

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

MEDIA GENERAL INC

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 27, 1998

OR

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

For the transition period to

Commission File No. 1-6383

MEDIA GENERAL, INC.

(Exact name of registrant as specified in its charter)

Commonwealth of Virginia
(State or other jurisdiction of
incorporation or organization)

54-0850433
(I.R.S. Employer
Identification No.)

333 East Franklin Street, Richmond, Virginia
(Address of principal executive offices)

23219
(Zip Code)

Registrant's telephone number, including area code (804) 649-6000

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

Class A Common Stock
(Title of class)

American Stock Exchange
(Name of exchange on
which registered)

Securities registered pursuant to Section 12(g) of the Act: None

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

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

The aggregate market value of voting stock held by nonaffiliates of the registrant, based upon the closing price of the Company's Class A Common Stock as reported on the American Stock Exchange, as of February 28, 1999, was approximately \$1,158,000,000.

The number of shares of Class A Common Stock outstanding on February 28, 1999, was 26,307,781. The number of shares of Class B Common Stock outstanding on February 28, 1999, was 556,574.

Part I, Part II and Part IV incorporate information by reference from the Annual Report to Stockholders for the year ended December 27, 1998. Part III incorporates information by reference from the proxy statement for the Annual Meeting of Stockholders to be held on May 21, 1999.

INDEX TO MEDIA GENERAL, INC.

ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 27, 1998

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PART I

ITEM 1. BUSINESS

GENERAL

Media General, Inc., is an independent, publicly owned communications company situated primarily in the Southeast with interests in newspapers, broadcast and cable television, recycled newsprint production and diversified information services. The Company employs approximately 8,900 people on a full or part-time basis. The Company's businesses are somewhat seasonal; the second and fourth quarters are typically stronger than the first and third quarters.

As part of the Company's continuing commitment to a southeastern focus, it has completed a series of acquisitions, exchanges and divestitures over the past several years which have contributed to its strength in the Southeast. In January 1998 the Company acquired, for approximately \$93 million, the assets of the Bristol Herald Courier, a daily newspaper in southwestern Virginia (circulation - 42,000 daily, 45,000 Sunday), and two affiliated weekly newspapers (circulation - 5,000 weekly). In July 1998 the Company acquired, for approximately \$40 million, the assets of the Hickory Daily Record, a daily newspaper in northwestern North Carolina (circulation - 19,000 daily, 20,000 Sunday). Additionally, in June 1998, the Company completed the sale of its Kentucky newspaper properties for approximately \$24 million.

In January 1997, the Company acquired Park Acquisitions, Inc., parent of Park Communications, Inc. (Park), which included ten network affiliated television stations, 28 daily newspapers and 82 weekly newspapers. The total consideration approximated \$715 million. In conjunction with this acquisition, and as intended, the Company sold certain of the former Park properties, most all of which were located outside of the Southeast, for approximately \$147 million and purchased new properties for approximately \$53 million. These purchases were the Potomac News (Woodbridge, Virginia; circulation - 22,000 daily, 24,000 Sunday) in February 1997, The Reidsville Review (Reidsville, North Carolina) and The Messenger (Madison, North Carolina) in April 1997. In August 1997 the Company exchanged WTVR-TV (Richmond, Virginia), a station acquired from Park, for three other stations, WSAV-TV (Savannah, Georgia), WJTV-TV (Jackson, Mississippi) and WHLT-TV (Hattiesburg, Mississippi), in order to comply with the Federal Communication Commission's requirement that WTVR-TV be divested within one year of its January 1997 purchase date.

In August 1996 the Company acquired, for approximately \$38 million, the Danville Register & Bee, a daily newspaper in Virginia.

INDUSTRY SEGMENTS

The Company is engaged in four significant industry segments. For financial information related to these segments see pages 33 through 35 of the 1998 Annual Report to Stockholders, which are incorporated herein by reference. Additional information related to each of the Company's significant industry segments is included below.

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PUBLISHING BUSINESS

At December 27, 1998, the Company's wholly owned publishing operations included daily and Sunday newspapers in Virginia, Florida and North Carolina. For a listing of the Company's daily and Sunday newspapers by location, see the inside cover of the 1998 Annual Report to Stockholders, which is incorporated herein by reference. Combined daily circulation for the Virginia, Florida and North Carolina newspapers in 1998 was 389,000, 241,000 and 172,000, respectively; combined Sunday circulation for these newspapers was 433,000, 325,000 and 181,000, respectively. The Company also owns weekly newspapers, shoppers and other publications in Virginia, Florida and North Carolina, with weekly circulation of 28,000, 2,000 and 20,000, respectively; and it holds 40% of the common stock and all of the preferred stock of Denver Newspapers, Inc., the parent company of The Denver Post, a daily newspaper in Denver, Colorado. Additionally, the Company owns Media General Financial Services, Inc., which compiles and makes available both current and historical data on publicly traded companies to a broad spectrum of users, including many on-line financial data services, and also offers other specialized financial products.

The newspaper publishing industry in the United States is comprised of hundreds of public and private companies ranging from large national and regional companies, publishing multiple newspapers across many states, to small privately held companies publishing one newspaper in one locality. Acquisitions and growth achieved by the Company over the past several years have placed the Company's newspaper circulation among the top twenty in the United States and situated the Company among the top fifteen publicly-held newspaper publishers in the country based on revenue. Moreover, the Company has achieved the number three position in circulation in its chosen southeastern area of focus, with its published product reaching nearly one million households across the Southeast every week. Additionally, the Company's on-line news, information and entertainment services are becoming increasingly important as they reach additional viewers and readers without geographic restriction.

All of the Company's newspapers compete for circulation and advertising with other newspapers published nationally and in nearby cities and towns and for advertising with magazines, radio, broadcast and cable television, the internet and other promotional media. All of the newspapers compete for circulation principally on the basis of content, quality of service and price.

The primary raw material used by the Company in its publishing operations is newsprint, which is purchased from various Canadian and United States sources, including Garden State Paper Company, Inc., a wholly owned subsidiary of the Company, and Southeast Paper Manufacturing Co., in which the Company owns a one-third equity interest. The publishing operations of the Company consumed approximately 137,000 tons of newsprint in 1998. Management of the Company believes that sources of supply under existing arrangements will be adequate in 1999.

BROADCAST TELEVISION BUSINESS

The ownership, operation and sale of broadcast television stations, including those licensed to the Company, are subject to the jurisdiction of the Federal Communication Commission (FCC), which engages in extensive and changing regulation of the broadcasting industry under authority granted by the Communications Act of 1934 (Communications Act). The Communications Act requires broadcasters to serve the public interest. Among other things, the FCC assigns frequency bands for broadcasting; assigns and controls the particular frequencies, locations and operating power of stations; issues, renews, revokes and modifies station licenses; assigns and controls changes in ownership or control of station licenses; regulates equipment used by stations;

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adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; regulates

program content and has the authority to impose penalties for violations of its rules or the Communications Act.

Pursuant to the Children's Television Act of 1990 (Children's Television Act), the FCC has adopted rules limiting advertising in children's television programming and requiring that broadcast television stations serve the educational and informational needs of children. The Children's Television Act specifically requires the FCC to consider compliance with these obligations in deciding whether to renew a television broadcast license.

Reference should be made to the Communications Act, the Telecommunications Act of 1996 (1996 Telecom Act), the Children's Television Act and the FCC's rules, public notices and rulings for further information concerning the nature and extent of federal regulation of broadcast television stations.

The Broadcast Television Division operates fourteen network-affiliated television stations in the southeastern United States. The following table sets forth certain information on each of these stations:

<TABLE>
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Station Location and Affiliation	National Market Rank (a)	Station Rank (a) *	Audience % Share (a) *	Expiration Date of FCC License (b)	Expiration Date of Network Agreement
WFLA-TV NBC Tampa, FL	14	2	13%	2/1/05	12/31/04
WIAT-TV CBS Birmingham, AL	39	4	9%	4/1/05	12/31/04
WJWB-TV WB (c) Jacksonville, FL	52	4	6%	2/1/05	1/12/02
WTVQ-TV ABC Lexington, KY	67	3	9%	8/1/05	1/1/06
WSLS-TV NBC Roanoke, VA	68	3	11%	10/1/04	10/1/05
WDEF-TV CBS Chattanooga, TN	87	3	14%	8/1/05	12/31/04
WJTV-TV CBS Jackson, MS	89	1	22%	6/1/05	12/31/04
WJHL-TV CBS Johnson City, TN	92	2	17%	8/1/05	12/31/04

</TABLE>

<TABLE>
<CAPTION>

Station Location and Affiliation	National Market Rank (a)	Station Rank (a) *	Audience % Share (a) *	Expiration Date of FCC License (b)	Expiration Date of Network Agreement
WSAV-TV NBC Savannah, GA	100	2	11%	4/1/05	9/30/04
WNCT-TV CBS Greenville, NC	105	1	20%	12/1/04	12/31/04
WHOA-TV ABC (d) Montgomery, AL	113	3	8%	4/1/05	1/3/07
WCBD-TV NBC Charleston, SC	120	2	17%	12/1/04	1/1/05
WHLT-TV CBS	167	2	11%	6/1/05	8/31/05

</TABLE>

- (a) Source: November 1998 Nielsen Rating Books.
- (b) Television broadcast licenses are granted for maximum terms of eight years and are subject to renewal upon application to the FCC.
- (c) Formerly WJKS-TV; transferred network affiliation from ABC to Warner Brothers in February 1997.
- (d) Sale pending.
- * Sign-On to Sign-Off.

The primary source of revenues for the Company's television stations is the sale of time to national and local advertisers. Since each of the stations is network-affiliated, additional revenue is derived from the network programming carried by each.

The Company's television stations are in competition for audience and advertising revenues with other television and radio stations and cable television systems as well as magazines, newspapers, the internet and other promotional media. A number of cable television systems which operate generally on a subscriber payment basis are in business in the Company's broadcasting markets and compete for audience by importing out-of-market television signals and by presenting cable network and other program services. The television stations compete for audience on the basis of program content and quality of reception, and for advertising revenues on the basis of price, share of market and performance.

The television broadcast industry presently is planning for the transition from analog to digital (DTV) technology in accordance with a mandated conversion timetable established by the FCC. The FCC's timetable directs that stations affiliated with the top four networks in the eleventh to thirtieth largest markets begin DTV service by November 1, 1999. The Company's Tampa television station is included within this group and is on schedule to meet this timetable. The Company's other television stations must begin DTV service by May 1, 2002.

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Congress and the FCC have under consideration, and in the future may consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of the Company's broadcast television stations and affect the ability of the Company to acquire additional stations. In addition to the matters noted above, these include, for example, spectrum use fees, political advertising rates, potential restrictions on the advertising of certain products (such as alcoholic beverages) and the rules and policies to be applied in enforcing the FCC's equal employment opportunity regulations. Other matters that could potentially affect the Company's broadcast properties include technological innovations and developments generally affecting competition in the mass communications industry, such as satellite radio and television broadcast service, wireless cable systems, low-power television stations, radio technologies and the advent of telephone company participation in the provision of video programming services.

CABLE TELEVISION BUSINESS

The Cable Television Division includes two cable systems in northern Virginia, Media General Cable of Fairfax County, Inc., and Media General Cable of Fredericksburg, Inc., a cable advertising agency, Mega Advertising, Inc., and an interest in a cable advertising interconnect business serving five cable systems in the Washington, D.C. area. The Fairfax system presently has a 120-channel capacity on dual coaxial cables which pass approximately 343,000 homes. The Fredericksburg system presently has a 60-channel capacity and passes approximately 22,000 homes.

