate Parent distributing to the holders of the Existing Parent Preferred Equity (a) promissory notes of Nexstar Finance Holdings II, L.L.C., a Delaware limited liability company ("Nexstar Finance Holdings II"), presently held by the Ultimate Parent (the "Holdings II Notes"), and (b) cash (the "Cash Redemption Payment") in an amount equal to the excess of the amount of the aggregate redemption price payable to the holders of the Existing Parent

Preferred Equity over the aggregate unpaid principal amount of, and unpaid accrued interest on, the Holdings II Notes;

(ii) the distribution by the Borrower to Nexstar Finance Holdings, L.L.C., a Delaware limited liability company ("Nexstar Finance Holdings LLC"), of cash in an amount equal to the amount of the Cash Redemption Payment, followed by a distribution by Nexstar Finance Holdings LLC to Nexstar Finance Holdings II in the same amount, followed by a distribution by Nexstar Finance Holdings II to Nexstar Broadcasting of Rochester, Inc., a Delaware corporation ("Nexstar Rochester") in the same amount and a

distribution by Nexstar Rochester to the Ultimate Parent in the same amount, each to be effected on the date of the Initial Public Offering and prior to the Preferred Redemption (such distributions and loan being referred to as the "Cash Redemption Funding");

(iii) the merger (prior to the Initial Public Offering but following the Preferred Redemption) of the Ultimate Parent and the other Parent Guarantors (other than Nexstar Finance Holdings LLC and Nexstar Finance Holdings, Inc.) with and into Group, with Group being the surviving Person of such mergers (the "Parent Mergers"), pursuant to which Parent Mergers, inter alia, the holders of the remaining membership interests of the Ultimate Parent will be issued common stock of Group in lieu of such interests;

(iv) the merger of Nexstar Finance Holdings LLC with and into Nexstar Finance Holdings, Inc., a Delaware corporation ("Nexstar Finance Holdings"), with Nexstar Finance Holdings being the surviving Person of such merger (the "Holdco Merger");

(v) the merger of the Borrower with and into Nexstar Finance, Inc., a Delaware corporation ("Nexstar Finance"), with Nexstar Finance being the surviving Person of such merger (the "Borrower Merger" and, together with the Parent Mergers and the Holdco Merger, collectively, the "Mergers");

(vi) the repayment by Group (as the successor to Nexstar Finance Holdings II after the Parent Mergers) in full, in cash, of the unpaid principal amounts of, and unpaid accrued interest on, the Holdings II Notes from a portion of the Net Issuance Proceeds of the Initial Public Offering (the "Holdings II Notes Repayment");

(vii) a loan by Nexstar Finance to one or more of the Bastet/Mission Borrowers of not more than \$20,000,000 of the Net Issuance Proceeds of the Initial Public Offering contributed to Nexstar Finance as common equity (the "Initial Nexstar-Bastet/Mission Loan"), 100% of the proceeds of which Initial Nexstar-Bastet/Mission Loan will

be used, immediately upon the receipt thereof by such Bastet/Mission Borrower(s), to repay outstanding Bastet/Mission Loans, and, from time to time after the Initial Nexstar-Bastet/Mission Loan, other loans by Nexstar Finance or other Nexstar Entities to one or more of the Bastet/Mission Borrowers (together with the Initial Nexstar-Bastet/Mission Loans, collectively, the "Nexstar-Bastet/Mission Loans"), the aggregate outstanding principal amount of which Nexstar-Bastet/Mission Loans (inclusive of the outstanding principal amount of the Initial Nexstar-Bastet/Mission Loan) shall not exceed \$30,000,000 at any time; and

(viii) a loan by Group of not more than \$3,000,000 of the Net Issuance Proceeds of the Initial Public Offering to Sook (the "Sook Loan"), 100% of the proceeds of which Sook Loan will be used, immediately upon the receipt thereof by Sook, to repay outstanding Management Loans.

C. The Ultimate Parent and the Borrower have further advised the Administrative Agent that the following parties effected the following transactions, in each case in violation of clause (ii) of Section 8.14 of the Credit Agreement and Section 3.7 of the Security Agreement to which each is a party (collectively, the "Existing Defaults");

(i) Nexstar Broadcasting of Beaumont/Port Arthur, Inc. amended its certificate of incorporation to change its name to KBTV Broadcasting Inc.;

(ii) Nexstar Broadcasting of Wichita Falls, Inc. amended its certificate of incorporation to change its name to KFDX Broadcasting Inc.;

(iii) Nexstar Broadcasting of Abilene, Inc. amended its certificate of incorporation to change its name to KTAB Broadcasting, Inc.;

(iv) Nexstar Broadcasting of Midland-Odessa, Inc. amended its certificate of incorporation to change its name to KMID Broadcasting Inc.;

(v) Nexstar Broadcasting of Louisiana, Inc. amended its certificate of incorporation to change its name to KTAL Broadcasting Inc.; and

(vi) Nexstar Broadcasting Group, Inc. amended its certificate of incorporation to change its name to Nexstar Management, Inc.

D. The Ultimate Parent and the Borrower have requested that (i) the

Banks consent to the consummation of the Proposed Transactions, (ii) the Banks waive the Existing Defaults, (iii) the Term B Banks amend the definition of Applicable Margin in certain respects applicable to the Term B Loans, and (iv) the Banks agree to certain amendments to the Credit Agreement in connection with the Mergers and the Initial Public Offering, in each case as more fully set forth herein.

E. The several Banks parties to this Amendment (which Banks constitute the Majority Banks (and, further, must include all of the Term B Banks, in order for the amendment set forth in Section 1(a)(i) below to become effective) as required under the Credit Agreement to grant the consents and waivers and effect the amendments intended hereby) are willing to grant the above-described consents and waivers and agree to the above-described amendments, subject in each case to the performance and observance in full of each of the covenants, terms and conditions, and in reliance upon all of the representations and warranties of the Borrower and the Parent Guarantors, set forth herein.

NOW, THEREFORE, in consideration of the premises and the covenants, terms and conditions, and in reliance upon the representations and warranties, in each case contained herein, the parties hereto agree hereby as follows:

Section 1. AMENDMENTS TO CREDIT AGREEMENT. Subject to the covenants, terms and conditions set forth herein and in reliance upon the representations and warranties of the Borrower and the Parent Guarantors herein contained, the parties to this Amendment hereby agree to amend the Credit Agreement as set forth below in this Section 1.

(a) Effective as of the Amendment Effective Date (as defined in Section 6(e) below), the Credit Agreement is amended as follows:

(i) the definition of "Applicable Margin" in Section 1.01 of the Credit Agreement is amended by deleting clause (iii) thereof in its entirety and the inserting the following in lieu thereof:

"(iii) with respect to Term B Loans which are Eurodollar Loans, 3.250%,"

(ii) all references in the Credit Agreement to "the fourth anniversary of the effective date of the Existing Credit Agreement" are amended to refer to "January 12, 2005";

(iii) Sections 2.05(d) and 2.08(a)(i) are amended by deleting the date "March 31, 2002" in each place where it appears therein and inserting "June 30, 2003" in lieu thereof; and

(iv) the reference to "Nexstar Broadcasting Group, Inc." in Section 8.06(c) is amended to read "Nexstar Management Inc. (f/k/a

(b) Effective as of the effective date of the Mergers, but subject in all cases to the satisfaction of the conditions relating to the Mergers set forth in Section 2(a) below, the Credit Agreement is amended as follows:

(i) the reference to "Nexstar Broadcasting Group, L.L.C., a limited liability company organized under the laws of the State of Delaware" set forth in the preamble to the Credit Agreement is amended to read, "Nexstar Broadcasting Group, Inc., a corporation organized under the laws of the State of Delaware";

(ii) the reference to "Nexstar Finance, L.L.C., a limited liability company organized under the laws of the State of Delaware" set forth in the preamble to the Credit Agreement is amended to read, "Nexstar Finance, Inc., a corporation organized under the laws of the State of Delaware";

(iii) the definitions of "Bridge Loan Agreement", "Exchange Equity", "Existing Holdings Preferred Equity", "Holding Company", "New Holding Company", "Nexstar Equity", "Nexstar Equity Investor Rights Agreement", "Nexstar Equity Reimbursement Agreement", "Nexstar Equity Unit Agreement", "Nexstar Finance Holdings Bridge" and "Permitted Holdings Preferred Equity" in Section 1.01 are deleted in their entirety;

(iv) the following definitions of "Initial Public Offering" and "Nexstar Stockholders Agreement" are inserted in Section 1.01 in the appropriate alphabetical position therein:

"Initial Public Offering" means the sale by Nexstar Broadcasting Group, Inc., a Delaware corporation formerly known as Nexstar Equity Corp. of its Class A common stock in a public offering registered under the Securities Act of 1933, as described in that certain Second Amendment to Credit Agreement, Limited Consent and Limited Waiver dated as of June __, 2002, among the Ultimate Parent, Nexstar Finance, the other Subsidiaries of the Ultimate Parent parties thereto, the Banks parties thereto, and the Administrative Agent.

"Nexstar Stockholders Agreement" means the Stockholders Agreement dated on or about the date of the Initial Public Offering, among the Ultimate Parent, ABRY L.P. II, ABRY L.P. III, Banc of America Capital Investors and Sook, as in effect on the date thereof.

(v) the definitions of "Change of Control", "Consolidated Interest Coverage Ratio", "Credit Parties", "Nexstar Finance Holdings",

"Parent Guaranty Agreements", "Parent Subordinated Convertible Promissory Note", "Permitted Affiliate Transactions", "Permitted Borrower Preferred Equity", "Permitted Parent Preferred Equity", "Permitted Permanent Holdings Preferred Equity" and "Required Junior Capital" in Section 1.01 are amended to read in full as follows:

"Change of Control" means any of the following: (i) either (x) the aggregate remaining cost basis of ABRY L.P. II's and ABRY L.P. III's combined equity interests in the Ultimate Parent shall be less than \$50,000,000 or (y) ABRY L.P. II and ABRY L.P. III, taken together, shall cease to be able to elect a majority of the board of directors or similar governing persons of the Ultimate Parent; (ii) ABRY L.P. II and ABRY L.P. III, taken together, shall cease to directly or indirectly own and hold at least (x) 66 2/3% on a fully diluted basis of the voting interests in the Ultimate Parent and (y) 51% on a fully diluted basis of the economic interests in the Ultimate Parent (excluding the Permitted Parent Preferred Equity); (iii) ABRY L.P. II or ABRY L.P. III, taken together, shall neither directly nor indirectly control management of the Ultimate Parent whether by ownership of voting securities, contract or otherwise; (iv) ABRY Capital shall cease to be the sole general partner of ABRY L.P. II or ABRY Equity shall cease to be the sole general partner of ABRY L.P. III; (v) ABRY Holdings shall cease to be the sole general partner of ABRY Capital or ABRY Holdings III shall cease to be the sole general partner of ABRY Equity; (vi) ABRY Holdings Co. shall cease to be the sole member of ABRY Holdings or ABRY Holdings III Co. shall cease to be the sole member of ABRY Holdings III; (vii) the Ultimate Parent shall cease to own, directly or indirectly, 100% on a fully diluted basis of the Capital Stock of Nexstar Finance Holdings other than Permitted Permanent Holdings Preferred Equity; or (viii) Nexstar Finance Holdings shall cease to own 100% on a fully diluted basis of the Capital Stock of the Borrower other than Permitted Borrower Preferred Equity.

"Consolidated Interest Coverage Ratio" means, on any date, the ratio of (i) Consolidated Operating Cash Flow of the Borrower and its Subsidiaries for the applicable Measurement Period relating to such date to (ii) the Consolidated Cash Interest Expense of the Borrower and its Subsidiaries for such Measurement Period relating to such date, plus Consolidated Cash Interest Expense of Nexstar Finance Holdings with respect to Permitted Holdings Unsecured Indebtedness and Permitted Permanent Holdings Preferred Equity for such Measurement Period relating to such date, plus Consolidated Cash Interest Expense of the Ultimate Parent with respect to Permitted Parent Preferred Equity (other than the Permitted Parent Preferred Equity redeemed immediately prior to the Initial Public Offering) for such Measurement Period relating to such

date.