The Company has cable television franchises to operate its existing systems in the overwhelming majority of the territory of Fairfax County, Virginia, in certain cities and towns adjoining Fairfax County, in Fredericksburg and Spotsylvania County, Virginia, and a portion of Stafford County, Virginia. These jurisdictions have enacted extensive regulations governing cable television systems within their borders. Franchise renewal proceedings were completed in 1998 in Fairfax County and have been completed or substantially completed in the adjoining cities and towns, with new 15-year franchises in all jurisdictions. Renewal proceedings also are underway for the Company's Stafford County franchise. At December 27, 1998, the Company's cable

television systems served approximately 258,000 subscribers.

The Company's cable television systems are being upgraded over the next several years to hybrid fiber-coaxial cable networks (fiber backbone from head-ends to local nodes and coaxial cable from local nodes to the subscriber) to improve signal transmission and permit the introduction of non-video services. Associated costs are estimated to be \$100 million.

The Fairfax system began offering high speed data services (HSDS), including Internet access, in early 1999; the Fredericksburg system will introduce HSDS later in 1999. The Company also is studying other strategic planning initiatives for long-term implementation, including entry into commercial and residential telephone markets at its Fairfax system.

The Company intends to introduce digital compression technology into both its cable systems, commencing in 1999 in Fredericksburg and in 2000 in Fairfax. Depending upon the final digital compression ratios used, this technology will permit eight or more digital channels to be compressed into the space now occupied by a single existing analog channel.

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The FCC has jurisdiction over and has adopted a regulatory program concerning the cable television industry. The FCC's regulations establish cable television service and programming requirements and govern cable television engineering standards, registration and reporting obligations and other matters. Among the regulatory limitations which impact the Company's costs and business, federal law establishes rate regulation for the cable services (other than premium and pay-per-view services) which the Company offers to subscribers. Rate-making authority is divided between local franchisors and the FCC, and some of the Company's rates are under review by franchisors and under review by or on appeal to the FCC. While the Company believes that its rates have been established in compliance with applicable federal law, it is possible that rate refunds and/or rate adjustments may be ordered.

The 1996 Telecom Act eliminates rate regulation after March 31, 1999, for all cable services except the "basic" tier, which is the service level that includes the local broadcast signals carried by a cable system. If effective competition by other video programming providers develops generally in a franchise area, cable rate regulation will end in that area, including the "basic" tier.

The Company's cable television systems compete for viewers, on the basis of price, program selection and content and quality of reception, with programming offered by satellite and broadcast television providers (and with video rentals in the case of pay-per-view movies). Open video systems, which also offer television programming under a different regulatory framework authorized by the 1996 Telecom Act, provide another method of competition. In early 1998, a local telephone company affiliate was certificated by the FCC to operate a competitive open video system in a portion of the franchise area served by the Company's Fairfax system. The Company's HSDS services compete with incumbent telephone companies and other internet providers leasing telephone company or using similar transmission lines.

Most of the revenues generated by the Company's cable television systems are derived from subscribers' payments for programming services; additional revenue is also derived from pay-per-view services and from advertising. The Company's cable television systems have substantially the same competition for advertising as its television stations, competing on the basis of price, program content and quality of reception.

In November 1998, the Company filed a request for relief from a FCC rule concerning set-top converter devices. Without the requested relief, approximately 17% of such converters presently in service at the Company's Fairfax system would have to be replaced by the end of 1999 at an estimated cost of approximately \$9.2 million; the Company would expect to recover this amount over time through increased subscriber billings.

Reference should be made to the Communications Act, the 1996 Telecom Act and the FCC's rules, public notices and rulings for further information concerning the nature and extent of federal regulation of cable television systems.

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The following table sets forth certain information with respect to the Company's largest cable operation:

Media General Cable of Fairfax

<TABLE>
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	1998	1997	1996
	----	----	----
<S>	<C>	<C>	<C>
Subscribers	241,570	235,551	227,717
Penetration	70.5%	70.2%	69.4%
Monthly revenue per home passed	\$33.98	\$33.79	\$32.87
Monthly average revenue per subscriber	\$48.37	\$48.64	\$47.54

</TABLE>

NEWSPRINT PAPER MANUFACTURING BUSINESS

Media General's newsprint operations consist of the Garden State Paper Company, a wholly owned newsprint mill in Garfield, New Jersey, with an annual capacity of 242,000 short tons, and a one-third interest in Southeast Paper Manufacturing Company (SEPCO) in Dublin, Georgia, with an annual capacity of 535,000 short tons. Both facilities use Media General's proprietary de-inking technology to produce 100 percent recycled, high quality newsprint from recovered old newspapers (ONP). Media General's share of the combined total capacity of these facilities is approximately 420,000 short tons, making Media General the nation's leading producer of 100 percent recycled newsprint. The Company also earns licensing fees pursuant to a contract with SEPCO, in addition to its share of operating results.

Garden State competes with approximately twenty Canadian and American companies in selling newsprint, its sole product, to newspaper publishers. Competition is based principally on price, quality of product and service, although the percentage of recovered fiber contained in manufactured newsprint is becoming increasingly important to newspaper publishers to meet various existing and proposed state and federal standards.

In the past decade, environmentally driven legislation, as well as both the newspaper and newsprint industries, have encouraged the use of recycled paper. Consequently, newspaper recycling rates rose steadily and increased supply led to a gradual decline in ONP prices throughout all of 1996 and into 1997, with prices beginning to stabilize towards the close of 1997. 1998 showed moderate increases in ONP prices as demand rose due to increased competition within the industry. Media General's strategically located and cost-effective newsprint recycling facilities have helped assure the Company of adequate supplies of ONP.

The newsprint business has historically been a cyclical industry. In 1994, newsprint demand was on the rise, producing higher selling prices as most mills reached 96-97 percent of operating capacity. The trend upward continued through 1995, enabling Media General's newsprint operations to implement four price increases during that year. Prices peaked in early 1996 and then declined throughout the remainder of the year. However, prices began a gradual and steady ascent in 1997 and leveled out during 1998, reflecting the cyclical nature of newsprint prices inherent to the industry.

ITEM 2. PROPERTIES

The headquarters of Media General, Inc., and its Richmond Newspapers, Inc., subsidiary are located in downtown Richmond, Virginia, in four adjacent buildings. In the second quarter of 1998, the Company occupied the new corporate headquarters building which it now leases. The Company will lease a new headquarters facility for Richmond Newspapers, currently under construction by a third party, on adjacent land beginning in early 2000. The Richmond newspaper

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is printed at a production and distribution facility located on an 86 acre site in Hanover County, Virginia, near Richmond. The Company owns nine other daily newspapers in Virginia, all of which are printed in or around their respective cities at production and distribution facilities situated on parcels of land ranging from one-half acre to six acres. The Tampa, Florida, newspaper is located in a single unit production plant and office building located on a six acre tract in that city. The headquarters of the Company's Brooksville and Sebring, Florida, daily newspapers are located on leased property in their respective cities; however, these newspapers are printed at the Tampa production facility. The Winston-Salem newspaper is headquartered in one building in downtown Winston-Salem. Its newspapers are printed at a production and distribution facility located on a nearby 12 acre site. The remaining seven daily newspapers in North Carolina are printed at production and distribution facilities on sites which range from one-half acre to seven acres, all located in or around their respective cities. Substantially all of the newspaper

production equipment, land and buildings, are owned by the Company.

Before the close of 1999, the Company's station, WFLA-TV in Tampa, Florida, is expected to occupy its new headquarters and studio building, which is currently being constructed by a third party and will be leased by the Company. This building, which adjoins The Tampa Tribune, will provide the television station with the ability to broadcast digital signal as well as provide a new and expanded newsroom for the Tampa newspaper.

The Company's fourteen television facilities are located in ten southeastern states. Two stations are located in each of the following states: Alabama, Florida, Mississippi and Tennessee. The six remaining stations are located in the following states: Georgia, Kentucky, Louisiana, North Carolina, South Carolina and Virginia. Substantially all of the television stations are located on land owned by the Company. Ten station tower sites are owned by the Company; four are leased.

Media General Cable of Fairfax County, Inc., a subsidiary of the Company, has its headquarters located in one building owned by the Company in Chantilly, Virginia, and two signal retransmission centers which are located in Fairfax County, Virginia, one on property owned by the Company and one on leased property. In addition, Fairfax Cable leases a facility for its service maintenance operations and fleet in Springfield, Virginia. The cable system includes a home subscriber network and a separate institutional network.

Newsprint production facilities at Garden State consist of a Company-owned mill in Garfield, New Jersey, housing two paper-making machines adjacent to a Company-owned power plant which supplies it with steam and electric power. Garden State leases adequate storage facilities for waste paper in the general vicinity of the newsprint mill. The Company also leases four properties in New Jersey and one in New York for its recycling operations.

The Company considers all of its properties, together with the related machinery and equipment contained therein, to be well-maintained, in good operating condition, and adequate for its present and foreseeable future needs.

ITEM 3. LEGAL PROCEEDINGS

None.

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

No matters were submitted to a vote of security holders during the fourth quarter of 1998.

EXECUTIVE OFFICERS OF THE REGISTRANT

<TABLE>
<CAPTION>

NAME <S>	AGE <C>	POSITION AND OFFICE <C>	YEAR FIRST TOOK OFFICE* <C>
J. Stewart Bryan III	60	Chairman, President, Chief Executive Officer	1990
Marshall N. Morton	53	Senior Vice President, Chief Financial Officer	1989
H. Graham Woodlief, Jr.	54	Vice President, President of Publishing Division	1989
Stephen Y. Dickinson	53	Controller	1989
George L. Mahoney	46	General Counsel, Secretary	1993
Stephen R. Zacharias	49	Treasurer	1989

</TABLE>

* The year indicated is the year in which the officer first assumed an office with the Company. Mr. Dickinson assumed executive officer responsibilities as of May 1994.

Officers of the Company are elected at the Annual Meeting of the Board of Directors to serve, unless sooner removed, until the next Annual Meeting of the Board of Directors and/or until their successors are duly elected and qualified.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Reference is made to page 49 of the 1998 Annual Report to Stockholders, which is incorporated herein by reference, for information required by this item.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to pages 50 and 51 of the 1998 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

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

Reference is made to pages 43 through 48 of the 1998 Annual Report to Stockholders, which are incorporated herein by reference, for information required by this item.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to page 47 of the 1998 Annual Report to Stockholders, which is incorporated herein by reference, for information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements of the Company as of December 27, 1998, and December 28, 1997, and for each of the three fiscal years in the period ended December 27, 1998, and the report of independent auditors thereon, as well as the Company's unaudited quarterly financial data for the fiscal years ended December 27, 1998, and December 28, 1997, are incorporated herein by reference from the 1998 Annual Report to Stockholders pages 25 through 42 and page 49.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 21, 1999, except as to certain information regarding executive officers included in Part I.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 21, 1999.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 21, 1999.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the Annual Meeting of Stockholders on May 21, 1999.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. and 2. The financial statements and schedule listed in the accompanying index to financial statements and financial statement schedules are filed as part of this annual report.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed as part of this annual report.

(b) Reports on Form 8-K
None

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Schedules other than Schedule II, listed above, are omitted since they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

The consolidated financial statements of Media General, Inc., listed in the above index which are included in the Annual Report to Stockholders of Media General, Inc., for the fiscal year ended December 27, 1998, are incorporated herein by reference. With the exception of the pages listed in the above index and the information incorporated by reference included in Parts I, II and IV, the 1998 Annual Report to Stockholders is not deemed filed as part of this report.

MEDIA GENERAL, INC., AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FISCAL YEARS ENDED DECEMBER 27, 1998, DECEMBER 28, 1997, AND DECEMBER 29, 1996

<TABLE> <CAPTION>	BALANCE AT BEGINNING OF PERIOD -----	ADDITIONS CHARGED TO EXPENSE-NET -----	DEDUCTIONS NET -----	TRANSFERS -----	BALANCE AT END OF PERIOD -----
<S>	<C>	<C>	<C>	<C>	<C>
1998					
Allowance for doubtful accounts	\$ 6,653,367	\$ 6,727,114	\$ 5,059,996	\$ 112,815 (a)	\$ 8,433,300
Reserve for warranties	3,523,324	---	383,390	---	3,139,934
	-----	-----	-----	-----	-----
	10,176,691	\$ 6,727,114	\$ 5,443,386	\$ 112,815	\$ 11,573,234
	=====	=====	=====	=====	=====
1997					
Allowance for doubtful accounts	\$ 5,270,765	\$ 5,716,864	\$ 6,122,261	\$ 1,787,999 (a)	\$ 6,653,367
Reserve for warranties	4,146,005	---	622,681	---	3,523,324
	-----	-----	-----	-----	-----
Totals	\$ 9,416,770	\$ 5,716,864	\$ 6,744,942	\$ 1,787,999	\$ 10,176,691
	=====	=====	=====	=====	=====
1996					
Allowance for doubtful accounts	\$ 4,529,960	\$ 5,195,767	\$ 4,546,572	\$ 91,610 (a)	\$ 5,270,765

Reserve for warranties	3,040,833	1,700,000	594,828	---	4,146,005
	-----	-----	-----	-----	-----
Totals	\$ 7,570,793	\$ 6,895,767	\$ 5,141,400	\$ 91,610	\$ 9,416,770
	=====	=====	=====	=====	=====

</TABLE>

(a) Amount associated with net acquisitions of properties.

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Agreement and Plan of Merger dated July 19, 1996, by and among Media General, Inc., MG Acquisitions, Inc., and Park Acquisitions, Inc., incorporated by reference to Exhibit 2.1 of Form 8-K dated January 7, 1997.
2.2	First Amendment to Agreement and Plan of Merger dated as of January 7, 1997, by and among Media General, Inc., MG Acquisitions, Inc., and Park Acquisitions, Inc., incorporated by reference to Exhibit 2.2 of Form 8-K dated January 7, 1997.
3(i)	The Amended and Restated Articles of Incorporation of Media General, Inc., incorporated by reference to Exhibit 3.1 of Form 10-K for the fiscal year ended December 31, 1989.
3(ii)	Bylaws of Media General, Inc., amended and restated as of July 31, 1997, incorporated by reference to Exhibit 3 (ii) of Form 10-Q for the period ended September 28, 1997.
10.1	Form of Option granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 2.2 of Registration Statement 2-56905.
10.2	Additional Form of Option to be granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 2 to Post-Effective Amendment No. 3 Registration Statement 2-56905.
10.3	Addendum dated January 1984, to Form of Option granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 10.13 of Form 10-K for the fiscal year ended December 31, 1983.
10.4	Addendum dated June 19, 1992, to Form of Option granted under the 1976 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 10.15 of Form 10-K for the fiscal year ended December 27, 1992.
10.5	The Media General, Inc., Amended and Restated Restricted Stock Plan, dated January 31, 1996, incorporated by reference to Exhibit 10.10 of Form 10-K for the fiscal year ended December 31, 1995.
10.6	Addendum dated June 19, 1992, to Form of Option granted under the 1987 Non-Qualified Stock Option Plan, incorporated by reference to Exhibit 10.20 of Form 10-K for the fiscal year ended December 27, 1992.
10.7	Media General, Inc., Executive Death Benefit Plan effective January 1, 1991, incorporated by reference to Exhibit 10.17 of Form 10-K for the fiscal year ended December 29, 1991.

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10.8	Amendment to the Media General, Inc., Executive Death Benefit Plan dated July 24, 1991, incorporated by reference to Exhibit 10.18 of Form 10-K for the fiscal year ended December 29, 1991.
10.9	Shareholders Agreement, dated May 28, 1987, between Mary Tennant Bryan, Florence Bryan Wisner, J. Stewart Bryan III, and D. Tennant Bryan and J. Stewart Bryan III as trustees under D. Tennant Bryan Media Trust, and Media General, Inc., incorporated by reference to Exhibit 10.50 of Form 10-K for the fiscal year

ended December 31, 1987.

- 10.10 Amended and Restated Redemption Agreement between Media General, Inc., and D. Tennant Bryan, dated April 7, 1994, incorporated by reference to Exhibit 10.21 of Form 10-Q for the period ended March 27, 1994.
- 10.11 Media General, Inc., Supplemental Thrift Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit 10.27 of Form 10-K for the fiscal year ended December 25, 1994.
- 10.12 Media General, Inc., Executive Supplemental Retirement Plan, amended, and restated as of November 17, 1994, incorporated by reference to Exhibit 10.28 of Form 10-K for the fiscal year ended December 25, 1994.
- 10.13 Deferred Income Plan for Selected Key Executives of Media General, Inc., and form of Deferred Compensation Agreement thereunder dated as of December 1, 1984, incorporated by reference to Exhibit 10.29 of Form 10-K for the fiscal year ended December 31, 1989.
- 10.14 Media General, Inc., Management Performance Award Program, adopted November 16, 1990, and effective January 1, 1991, incorporated by reference to Exhibit 10.35 of Form 10-K for the fiscal year ended December 29, 1991.
- 10.15 Media General, Inc., Deferred Compensation Plan, amended and restated as of January 1, 1999, incorporated by reference to Exhibit 4.3 of Registration Statement 333-69527.
- 10.16 Media General, Inc., ERISA Excess Benefits Plan, amended and restated as of November 17, 1994, incorporated by reference to Exhibit 10.33 of Form 10-K for the fiscal year ended December 25, 1994.
- 10.17 Media General, Inc., 1995 Long-Term Incentive Plan, adopted as of May 19, 1995, incorporated by reference to Exhibit 10.33 of Form 10-K for the fiscal year ended December 31, 1995.
- 10.18 Media General, Inc., 1996 Employee Non-Qualified Stock Option Plan, adopted as of January 30, 1996, incorporated by reference to Exhibit 10.20 of Form 10-K for the fiscal year ended December 29, 1996.
- 10.19 Media General, Inc., 1997 Employee Restricted Stock Plan, adopted as of May 16, 1997, incorporated by reference to Exhibit 10.21 of Form 10-K for the fiscal year ended December 29, 1996.

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- 10.20 Media General, Inc., Directors' Deferred Compensation Plan, adopted as of May 16, 1997, incorporated by reference to Exhibit 10.22 of Form 10-K for the fiscal year ended December 29, 1996.
- 10.21 Amended and Restated Partnership Agreement, dated November 1, 1987, by and among Virginia Paper Manufacturing Corp., KR Newsprint Company, Inc., and CEI Newsprint, Inc., incorporated by reference to Exhibit 10.31 of Form 10-K for the fiscal year ended December 31, 1987.
- 10.22 Amended and Restated License Agreement, dated November 1, 1987, by and among Media General, Inc., Garden State Paper Company, Inc., and Southeast Paper Manufacturing Co., incorporated by reference to Exhibit 10.34 of Form 10-K for the fiscal year ended December 31, 1987.
- 10.23 Amended and Restated Umbrella Agreement, dated November 1, 1987, by and among Media General, Inc., Knight - Ridder, Inc., and Cox Enterprises, Inc., incorporated by reference to Exhibit 10.32 of Form 10-K for the fiscal year ended December 31, 1987.
- 10.24 Amended Newsprint Purchase Contract, dated November 1, 1987, by and among Southeast Paper Manufacturing Co., Media General, Inc., Knight-Ridder, Inc., and Cox Enterprises, Inc., incorporated by reference to Exhibit 10.35 of Form 10-K for the fiscal year ended December 31, 1987.

- 10.25 Television affiliation agreement, dated February 10, 1995, between WFLA-TV and the NBC Television Network incorporated by reference to Exhibit 10.38 of Form 10-K for the fiscal year ended December 25, 1994.
- 10.26 Amendments, dated May 17, 1993, to television affiliations agreement, between WFLA-TV and National Broadcasting Company, Inc., dated March 22, 1989, incorporated by reference to Exhibit 10.47 of Form 10-K for the fiscal year ended December 26, 1993.
- 10.27 Franchise Agreements, dated June 1, 1998, between Fairfax County, Virginia, and Media General Cable of Fairfax County, Inc., incorporated by reference to Exhibit 10.1 of Form 10-Q for the period ended June 28, 1998.
- 10.28 Second Amended and Restated Stock and Warrant Purchase and Shareholders' Agreement dated May 20, 1994, by and among Media General, Inc., Affiliated Newspapers Investments, Inc., and Denver Newspapers, Inc., incorporated by reference to Exhibit 2 of Form 8-K dated September 28, 1994.
- 10.29 Asset Purchase Agreement dated February 13, 1997, by and among Media General Newspapers, Inc., and Newspaper Holdings, Inc., incorporated by reference to Exhibit 10.36 of Form 10-K dated March 27, 1997.
- 10.30 Credit Agreement, dated December 4, 1996, among Media General, Inc., and various lenders.

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- 13 Media General, Inc., Annual Report to Stockholders for the fiscal year ended December 27, 1998.
- 21 List of subsidiaries of the registrant.
- 23 Consent of Ernst & Young LLP, independent auditors.
- 27 1998 Financial Data Schedule.

Note: Exhibits 10.1 - 10.20 are management contracts or compensatory plans, contracts or arrangements.

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SIGNATURES

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

MEDIA GENERAL, INC.

Date: March 24, 1999

/s/ J. Stewart Bryan III

 J. Stewart Bryan III, CHAIRMAN, PRESIDENT
 AND CHIEF EXECUTIVE OFFICER

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

<TABLE>
 <CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ Marshall N. Morton ----- Marshall N. Morton	Senior Vice President and Chief Financial Officer and Director	March 24, 1999
/s/ Stephen Y. Dickinson -----	Controller	March 24, 1999

Stephen Y. Dickinson		
/s/ Robert P. Black	Director	March 24, 1999
----- Robert P. Black		
/s/ Charles A. Davis	Director	March 24, 1999
----- Charles A. Davis		
/s/ Robert V. Hatcher, Jr.	Director	March 24, 1999
----- Robert V. Hatcher, Jr.		
/s/ John G. Medlin, Jr.	Director	March 24, 1999
----- John G. Medlin, Jr.		
/s/ Roger H. Mudd	Director	March 24, 1999
----- Roger H. Mudd		
/s/ Wyndham Robertson	Director	March 24, 1999
----- Wyndham Robertson		
/s/ Henry L. Valentine, II	Director	March 24, 1999
----- Henry L. Valentine, II		

</TABLE>

CREDIT AGREEMENT

among

MEDIA GENERAL, INC.,
as the Borrower

THE SEVERAL LENDERS
FROM TIME TO TIME PARTIES HERETO

FIRST UNION NATIONAL BANK OF NORTH CAROLINA,
as the Documentation Agent

THE TORONTO-DOMINION BANK,
as the Syndication Agent

and

NATIONSBANK OF TEXAS, N.A.,
as the Administrative Agent,

Dated as of December 4, 1996

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J	Form of Alternative Note

THIS CREDIT AGREEMENT is entered into as of December 4, 1996, among MEDIA GENERAL, INC., a Virginia corporation (the "Borrower"), the several lenders from time to time parties hereto (the "Lenders"), NATIONSBANK OF TEXAS, N.A., as the Administrative Agent for the Lenders hereunder, THE TORONTO-DOMINION BANK, as the Syndication Agent (in such capacity, the "Syndication Agent") and FIRST UNION NATIONAL BANK OF NORTH CAROLINA, as the Documentation Agent (in such capacity, the "Documentation Agent").