"Credit Parties" means the collective reference to the Parent Guarantors, the Borrower, the Subsidiary Guarantors, the Bastet/Mission Entities and any other Person hereafter executing and delivering a Security Document or a Guarantor Agreement or any equivalent document for the benefit of the Administrative Agent and/or any Bank; provided that David S. Smith will not be deemed to be a Credit Party.

"Nexstar Finance Holdings" means Nexstar Finance Holdings, Inc., a Delaware corporation.

"Parent Guaranty Agreements" means the collective reference to (i) the Guaranty Agreement of the Ultimate Parent and Nexstar Finance Holdings dated as of January 12, 2001, and (ii) the Guaranty Agreement of Nexstar Finance Holdings, Inc. dated as of January 12, 2001, as each of the same may be amended, supplemented and/or otherwise modified from time to time.

"Parent Subordinated Convertible Promissory Note" means a promissory note of Nexstar Finance Holdings, payable to the order of ABRY L.P. II, ABRY L.P. III and/or Sook (or other Persons exercising preemptive rights in connection with an issuance of Capital Stock to one or more of them), substantially in the form of Exhibit H.

"Permitted Affiliate Transactions" means (i) Restricted Payments permitted by Section 8.10; (ii) payments described in clause (iii) of the definition of the term "Restricted Payment"; (iii) payments to ABRY Partners, LLC in respect of corporate overhead expenses of ABRY Partners, LLC in an aggregate amount not to exceed \$50,000 in any Fiscal Year; (iv) payments of out-of-pocket expenses and transaction fees payable pursuant to the Management Agreement and incurred in connection with any purchase or acquisition of any Person or Station, or the entering into of any Local Marketing Agreement, Joint Sales Agreement and/or Shared Services Agreement, pursuant to Section 8.04(b); (v) payments of management fees made pursuant to the Management Agreement, so long as all management fee payments made pursuant to the Management Agreement shall be in an amount not to exceed \$75,000 per Station per Fiscal Year and \$300,000 in the aggregate per Fiscal Year, in each case as the amount of such management fee amount may be increased annually based on the United States Department of Labor's Consumer's Price Index,

and such payments of management fees may only be paid to the extent that no Default or Event of Default has occurred or would occur after giving effect thereto; (vi) Indebtedness permitted under Section 8.05(m) and (o); (vii) the Management Loan Guaranty; and (viii) the transactions contemplated by the Nexstar Stockholders Agreement.

"Permitted Borrower Preferred Equity" means non-voting, preferred stock issued by the Borrower which (i) has no scheduled payments of cash Dividends due or payable thereon and no scheduled redemption or repurchase obligations with respect thereto until at least 180 days after the Stated Maturity Date of the latest to mature of the Term Loans, (ii) is not convertible, exchangeable or exercisable for any Indebtedness or any other Capital Stock (other than Capital

Stock of the Ultimate Parent), (iii) is not redeemable at the option of the holder thereof until at least 180 days after the Stated Maturity Date of the latest to mature of the Term Loans, other than with respect to customary redemption rights with respect to (x) a change of control of the Borrower which constitutes a Change of Control with respect to this Agreement or (y) an asset sale, subject in each case to the prior payment in full of the Obligations and customary subordination provisions for securities with substantially the same terms and conditions as the Permitted Borrower Preferred Equity and (iv) does not have any blockage rights, covenants or default or cross-default provisions that could accelerate the payment of dividends or liquidation preference rights.

"Permitted Parent Preferred Equity" means non-voting, preferred stock issued by the Ultimate Parent which (i) have no scheduled payments of cash dividends due or payable thereon until January 12, 2005, and no scheduled redemption or repurchase obligations with respect thereto until after the date that is 180 days after the Stated Maturity Date of the latest to mature of the Term Loans, (ii) is not convertible, exchangeable or exercisable for any Indebtedness or any other Capital Stock other than (a) Capital Stock of the Ultimate Parent or (b) after January 12, 2005, unsecured Indebtedness of the Ultimate Parent having substantially the same terms as the Permitted Holdings Unsecured Indebtedness, (iii) is not redeemable at the option of the holder thereof until after the date that is 180 days after the Stated Maturity Date of the latest to mature of the Term Loans, other than with respect to customary redemption rights with respect to (x) a change of control of the Ultimate Parent which constitutes a Change of

Control with respect to this Agreement or (y) an asset sale, subject in each case to the prior payment in full of the Obligations and customary subordination provisions for securities with substantially the same terms and conditions as the Permitted Parent Preferred Equity and (iv) does not have any blockage rights, covenants or default or cross-default provisions that could accelerate the payment of dividends or liquidation preference rights.

"Permitted Permanent Holdings Preferred Equity" means non-voting, preferred stock issued by Nexstar Finance Holdings which (i) has no scheduled payments of cash dividends due or payable thereon until after January 12, 2005, and no scheduled redemption or repurchase obligations with respect thereto until after the date that is 180 days after the Stated Maturity Date of the latest to mature of the Term Loans, (ii) is not convertible, exchangeable or exercisable for any Indebtedness or any other Capital Stock other than (a) Capital Stock of the Ultimate Parent or (b) after January 12, 2005, unsecured Indebtedness of Nexstar Finance Holdings having substantially the same terms as the Permitted Holdings Unsecured Indebtedness, (iii) is not redeemable at the option of the holder thereof until after the date that is 180 days after the Stated Maturity Date of the latest to mature of the Term Loans, other than with respect to customary redemption rights with respect to (x) a change of control which constitutes a Change of Control with respect to this Agreement or (y) an asset sale, subject in each case to the prior payment in full of the Obligations and customary subordination provisions for securities with substantially the same terms and conditions as the Permitted Permanent Holdings Preferred Equity and (iv) does not have any blockage rights,

covenants or default or cross-default provisions that could accelerate the payment of dividends or liquidation preference rights.

"Required Junior Capital" means (i) Capital Stock (other than Disqualified Stock) sold or issued after the Effective Date by the Ultimate Parent, Permitted Borrower Preferred Equity, Permitted Holdings Unsecured Indebtedness, Permitted Permanent Holdings Preferred Equity, and/or Permitted Parent Preferred Equity in each case to the extent that the Net Debt Proceeds or Net Issuance Proceeds, as applicable, from the sale or issuance thereof have been contributed, directly or indirectly, as cash equity to the Borrower (to the extent required by this Agreement) and/or loans to the Borrower as provided in Section 8.05(m) and (ii)

loans to the Borrower permitted under Section 8.05(m).

(vi) Section 2.07(e) is deleted in its entirety and the following is inserted in lieu thereof:

"(e) At any time that the Consolidated Senior Leverage Ratio is equal to or greater than 3.00 to 1.00 prior to the sale or issuance of any Capital Stock of, or cash capital contribution to, any Nexstar Entity, then on the Business Day after the date of the receipt by any Nexstar Entity of Net Issuance Proceeds from any such sale or issuance of Capital Stock (including Indebtedness described in Section 8.05(m)) or cash capital contribution (other than (A) proceeds from the sale or issuance of Capital Stock of, or cash contributions to, the Ultimate Parent from ABRY L.P. II, ABRY L.P. III or Sook (or other Persons exercising preemptive rights in connection with an issuance of Capital Stock to one or more of them), (B) Net Issuance Proceeds, not to exceed an aggregate of \$500,000, from Capital Stock (other than Disqualified Stock) issuances by the Ultimate Parent to employees of the Ultimate Parent or any Nexstar Entity, except to Sook, and (C) cash capital contributions and/or intercompany loans made by any Nexstar Entity to a Subsidiary with any of the proceeds described in the foregoing clause (A) or (B), upon such Nexstar Entity's receipt, directly or indirectly through other Nexstar Entities, of such proceeds), the Borrower shall prepay outstanding principal of the Term Loans and the Revolving Loans, on a pro rata basis among such Loans, in an amount equal to the lesser of (x) 50% of such Net Issuance Proceeds and (y) the amount of Net Issuance Proceeds required to repay outstanding principal of the Term Loans and Revolving Loans so that the Consolidated Senior Leverage Ratio determined on a Pro Forma Basis after giving effect to any such equity issuance or sale or capital contribution and any such prepayment, shall not be greater than 3.00 to 1.00."

(vii) Section 2.07(f) is deleted in its entirety and the following is inserted in lieu thereof:

"(f) If on any date any Nexstar Entity shall incur or issue any Indebtedness described in Section 8.05(k) or Section 8.05(l), then on each such date of incurrence or issuance an amount equal to the amount of the Net Debt Proceeds received with respect to such Indebtedness shall be applied to prepay

outstanding principal of the Term Loans and the Revolving Loans, on a pro rata basis among such Loans."

(viii) Section 2.07(g) is deleted in its entirety and the following is inserted in lieu thereof:

"(g) If on any date the Borrower incurs or issues Permitted Borrower Subordinated Indebtedness, then on each such date of incurrence an amount equal to the amount of the Net Debt Proceeds received with respect to such Permitted Borrower Subordinated Indebtedness shall be applied to prepay outstanding principal amount of the Revolving Loans. In addition, notwithstanding anything to the contrary contained in this Section 2.07, if any Default or Event of Default exists on any date when Nexstar Finance Holdings and/or the Borrower incurs any Indebtedness permitted under Section 8.05(m), then on each such date of incurrence an amount equal to the amount of the Net Debt Proceeds therefrom (without duplication) shall be applied to prepay outstanding principal of the Revolving Loans."

(ix) Section 6.17 is deleted in its entirety and the following is inserted in lieu thereof:

"6.17 Subsidiaries; Capital Stock of Nexstar Finance Holdings. No Nexstar Entity has any Subsidiaries except, on the date hereof, those Subsidiaries which are identified in Schedule 6.17 and, thereafter, those Subsidiaries identified in any Guaranty Supplement and those Subsidiaries permitted to be formed or acquired in compliance with the terms hereof. The Ultimate Parent directly owns 100% of the Capital Stock of Nexstar Finance Holdings other than, to the extent issued after the date hereof, Permitted Permanent Holdings Preferred Equity and indirectly owns 100% of the Capital Stock of all of its other Subsidiaries other than, to the extent issued after the date hereof, Permitted Borrower Preferred Equity."

(x) Schedule 6.17 is deleted in its entirety and the attached Schedule 6.17 is inserted in lieu thereof;

(xi) Section 7.07 is deleted in its entirety and the following is inserted in lieu thereof:

"7.07 Maintenance of Corporate, Limited Liability Company or Partnership Existence, etc. The Parent Guarantors and the Borrower shall, and shall cause each of their respective Subsidiaries to, cause to be done at all times all things necessary to maintain and preserve the corporate, limited liability company or partnership existence, as the case may be, of each Nexstar Entity except to the extent otherwise permitted pursuant to Section 8.04. The Ultimate Parent will continue to own and hold directly all of the outstanding shares of Capital Stock of Nexstar Finance

Holdings other than Permitted Permanent Holdings Preferred Equity, and each of the Nexstar Entities other than the Ultimate Parent will continue to own and hold directly all of the outstanding

shares of Capital Stock of their respective Subsidiaries (other than, to the extent issued after the date hereof, Permitted Borrower Preferred Equity), in each case as set forth on Schedule 6.17, except as otherwise permitted pursuant to Section 8.04."

(xii) Section 7.16(c) is deleted in its entirety and the following is inserted in lieu thereof:

"(c) If at any time any Parent Guarantor or the Borrower acquires any additional Subsidiary, such Parent Guarantor and/or the Borrower, as applicable, will promptly notify the Administrative Agent thereof and cause such Subsidiary, within the time period required by clause (f) of Section 8.11, to execute and deliver appropriate Guaranty Supplements, a Joinder to Security Agreement and a Joinder to Pledge and Security Agreement."