W I T N E S S E T H:

WHEREAS, the Borrower has requested the Lenders to furnish the extensions of credit provided for herein, which shall be used by the Borrower (a) to refinance the existing debt of the Borrower evidenced by the Existing Credit Agreement, (b) to finance current and future acquisitions, including the acquisition by the Borrower (the "Park Acquisition") of Park Acquisition, Inc. ("Park") pursuant to the Merger Agreement, (c) to, subject to the consummation of the Park Acquisition, redeem, defease and/or retire up to \$476,000,000 of certain indebtedness of Park Communications, Inc. ("PCI"), Park Broadcasting, Inc. ("PBI") and Park Newspapers, Inc. ("PNI"), which indebtedness is evidenced by the Park Debt Documents and to pay any and all interest (including paid-in-kind notes), fees, penalties and premiums associated with such redemption, defeasance or retirement of the Park Debt, (d) for capital expenditures of the Borrower and the Guarantor Subsidiaries and (e) for general corporate purposes;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greater of (a) the Prime Rate in

effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Loans": Loans which bear or are to bear interest at a rate based upon the ABR.

"Acquisition Liens": as defined in Section 8.3(f).

"Administrative Agent": NationsBank, in its capacity as agent for the Lenders under this Agreement and the other Loan Documents, and its successors and permitted assigns in such capacity.

"Advance": an amount loaned to the Borrower by any Lender pursuant to this Agreement.

"Affiliate": as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if such Person (acting alone or with a group of Persons acting in concert) possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such other Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Available Commitment": the Total Commitment, minus the Aggregate Outstanding Extensions of Credit of all Lenders.

"Aggregate Outstanding Extensions of Credit": as to any Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Committed Loans made by such Lender then outstanding, (b) such Lender's Specified Percentage of the L/C Obligations then outstanding, (c) the aggregate principal amount of all Competitive Loans made by such Lender then outstanding and (d) such Lender's Specified Percentage, if any, of the aggregate principal amount of Swing Line Loans then outstanding.

"Agreement": this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"Alternative Note": as defined in Section 11.6(d).

"Alternative Noteholder": as defined in Section 11.6(e).

"Applicable Margin": at the time of any determination thereof, for purposes of all Loans (other than Competitive Loans), the margin of interest over the ABR or the Eurodollar Rate, as the case may be, which is applicable at the time of any determination of interest rates under this

Agreement, which Applicable Margin shall be subject to adjustment (upwards or downwards, as appropriate) based on the Leverage Ratio, as follows:

Leverage Ratio	Applicable Margin for ABR Loans	Applicable Margin for Eurodollar Loans
Greater than or equal to 5.00 to 1.00	0.000%	0.750%
Greater than or equal to 4.50 to 1.00 but less than 5.00 to 1.00	0.000%	0.625%
Greater than or equal to 4.00 to 1.00 but less than 4.50 to 1.00	0.000%	0.500%
Greater than or equal to 3.50 to 1.00 but less than 4.00 to 1.00	0.000%	0.450%
Greater than or equal to 3.00 to 1.00 but less than 3.50 to 1.00	0.000%	0.375%
Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	0.000%	0.300%
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	0.000%	0.250%

Less than 2.00

0.000%

0.225%

For the purposes of this definition, the Applicable Margin shall be determined as at the end of each of the first three quarterly periods of each fiscal year of the Borrower and as at the end of each fiscal year of the Borrower, based on the relevant financial statements delivered pursuant to Sections 7.1(a) and (b), respectively, and the Compliance Certificate delivered pursuant to Section 7.2(b); changes in the Applicable Margin shall become effective on the date which is the earlier of (i) two Business Days after the date the Administrative Agent receives such financial statements and the corresponding Compliance Certificate and (ii) the last date on which such financial statements and corresponding Compliance Certificate should have been delivered pursuant to Sections 7.1(a) and (b) and Section 7.2(b), and shall remain in effect until the next change to be effected pursuant to this definition; provided, that (A) until the first such financial statements and Compliance Certificate are delivered after the date hereof, the Applicable Margin shall be determined by reference to the Leverage Ratio set forth in the Closing Certificate delivered to the Administrative Agent pursuant to Section 6.1(b) and (B) if any financial statements or the Compliance Certificate referred to above are not delivered within the time periods specified above, then, for the period from and including the date on which such financial statements and Compliance Certificate are required to be delivered to, but not including, the date on which such financial statements and Compliance Certificate are delivered, the Applicable Margin as at the end of the fiscal period that would have been covered thereby shall be deemed to be the Applicable Margin which would be applicable when the Leverage Ratio is greater than 5.00 to 1.00.

"Application": an application, in form and substance consistent with this Agreement and mutually satisfactory to the Borrower and the Issuing Lender, requesting the Issuing Lender to open a Letter of Credit.

"Arranging Agents": the Administrative Agent, the Syndication Agent and the Documentation Agent.

"Assignee": as defined in Section 11.6(c).

"Assignment and Acceptance": an Assignment and Acceptance substantially in the form of Exhibit A.

"Authorizations": all filings, recordings and registrations with, and all validations or exemptions, approvals, orders, authorizations, consents, Licenses, certificates and permits from, the

FCC, applicable public utilities and other Governmental Authorities.

"Automatic Dividend Reinvestment and Stock Purchase Plan": as defined in the definition of Net Proceeds of Capital Stock.

"Available Commitment": at any time, as to any Lender, an amount equal to the excess, if any, of (a) the amount of such Lender's Commitment at such time, minus (b) the sum of (i) the aggregate principal amount of all Committed Loans made by such Lender then outstanding, (ii) such Lender's Specified Percentage of the L/C Obligations then outstanding and (iii) such Lender's Specified Percentage, if any, of the aggregate principal amount of Swing Line Loans then outstanding.

"Bid Rate": as defined in Section 2.6(b).

"Board": the Board of Governors of the Federal Reserve System or any successor.

"Borrower": as defined in the preamble hereto.

"Borrower Senior Note Agreement": the Senior Fixed Rate Notes Master Shelf Agreement dated as of December 20, 1991 among the Borrower, The Prudential Insurance Company of America and Prudential Asset Sales & Syndications, Inc., as amended by the letter amendment dated as of March 3, 1992, the Amendment dated as of October 20, 1995 and the Amendment of 1991 Master Shelf Agreement dated as of December 4, 1996.

"Borrower Senior Note Debt": the Indebtedness of the Borrower outstanding as of the date hereof and evidenced by the Borrower Senior Note Documents.

"Borrower Senior Note Documents": the Borrower Senior Notes and the Borrower Senior Note Agreement, together with all related instruments, agreements and other documents executed and delivered in connection therewith, each as in effect on the date hereof.

"Borrower Senior Notes": the \$65,000,000 aggregate principal amount of 8.62% Series 1992A Senior Notes due March 1, 2002, issued March 3, 1992 by the Borrower pursuant to the Borrower Senior Note Agreement.

"Borrowing Date": any Business Day specified in a notice pursuant to Sections 2.3, 2.4 or 2.6, as a date on which the Borrower requests the Lenders to make Loans hereunder.

"Business": as defined in Section 5.17(b).

"Business Day": a day, other than a Saturday, Sunday or other day on which commercial banks in New York, New York or Dallas, Texas are

authorized or required by law to close and, with respect to Eurodollar Loans, a day on which dealings in Dollar deposits are carried out in the London interbank market.

"Capital Expenditures": expenditures for the purchase or construction of fixed assets, plant and equipment which are capitalized in accordance with GAAP.

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

"Capital Stock": (a) any share, membership, partnership or other percentage interest, unit of participation or other equivalent (however designated) of an equity security or other equity interest in a Person and (b) any debt security or other evidence of Indebtedness which is convertible into or exchangeable for, or any option, warrant or other right to acquire, any Capital Stock of any type referred to in clause (a) of this definition.

"Cash Equivalents": (a) securities with maturities of one year or less from the date of acquisition issued and fully guaranteed or insured by the United States Government or any agency thereof, (b) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition and overnight bank deposits of any Lender or of any commercial bank having capital and surplus in excess of \$500,000,000, (c) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States Government, (d) commercial paper of a domestic issuer rated at least A-1 by Standard and Poor's Ratings Group ("S&P") or P-1 by Moody's Investors Service, Inc. ("Moody's") maturing not in excess of six months from the date of acquisition, or (e) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (d) of this definition.

"Change of Control": shall be deemed to have occurred at such time as any of the following occur: (i) any person or two or more persons (other than D. Tennant Bryan, J. Stewart Bryan, III and their respective estates, lineal descendants, adoptive children, heirs, executors, personal representatives, administrators and trusts for any of their benefit or the benefit of their respective spouses, estates, lineal descendants, adoptive children or heirs) acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of

the Securities and Exchange Commission under the Securities Act of 1934) of (A) 60% or more of the outstanding shares of the Class A voting stock of the Borrower, or (B) 34% or more of the outstanding shares of the Class B voting stock of the Borrower; or (ii) as of any date a majority of the Board of Directors of the Borrower consists of individuals who were not either (A) directors of the Borrower as of the corresponding date of the previous year, (B) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A), or (C) selected or nominated to become directors by the Board of Directors of the Borrower of which a majority consisted of individuals described in clause (A) and individuals described in clause (B).

"Closing Certificate": as defined in Section 6.1(b).

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commission": the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934.

"Commitment": as to any Lender, its obligation, if any, to make Advances to, and/or issue or participate in Letters of Credit issued on behalf of, the Borrower in an aggregate principal amount not to exceed at any one time outstanding the amount set forth opposite such Lender's name in Schedule 1.1 under the heading "Commitment" or, in the case of any Lender that is an Assignee, the amount of the assigning Lender's Commitment assigned to such Assignee pursuant to Section 11.6(c) and set forth in the applicable Assignment and Acceptance (in each case, as the same may be increased, reduced or otherwise adjusted from time to time as provided herein).

"Committed Loan": any Advance made by any Lender under Section 2.1 and pursuant to such Lender's Commitment and "Committed Loans" shall mean all of such Loans.

"Committed Loan Note": as defined in Section 2.2.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414(b) or (c) of the Code.

"Company Material Adverse Effect": as defined in Section 6.2(e).

"Competitive Bid": an offer by a Lender in the form of Exhibit B-1 to make a Competitive Loan.

"Competitive Bid Acceptance": a notification in the form of Exhibit B-2 made by the Borrower pursuant to Section 2.6(c) to accept a Competitive Bid

"Competitive Bid Rejection": a notification in the form of Exhibit B-3 made by the Borrower pursuant to Section 2.6(c) to reject a Competitive Bid.

"Competitive Bid Request": a request by the Borrower in the form of Exhibit B-4 for Competitive Bids.

"Competitive Interest Period": for each Competitive Loan, the period (a) commencing on the date such Competitive Loan is made and (b) ending on the date requested by the Borrower in the Competitive Bid Request for such Competitive Loan, which period shall be not less than seven days or more than 180 days; provided that (i) Competitive Interest Periods commencing on the same date for Competitive Loans comprising part of the same borrowing shall not have more than three different durations; and (ii) whenever the last day of any Competitive Interest Period would otherwise occur on a day other than a Business Day, the last day of such Competitive Interest Period shall be extended to occur on the next succeeding Business Day, provided further that if such extension would cause the last day of such Competitive Interest Period to occur on or after the Termination Date of any Lender making a Competitive Loan to which such Competitive Interest Period relates, such Competitive Interest Period for such Competitive Loan shall end on the next preceding Business Day.

"Competitive Loan": a Loan made by a Lender to the Borrower pursuant to Section 2.6.

"Competitive Loan Confirmation": a confirmation by the Administrative Agent to a Lender of the acceptance by the Borrower of any Competitive Bid (or Portion thereof) made by that Lender, in substantially the form of Exhibit B-5.

"Competitive Loan Period": any period of time during which the Leverage Ratio is less than 4.00 to 1.00, both before giving any Competitive Bid Request and after giving effect to any Competitive Loan.

"Compliance Certificate": a certificate of a Responsible Officer of the Borrower, substantially in the form of Exhibit C.