(xiii) clauses (f) and (q) of Section 8.05 are deleted in their entirety and the following, in each case, is inserted in lieu thereof:

"[intentionally deleted]"

(xiv) clauses (k) through (m) of Section 8.05 are deleted in their entirety and the following is inserted in lieu thereof:

"(k) so long as no Default or Event of Default exists both before and after the incurrence thereof, Nexstar Finance Holdings may incur Permitted Holdings Unsecured Indebtedness and/or sell or issue Permitted Permanent Holdings Preferred Equity, and the Borrower may sell or issue Permitted Borrower Preferred Equity, provided that concurrently upon receipt thereof, the Net Debt Proceeds and/or Net Issuance Proceeds, as applicable, therefrom are applied in accordance with Section 2.07(f);

(l) so long as no Default or Event of Default exists both before and after the sale or issuance thereof, the Ultimate Parent may sell or issue Permitted Parent Preferred Equity, provided that, concurrently upon receipt thereof, the Net Issuance Proceeds therefrom are applied in accordance with

(m) Nexstar Finance Holdings may borrow up to an aggregate principal amount not to exceed \$30,000,000 in the aggregate at any time outstanding from ABRY L.P. II, ABRY L.P. III and/or Sook (or other Persons exercising preemptive rights in connection with an issuance of Capital Stock to one or more of them) pursuant to the terms and conditions of, and as evidenced by, a Parent Subordinated Convertible Promissory Note (an "Initial Loan"), provided that, concurrently upon receipt thereof by Nexstar Finance Holdings, the Net Debt Proceeds from any Initial Loan are used to make a loan in equal amount to the Borrower pursuant to the terms and conditions of, and as evidenced by, a Borrower Subordinated Convertible Promissory Note, provided further that each such loan made pursuant to a Parent Subordinated Convertible Promissory Note or a Borrower Subordinated Convertible Promissory Note shall remain outstanding only until the earlier to occur of (x) the occurrence of a Default or an

Event of Default or (y) the date which is eighteen months after such loan is made, at which time (i) the principal amount of (and all accrued and unpaid interest on) each such Initial Loan to Nexstar Finance Holdings will convert into Capital Stock (that is not Disqualified Stock) of the Ultimate Parent in accordance with the terms and provisions of the applicable Parent Subordinated Convertible Promissory Note and the principal amount of (and all accrued and unpaid interest on) each such loan by Nexstar Finance Holdings to the Borrower will convert into common equity of the Borrower in accordance with the terms and provisions of the applicable Borrower Subordinated Convertible Promissory Note;"

(xv) clause (p) of Section 8.05 is deleted in its entirety and the following is inserted in lieu thereof:

"(p) Intercompany loans from the Ultimate Parent to Nexstar Finance Holdings which are pledged as security for the Loans and the proceeds of which are concurrently, upon receipt thereof, contributed as common equity to the Borrower;"

(xvi) clauses (f), (g), (h) and (n) of Section 8.10 are deleted in their entirety and the following is inserted, in each case, in lieu thereof:

"[intentionally deleted]"

(xvii) clause (j) of Section 8.10 is deleted in its entirety

and the following is inserted in lieu thereof:

"(j) so long as no Default or Event of Default exists both before and after the making thereof, after January 12, 2005, (i) the Borrower may authorize, declare and pay Dividends to Nexstar Finance Holdings in the amount necessary to permit Nexstar Finance Holdings to make payments of cash Dividends which become due and payable with respect to Permitted Permanent Holdings Preferred Equity and (ii) Nexstar Finance Holdings may pay such cash Dividends if, prior to the making of such payments of cash Dividends by Nexstar Finance Holdings, the Borrower shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate of the Borrower prepared as of the date of the payment of each such Dividend of the Borrower, giving effect to each such Dividend of the Borrower and the related payments of cash Dividends to be made by Nexstar Finance Holdings as though each such Dividend of the Borrower and the related payments of cash Dividends to be made by Nexstar Finance Holdings had been made on the first day of the applicable Measurement Period relating to the date each such Dividend by the Borrower is to be made, and otherwise demonstrating that no Default or Event of Default exists both before and after giving effect to each such Dividend and related payments of cash Dividends;"

(xviii) clause (k) of Section 8.10 is deleted in its entirety and the following is inserted in lieu thereof:

"(k) so long as no Default or Event of Default exists both before and after the making thereof, after January 12, 2005, (i) the Borrower may authorize, declare and pay Dividends to Nexstar Finance Holdings and Nexstar Finance Holdings may in turn pay corresponding Dividends to the Ultimate Parent, in each case in the amount necessary to permit the Ultimate Parent to make payments of cash Dividends which become due and payable with respect to Permitted Parent Preferred Equity and (ii) the Ultimate Parent may pay such cash Dividends if, prior to the making of such payments of cash Dividends by the Ultimate Parent, the Borrower shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate of the Borrower prepared as of the date of the making of each such Dividend, giving effect to each such Dividend of the Borrower and Nexstar Finance Holdings and the related payments of cash Dividends on the Parent Preferred Equity to be made by the Ultimate Parent as though each such Dividend and the related payments of cash Dividends on the

Parent Preferred Equity had been made on the first day of the applicable Measurement Period relating to the date each such Dividend is to be made, and otherwise demonstrating that no Default or Event of Default exists both before and after giving effect to each such Dividend and related payments of cash Dividends;"

(xix) clause (c) of Section 8.11 is deleted in its entirety and the following is inserted in lieu thereof:

"(c) the Credit Parties may make equity contributions to the capital of their respective Subsidiaries that are Credit Parties;"

(xx) clause (f) of Section 8.11 is deleted in its entirety and the following is inserted in lieu thereof:

"(f) any Nexstar Entity may establish or create new Wholly-Owned Subsidiaries so long as (i) at least 30 days' prior written notice thereof (or such lesser notice as is acceptable to the Administrative Agent) is given to the Administrative Agent, (ii) the Capital Stock of such new Subsidiary is pledged pursuant to, and to the extent required by, this Agreement and the Pledge and Security Agreement and the certificates, if any, representing Capital Stock, together with stock powers duly executed in blank, are delivered to the Collateral Agent, (iii) such new Subsidiary executes Guaranty Supplements, a Joinder to Security Agreement and a Joinder to Pledge and Security Agreement, and (iv) such new Subsidiary, to the extent requested by the Administrative Agent or the Majority Banks, takes all actions required pursuant to Section 7.16. In addition, each new Wholly-Owned Subsidiary that is required to execute any Loan Document shall execute and deliver, or cause to be executed and delivered, all other relevant documentation of the type described in Section 5.01 as such new Subsidiary would have had to deliver if such new Subsidiary were a Credit Party on the Effective Date;"

(xxi) clause (h) of Section 8.11 is deleted in its entirety and the following is inserted in lieu thereof:

"(h) the Borrower may make intercompany loans and advances to any Subsidiary of the Borrower which is a Credit Party and Nexstar Finance Holdings may make loans to the Borrower as permitted under Section 8.05(m); and"

(xxii) Section 8.13 is deleted in its entirety and the

following is inserted in lieu thereof:

"8.13 Sales or Issuances of Capital Stock. The Parent Guarantors and the Borrower will not, and will not permit any of their respective Subsidiaries to, sell or issue any of their Capital Stock to any Person; provided that (a) the Ultimate Parent may sell or issue (i) Permitted Parent Preferred Equity in accordance with Section 8.05(l) and (ii) other Capital Stock other than Disqualified Stock, in each case so long as the Net Issuance Proceeds therefrom are applied as may be required by Section 2.07, (b) any Subsidiary of the Borrower may sell or issue Capital Stock to the Borrower or a Wholly-Owned Subsidiary of the Borrower so long as relevant provisions of the Security Documents and Section 7.16 are complied with in full, and (c) Nexstar Finance Holdings may sell or issue Permitted Permanent Holdings Preferred Equity, and/or the Borrower may sell or issue Permitted Borrower Preferred Equity, in each case as permitted by Section 8.05(k), so long as the Net Issuance Proceeds thereof are applied as may be required by Section 2.07."

(c) Effective as of the consummation of the Initial Public Offering, but subject in all cases to the satisfaction of the conditions set forth in the proviso to Section 2(b) below and in Section 4 below, the Credit Agreement is amended as follows:

(i) the following definitions of "Beneficial Owner", "Continuing Directors", "Nexstar-Bastet/Mission Loan", "Principal", "Sook Loan" and "Voting Stock" are inserted in Section 1.01 in the appropriate alphabetical positions therein:

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934, as amended.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Ultimate Parent who (i) was a member of such board of directors or similar governing persons of Nexstar Broadcasting Group, L.L.C. on January 12, 2001; (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election; or (iii) was nominated by one or more Principals owning at least 20% of the Voting Stock of the Ultimate Parent at the time of such nomination.

"Nexstar-Bastet/Mission Loan" means a loan made by a Nexstar Entity to one or more of the Bastet/Mission Borrowers in compliance with Section 8.11(j).

"Principal" means ABRY Partners, LLC or any Person that (i) directly or indirectly, is in control of, is controlled by, or is under common control with, ABRY Partners, LLC, and (ii) is organized primarily for the purpose of making equity or debt investments in one or more companies or a Person controlled by

ABRY Partners, LLC. For purposes of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Sook Loan" means a loan made by the Ultimate Parent to Sook in compliance with Section 8.11(k).

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

(ii) the definitions of "Change of Control", and "Maximum Incremental Amount" in Section 1.01 are amended to read in full as follows:

"Change of Control" means any of the following: (i) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person, other than a Principal, becomes the Beneficial Owner, directly or indirectly, of more than 35% of the Voting Stock of the Ultimate Parent, measured by voting power rather than number of shares; (ii) a majority of the members of the Board of Directors of the Ultimate Parent shall cease to be Continuing Directors; (iii) the Principals, taken together, shall cease to directly or indirectly own and hold at least (x) 35% on a fully diluted basis of the Voting Stock of the Ultimate Parent and (y) 35% on a fully diluted basis of the economic interests in the Ultimate Parent (excluding the Permitted Parent Preferred Equity); (iv) the Ultimate Parent shall cease to own, directly or indirectly, 100% on a fully diluted basis of the Capital Stock of each Parent Guarantor other than Permitted Permanent Holdings Preferred Equity; or (v) Nexstar Finance Holdings shall cease to own 100% on a fully diluted basis of the Capital Stock of the Borrower other than Permitted Borrower Preferred Equity.

"Maximum Incremental Amount" means (i) at all times on or prior to June 30, 2003, \$100,000,000, (ii) at all times after June 30, 2003, and on or prior to September 30, 2003, \$96,250,000, and (iii) at all times after September 30, 2003,

\$92,500,000.

(iii) the definition of "Permitted Affiliate Transactions" in Section 1.01 is amended by deleting the word "and" at the end of clause (vii) thereof, deleting the period (".") at the end of clause (viii) thereof and replacing it with a semicolon (";") and the word "and", and inserting the following clause (ix) after clause (viii) thereof:

"(ix) the Sook Loan."

(iv) Section 2.01(c) is amended by deleting the date "December 31, 2002" from the second line of clause (i) thereof and inserting, "December 31, 2003" in lieu thereof;

(v) Section 2.05(d) is deleted in its entirety and the following is inserted in lieu thereof:

"(d) The Aggregate Combined Revolving Commitment shall be automatically and permanently reduced on the last day of each Fiscal Quarter (or, in the case of the final reduction in Loan Year 6, on the Stated Revolving Credit Maturity Date), commencing on June 30, 2003 and ending on the Stated Revolving Credit Maturity Date, based on the annual percentage reductions for each Loan Year set forth below of (i) the Aggregate Revolving Commitment as in effect on June 30, 2003, plus, (ii) the original amount of each Incremental Revolving Commitment created from time to time, if any, pursuant to this Agreement prior to the time of the reduction in question. Notwithstanding anything to the contrary contained in this Agreement, on the Maturity Date the Aggregate Combined Revolving Commitment shall automatically reduce to zero.