"Consolidated Net Worth": at any time, stockholders' equity, less the sum of the value, as set forth or reflected on the most recent consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, prepared in accordance with GAAP, of

(A) Any amount at which shares of Capital Stock of the

Borrower appear as an asset on the balance sheet of the Borrower and its Consolidated Subsidiaries; and

(B) Deferred expenses; provided, however, for purposes of this subsection (B) deferred expenses shall not include such expenses which are deferred in the ordinary course of business of the Borrower and consistent with practices existing on the Effective Date.

"Consolidated Subsidiary": at any date, any Subsidiary or other entity the accounts of which, in accordance with GAAP, would be consolidated with those of the Borrower in its consolidated financial statements as of such date.

"Contingent Warrant Cancellation Event": an event which, pursuant to the terms of the Park Warrant Agreement, terminates the rights of the holders of the Park Warrants to receive any Contingent Warrants.

"Contingent Warrants": warrants exercisable for 3.0% of the common stock of PCI on a fully diluted basis as of the date of such issuance after giving effect to the issuance of such Contingent Warrant in the event that PCI does not effect a Contingent Warrant Cancellation Event on or prior to December 31, 1997.

"Contractual Obligation": as to any Person, any provision of any Capital Stock issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Default": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Depreciation": for any period, the sum of all depreciation expenses of the Borrower and its Consolidated Subsidiaries for such period, as determined in accordance with GAAP.

"Disposition": as defined in Section 8.5.

"Documentation Agent": as defined in the preamble hereto.

"Dollars" and "\$": dollars in lawful currency of the United States of America.

"EBITDA": as of the end of each fiscal quarter for the fiscal quarter then ending and the immediately preceding three fiscal quarters, as applied to the Borrower and its Consolidated Subsidiaries without duplication, the sum of the amounts for such period of (i) Net Income, (ii) Depreciation, (iii) amortization expense, (iv) non operating non-cash

charges, less any non operating non-cash gains, (v) all interest expense reported for such period on Indebtedness, (vi) all film amortization cash charges, less any cash film payments and (vii) all federal and state taxes reported for such period, all as determined and computed in accordance with GAAP; and determined as if any Consolidated Subsidiary that has become or ceased to be a Consolidated Subsidiary during the fiscal quarter then ending or the immediately preceding three fiscal quarters, was (or, in the case of a Consolidated Subsidiary that has ceased to be a Consolidated Subsidiary, was not) a Consolidated Subsidiary at all times during such period.

"Effective Date": as defined in Section 11.8.

"Employee Stock Option Plan": as defined in the definition of Net Proceeds of Capital Stock.

"Environmental Laws": any and all Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of the Federal Reserve System. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurocurrency Reserve Requirements.

"Eurodollar Base Rate": with respect to any Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the offered rate for deposits in Dollars of amounts equal or comparable to the principal amount of such Eurodollar Loan offered for a term comparable to such Interest Period, which rates appear on the Telerate Screen Page 3750 as of 11:00 a.m., London time, two (2) Business Days preceding the first day of the relevant Interest Period; provided that if no such offered rate appears on such page, the Eurodollar Base Rate for such Interest Period will be the arithmetic average (rounded, if necessary, to the next higher 1/100th of 1%) of the rates per annum at which deposits in Dollars in immediately available funds are offered to

each of two (2) major United States banks, reasonably selected by the Administrative Agent, at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of such Interest Period, by prime banks in the London interbank eurodollar market for a period comparable to such Interest Period in an amount comparable to the principal amount of such Eurodollar Loan.

"Eurodollar Loans": Loans which bear or are to bear interest based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

Eurodollar Base Rate

1.00 - Eurocurrency Reserve Requirements

"Event of Default": any of the events specified in Section 9, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Excess Cash Flow": at any time, EBITDA, less, (i) principal on all Indebtedness, (ii) interest on all Indebtedness, (iii) Capital Expenditures and (iv) current federal and state taxes due and payable, each as of the end of each fiscal quarter then ending and the immediately preceding three fiscal quarters, less, \$5,000,000.

"Existing Credit Agreement": the \$320,000,000 Credit Agreement dated as of October 26, 1995 among the Borrower, the banks listed therein and Wachovia Bank of Georgia, N.A., as the administrative agent, Crestar Bank, as co-agent and as a bank, NationsBank of Texas, N.A., as co-agent and as a bank and Toronto Dominion (New York), Inc., as co-agent and a bank, as amended through the date hereof.

"Facility": the Commitments and the extensions of credit made hereunder.

"FCC": the Federal Communications Commission and any successor thereto.

"Federal Funds Effective Rate": for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letters": the NationsBank Fee Letter, the Toronto-Dominion Fee Letter and the First Union Fee Letter.

"First Union Fee Letter": the letter agreement, dated September 30, 1996 from First Union National Bank of North Carolina to the Borrower.

"GAAP": generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in any case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations whatsoever (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable principal amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum principal amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum principal amount for which such

guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be the principal amount of such guaranteeing person's reasonably anticipated liability in respect thereof as determined by the Borrower in good faith. For the purposes of Section 8.2, Guarantee Obligations by the Borrower or any of its Subsidiaries in respect of Indebtedness of the Borrower or any of its Subsidiaries shall be calculated without duplication of any other Indebtedness. It is understood that obligations of the Borrower pursuant to guaranties or indemnities of obligations of a Guarantor Subsidiary which (a) are granted in the ordinary course of business or in connection

with asset Dispositions and (b) do not cover Indebtedness of the types described in clauses (a) through (d) of the definition thereof shall not constitute "Guarantee Obligations" for purposes of this Agreement.

"Guarantor Subsidiary": each Subsidiary which executes and delivers to the Administrative Agent the Guaranty or a Supplement to Guaranty Agreement.

"Guaranty": the Guaranty Agreement in the form of Exhibit D to be executed and delivered by each of the Subsidiaries and all Supplements to Guaranty Agreement executed and delivered by a Subsidiary, as the same may be amended, supplemented or otherwise modified from time to time.

"Indebtedness": of any Person at any date, (a) all indebtedness of such Person for borrowed money or which is evidenced by a note, bond, debenture or similar instrument ("Indebtedness for Borrowed Money"), (b) all indebtedness of such Person for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), (c) all Capital Lease Obligations of such Person, (d) all obligations of such Person in respect of acceptances or letters of credit or similar instruments issued or created for the account of such Person, (e) all Guarantee Obligations of such Person, (f) all obligations of such Person in respect of Interest Rate Hedge Agreements, (g) all Redeemable Preferred Stock of such Person and (h) all liabilities of the type described in clauses (a) through (e) above secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof; provided that the amount of any nonrecourse Indebtedness of such Person shall be not more than an amount equal to the fair market value of the property subject to such Lien, as determined by the Borrower in good faith. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such Person in respect thereof.

"Information": written information, including, without

limitation, certificates, reports, statements (other than financial statements, budgets, projections and similar financial data) and documents.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Interest Coverage Ratio": as of the last day of the most recently ended fiscal quarter, the ratio of (i) EBITDA to (ii) Interest Expense.

"Interest Expense": as of the end of each fiscal quarter for the fiscal quarter then ending and the immediately preceding three fiscal quarters the aggregate of all letter of credit fees, commitment fees and interest accrued or paid by the Borrower or any of its Consolidated Subsidiaries, during such period in respect of Total Debt, all as determined on a consolidated basis in accordance with GAAP.

"Interest Payment Date": (a) as to any ABR Loan, (i) the last Business Day of each March, June, September and December prior to the Termination Date and (ii) the Termination Date, (b) as to any Eurodollar Loan or Competitive Loan (i) having an Interest Period of three months or less, the last day of such Interest Period or (ii) having an Interest Period longer than three months, each day which is three months or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period, and in all cases, on the Termination Date.

"Interest Period": with respect to (a) any Competitive Loan, the Competitive Interest Period and (b) any Eurodollar Loan (i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter (or, to the extent available from all Lenders, nine or twelve months thereafter), as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be, given with respect thereto; and (ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter (or, to the extent available from all Lenders, nine or twelve months thereafter), as selected by the Borrower in its Notice of Conversion/Continuation given with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods for Eurodollar Loans are subject to the following (x) if any Interest Period would otherwise

end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day, (y) any Interest Period that would otherwise extend beyond the Termination Date shall end on the Termination Date, and (z) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

"Interest Rate Hedge Agreement": any interest rate protection agreement, interest rate futures contract, interest rate option, interest rate cap or other interest rate hedge arrangement, to or under which the Borrower or any Subsidiary is a party or a beneficiary.

"Investments": as defined in Section 8.8.

"Invitation to Bid": an invitation by the Administrative Agent to a Lender in the form of Exhibit B-6 to make a Competitive Bid.

"Issuing Lender": NationsBank or, in the event the Borrower requires a higher rated bank, a Lender selected by the Borrower which has such higher rating, provided that, in the event that NationsBank shall be replaced as the Administrative Agent pursuant to Section 10.9, (i) no Letter of Credit shall be issued by NationsBank on or after the date of such replacement and (ii) the replacement Administrative Agent, together with any Lender which is a higher rated bank as aforesaid, shall be the Issuing Lender from and after the date of such replacement.

"L/C Fee Payment Date": the last Business Day of each March, June, September and December.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate of the then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of all unpaid Reimbursement Obligations.

"Lenders": as defined in the preamble hereto.

"Letters of Credit": as defined in Section 3.1(a).

"Leverage Ratio": as of the last day of the most recently ended fiscal quarter, the ratio of (i) Total Debt as of such day to (ii) EBITDA.

"License": as to any Person, any license, permit, certificate of need, authorization, certification, accreditation, franchise, approval, or grant of rights by any Governmental Authority or other Person necessary or appropriate for such Person to own, maintain, or operate its business or property, including FCC Licenses.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan": any Advance made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, the Applications, each Guaranty and any Interest Rate Hedge Agreements with any of the Lenders.

"Loan Parties": the collective reference to the Borrower and each Guarantor Subsidiary.

"Majority Lenders": as of any date, (a) at any time Lenders are committed to lend hereunder, Lenders having Commitments equal to 51% or more of the Total Commitment or (b) at any time after the Commitments shall have expired or terminated, (i) at any time that Committed Loans or L/C Obligations are outstanding, the Lenders with outstanding Committed Loans and participations in L/C Obligations having an unpaid principal balance and face amount, respectively, equal to or more than 51% of all Committed Loans and L/C Obligations outstanding, excluding from such calculation the Lenders which have failed or refused to fund a Committed Loan or their respective portion of an unpaid Reimbursement Obligation and (ii) at any time that no Committed Loans or L/C Obligations are outstanding, Lenders with outstanding Competitive Loans equal to 51% or more of all Competitive Loans.

"Managing Agents": The Bank of Nova Scotia, Bank of Tokyo-Mitsubishi Trust Company, Crestar Bank, Morgan Guaranty Trust Company of New York, The Long-Term Credit Bank of Japan, Ltd., SunTrust Bank and Wachovia Bank.

"Material Adverse Effect": a material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of the

Borrower or of the Borrower and of the Consolidated Subsidiaries, taken as a whole, (b) the ability of the Borrower or the Borrower and the other Loan Parties, taken as a whole, to perform its or their obligations under the Loan Documents or (c) the rights or remedies of the Administrative Agent or the Lenders under this Agreement or any of the other Loan Documents.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Maximum Offer": as defined in Section 2.6(b).

"Maximum Request": as defined in Section 2.6(a).

"Merger": the merger of MG Acquisitions, Inc. into Park pursuant to the Merger Agreement, with Park as the surviving corporation.

"Merger Agreement": the Agreement and Plan of Merger, dated as of July 19, 1996, by and among the Borrower, MG Acquisitions, Inc. and Park Acquisitions, Inc., as in effect on the date hereof.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NationsBank": NationsBank of Texas, N.A.

"NationsBank Fee Letter": the letter agreement, dated September 19, 1996 from NationsBank to the Borrower.

"Net Income": as applied to any Person for any period, the aggregate amount of net income of such Person, after taxes (but before extraordinary items and to the extent that the fees, penalties and premiums incurred in connection with the redemption of the Park Debt are not considered extraordinary items, then before any charges associated with the payment of such fees, penalties and premiums not to exceed \$50,000,000), for such period, as determined in accordance with GAAP.

"Net Proceeds of Capital Stock": any and all cash proceeds received by the Borrower or a Consolidated Subsidiary in respect of the issuance of Capital Stock (including, without limitation, the conversion of any Indebtedness into Capital Stock), after deducting therefrom all reasonable and customary costs and expenses incurred by the Borrower or such Consolidated Subsidiary directly in connection with the issuance of such

Capital Stock; provided, however, the term "Net Proceeds of Capital Stock" shall not include the proceeds received by the Borrower from the issuance by the Borrower of Capital Stock: (A) under the Borrower's qualified or non-qualified stock option plans as such stock option plans are in effect on the date of this Agreement, as may be amended, modified or approved by the stockholders of the Borrower; provided that no such amendment, modification or approval shall result in a material increase in the proceeds received by the Borrower (the "Employee's Stock Option Plans"); or (B) to Class A Shareholders of the Borrower who reinvest their dividends in Capital Stock of the Borrower pursuant to the Borrower's Automatic Dividend Reinvestment and Stock Purchase Plan, as such plan is in effect on the date of this Agreement, as may be amended, modified or approved by the Stockholders of the Borrower; provided that no such amendment, modification or approval shall result in a material increase in the proceeds received by the Borrower (the "Automatic Dividend Reinvestment and Stock Purchase Plan").

"1995 Master Shelf Agreement": the Master Shelf Agreement dated as of February 28, 1995 between the Borrower and The Prudential Insurance Company of America, as amended by the Amendment of 1995 Master Shelf Agreement dated as of December 4, 1996.

"Non-Excluded Taxes": as defined in Section 4.10(a).

"Non-U.S. Lender": as defined in Section 4.10(b).

"Notice of Borrowing": (a) with respect to Loans, other than Competitive Loans, as defined in Section 2.3 and (b) a Competitive Bid Request and the related Competitive Bid Acceptance, in the case of any Competitive Loan.

"Notice of Conversion/Continuation": as defined in Section 4.5.

"Obligations": the unpaid principal of and interest on (including, without limitation, interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Loan Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and Reimbursement Obligations and all other obligations and liabilities of any Loan Party to the Administrative Agent or to any Lender (or, in the case of any Interest Rate Protection Agreement, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this

Agreement, any other Loan Document, the Letters of Credit, any Interest Rate Protection Agreement entered into with any Lender (or any affiliate of any Lender) or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all reasonable fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by any Loan Party pursuant hereto) or otherwise.

"Park": as defined in the recitals hereto.

"Park Acquisition": as defined in the recitals hereto.

"Park Debt": the Indebtedness of PCI, PBI and PNI outstanding as of the date hereof and evidenced by the Park Debt Documents.

"Park Debt Documents": the PCI Senior Note Documents, the PBI Senior Note Documents and the PNI Senior Note Documents.

"Park Warrant Agreement": the Warrant Agreement dated as of May 13, 1996, between PCI and IBJ Schroder Bank & Trust Company as Warrant Agent thereunder.

"Park Warrants": warrants issued pursuant to the Warrant Agreement.

"Park Warrant Shares": shares in PCI common stock issued upon exercise of the Park Warrants.

"Participant": as defined in Section 11.6(b).

"Payment Date": as defined in Section 9(1).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"PBI": as defined in the recitals hereto.

"PBI Senior Note Documents": the PBI Senior Notes, the Indenture dated as of May 13, 1996 between PBI and IBJ Schroder Bank & Trust Company, as trustee, pursuant to which the PBI Senior Notes were issued, and all related instruments and agreements executed and delivered in connection therewith, each as in effect on the date hereof.

"PBI Senior Notes": the \$241,000,000 aggregate principal amount of

11-3/4% Senior Notes due 2004 of PBI, issued pursuant to the Indenture dated as of May 13, 1996 between PBI and IBJ Schroder Bank & Trust Company, as trustee.

"PCI": as defined in the recitals hereto.

"PCI Senior Note Documents": the PCI Senior Notes and the Indenture dated as of May 13, 1996 between PCI and IBJ Schroder Bank & Trust Company, as trustee, pursuant to which the PCI Senior Notes were issued, together with all related collateral documents and other instruments and agreements executed and delivered in connection therewith, each as in effect on the date hereof.

"PCI Senior Notes": the \$80,000,000 aggregate principal amount of 13-3/4% Senior Pay-in-Kind Notes due 2004 of PCI, issued pursuant to the Indenture dated as of May 13, 1996 between PCI and IBJ Schroder Bank & Trust Company, as trustee.

"Permitted Line of Business": as defined in Section 8.11.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) a "contributing sponsor" as defined in Section 4001(a)(13) of ERISA or a member of such contributing sponsor's "control group" as defined in Section 4001(a)(14) of ERISA.

"PNI": as defined in the recitals hereto.

"PNI Senior Note Documents": the PNI Senior Notes, the Indenture dated as of May 13, 1996 between PNI and IBJ Schroder Bank & Trust Company, as trustee, pursuant to which the PNI Senior Notes were issued, and all related instruments and agreements executed and delivered in connection therewith, each as in effect on the date hereof.

"PNI Senior Notes": the \$155,000,000 aggregate principal amount of 11-7/8% Senior Notes due 2004 of PNI, issued pursuant to the Indenture dated as of May 13, 1996 between PNI and IBJ Schroder Bank & Trust Company, as trustee.

"Portion": as defined in Section 2.6(b).

"Prime Rate": the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its office in Dallas, Texas (the Prime Rate not being intended to be the lowest rate of interest charged by the Administrative Agent in connection with extensions of credit to debtors)

"Properties": as defined in Section 5.17(a).

"Quarterly Percentage Reduction": as defined in Section 4.2(c).

"Redeemable Preferred Stock": any preferred stock issued by any Person which is at any time prior to the Termination Date either (i) mandatorily redeemable (by sinking fund or similar payments or otherwise) or (ii) redeemable at the option of the holder thereof.

"Redemption Agreement": that certain Amended and Restated Redemption Agreement, dated April 7, 1994, between the Borrower and D. Tennant Bryan, as in effect on the date hereof.

"Refunded Swing Line Loans": as defined in Section 2.4(c).

"Register": as defined in Section 11.6(g).

"Reimbursement Obligations": the obligations of the Borrower to reimburse the Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under Sections .13, .14, .16, .18, .19 or .20 of PBGC Reg. ss. 2615.

"Reported Net Income": for any period, the Net Income of the Borrower and its Consolidated Subsidiaries determined on a consolidated basis.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority (including any Authorization), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, the

president, the chief financial officer or the treasurer of the relevant Loan Party.

"Restricted Payments": as defined in Section 8.6.

"Restricted Stock Plans": the Media General, Inc. Restricted Stock Plan, effective May 17, 1991 and the Media General, Inc. Restricted Stock Plan for Non-Employee Directors, effective May 19, 1995, as such plans are in effect on the date of this Agreement.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent": when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "fair value" or "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the fair value or present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) "debt" means liability on a "claim", (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured and (iii) unliquidated, contingent, disputed and unmatured claims shall be valued at the amount that can be reasonably expected to be actual and matured.

"Southeast Paper": Southeast Paper Manufacturing Co., a Georgia general partnership.

"Specified Percentage": at any time, as to any Lender, the percentage of the Total Commitment then constituted by such Lender's Commitment.

"Submission Deadline": as defined in Section 2.6(b).

"Subsidiary": as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors (or Persons holding equivalent positions) of such corporation, partnership or other entity are at the time owned, or the management and policies of which are otherwise ultimately controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower. Notwithstanding anything to the contrary contained herein, Denver Newspapers, Inc., Flat Earth Group, L.L.C., Tampa Tower General Partnership and Southeast Paper Manufacturing Co. shall not be considered Subsidiaries for purposes of this Agreement, unless and until either (i) the Borrower owns, directly or indirectly, more than 50% of any such entity or (ii) such entity otherwise becomes a Consolidated Subsidiary.

"Supplement to Guaranty Agreement": the Supplement to Guaranty Agreement in the form of Exhibit A attached to the Guaranty, to be executed and delivered by each Subsidiary acquired or created after the date hereof.

"Swing Line Commitment": the Swing Line Lender's obligation to make Swing Line Loans pursuant to Section 2.4.

"Swing Line Lender": NationsBank, in its capacity as provider of the Swing Line Loans, provided that, in the event that NationsBank shall be replaced as Administrative Agent pursuant to Section 10.9, (a) no Swing Line Loans shall be made by NationsBank on or after the date of such replacement and (b) the replacement Administrative Agent shall be the Swing Line Lender from and after the date of such replacement.

"Swing Line Loan Participation Certificate": a certificate in substantially the form of Exhibit E.

"Swing Line Loans": as defined in Section 2.4(a).

"Swing Line Termination Date": the earlier of (i) the date which is 364 days after the Effective Date, unless the Swing Line Lender, in its sole discretion, elects to extend such 364 day period as notified to the Borrower and the Lenders, (ii) the date the Lenders' Commitments are otherwise cancelled or terminated and (iii) the date any Committed Loan is accelerated.

"Syndication Agent": as defined in the preamble hereto.

"Termination Date": the earlier of (i) December 6, 2003, (ii) the date the Lenders' Commitments are otherwise cancelled or terminated and (iii) the date any Committed Loan is accelerated.

"Toronto-Dominion Fee Letter": the letter agreement, dated September 30, 1996 from The Toronto-Dominion Bank to the Borrower.

"Total Commitment": the sum of all of the Commitments (in each case, as the same may be increased, reduced or otherwise adjusted from time to time as provided herein) not to exceed \$1,200,000,000.

"Total Debt": for the Borrower and the Consolidated Subsidiaries as of any date, without duplication, the sum of (a) Indebtedness for Borrowed Money outstanding on such date, (b) Capital Lease Obligations outstanding on such date, (c) Indebtedness of the type described in subsection (d) of the definition of Indebtedness outstanding on such date, (d) the amount of all Redeemable Preferred Stock and (e) Guarantee Obligations, determined on a consolidated basis in accordance with GAAP.

"Total Extensions of Credit": at any time, the sum of all of the Aggregate Outstanding Extensions of Credit of all of the Lenders at such time.

"Tranche": the collective reference to Eurodollar Loans made by the Lenders, the then current Interest Periods of which begin on the same date and end on the same later date (whether or not such Eurodollar Loans shall originally have been made on the same day).

"Transferee": as defined in Section 11.6(i).

"Type": as to any Loan, its nature as an ABR Loan, a Eurodollar Loan or a Competitive Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"Unrefunded Swing Line Loans": as defined in Section 2.4(d).

"Virginia Paper": Virginia Paper Manufacturing Corp., a Georgia corporation.

"Wholly Owned Subsidiary": as to any Person, any other Person at

least 100% of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly or indirectly through one or more other Wholly Owned Subsidiaries.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any other Loan Document or any certificate or other document made or delivered pursuant hereto or thereto.

(b) Unless otherwise specified herein, all accounting terms used herein (and in any other Loan Document and any certificate or other document made or delivered pursuant hereto or thereto) shall be interpreted, all accounting determinations shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time; provided, however, that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Section 8 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Majority Lenders wish to amend Section 8 for such purpose), then compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Majority Lenders.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) References in this Agreement or any other Loan Document to knowledge by the Borrower or any Subsidiary of events or circumstances shall be deemed to refer to events or circumstances of which any Responsible Officer has actual knowledge or reasonably should have knowledge.