Loan Year -----	Annual Percentage Reduction -----
1	00.0%
2	00.0%
3	15.0%
4	20.0%
5	30.0%
6	35.0%

The amount of each quarterly reduction of (i) the Aggregate Revolving Commitment as in effect on June 30, 2003, and (ii) the original amount of each Incremental Revolving Commitment created from time to time, if any, pursuant to this Agreement prior to the time of the reduction in question, during any Loan Year, shall be an amount equal to the applicable annual percentage reduction set forth above with respect to such Loan Year, divided by the number of quarterly reductions to be made during such Loan Year (with the last reduction in Loan Year 6, to be made on the Stated Revolving Credit Maturity Date, to be deemed a quarterly reduction for purposes of this Section 2.05(d)); provided that the amount of each quarterly reduction during Loan Year 3 with respect to each Incremental Revolving Commitment created from time to time on or after June 30, 2003, if any, shall be an amount equal to the applicable annual percentage reduction set forth above with respect to such Loan Year, divided by 4. Each reduction of the Aggregate Revolving Commitment pursuant to this Section 2.05(d) shall be applied pro rata to each Bank's Revolving Commitment and each reduction of each Incremental Revolving Commitment pursuant to this Section 2.05(d) shall be applied pro rata to each Bank providing such Incremental Revolving Commitment. All accrued commitment and letter of credit fees to the effective date of any such reduction of the Aggregate Combined Revolving Commitment shall be paid on the effective date of such reduction. "

(vi) Section 2.07(h) is deleted in its entirety and the following is inserted in lieu thereof:

"(h) [intentionally deleted]"

(vii) Section 2.08(a)(i) is deleted in its entirety and the following is inserted in lieu thereof:

"(i) The Term A Loans shall mature, and the outstanding principal amount thereof shall be due and payable in full (together with all accrued and unpaid interest thereon), on the Maturity Date. In addition, on the last day of each Fiscal Quarter (or, in the case of the final principal installment to be repaid in Loan Year 6, on the Stated Term A Maturity Date), commencing on June 30, 2003, the Borrower shall repay, and there shall become due and payable, (i) a principal installment on the Term A Loans in an amount based on the annual percentage reductions for each Loan Year set forth below of the Aggregate Outstanding Term A Loan Balance

on June 30, 2003, plus, (ii) a principal installment on each Incremental Term Loan made from time to time, if any, pursuant to this Agreement prior to the time of the principal payment in question in an amount based on the annual percentage reductions for each Loan Year set forth below of the original principal amount of such Incremental Term Loan:

Loan Year -----	Annual Percentage Reduction -----
1	00.0%
2	00.0%
3	15.0%
4	20.0%
5	30.0%
6	35.0%

The aggregate principal amount of each installment paid during any Loan Year on (i) Term A Loans, and (ii) each Incremental Term Loan made pursuant to an Incremental Facility created from time to time, if any, pursuant to this Agreement, shall in each case be an amount equal to the applicable annual percentage reduction set forth above with respect to such Loan Year, divided by the number of quarterly installments to be made during such Loan Year (with the last installment in Loan Year 6, to be made on the Stated Term A Maturity Date, deemed a quarterly installment for purposes of this Section 2.08(a)(i)); provided that the aggregate principal amount of each installment paid during Loan Year 3 with respect to each Incremental Term Loan created from time to time on or after June 30, 2003, if any, shall be an amount equal to the applicable annual percentage reduction set forth above with respect to such Loan Year, divided by 4."

(viii) Section 8.04 is amended by deleting the amount "\$20,000,000" from condition (A) of the proviso to clause (b) thereof and inserting, the amount "\$40,000,000" in lieu thereof; and

(ix) Section 8.11 is amended by deleting the word "and" at the end of clause (h) thereof, deleting the period (".") at the end of clause (i) thereof and replacing it with a semicolon (";"), and

inserting the following clauses (j) and (k) after clause (i) thereof:

"(j) the Nexstar Entities may make Nexstar-Bastet/Mission Loans, provided that (i) the aggregate principal amount thereof outstanding at any time may not exceed \$30,000,000; (ii) each such loan is evidenced by a demand promissory note in form and substance reasonably satisfactory to the Administrative Agent and which promissory note is delivered to the Collateral Agent by such Nexstar Entity, together with any necessary endorsements, to be held as Pledged Collateral; (iii) no such loan will, alone or in the aggregate with any other such loans, violate any Requirement of Law applicable to the Nexstar Entities or the Bastet/Mission Entities (including, without limitation, all terms and conditions of all FCC Licenses covering the Stations and all rules, regulations and administrative orders of the FCC) and, prior to the making of each such loan, the Borrower shall have delivered to the Administrative Agent a certificate to such effect executed on the Borrower's behalf by a Responsible Officer of the Borrower, and (iv) no Default or Event of Default exists both before and after making such loan; and

(k) the Ultimate Parent may make the Sook Loan; provided that (i) the aggregate principal amount of the Sook Loan does not exceed \$3,000,000, (ii) the Sook Loan is evidenced by a promissory note (which promissory note will provide that such loan and all accrued interest thereon will be forgiven upon the earlier of the fifth anniversary of the date thereof and the termination of Sook's employment with the Nexstar Entities, unless such employment is terminated under specified circumstances) in form and substance satisfactory to the Administrative Agent that is delivered to the Collateral Agent by the Ultimate Parent, together with any necessary endorsements, to hold as Pledged Collateral, (iii) the Sook Loan is made immediately upon the receipt of the Net Issuance Proceeds of the Initial Public Offering and solely using such Net Issuance Proceeds, (iv) no Default or Event of Default exists both before and after making the Sook Loan, (v) 100% of the proceeds of the Sook Loan are used, immediately upon the receipt thereof by Sook, to repay in full the outstanding Management Loan, and (vi) the Management Loan Guaranty is terminated contemporaneously with such repayment of the Management Loan and evidence satisfactory to the Administrative Agent of such termination is furnished to the Administrative Agent promptly after such termination."

Section 2. LIMITED CONSENTS. Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties of the Borrower and the Parent Guarantors herein contained, the several Banks parties to this Amendment hereby:

(a) (i) consent to the consummation of the Mergers and waive compliance with the provisions of Section 8.04 and Section 8.06 of the Credit Agreement which prohibit the Mergers solely to

the extent necessary to permit the consummation of the Mergers and (ii) consent to the modification of the Charter Documents of the entities being merged in the Mergers and waive compliance with the provisions of clause (ii) of Section 8.14 of the Credit Agreement solely to the extent necessary to permit such modifications; provided, that (A) pricing for the Initial Public Offering has resulted in a price per share that will result in Net Issuance Proceeds to Group of at least \$100,000,000 upon consummation of the Initial Public Offering, (B) the Mergers are accomplished pursuant to documentation in form and substance satisfactory to the Administrative Agent and its counsel, (C) contemporaneously with the Mergers, Group, Nexstar Finance Holdings and Nexstar Finance execute and deliver to the Administrative Agent Ratification and Assumption Agreements substantially in the forms of the attached Exhibits A-1, A-2, and A-3, respectively, and cause to be delivered to the Administrative Agent an opinion of counsel in form and substance satisfactory to the Administrative Agent (including, without limitation, customary opinions with respect to the Mergers and an enforceability opinion with respect to each Ratification and Assumption Agreement) and such other documents as may be reasonably requested by the Administrative Agent to assure itself of the continuing effectiveness of the Loan Documents being ratified and assumed by Group, Nexstar Finance Holdings and Nexstar Finance, respectively, (D) no Default or Event of Default exists both before and after giving effect to the Mergers, (E) the Parent Merger, the Holdco Merger and the Borrower Merger are consummated and effective on the same day, and (F) the Initial Public Offering is consummated on or within 1 Business Day after the effective date of the Mergers;

(b) consent to the Cash Redemption Funding, the Preferred Redemption and the Holdings II Notes Repayment and waive compliance with the provisions of Section 8.03, Section 8.05, Section 8.06, Section 8.10 and Section 8.11 of the Credit Agreement which prohibit the Cash Redemption Funding, the Preferred Redemption and the Holdings II Notes Repayment solely to the extent necessary to permit the Cash Redemption Funding, the Preferred Redemption and the Holdings II Notes Repayment; provided, that (i) the Initial Public Offering is (x) an underwritten public offering by Group pursuant to an effective registration statement filed with the Securities and Exchange Commission and otherwise complies with the requirements of the Securities Act of 1933, as amended, and all other applicable Requirements of Law, (y) is sufficient to result in Net Issuance Proceeds to Group of at least \$100,000,000, and (z) is consummated on or before December 31, 2002, (ii) the Initial Public Offering otherwise complies with all of the other requirements of Section 8.13(a) of the Credit Agreement (including, without limitation, the requirements that the Net Issuance Proceeds of the Initial Public Offering be applied in accordance with Section 2.07(e) to the extent applicable), (iii) all of the Existing Parent Preferred Equity is

redeemed as described in Recital B(i) of this Amendment and the Holdings II Notes Repayment is effected contemporaneously with the Initial Public Offering using solely Net Issuance Proceeds of the Initial Public Offering, (iv) the Initial Public Offering, the Cash Redemption Funding, the Preferred Redemption and the Holdings II Notes Repayment all occur pursuant to documentation in form and substance satisfactory to the Administrative Agent, (v) no Default or Event of Default exists both before and after giving effect to the Cash Redemption Funding, the Preferred Redemption and the Holdings II Notes Repayment, (vi) the Initial Public Offering is consummated immediately after the Mergers are consummated, and (vii) immediately prior to the Initial Public Offering, the Administrative Agent shall have received (x) a consolidated balance sheet from each of Group and its Subsidiaries and Nexstar Finance and its Subsidiaries, prepared on a Pro Forma Basis, giving effect to the Initial Public Offering and the other transactions consummated in connection with the Initial Public Offering, as though the Initial Public Offering and such transactions occurred as of the first day of the four fiscal quarters most recently ended, and (y) a Pro Forma Compliance Certificate duly executed on behalf of Group and Nexstar Finance by a Responsible Officer of Group and Nexstar Finance; and

(c) consent to the execution, delivery and performance by the parties thereto of the Fourth Amendment and Limited Consent dated as of even date herewith relative to the Bastet/Mission Credit Agreement (the "Bastet/Mission Amendment"), and all transactions described therein.

The consents set forth in this Section 2 are limited to the extent specifically set forth above and no terms, covenants or provisions of the Credit Agreement or any other Loan Document are intended to be affected hereby except to the extent specifically waived in connection with the limited consents granted above.

Section 3. LIMITED WAIVERS. Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties of the Borrower and the Parent Guarantors herein contained, the several Banks parties to this Amendment hereby waive the Events of Default pursuant to clause (ii) of Section 8.14 of the Credit Agreement and Section 3.7 of the Security Agreements caused by the name changes described in Recital C hereof.

The waivers set forth in this Section 3 are limited to the extent specifically set forth above and no terms, covenants or provisions of the Credit Agreement or any other Loan Document are intended to be affected hereby except to the extent specifically waived above.

Section 4. CONDITIONS PRECEDENT. The parties hereto agree that this Amendment and the consents, waivers and amendments to the Credit Agreement contained herein shall not be effective until the satisfaction of each of the following conditions precedent:

(a) Execution and Delivery of this Amendment. The Administrative Agent shall have received a copy of this Amendment executed and delivered by each of the applicable Credit Parties and by Banks constituting Majority Banks and each of the conditions set forth in Sections 4(b) through 4(d) below shall have been satisfied; provided that the amendment set forth in Section 1(a)(i) above shall not become effective until the Administrative Agent shall have received a copy of this Amendment executed and delivered by each of the applicable Credit Parties and by Banks constituting Majority Banks but including all Term B Banks and each of the conditions set forth in Sections 4(b) through 4(d) below shall have been satisfied.

(b) Representations and Warranties. Each of the representations and warranties made in this Amendment shall be true and correct on and as of the Amendment Effective Date as if made on and as of such date, both before and after giving effect to this Amendment.

(c) Fees and Expenses. The Administrative Agent shall have received for its own account and for the account of each Bank party to this Amendment, an amendment fee for each Bank party to this Amendment (collectively, the "Amendment Fees") in an amount equal to the product of (i) 0.050%, multiplied by, (ii) the sum of the amount of such Bank's Revolving Commitment, plus the amount of such Bank's Term A Loans, plus the amount of such Bank's Additional Term A Loan Commitment, plus the amount of such Bank's outstanding Term B Loans, in each case as computed on the Amendment Effective Date. The Amendment Fees shall be nonrefundable and shall be deemed to have been earned in full when this Amendment has been executed and delivered to the Administrative Agent by the Borrower and Banks constituting the Majority Banks, but including all Term B Banks, whether or not the Amendment

Effective Date occurs. In addition, the Borrower shall pay the estimated fees, costs and out-of-pocket expenses incurred by counsel to the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Amendment, the Bastet/Mission Amendment, and all transaction contemplated hereby and thereby.