(f) References in this Agreement or any other Loan Document to financial statements shall be deemed to include all related schedules and notes thereto.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS AND LOANS

2.1 Committed Loans. (a) Subject to and in reliance upon the terms,

conditions, representations and warranties contained in the Loan Documents, each Lender severally agrees to make Advances in Dollars (which are Committed Loans) to the Borrower from time to time until the Termination Date so long as the aggregate principal amount of such Committed Loans from such Lender outstanding never exceeds such Lender's Commitment; provided that the Aggregate Outstanding Extensions of Credit from all Lenders shall not exceed the Total Commitment. Notwithstanding anything to the contrary set forth herein, any Lender may make and have outstanding one or more Competitive Loans which, when aggregated with the outstanding principal amount of all Committed Loans from such Lender, would exceed such Lender's Commitment. Each Lender's Commitment shall continue in full force and effect until and expire on the Termination Date, and no Lender shall have any obligation to make any Advance thereafter. Until the Termination Date, the Borrower may borrow, repay and reborrow Committed Loans and Competitive Loans hereunder, subject as respects Competitive Loans to Section 2.6. The Administrative Agent shall maintain a record of each Lender's Commitment, Specified Percentage, Committed Loans, Specified Percentage of L/C Obligations, Specified Percentage of Swing Line Loans and Competitive Loans.

(b) Loans may from time to time be (i) Eurodollar Loans, (ii) ABR Loans, (iii) Competitive Loans or (iv) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.3, 2.6 and 4.5, provided that, no Loan shall be made as a Eurodollar Loan or a Competitive Loan after the day that is one month prior to the Termination Date.

2.2 Notes for Committed Loans. The Borrower agrees that, upon request to the Administrative Agent by any Lender, in order to evidence the Committed Loans, the Borrower will execute and deliver to such Lender a promissory note substantially in the form of Exhibit F-1, with appropriate insertions as to payee, date and principal amount (each, as amended, supplemented, replaced or otherwise modified from time to time, a "Committed Loan Note"), payable to the order of each Lender and in a principal amount equal to each such Lender's Commitment. Each Committed Loan Note shall (x) be dated the Effective Date or the date of any reissuance of such Committed Loan Note, (y) be stated to mature on the Termination Date and (z) provide for the payment of interest in accordance with Section 4.1.

2.3 Procedure for Borrowing of Committed Loans. Subject to the terms, conditions, representations and warranties contained in the Loan Documents, each Committed Loan shall be made following the Borrower's delivery to the Administrative Agent of an irrevocable notice substantially in the form of Exhibit G-1 (a "Notice of Borrowing") requesting a Committed Loan on a certain Borrowing Date; provided, that, if the Borrower makes a Competitive Bid Request and does not accept Competitive Loans in an aggregate amount equal to the Maximum Request included in that Competitive Bid Request, the Borrower, by

giving such notice not later than 11:00 A.M., Dallas, Texas time on the date of borrowing specified in that Competitive Bid Request, may make a borrowing of ABR Loans on that date in an aggregate principal amount equal to (i) that Maximum Request, minus (ii) the aggregate principal amount of Competitive Loans, if any, the Borrower does so accept. A Notice of Borrowing must be received by the Administrative Agent prior to 11:00 A.M., Dallas, Texas time (a) three Business Days prior to the requested Borrowing Date, if all or any part of the requested Committed Loans are to be initially Eurodollar Loans or (b) one Business Day prior to the requested Borrowing Date otherwise. A Notice of Borrowing shall specify (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be of Eurodollar Loans, ABR Loans or a combination thereof and (iv) if the borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of each Tranche and the respective lengths of the initial Interest Periods therefor. Each borrowing under the Commitments shall be in an amount equal to (a) in the case of ABR Loans (except any ABR Loans to be used solely to pay a like amount of outstanding Reimbursement Obligations or Swing Line Loans), \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof (or if the then aggregate Available Commitments of all Lenders are less than \$10,000,000, such lesser amount) and (b) in the case of Eurodollar Loans, \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof. Upon receipt of any such Notice of Borrowing from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Each Lender will make the amount of its Specified Percentage of each requested Committed Loan available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 11:00 A.M., Dallas, Texas time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower, as so directed by the Borrower in a Notice of Borrowing, with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

2.4 Swing Line Commitments. (a) Subject to the terms, conditions, representations and warranties contained in the Loan Documents, the Swing Line Lender agrees to make swing line loans (individually, a "Swing Line Loan"; collectively, the "Swing Line Loans") to the Borrower from time to time until the Swing Line Termination Date; provided that, the Swing Line Lender may not make any Swing Line Loan if, after giving effect to such Swing Line Loan, either (i) the amount of all Swing Line Loans outstanding would exceed the lesser of (x) \$10,000,000 or (y) the Aggregate Available Commitments or (ii) the Aggregate Outstanding Extensions of Credit of all Lenders would exceed the Total Commitment. Amounts borrowed by the Borrower under this Section 2.4 may be repaid and, through but excluding the Swing Line Termination Date, reborrowed. All Swing Line Loans shall be made as ABR Loans and shall not be entitled to be converted into Eurodollar Loans. The Borrower shall give the Swing Line Lender a

Notice of Borrowing (which Notice of Borrowing must be received by the Swing Line Lender prior to 1:00 P.M., Dallas, Texas time) on the requested Borrowing Date specifying the amount of the requested Swing Line Loan, which shall be in a minimum amount of \$500,000 or whole multiples of \$100,000 in excess thereof. The proceeds of each Swing Line Loan will be made available by the Swing Line Lender to the Borrower at the office of the Swing Line Lender by crediting the account of the Borrower, as so directed by the Borrower in a Notice of Borrowing, with such proceeds in Dollars.

(b) The Borrower agrees that, upon the request of the Swing Line Lender, in order to evidence the Swing Line Loans, the Borrower will execute and deliver to the Swing Line Lender a promissory note substantially in the form of Exhibit F-2, with appropriate insertions (as the same may be amended, supplemented, replaced or otherwise modified from time to time, the "Swing Line Note"), payable to the order of the Swing Line Lender and in a principal amount equal to \$10,000,000 with interest thereon as prescribed in Section 4.1. The Swing Line Note shall (i) be dated the Effective Date or the date of any reissuance of such Swing Line Note, (ii) be stated to mature on the Swing Line Termination Date and (iii) provide for the payment of interest in accordance with Section 4.1.

(c) The Swing Line Lender, at any time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs and authorizes the Swing Line Lender to act on its behalf), request each Lender, including the Swing Line Lender, to make a Committed Loan as an ABR Loan in an amount equal to such Lender's Specified Percentage of the principal amount of the Swing Line Loans (the "Refunded Swing Line Loans") outstanding on the date such notice is given. Each Lender will make the proceeds of its Committed Loan available to the Administrative Agent for the account of the Swing Line Lender at the office of the Administrative Agent prior to 12:00 Noon, Dallas, Texas time, in funds immediately available on the Business Day next succeeding the date such notice is given. The proceeds of such Committed Loans shall be immediately applied to repay the Refunded Swing Line Loans.

(d) If, for any reason, Committed Loans may not be (as determined by the Administrative Agent in its sole discretion), or are not, made pursuant to Section 2.4(c) to repay Swing Line Loans as required by said Section, then, effective on the date such Committed Loans would otherwise have been made, each Lender severally, unconditionally and irrevocably agrees that it shall purchase an undivided participating interest in such Swing Line Loans ("Unrefunded Swing Line Loans"), in an amount equal to the amount of Committed Loans which otherwise would have been made by such Lender pursuant to Section 2.4(c) (which amount, if the Commitments shall have terminated, shall be determined on the basis of such Lender's Specified Percentage (determined on the date of, and immediately prior to, termination of the Commitments)). In the event that the

Lenders purchase undivided participating interests pursuant to the first sentence of this paragraph (d), each Lender shall immediately transfer to the Swing Line Lender, in immediately available funds, the amount of its participation and upon receipt thereof the Swing Line Lender will deliver to such Lender a Swing Line Loan Participation Certificate dated the date of receipt of such funds and in such amount.

(e) Whenever, at any time after the Swing Line Lender has received from any Lender such Lender's participating interest in a Swing Line Loan, the Swing Line Lender receives any payment on account thereof, the Swing Line Lender will distribute to such Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded); provided, that in the event that such payment received by the Swing Line Lender is required to be returned, such Lender will return to the Swing Line Lender any portion thereof previously distributed by the Swing Line Lender to it.

(f) Notwithstanding anything to the contrary in this Agreement, each Lender's obligation to make the Committed Loans referred to in Section 2.4(c) and to purchase and fund participating interests pursuant to Section 2.4(d) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender or the Borrower may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 6; (iii) any adverse change in the condition (financial or otherwise) of any Loan Party; (iv) any breach of this Agreement or any other Loan Document by any Loan Party or any Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.5 Repayment of Loans. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of (i) each Lender, the then unpaid principal amount of each Committed Loan of such Lender, on the Termination Date (or such earlier date on which the Committed Loans become due and payable pursuant to Sections 4.2(d) or 9); (ii) the Swing Line Lender, the then unpaid principal amount of the Swing Line Loans, on the Swing Line Termination Date (or such earlier date on which the Swing Line Loans become due and payable pursuant to Section 4.2(g) or 9); (iii) each Lender with a Competitive Loan outstanding, the then unpaid principal amount of each Competitive Loan on the date specified in Section 2.6(g); and (iv) the amounts specified in Section 4.2, on the dates specified in Section 4.2. The Borrower hereby further agrees to pay interest on the unpaid principal amount of the Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 4.1.

(b) Each Lender (including the Swing Line Lender) shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Section 11.6(g), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan made hereunder, the Type thereof and each Interest Period, if any, applicable thereto, (ii) the amount of each Letter of Credit issued hereunder, (iii) each Lender's Specified Percentage of L/C Obligations and/or Swing Line Loans, (iv) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (v) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(d) The entries made in the Register and the accounts of each Lender maintained pursuant to Sections 2.5(b) and (c) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) to such Lender the Loans to, and L/C Obligations of, the Borrower made in accordance with the terms of this Agreement.

2.6 Competitive Loans. (a) At any time during the Competitive Loan Period, the Borrower may make Competitive Bid Requests by 10:00 A.M., Dallas, Texas time at least three Business Days prior to the proposed date of borrowing for one or more Competitive Loans. The Borrower shall deliver each Competitive Bid Request to the Administrative Agent (which on the same day of its receipt thereof shall give notice thereof to each Lender by facsimile of an Invitation To Bid if the Administrative Agent does not reject the Competitive Bid Request pursuant to this Section 2.6) in a written Competitive Bid Request signed by the Borrower and by telephone during regular business hours at the Administrative Agent's office on the same Business Day. Each Competitive Bid Request shall specify (A) the proposed date of the borrowing for the requested Competitive Loans, (B) the aggregate amount of the requested Competitive Loans (the "Maximum Request"), which shall (1) not exceed the Aggregate Available Commitment of all Lenders as of the proposed date of the borrowing specified in the Competitive Bid Request and (2) be in an aggregate amount not less than \$10,000,000 or \$1,000,000 increments in excess thereof, (C) the Interest Period or Interest Periods (up to a maximum of three in any Competitive Bid Request) therefor and the last day of each such Interest Period and (D) if more than one Interest Period is so specified, the principal amount allocable to each such Interest Period (which amount in each case shall not be less than \$10,000,000 or an integral multiple of \$1,000,000 increments in excess thereof). The

Administrative Agent shall reject each Competitive Bid Request the Administrative Agent determines (which determination shall be conclusive absent manifest error) does not conform to the requirements of this Section 2.6 and shall notify the Borrower of any such rejection promptly upon the Administrative Agent's receipt of the facsimile notice of such Competitive Bid Request.