(d) Effectiveness of Bastet/Mission Amendment. All conditions precedent to the effectiveness of the Bastet/Mission Amendment shall have been satisfied in a manner reasonably satisfactory to the Administrative Agent of such credit facility.

Section 5. REPRESENTATIONS AND WARRANTIES. To induce the Administrative Agent and the several Banks parties hereto to enter into this Amendment and to grant the consents, waivers and amendments contained herein and in the Bastet/Mission Amendment, each of the Borrower and the Parent Guarantors represents and warrants to the Administrative Agent and the Banks as follows:

(a) Authorization; No Contravention. The execution, delivery and performance by the applicable Credit Parties of this Amendment have been duly

authorized by all necessary partnership, corporate or limited liability company action, as applicable, and do not and will not (i) contravene the terms of any Charter Documents of any Credit Party, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which any Credit Party is a party or any order, injunction, writ or decree of any Governmental Authority to which any Credit Party is a party or its property is subject, or (iii) violate any Requirement of Law.

(b) Governmental Authorization. No approval, consent, exemption, authorization or other action by, or notice to, or filing with or approvals required under state blue sky securities laws or by any Governmental Authority is necessary or required in connection with the execution, delivery, performance or enforcement of this Amendment.

(c) No Default. Other than the Existing Defaults, no Default or Event of Default exists under any of the Loan Documents. No Credit Party is in default under or with respect to (i) its Charter Documents or (ii) any material Contractual Obligation of such Person. The execution, delivery and performance of this Amendment shall not result in any default under any Contractual Obligation of any Credit Party in any respect.

(d) Binding Effect. This Amendment and the Credit Agreement as amended hereby constitute the legal, valid and binding obligations of the Credit Parties that are parties thereto, enforceable against such Credit Parties in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles of general applicability.

(e) Representations and Warranties. The representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date, both before and after giving effect to the amendments contemplated in this Amendment, as if such representations and warranties were being made on and as of the Amendment Effective Date.

(f) Preferred Equity. Upon consummation of the Initial Public Offering and the redemption of the Existing Parent Preferred Equity, neither the Ultimate Parent nor any of its Subsidiaries will have outstanding any Disqualified Stock, any Indebtedness that is convertible into Disqualified Stock, or any preferred Capital Stock of any class or series.

Section 6. MISCELLANEOUS.

(a) Ratification of Loan Documents. Except for the specific consents, waivers and amendments expressly set forth in this Amendment, the terms, provisions, conditions and covenants of the Credit Agreement and the other Loan

Documents remain in full force and effect and are hereby ratified and confirmed, and the execution, delivery and performance of this Amendment shall not in any manner operate as a waiver of, consent to or amendment of any other term, provision, condition or covenant of the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, the consents set forth in Section 2 of this Amendment and the waivers set forth in Section 3 of this Amendment shall be limited precisely as set forth above, and nothing in this Amendment shall be deemed (i) to constitute a waiver of compliance or consent to noncompliance by any of the Credit Parties with respect to any other term provision, condition or covenant of the Credit Agreement or other Loan Documents; (ii) to prejudice any right or remedy that the Administrative Agent or the Banks may now have or may have in the future under or in connection with the Credit Agreement or any other Loan Document; or (iii) to constitute a waiver of compliance or consent to noncompliance by any of the Credit Parties with respect to the terms, provisions, conditions and covenants of the Credit Agreement made the subject hereof, other than as specifically set forth herein and for the time periods specifically set forth herein.

(b) Fees and Expenses. The Borrower and the Parent Guarantors jointly and severally agree to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, reproduction, execution, and delivery of this Amendment, the Bastet/Mission Amendment and any other documents prepared in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent.

(c) Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(d) APPLICABLE LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

(e) Counterparts and Amendment Effective Date. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Subject to the proviso set forth in Section 4(a) above, this Amendment shall become effective when the Administrative Agent has

received counterparts of this Amendment executed by the Borrower, the Parent Guarantors, each of the other Guarantors and the Banks constituting Majority Banks and each of the conditions precedent set forth in Sections 4(b) through

4(d) above has been satisfied (the "Amendment Effective Date"), whether or not this Amendment has been executed and delivered by each and every Bank named on a signature pages attached hereto.

(f) Affirmation of Guarantees. Notwithstanding that such consent is not required thereunder, each of the Parent Guarantors and the other Guarantors hereby consent to the execution and delivery of this Amendment and the Bastet/Mission Amendment and the consummation of the transactions contemplated hereby and thereby (including, without limitation, the Mergers) and reaffirm their respective obligations under each of their respective Guaranty Agreements, which Guaranty Agreements shall continue in full force and effect notwithstanding the consummation of such Transactions.

(g) Confirmation of Loan Documents and Liens. As a material inducement to the Banks to agree to grant the consents and waivers set forth herein, to amend the Credit Agreement as set forth herein and to enter into the Bastet/Mission Amendment, the Borrower, the Guarantors and David S. Smith hereby (i) acknowledge and confirm the continuing existence, validity and effectiveness of the Loan Documents to which they are parties, including, without limitation the Security Documents and the Liens granted under the Security Documents, (ii) agrees that the execution, delivery and performance of this Amendment and the Bastet/Mission Amendment, and the consummation of the transactions contemplated hereby and thereby (including, without limitation, the Mergers) shall not in any way release, diminish, impair, reduce or otherwise adversely affect such Loan Documents and Liens and (iii) acknowledges and agrees that the Liens granted under the Security Documents secure, and after the consummation of the transactions contemplated hereby and by the Bastet/Mission Amendment (including, without limitation, the Merger) will continue to secure, the payment of the Obligations under the Loan Documents in the same priority as on the date such Liens were created and perfected, and the performance and observance by the Borrower and the other Credit Parties of the covenants, agreements and conditions to be performed and observed by each under the Credit Agreement, as amended hereby, and the Bastet Mission Credit Agreement, as amended by the Bastet/Mission Amendment.

(h) FINAL AGREEMENT. THIS AMENDMENT, TOGETHER WITH THE CREDIT AGREEMENT AND OTHER LOAN DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

Exhibit 10.5

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers effective as of the Amendment Effective Date.

BORROWER:

NEXSTAR FINANCE, L.L.C.

By:/s/ Shirley Green

Name: Shirley Green
Title: Vice President - Finance

PARENT GUARANTORS:

NEXSTAR BROADCASTING GROUP, L.L.C.
NEXSTAR BROADCASTING OF NORTHEASTERN PENNSYLVANIA, INC.
NEXSTAR BROADCASTING OF JOPLIN, INC.
NEXSTAR BROADCASTING OF ERIE, INC.
KBTV BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF
BEAUMONT/PORT ARTHUR, INC.)
KFDX BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF
WICHITA FALLS, INC.)
NEXSTAR BROADCASTING OF ROCHESTER, INC.
KTAB BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF
ABILENE, INC.)
ERC HOLDINGS, INC.
NEXSTAR MIDWEST HOLDINGS, INC.
NEXSTAR BROADCASTING OF CHAMPAIGN, INC.
NEXSTAR BROADCASTING OF PEORIA, INC.
KMID BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF
MIDLAND-ODESSA, INC.)
KTAL BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF
LOUISIANA, INC.)
NEXSTAR FINANCE HOLDINGS II, L.L.C.
NEXSTAR FINANCE HOLDINGS, L.L.C.
NEXSTAR FINANCE HOLDINGS, INC.

By:/s/ Shirley Green

Name: Shirley Green
Title: Vice President - Finance

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

OTHER GUARANTORS (for purposes of Sections 6(f) and 6(g) hereof):

NEXSTAR BROADCASTING OF ABILENE, L.L.C.
NEXSTAR BROADCASTING OF BEAUMONT/ PORT ARTHUR, L.L.C.
NEXSTAR BROADCASTING OF CHAMPAIGN, L.L.C.
ENTERTAINMENT REALTY CORPORATION
NEXSTAR BROADCASTING OF ERIE, L.L.C.
NEXSTAR BROADCASTING OF JOPLIN, L.L.C.
NEXSTAR BROADCASTING OF LOUISIANA, L.L.C.
NEXSTAR BROADCASTING OF MIDLAND-ODESSA, L.L.C.
NEXSTAR BROADCASTING OF THE MIDWEST, INC.
NEXSTAR BROADCASTING OF NORTHEASTERN PENNSYLVANIA, L.L.C.
NEXSTAR FINANCE, INC.
NEXSTAR BROADCASTING OF PEORIA, L.L.C.
NEXSTAR BROADCASTING OF ROCHESTER, L.L.C.
NEXSTAR BROADCASTING OF WICHITA FALLS, L.L.C.
NEXSTAR MANAGEMENT, INC. (F/K/A NEXSTAR BROADCASTING, INC.)

By:/s/ Shirley Green

Title: Secretary of each of the
above-named entities

BASTET BROADCASTING, INC.

By:/s/ Nancie J. Smith

Name: Nancie J. Smith
Title: Vice President

MISSION BROADCASTING OF WICHITA FALLS, INC.

By:/s/ Nancie J. Smith

Name: Nancie J. Smith
Title: Vice President

MISSION BROADCASTING OF JOPLIN, INC.

By:/s/ Nancie J. Smith

Name: Nancie J. Smith
Title: Vice President

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

DAVID S. SMITH (for purposes of Section 6(g) hereof):

/s/ David S. Smith

DAVID S. SMITH

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

WACHOVIA BANK, NATIONAL ASSOCIATION (SUCCESSOR BY MERGER TO FIRST UNION NATIONAL BANK)

By:/s/ Lawrence P. Sullivan

Name: Lawrence P. Sullivan
Title: Vice President

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

CIBC INC.

By:/s/ Tefta Ghilaga

Name: Tefta Ghilaga
Title: Executive Director
CIBC World Markets Corp. As Agent

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

ADMINISTRATIVE AGENT AND BANKS:

BANK OF AMERICA, N.A.,
as Administrative Agent

By:/s/ Steven P. Renwick

Name: Steven P. Renwick
Title: Principal

BANK OF AMERICA, N.A.

By:/s/ Steven P. Renwick

Name: Steven P. Renwick
Title: Principal

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

U.S. BANK NATIONAL ASSOCIATION (SUCCESSOR BY
MERGER TO FIRSTAR BANK, N.A.)

By:/s/ Michael J. Homeyer

Name: Michael J. Homeyer
Title: Vice President

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

ELC (Cayman) Ltd. 1999-II
ELC (Cayman) Ltd. 1999-III
ELC (Cayman) Ltd. 2000-I
APEX (IDM) CDO I, Ltd.
TRYON CLO Ltd. 2000-I

By:/s/ Adrienne Musgnug

Name: Adrienne Musgnug
Title: Director

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

ARCHIMEDES FUNDING IV (CAYMEN), LTD.

BY: ING Capital Advisors LLC,
As Collateral Manager

By:/s/ Jane Nelson

Name: Jane Nelson
Title: Managing Director

COPERNICUS CDO EURO-I B.V.

BY: ING Capital Advisors LLC,
As Collateral Manager

By:/s/ Jane Nelson

Name: Jane Nelson
Title: Managing Director

BALANCED HIGH-YIELD FUND II, LTD.

BY: ING Capital Advisors LLC,
As Asset Manager

By:/s/ Jane Nelson

Name: Jane Nelson
Title: Managing Director

SEQUILS-ING I (HBDGM), LTD.

BY: ING Capital Advisors LLC,
As Collateral Manager

By:/s/ Jane Nelson

Name: Jane Nelson
Title: Managing Director

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

ARES V CLO Ltd.

By: ARES CLO Management V, LP,
Investment Manager

By: ARES CLO GP V, LLC,
Its Managing Member

By:/s/ Seth J. Brufsky

Name: Seth J. Brufsky
Title: Vice President

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

ARES LEVERAGED INVESTMENT FUND II, L.P.

By: ARES Management II, L.P.
Its: General Partner

By:/s/ Seth J. Brufsky

Name: Seth J. Brufsky
Title: Vice President

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

BLACK DIAMOND CLO 2000-1 LTD.

By:/s/ Alan Corkish

Name: Alan Corkish
Title: Director

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

CARLYLE HIGH YIELD PARTNERS III, LTD.

By:/s/ Linda Pace

Name: Linda Pace
Title: Principal

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

SENIOR DEBT PORTFOLIO

By: Boston Management and Research
as Investment Advisor

By:/s/ Payson F. Swaffield

Name: Payson F. Swaffield
Title: Vice President

EATON VANCE SENIOR INCOME TRUST

By: Eaton Vance Management
as Investment Advisor

By:/s/ Payson F. Swaffield

Name: Payson F. Swaffield
Title: Vice President

GRAYSON & CO

By: Boston Management and Research
as Investment Advisor

By:/s/ Payson F. Swaffield

Name: Payson F. Swaffield
Title: Vice President

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

FIRST DOMINION FUNDING II

By:/s/ Andrew H. Marshak

Name: Andrew H. Marshak

Title: Authorized Signatory

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

FIRST DOMINION FUNDING III

By:/s/ Andrew H. Marshak

Name: Andrew H. Marshak

Title: Authorized Signatory

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

GENERAL ELECTRIC CAPITAL CORPORATION

By:/s/ Karl Kieffer

Name: Karl Kieffer

Title: Duly Authorized Signatory

[Signature page to Second Amendment to Credit Agreement, Limited Consent and Limited Waiver]

HELLER FINANCIAL, INC.

By:/s/ Karl Kieffer

Name: Karl Kieffer
Title: Duly Authorized Signatory

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

KZH ING-2 LLC

By:/s/ Joyce Fraser-Bryant

Name: Joyce Fraser-Bryant
Title: Authorized Agent

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

ALADDIN ASSET MANAGEMENT LLC-LANDMARK CDO LIMITED

By:/s/ Gilles Marchand

Name: Gilles Marchand
Title: Authorized Signatory

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION

By: New York Life Investment Management LLC,
its Investment Manager

By:/s/ Anthony Malloy

Name: Anthony Malloy
Title: Director

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

NEW YORK LIFE INSURANCE COMPANY

By:/s/ Anthony Malloy

Name: Anthony Malloy

Title: Director

[Signature page to Second Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

SIERRA CLO-I

By:/s/ John M. Casparian

Name: John M. Casparian

Title: Chief Operating Officer

Centre Pacific, Manager

FOURTH AMENDMENT TO CREDIT AGREEMENT, LIMITED CONSENT AND LIMITED WAIVER

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT, LIMITED CONSENT AND LIMITED WAIVER (this "Amendment"), dated as of June 5, 2002, is among BASTET BROADCASTING, INC., a Delaware corporation ("Bastet"), MISSION BROADCASTING OF WICHITA FALLS, INC., a Delaware corporation ("Mission Wichita Falls"), MISSION BROADCASTING OF JOPLIN, INC., a Delaware corporation (together with Bastet and Mission Wichita Falls, collectively, the "Borrowers"), the several Banks (as such term is defined in the hereinafter described Credit Agreement) parties to this Amendment, and BANK OF AMERICA, N.A., as Administrative Agent for the Banks (in such capacity, the "Administrative Agent").

R E C I T A L S:

A. The Borrowers, the Administrative Agent, Barclays Bank PLC, as Syndication Agent, First Union National Bank, as Documentation Agent, and the several Banks parties thereto entered into that certain Credit Agreement dated as of January 12, 2001 (as amended by that certain First Amendment to Credit Agreement dated as of May 17, 2001, that certain Second Amendment to Credit Agreement dated as of June 14, 2001, and that certain Third Amendment to Credit Agreement, Limited Consent and Assumption Agreement dated as of November 14, 2001, the "Credit Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Borrowers have advised the Administrative Agent that one or more of them wish (i) to borrow up to \$20,000,000 in aggregate principal amount (the "Initial Nexstar-Bastet/Mission Loan") from Nexstar Finance, Inc., a Delaware corporation ("Nexstar Finance"), 100% of the proceeds of which Initial Nexstar-Bastet/Mission Loan will be used, immediately upon the receipt thereof by such Borrower(s), to repay outstanding Loans, and, (ii) from time to time after the Initial Nexstar-Bastet/Mission Loan, to borrow additional amounts from Nexstar Finance or other Nexstar Entities (together with the Initial Nexstar-Bastet/Mission Loans, collectively, the "Nexstar-Bastet/Mission Loans"), the aggregate outstanding principal amount of which Nexstar-Bastet/Mission Loans (inclusive of the outstanding principal amount of the Initial Nexstar-Bastet/Mission Loan) shall not exceed \$30,000,000 at any time.

C. The incurrence and repayment of the Nexstar-Bastet/Mission Loans are currently prohibited by Sections 8.05 and 8.10 of the Credit Agreement and require certain amendments and consents under the Nexstar Credit Agreement to be made and granted as contemplated by that certain Second Amendment to Amended and Restated Credit Agreement, Limited Consent and Limited Waiver to be dated as of even date herewith (the "Nexstar Amendment") among the Ultimate Nexstar Parent, certain of its Subsidiaries, Nexstar Finance, certain of the Nexstar Banks and the Administrative Agent for the Nexstar Banks.

D. As a result of certain events of default under the Nexstar Credit Agreement more particularly described in the Nexstar Amendment, Events of Default exist under Section 9.01(e) of the Credit Agreement (collectively, the "Cross-Defaults").

E. The Borrowers have requested that the Banks (i) amend the Credit Agreement to permit the incurrence and repayment of the Nexstar-Bastet/Mission Loans, (ii) consent to the execution and delivery of the Nexstar Amendment, and (iii) waive the Cross-Defaults.

F. The several Banks parties to this Amendment (which Banks constitute the Majority Banks required under the Credit Agreement to grant the consents and waivers and effect the amendments intended hereby) are willing to grant the above-described consents and waivers and to agree to the above-described amendments, subject in each case to the performance and observance in full of each of the covenants, terms and conditions, and in reliance upon all of the representations and warranties of the Borrowers, set forth herein.

NOW, THEREFORE, in consideration of the premises and the covenants, terms and conditions, and in reliance upon the representations and warranties, in each case contained herein, the parties hereto agree hereby as follows:

Section 1. AMENDMENTS. Subject to the covenants, terms and conditions set forth herein and in reliance upon the representations and warranties of the Borrowers herein contained, the parties to this Amendment hereby agree to amend the Credit Agreement as of the Amendment Effective Date (as hereinafter defined) as follows:

(a) Section 1.01 of the Credit Agreement is amended to add the following definitions of "Initial Nexstar-Bastet/Mission Loan", "Nexstar-Bastet/Mission Loan" and "Nexstar Group" in the appropriate alphabetical positions therein:

"Initial Nexstar-Bastet/Mission Loan" means a loan up to \$20,000,000 in aggregate principal amount from Nexstar Finance to one or more of the Borrowers, 100% of the proceeds of which will be used, immediately upon the receipt thereof by such Borrower(s), to repay outstanding Loans.

"Nexstar-Bastet/Mission Loan" means a loan made by a Nexstar Entity to one or more of the Borrowers in compliance with Section 8.05(i) (including the Initial Nexstar-Bastet/Mission Loan).

"Nexstar Group" means Nexstar Broadcasting Group, Inc., a Delaware corporation formerly known as Nexstar Equity Corp.

(b) Section 8.05 of the Credit Agreement is amended to (i) delete the word "and" from the end of clause (g), (ii) delete the period at the end of clause (h) and insert a semicolon and the word "and" in lieu thereof, and (iii) to add a new clause (i) that reads as follows:

"(i) after such time as the Ultimate Nexstar Parent has merged with and into Nexstar Group and Nexstar Group has assumed all of the obligations of the Ultimate Nexstar Parent under the Nexstar Loan Documents and the Nexstar Guaranty Agreement,

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(i) Indebtedness with respect to the Initial Nexstar Bastet/Mission Loan, and (ii) from time to time after the borrowing of the Initial Nexstar-Bastet/Mission Loan, Indebtedness with respect to additional loans from Nexstar Finance or other Nexstar Entities; provided in each case that (A) the aggregate outstanding principal amount of Nexstar-Bastet/Mission Loans (inclusive of the outstanding principal amount of the Initial Nexstar-Bastet/Mission Loan) may not exceed \$30,000,000 at any time, (B) each such loan is evidenced by a demand promissory note in form and substance reasonably satisfactory to the Administrative Agent and which promissory note is delivered to the Collateral Agent (as that term is defined in the Nexstar Credit Agreement) by the Nexstar Entity making such loan, together with any necessary endorsements, to be held as Pledged Collateral (as that term is defined in the Nexstar Credit Agreement); (C) no such loan will, alone or in the aggregate with any other such loans, violate any Requirement of Law applicable to the Nexstar Entities or the Bastet/Mission Entities (including, without limitation, all terms and conditions of all FCC Licenses covering the Stations and all rules, regulations and administrative orders of the FCC) and, prior to the making of each such loan, Nexstar Finance shall have delivered to the Administrative Agent a certificate to such effect executed on Nexstar Finance's behalf by a Responsible Officer of Nexstar Finance, and (D) no Default or Event of Default exists both before and after the making of such loan."

(c) Section 8.10 of the Credit Agreement is amended to delete the word "and" from the end of clause (a), to delete the period (".") at the end of clause (b) and insert a semicolon (";") and the word "and" in lieu thereof, and to add a new clause (c) immediately after clause (b) that reads as follows:

"(c) the Borrowers may repay the Nexstar-Bastet/Mission Loans from time to time in whole or in part provided no Default or Event of Default exists before, or will exist immediately after, any such

repayment."

The amendments set forth in this Section 1 are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Credit Agreement are intended to be effected hereby.

Section 2. LIMITED CONSENTS. Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties of the Borrowers herein contained, the several Banks parties to this Amendment consent to the execution, delivery and performance by the parties thereto of the Nexstar Amendment and all transactions described therein.

The consents set forth in this Section 2 are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Credit Agreement or any other Loan Document are intended to be affected hereby.

Section 3. LIMITED WAIVERS. Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties of the Borrowers made herein, the several Banks parties to this Amendment waive the Events of

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Default under Section 9.01(e) of the Credit Agreement caused by the Existing Defaults (as defined in the Nexstar Amendment).

The waivers set forth in this Section 3 are limited to the extent specifically set forth above and no terms, covenants or provisions of the Credit Agreement or any other Loan Document are intended to be affected hereby except to the extent specifically waived above.

Section 4. CONDITIONS PRECEDENT. The parties hereto agree that this Amendment and the consents, waivers and amendments to the Credit Agreement contained herein shall not be effective until the satisfaction of each of the following conditions precedent:

(a) Execution and Delivery of this Amendment. The Administrative Agent shall have received a copy of this Amendment executed and delivered by each of the applicable Credit Parties and by Banks constituting Majority Banks.

(b) Representations and Warranties. Each of the representations and warranties made in this Amendment shall be true and correct on and as of the Amendment Effective Date as if made on and as of such date, both before and after giving effect to this Amendment.

(c) Fees and Expenses. The Administrative Agent shall have received for

its own account and for the account of each Bank party to this Amendment, an amendment fee for each Bank party to this Amendment (collectively, the "Amendment Fees") in an amount equal to the product of (i) 0.050%, multiplied by, (ii) such Bank's Commitment as computed on the Amendment Effective Date. The Amendment Fees shall be nonrefundable and shall be deemed to have been earned in full when this Amendment has been executed and delivered to the Administrative Agent by the Borrowers and Banks constituting the Majority Banks, whether or not the Amendment Effective Date occurs. In addition, the Borrowers shall pay the estimated fees, costs and out-of-pocket expenses incurred by counsel to the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Amendment, the Nexstar Amendment, and all transaction contemplated hereby and thereby.

(d) Effectiveness of the Nexstar Amendment. All conditions precedent to the effectiveness of the Nexstar Amendment (other than the conditions set forth in the proviso to Section 4(a) of the Nexstar Amendment) shall have been satisfied in a manner reasonably satisfactory to the Administrative Agent of such credit facility.

Section 5. REPRESENTATIONS AND WARRANTIES. To induce the Administrative Agent and the several Banks parties hereto to enter into this Amendment and to grant the consents, waivers and amendments contained herein and in the Nexstar Amendment, each of the Borrowers represents and warrants to the Administrative Agent and the Banks as follows:

(a) Authorization; No Contravention. The execution, delivery and performance by the Borrowers of this Amendment have been duly authorized by all necessary partnership, corporate or limited liability company action, as applicable, and do not and will not (i) contravene the terms of any Charter Documents of the Borrowers, (ii) conflict with or result in

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any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which any Borrower is a party or any order, injunction, writ or decree of any Governmental Authority to which any Borrower is a party or its property is subject, or (iii) violate any Requirement of Law.

(b) Governmental Authorization. No approval, consent, exemption, authorization or other action by, or notice to, or filing with or approvals required under state blue sky securities laws or by any Governmental Authority is necessary or required in connection with the execution, delivery, performance or enforcement of this Amendment.

(c) No Default. Other than the Cross-Defaults, no Default or Event of

Default exists under any of the Loan Documents on the date hereof and, on the Amendment Effective Date, no Default or Event of Default will exist or is reasonably expected to occur under any of the Loan Documents. No Borrower is in default under or with respect to (i) its Charter Documents or (ii) any material Contractual Obligation of such Person. The execution, delivery and performance of this Amendment shall not result in any default under any Contractual Obligation of any Borrower in any respect.

(d) Binding Effect. This Amendment and the Credit Agreement as amended hereby constitute the legal, valid and binding obligations of the Credit Parties that are parties thereto, enforceable against such Credit Parties in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles of general applicability.

(e) Representations and Warranties. The representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date, both before and after giving effect to the amendments contemplated in this Amendment, as if such representations and warranties were being made on and as of the Amendment Effective Date.

Section 6. MISCELLANEOUS

(a) Ratification of Loan Documents. Except for the specific consents, waivers and amendments expressly set forth in this Amendment, the terms, provisions, conditions and covenants of the Credit Agreement and the other Loan Documents remain in full force and effect and are hereby ratified and confirmed, and the execution, delivery and performance of this Amendment shall not in any manner operate as a waiver of, consent to or amendment of any other term, provision, condition or covenant of the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, the consents set forth in Section 2 of this Amendment and the waivers set forth in Section 3 of this Amendment shall be limited precisely as set forth above, and nothing in this Amendment shall be deemed (i) to constitute a waiver of compliance or consent to noncompliance by any of the Credit Parties with respect to any other term provision, condition or covenant of the Credit Agreement or other Loan Documents; (ii) to prejudice any right or remedy that the Administrative Agent or the Banks may now have or may have in the future under or in connection with the Credit Agreement or any other Loan Document; or (iii) to constitute a waiver of compliance or consent to noncompliance

by any of the Credit Parties with respect to the terms, provisions, conditions and covenants of the Credit Agreement made the subject hereof, other than as specifically set forth herein.

(b) Fees and Expenses. The Borrowers jointly and severally agree to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, reproduction, execution, and delivery of this Amendment, the Nexstar Amendment and any other documents prepared in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent.

(c) Headings. Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(d) APPLICABLE LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

(e) Counterparts and Amendment Effective Date. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment shall become effective when (i) each of the conditions precedent set forth in Section 4 of this Amendment have been satisfied, and (ii) the Administrative Agent has received counterparts of this Amendment executed by the Borrowers, each of the Guarantors, David S. Smith and Banks constituting Majority Banks (the "Amendment Effective Date"), whether or not this Amendment has been executed and delivered by each and every Bank named on the signature pages hereto.

(f) Affirmation of Guarantees. Notwithstanding that such consent is not required thereunder, the undersigned Guarantors hereby consent to the execution and delivery of this Amendment and Nexstar Amendment and the consummation of the transactions contemplated hereby and thereby and reaffirm their respective obligations under each of their respective Guaranty Agreements, which Guaranty Agreements shall continue in full force and effect notwithstanding the consummation of such transactions.

(g) Confirmation of Loan Documents and Liens. As a material inducement to the Banks to agree to grant the consents and waivers set forth herein, to amend the Credit Agreement as set forth herein and to enter into the Nexstar Amendment, the Borrowers, the Guarantors and David S. Smith hereby (i) acknowledge and confirm the continuing existence, validity and effectiveness of the Loan Documents to which they are parties, including, without limitation the Security Documents and the Liens granted under the Security Documents, (ii) agrees that the execution, delivery and performance of this Amendment and the Nexstar Amendment, and the transactions contemplated hereby and thereby, shall not in any way release, diminish, impair,

reduce or otherwise adversely affect such Loan Documents and Liens and (iii) acknowledges and agrees that the Liens granted under the Security Documents secure, and after the consummation of the transactions contemplated hereby and by the Nexstar Amendment will continue to secure, payment of the Obligations under the Loan Documents in the same priority as on the date such Liens were created and perfected, and the performance and observance by the Borrowers and the other Credit Parties of the covenants, agreements and conditions to be performed and observed by each under the Credit Agreement, as amended hereby, and Nexstar Credit Agreement, as amended by the Nexstar Amendment.

(h) FINAL AGREEMENT. THIS AMENDMENT, TOGETHER WITH THE CREDIT AGREEMENT AND OTHER LOAN DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers effective as of the Amendment Effective Date.

BORROWERS:

BASTET BROADCASTING, INC.

By:/s/ Nancie J. Smith

Name: Nancie J. Smith

Title: Vice President

MISSION BROADCASTING OF
WICHITA FALLS, INC.

By:/s/ Nancie J. Smith

Name: Nancie J. Smith

Title: Vice President

MISSION BROADCASTING OF
JOPLIN, INC.

By: /s/ Nancie J. Smith

Name: Nancie J. Smith
Title: Vice President

[Signature Page to Fourth Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

GUARANTORS (for purposes of Section 6(f) and Section 6(g) hereof):

NEXSTAR BROADCASTING GROUP, L.L.C.
NEXSTAR FINANCE, L.L.C.
NEXSTAR BROADCASTING OF NORTHEASTERN PENNSYLVANIA, INC.
NEXSTAR BROADCASTING OF JOPLIN, INC.
NEXSTAR BROADCASTING OF ERIE, INC.
KBTV BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF BEAUMONT/PORT
ARTHUR, INC.)
KFDX BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF WICHITA FALLS, INC.)
NEXSTAR BROADCASTING OF ROCHESTER, INC.
KTAB BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF ABILENE, INC.)
ERC HOLDINGS, INC.
NEXSTAR MIDWEST HOLDINGS, INC.
NEXSTAR BROADCASTING OF CHAMPAIGN, INC.
NEXSTAR BROADCASTING OF PEORIA, INC.
KMID BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF MIDLAND-ODESSA, INC.)
KTAL BROADCASTING INC. (F/K/A NEXSTAR BROADCASTING OF LOUISIANA, INC.)
NEXSTAR FINANCE HOLDINGS, L.L.C.
NEXSTAR FINANCE HOLDINGS II, L.L.C.
NEXSTAR FINANCE HOLDINGS, INC.
NEXSTAR BROADCASTING OF ABILENE, L.L.C.
NEXSTAR BROADCASTING OF BEAUMONT/ PORT ARTHUR, L.L.C.
NEXSTAR BROADCASTING OF CHAMPAIGN, L.L.C.
ENTERTAINMENT REALTY CORPORATION
NEXSTAR BROADCASTING OF ERIE, L.L.C.
NEXSTAR BROADCASTING OF JOPLIN, L.L.C.
NEXSTAR BROADCASTING OF LOUISIANA, L.L.C.
NEXSTAR BROADCASTING OF MIDLAND-ODESSA, L.L.C.
NEXSTAR BROADCASTING OF THE MIDWEST, INC.
NEXSTAR BROADCASTING OF NORTHEASTERN PENNSYLVANIA, L.L.C.
NEXSTAR FINANCE, INC.
NEXSTAR BROADCASTING OF PEORIA, L.L.C.
NEXSTAR BROADCASTING OF ROCHESTER, L.L.C.

By: /s/ Shirley Green

Title: Secretary of each of the
above-named entities

[Signature Page to Fourth Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

DAVID S. SMITH (for purposes of Section 6(g) hereof):

/s/ David S. Smith

DAVID S. SMITH

[Signature Page to Fourth Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

WACHOVIA BANK, NATIONAL ASSOCIATION (SUCCESSOR
BY MERGER TO FIRST UNION NATIONAL BANK)

By: /s/ Lawrence P. Sullivan

Name: Lawrence P. Sullivan
Title: Vice President

[Signature Page to Fourth Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

CIBC INC.

By: /s/ Tefta Ghilaga

Name: Tefta Ghilaga
Title: Executive Director
CIBC World Markets Corp. As Agent

[Signature Page to Fourth Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

ADMINISTRATIVE AGENT AND BANKS:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Steven P. Renwick

Name: Steven P. Renwick
Title: Principal

BANK OF AMERICA, N.A.

By: /s/ Steven P. Renwick

Name: Steven P. Renwick
Title: Principal

[Signature Page to Fourth Amendment to Credit Agreement, Limited Consent
and Limited Waiver]

U.S. BANK NATIONAL ASSOCIATION (SUCCESSOR BY
MERGER TO FIRSTAR BANK, N.A.)

By: /s/ Michael J. Homeyer

Name: Michael J. Homeyer
Title: Vice President

FIFTH AMENDMENT TO CREDIT AGREEMENT AND LIMITED CONSENT

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT AND LIMITED CONSENT (this “*Amendment*”), dated as of September 30, 2002, is among BASTET BROADCASTING, INC., a Delaware corporation (“*Bastet*”), MISSION BROADCASTING OF WICHITA FALLS, INC., a Delaware corporation (“*Mission Wichita Falls*”), MISSION BROADCASTING OF JOPLIN, INC., a Delaware corporation (“*Mission Joplin*”), and, together with Bastet and Mission Wichita Falls, collectively, the “*Borrowers*”), the several Banks (as such term is defined in the hereinafter described Credit Agreement) parties to this Amendment, and BANK OF AMERICA, N.A., as Administrative Agent for the Banks (in such capacity, the “*Administrative Agent*”).

R E C I T A L S:

A. The Borrowers, the Administrative Agent, Barclays Bank PLC, as Syndication Agent, First Union National Bank, as Documentation Agent, and the several Banks parties thereto entered into that certain Credit Agreement dated as of January 12, 2001 (as amended by that certain First Amendment to Credit Agreement dated as of May 17, 2001, that certain Second Amendment to Credit Agreement dated as of June 14, 2001, that certain Third Amendment to Credit Agreement, Limited Consent and Assumption Agreement dated as of November 14, 2001, and that certain Fourth Amendment to Credit Agreement, Limited Consent and Limited Waiver dated as of June 5, 2002, the “*Credit Agreement*”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

B. The Borrowers have advised the Administrative Agent that each of Bastet and Mission Joplin intends to merge with and into Mission Wichita Falls, with, in each case, Mission Wichita Falls being the surviving entity (collectively, the “*Mergers*”), pursuant to (i) that certain Certificate of Ownership and Merger of Mission Joplin into Mission Wichita Falls dated as of September 30, 2002, (ii) that certain Certificate of Merger of Bastet and Mission Wichita Falls dated as of September 30, 2002, and (iii) that certain Merger Agreement dated as of September 30, 2002 by Bastet and Mission Wichita Falls (collectively, the “*Merger Documents*”).

C. The consummation of the Mergers is currently prohibited by the Credit Agreement and requires certain consents under the Nexstar Credit Agreement to be made and granted as contemplated by that certain Limited Consent to be dated as of even date herewith (the “*Nexstar Consent*”) among the Ultimate Nexstar Parent, certain of its Subsidiaries, Nexstar Finance, certain of the Nexstar Banks and the Administrative Agent for the Nexstar Banks.

D. The Borrowers have requested that the Banks (i) amend the Credit Agreement in certain respects and (ii) consent to (a) the consummation of the Mergers pursuant to the Merger Documents, (b) the execution, delivery and performance by the parties thereto of the Merger Documents, and (c) all transactions described in the Merger Documents.

E. The several Banks parties to this Amendment (which Banks constitute the Majority Banks required under the Credit Agreement to grant the consents and effect the amendments intended hereby) are willing to grant the above-described consents and to agree to

the above-described amendments, subject in each case to the performance and observance in full of each of the covenants, terms and conditions, and in reliance upon all of the representations and warranties of the Borrowers, set forth herein.

NOW, THEREFORE, in consideration of the premises and the covenants, terms and conditions, and in reliance upon the representations and warranties, in each case contained herein, the parties hereto agree hereby as follows:

Section 1. AMENDMENTS. Subject to the covenants, terms and conditions set forth herein and in reliance upon the representations and warranties of the Borrowers herein contained, the parties to this Amendment hereby agree to amend the Credit Agreement as of the Amendment Effective Date (as hereinafter defined) as follows:

(a) The definition of “Borrowers” contained in *Section 1.01* of the Credit Agreement is hereby amended in its entirety to read as follows:

“*Borrowers*” means each of Mission Wichita Falls and any other Person that becomes a Borrower pursuant to *Section 12.16*.

(b) *Section 8.03(a)* of the Credit Agreement is hereby amended to read in its entirety as follows:

“(a) (i) any Subsidiary of a Borrower may make and agree to make Dispositions to such Borrower or to a Wholly-Owned Subsidiary of such Borrower that is a Guarantor after prior written notice to the Administrative Agent describing the Disposition and compliance by the transferee with the applicable terms of the Security Documents and (ii) any Borrower may make and agree to make Dispositions to another Borrower;”

(c) *Section 8.04(b)* of the Credit Agreement is hereby amended to read in its entirety as follows:

“(b) (i) any Subsidiary of a Borrower may merge with and into, or be dissolved or liquidated into, such Borrower so long as (1) such Borrower is the surviving Person of any such merger, dissolution or liquidation and (2) such Borrower complies with the relevant provisions of the Security Documents to which it is a party so that the security interests granted to the Collateral Agent pursuant to such Security Documents in the assets of such merged, dissolved or liquidated Subsidiary so merged shall remain in full force and effect and perfected (to at least the same extent as in effect immediately prior to such merger, dissolution or liquidation) and (ii) any Borrower may merge with and into, or be dissolved or liquidated into, another Borrower so long as (1) a Borrower is the surviving Person of any such merger, dissolution or liquidation and (2) such other Borrower complies with the relevant provisions of the Security Documents to which it is a party so that the security interests granted to the Collateral Agent pursuant to such Security Documents in the assets of such merged, dissolved or liquidated Subsidiary so merged shall remain in full force and effect and perfected (to at least the same extent as in effect immediately prior to such merger, dissolution or liquidation);”

The amendments set forth in this Section 1 are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Credit Agreement are intended to be effected hereby.

Section 2. LIMITED CONSENTS. Subject to the covenants, terms and conditions set forth in this Amendment, and in reliance upon the representations and warranties of the Borrowers herein contained, the several Banks parties to this Amendment consent to (a) the consummation of the Mergers pursuant to the Merger Documents, (b) the execution, delivery and performance by the parties thereto of the Merger Documents, and (c) all transactions described in the Merger Documents.

The consents set forth in this *Section 2* are limited to the extent specifically set forth above; such consents are one-time consents and nothing contained herein shall obligate any Bank to grant any additional or future consent in respect of any other provision of any Loan Document; and no other terms, covenants or provisions of the Credit Agreement or any other Loan Document are intended to be affected hereby.

Section 3. ASSUMPTION BY MISSION WICHITA FALLS. Mission Wichita Falls hereby (i) assumes all of the obligations of each of Bastet and Mission Joplin under the Loan Documents to which each such Person is a party and (ii) covenants to duly and punctually perform and observe all of the obligations to be performed and provisions to be observed by each of Bastet and Mission Joplin under the Loan Documents to which each such Person is a party, in all cases as if Mission Wichita Falls had been an original party to each such Loan Document.

Section 4. CONDITIONS PRECEDENT. The parties hereto agree that this Amendment and the consents and amendments to the Credit Agreement contained herein shall not be effective until the satisfaction of each of the following conditions precedent:

(a) **Execution and Delivery of this Amendment.** The Administrative Agent shall have received a copy of this Amendment executed and delivered by each of the applicable Credit Parties and by Banks constituting Majority Banks.

(b) **Representations and Warranties.** Each of the representations and warranties made in this Amendment shall be true and correct on and as of the Amendment Effective Date as if made on and as of such date, both before and after giving effect to this Amendment.

(c) **Fees and Expenses.** The Borrowers shall pay the estimated fees, costs and out-of-pocket expenses incurred by counsel to the Administrative Agent in connection with the preparation, negotiation, execution and delivery of this Amendment, the Nexstar Consent, and all transaction contemplated hereby and thereby.

(d) **Effectiveness of the Nexstar Consent.** All conditions precedent to the effectiveness of the Nexstar Consent shall have been satisfied in a manner reasonably satisfactory to the Administrative Agent of such credit facility.

Section 5. REPRESENTATIONS AND WARRANTIES. To induce the Administrative Agent and the several Banks parties hereto to enter into this Amendment and to grant the consents and amendments contained herein and in the Nexstar Consent, each of the Borrowers represents and warrants to the Administrative Agent and the Banks as follows:

(a) **Authorization; No Contravention.** The execution, delivery and performance by the Borrowers of this Amendment have been duly authorized by all necessary partnership, corporate or limited liability company action, as applicable, and do not and will not (i) contravene the terms of any Charter Documents of the Borrowers, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which any Borrower is a party or any order, injunction, writ or decree of any Governmental Authority to which any Borrower is a party or its property is subject, or (iii) violate any Requirement of Law.

(b) **Governmental Authorization.** No approval, consent, exemption, authorization or other action by, or notice to, or filing with or approvals required under state blue sky securities laws or by any Governmental Authority is necessary or required in connection with the execution, delivery, performance or enforcement of this Amendment.

(c) **No Default.** No Default or Event of Default exists under any of the Loan Documents on the date hereof and, on the Amendment Effective Date, no Default or Event of Default will exist or is reasonably expected to occur under any of the Loan Documents. No Borrower is in default under or with respect to (i) its Charter Documents or (ii) any material Contractual Obligation of such Person. The execution, delivery and performance of this Amendment shall not result in any default under any Contractual Obligation of any Borrower in any respect.

(d) **Binding Effect.** This Amendment and the Credit Agreement as amended hereby constitute the legal, valid and binding obligations of the Credit Parties that are parties thereto, enforceable against such Credit Parties in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles of general applicability.

(e) **Representations and Warranties.** The representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date, both before and after giving effect to the amendments contemplated in this Amendment, as if such representations and warranties were being made on and as of the Amendment Effective Date.

Section 6. MISCELLANEOUS.

(a) **Ratification of Loan Documents.** Except for the specific consents and amendments expressly set forth in this Amendment, the terms, provisions, conditions and covenants of the Credit Agreement and the other Loan Documents remain in full force and effect and are hereby ratified and confirmed, and the execution, delivery and performance of this Amendment shall not in any manner operate as a waiver of, consent to or amendment of any

other term, provision, condition or covenant of the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, the consents set forth in Section 2 of this Amendment shall be limited precisely as set forth above, and nothing in this Amendment shall be deemed (i) to constitute a waiver of compliance or consent to noncompliance by any of the Credit Parties with respect to any other term provision, condition or covenant of the Credit Agreement or other Loan Documents; (ii) to prejudice any right or remedy that the Administrative Agent or the Banks may now have or may have in the future under or in connection with the Credit Agreement or any other Loan Document; or (iii) to constitute a waiver of compliance or consent to noncompliance by any of the Credit Parties with respect to the terms, provisions, conditions and covenants of the Credit Agreement made the subject hereof, other than as specifically set forth herein.

(b) **Fees and Expenses.** The Borrowers jointly and severally agree to pay on demand all reasonable costs and expenses of the Administrative Agent in connection with the preparation, reproduction, execution, and delivery of this Amendment, the Nexstar Consent and any other documents prepared in connection herewith or therewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent.

(c) **Headings.** Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(d) **APPLICABLE LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.**

(e) **Counterparts and Amendment Effective Date.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Amendment shall become effective when (i) each of the conditions precedent set forth in *Section 4* of this Amendment have been satisfied, and (ii) the Administrative Agent has received counterparts of this Amendment executed by the Borrowers, each of the Guarantors, David S. Smith and Banks constituting Majority Banks (the "*Amendment Effective Date*"), whether or not this Amendment has been executed and delivered by each and every Bank named on the signature pages hereto.

(f) **Affirmation of Guarantees.** Notwithstanding that such consent is not required thereunder, the undersigned Guarantors hereby consent to the execution and delivery of this Amendment and Nexstar Consent and the consummation of the transactions contemplated hereby and thereby and reaffirm their respective obligations under each of their respective Guaranty Agreements, which Guaranty Agreements shall continue in full force and effect notwithstanding the consummation of such transactions.

(g) **Confirmation of Loan Documents and Liens, etc.** As a material inducement to the Banks to agree to grant the consents set forth herein, to amend the Credit Agreement as set forth herein and to enter into the Nexstar Consent, the Borrowers, the Guarantors and David S. Smith hereby (i) acknowledge and confirm the continuing existence, validity and effectiveness of the Loan Documents to which they are parties, including, without limitation the Security Documents and the Liens granted under the Security Documents, (ii) agree that the execution, delivery and performance of this Amendment and the Nexstar Consent, and the transactions contemplated hereby and thereby, shall not in any way release, diminish, impair, reduce or otherwise adversely affect such Loan Documents and Liens and (iii) acknowledge and agree that the Liens granted under the Security Documents secure, and after the consummation of the transactions contemplated hereby and by the Nexstar Consent will continue to secure, payment of the Obligations under the Loan Documents in the same priority as on the date such Liens were created and perfected, and the performance and observance by the Borrowers and the other Credit Parties of the covenants, agreements and conditions to be performed and observed by each under the Credit Agreement, as amended hereby, and Nexstar Credit Agreement. Without limitation of the foregoing, David S. Smith hereby ratifies and confirms the Smith Pledge Agreement and each of his duties and obligations thereunder, including, but not limited to, his duties and obligations under Section 7(c) of the Smith Pledge Agreement. David S. Smith hereby represents and warrants to the Administrative Agent and the Banks that all certificates or instruments representing or evidencing the Pledged Collateral have been delivered to the Collateral Agent accompanied by duly executed instruments of transfer or assignment and undated stock powers duly executed in blank by David S. Smith.

(h) **FINAL AGREEMENT. THIS AMENDMENT, TOGETHER WITH THE CREDIT AGREEMENT AND OTHER LOAN DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

DAVID S. SMITH (for purposes of Section 6(g) hereof):

/s/ DAVID S. SMITH

DAVID S. SMITH

[Signature Page to Fifth Amendment to Credit Agreement and Limited Consent]

ADMINISTRATIVE AGENT AND BANKS:

BANK OF AMERICA, N.A.,

as Administrative Agent

By: /s/ MICKEY MCLEAN

Name: Mickey McLean

Title: AVP

BANK OF AMERICA, N.A.

By: /s/ STEVEN P. RENWICK

Name: Steven P. Renwick

Title: Principal

[Signature Page to Fifth Amendment to Credit Agreement and Limited Consent]

CIBC, INC.

By: /s/ JOAN S. GRIFFIN

Name: Joan S. Griffin
Title: Executive Director,
CIBC World Markets Corp.
As Agent

[Signature Page to Fifth Amendment to Credit Agreement and Limited Consent]

U.S. BANK NATIONAL ASSOCIATION (SUCCESSOR BY MERGER TO FIRSTAR BANK, N.A.)

By: /s/ MICHAEL J. HOMEYER

Name: Michael J. Homeyer

Title: VP

[Signature Page to Fifth Amendment to Credit Agreement and Limited Consent]

By: /s/ LAWRENCE P. SULLIVAN

Name: Lawrence P. Sullivan

Title: Vice President

[Signature Page to Fifth Amendment to Credit Agreement and Limited Consent]