(b) Each Lender in its sole discretion may (but is not obligated to) submit one or more Competitive Bids to the Administrative Agent in response to any Competitive Bid Request not later than 9:30 A.M., Dallas, Texas time on the proposed date of borrowing specified in such Competitive Bid Request (the "Submission Deadline"), by facsimile or in writing, and thereby irrevocably offer to make all or any part (any such part being a "Portion") of any Competitive Loan described in the Competitive Bid Request (i) at the rate of interest per annum (each a "Bid Rate") specified in such offer and (ii) in the aggregate amount specified in such offer which shall be not less than \$1,000,000 or an integral multiple of \$100,000 in excess thereof, provided that if the Administrative Agent in its capacity as a Lender shall, in its sole discretion, elect to make any Competitive Bid in response to any Competitive Bid Request, it shall notify the Borrower of such offer not later than 30 minutes prior to the Submission Deadline for other Lenders respecting such Competitive Bid Request. Multiple Competitive Bids may be delivered to and by the Administrative Agent. The aggregate Portions of Competitive Loans for any or all Interest Periods offered by each Lender in its Competitive Bid may exceed the Maximum Request contained in the relevant Competitive Bid Request, provided that each Competitive Bid shall set forth the maximum aggregate amount of the Competitive Loans offered thereby which the Borrower may accept (the "Maximum Offer"), which Maximum Offer shall not exceed the Maximum Request. If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify the Administrative Agent by facsimile not later than 30 minutes prior to the Submission Deadline for such Competitive Bid; provided, that, the failure by any Lender to give any such notice shall not obligate such Lender to make any Competitive Loan or subject such Lender to any liability.

(c) In the case of each Competitive Bid Request, the Administrative Agent shall promptly give notice by telephone (promptly confirmed in writing) to the Borrower of all Competitive Bids received by the Administrative Agent by the Submission Deadline applicable to such Competitive Bid Request which comply in all material respects with Section 2.6(b). The Borrower shall, in its sole discretion, but subject to Section 2.6(d), irrevocably accept or reject each such Competitive Bid (or any Portion thereof) not later than 11:00 A.M., Dallas, Texas time on the day of the Submission Deadline by notice to the Administrative Agent by telephone (confirmed in writing in the form of a Competitive Bid Acceptance or Competitive Bid Rejection, as applicable, promptly the same day). Promptly on the same day, the Administrative Agent, following its receipt from the Borrower of such telephonic notice and Competitive Bid Acceptance or

Competitive Bid Rejection, as applicable, will give notice to each Lender that submitted a Competitive Bid as to the extent, if any, that such Lender's Competitive Bid shall have been accepted. If the Administrative Agent fails to receive a Competitive Bid Acceptance or Competitive Bid Rejection notice from the Borrower of any Competitive Bids at or prior to 11:00 A.M., Dallas, Texas time on such day, all such Competitive Bids shall be deemed to have been rejected by the Borrower, and the Administrative Agent will give to each Lender that submitted a Competitive Bid notice of such rejection by telephone on such day. In due course following the acceptance of any Competitive Bid, the Administrative Agent shall notify each Lender that submitted a Competitive Bid, in the form of a Competitive Loan Confirmation, of the amount, maturity date and Bid Rate for each Competitive Loan.

(d) If the Borrower accepts a Portion of a proposed Competitive Loan for a single Interest Period at the Bid Rate provided therefor in a Lender's Competitive Bid, such Portion shall be in a principal amount of \$1,000,000 (subject to such lesser allocation as may be made pursuant to the provisions of this Section 2.6(d)) or \$100,000 increments in excess thereof. The aggregate principal amount of Competitive Loans accepted by the Borrower following Competitive Bids responding to a Competitive Bid Request may be less than but shall not exceed the Maximum Request. The aggregate principal amount of Competitive Loans accepted by the Borrower pursuant to a Lender's Competitive Bid shall not exceed the Maximum Offer therein contained. If the Borrower accepts any Competitive Loans or Portion offered in any Competitive Bid, the Borrower must accept Competitive Bids (and Competitive Loans and Portions thereby offered) based exclusively on the successively lowest Bid Rates within each Interest Period and no other criteria. If two or more Lenders submit Competitive Bids with identical Bid Rates for the same Interest Period and the Borrower accepts any thereof, the Borrower shall, subject to the first three sentences of this Section 2.6(d), accept all such Competitive Bids as nearly as possible in proportion to the amounts of such Lenders' respective Competitive Bids with identical Bid Rates for such Interest Period, provided, that if the amount of Competitive Loans to be so allocated is not sufficient to enable each such Lender to make such Competitive Loan (or Portions thereof) in an aggregate principal amount of \$1,000,000 or \$100,000 increments in excess thereof, the Borrower shall round the Competitive Loans (or Portions thereof) allocated to such Lender or Lenders as the Borrower shall select as necessary to a minimum of \$200,000 and, if greater than \$200,000, the nearest multiple of \$100,000.

(e) Not later than 3:00 P.M., Dallas, Texas time on the relevant date of borrowing, each Lender whose Competitive Bid was accepted by the Borrower shall make available to the Administrative Agent at the office of the Administrative Agent specified in Section 11.2, in immediately available funds, the proceeds of such Lender's Competitive Loan(s). After the Administrative Agent's receipt of such funds and, upon fulfillment of the conditions precedent

set forth in Section 6, the Administrative Agent shall make such funds available to the Borrower by the Administrative Agent crediting the account of the Borrower as so directed by the Borrower in the related Competitive Bid Request, provided that the Administrative Agent will not in any event be required to make such funds so available until 4:00 P.M., Dallas, Texas time on the relevant date of borrowing. In the case of any Lender whose Competitive Bid is accepted by the Borrower, unless the Administrative Agent has received notice from such Lender prior to 1:00 P.M., Dallas, Texas time, on the date of the borrowing of such Lender's Competitive Loan(s), that such Lender will not make available to the Administrative Agent the proceeds of such Competitive Loan(s), the Administrative Agent may assume such Lender has made such proceeds so available and, if the Administrative Agent makes that assumption, the provisions of Section 4.8(b) shall apply.

(f) All written notices required by this Section 2.6 shall be given in accordance with Section 11.2.

(g) At the request of any Lender making a Competitive Loan, the Borrower shall execute and deliver to each such Lender, as evidence of such Competitive Loan, a promissory note of the Borrower, substantially in the form of Exhibit F-3 (each as endorsed or modified from time to time, a "Competitive Loan Note"), payable to the order of such Lender, and dated the date of the making of each applicable Competitive Loan. Each Competitive Loan made by each Lender shall be due and payable in full on the earlier to occur of (A) the last day of the Interest Period applicable thereto or (B) the Termination Date.

SECTION 3. LETTERS OF CREDIT

3.1 Letter of Credit Commitment. (a) Subject to the terms and conditions hereof, Issuing Lender, in reliance on the agreements of the other Lenders set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower and/or its Guarantor Subsidiaries on any Business Day prior to the Termination Date in such form as may be approved from time to time by such Issuing Lender; provided that Issuing Lender shall not issue any Letter of Credit if, after giving effect to such issuance, either (i) the L/C Obligations would exceed the lesser of (x) \$30,000,000 or (y) the Aggregate Available Commitment or (ii) the Aggregate Outstanding Extensions of Credit of all the Lenders would exceed the Total Commitment. Each Letter of Credit shall (i) be denominated in Dollars and shall be either (x) a standby letter of credit issued for the account of the Borrower and/or its Guarantor Subsidiaries, which finances the working capital and business needs of the Borrower and/or its Guarantor Subsidiaries, or (y) a commercial letter of credit issued for the account of the Borrower and/or its Guarantor Subsidiaries in respect of the purchase of goods or services by the Borrower and/or any of its Guarantor Subsidiaries and (ii) expire no later than the earlier of (x) the

Termination Date and (y) the date which is 12 months after its date of issuance.

(b) Each Letter of Credit shall be subject to the Uniform Customs and, to the extent not inconsistent therewith, the laws of the State of New York.

(c) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Lender or any other Lender to exceed any limits imposed by, any applicable Requirement of Law.

3.2 Procedure for Issuance of Letters of Credit. The Borrower may from time to time request that the Issuing Lender issue a Letter of Credit by delivering to the Issuing Lender, at its address for notices specified herein, an Application therefor, completed to the reasonable satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may reasonably request. Upon receipt of any Application, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Issuing Lender and the Borrower. The Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof.

3.3 Fees, Commissions and Other Charges. (a) The Borrower shall pay to the Administrative Agent, for the account of each Lender, a letter of credit fee with respect to each Letter of Credit, for the period from and including the date of issuance of such Letter of Credit to the date such Letter of Credit is no longer outstanding, computed at a percentage rate per annum equal to the Applicable Margin from time to time applicable to Eurodollar Loans, calculated on the basis of a 360-day year, on the face amount of each Letter of Credit issued, payable on each L/C Fee Payment Date to occur while such Letter of Credit remains outstanding and on the date such Letter of Credit expires, is cancelled or is drawn upon. Such fee shall be payable quarterly in arrears and shall be nonrefundable.

(b) In addition to the foregoing letter of credit fees, the Borrower shall pay to the Issuing Lender a fee with respect to the issuance of each Letter of Credit, for the period from and including the date of issuance of each Letter of Credit to the date such Letter of Credit is no longer outstanding computed at a rate of 1/8 of 1% per annum, calculated on the basis of a 360-day

year, on the face amount of each Letter of Credit issued, payable on each L/C Fee Payment Date to occur while such Letter of Credit remains outstanding and on the date such Letter of Credit expires, is cancelled or is drawn upon. Such fee shall be payable quarterly in advance and shall be non-refundable.

(c) The Administrative Agent shall, promptly following its receipt thereof, distribute to each Lender all fees received by the Administrative Agent for each such Lender's account pursuant to Section 3.3(a).

3.4 L/C Participations. (a) The Issuing Lender irrevocably agrees to grant and hereby grants to each Lender, and, to induce the Issuing Lender to issue Letters of Credit hereunder, each Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions hereinafter stated, for such Lender's own account and risk an undivided interest equal to such Lender's Specified Percentage (determined on the date of issuance of the relevant Letter of Credit) in the Issuing Lender's obligations and rights under each Letter of Credit issued by the Issuing Lender and the amount of each draft paid by the Issuing Lender thereunder. Each Lender unconditionally and irrevocably agrees with the Issuing Lender that, if a draft is paid under any Letter of Credit issued by the Issuing Lender for which the Issuing Lender is not reimbursed in full by the Borrower in accordance with Section 3.5(a), such Lender shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such Lender's Specified Percentage of the amount of such draft, or any part thereof, which is not so reimbursed.

(b) In addition to any amount required to be paid by any Lender to the Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Lender under any Letter of Credit, such Lender shall pay to the Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required (which due date, for the purposes of this paragraph (b), shall be deemed to be the date on which such Lender shall have received notice from the Issuing Lender of the amount required to be paid) to the date on which such payment is immediately available to the Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of the Issuing Lender submitted to any Lender with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Issuing Lender has made payment under any Letter of Credit and has received from any Lender its pro rata share of such payment in accordance with Section 3.4(a), the Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower

or otherwise), or any payment of interest on account thereof, the Issuing Lender will, if such payment is received prior to 12:00 P.M., Dallas, Texas time, on a Business Day, distribute to such Lender its pro rata share thereof on the same Business Day or if received later than 12:00 P.M. on the next succeeding Business Day; provided that, in the event that any such payment received by the Issuing Lender shall be required to be returned by the Issuing Lender, such Lender shall return to the Issuing Lender the portion thereof previously distributed by the Issuing Lender to it.

(d) Notwithstanding anything to the contrary in this Agreement, each Lender's obligation to make the Committed Loans referred to in Section 3.5(b) and to purchase and fund participating interests pursuant to Section 3.4(a) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender or the Borrower may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 6; (iii) any adverse change in the condition (financial or otherwise) of any Loan Party; (iv) any breach of this Agreement or any other Loan Document by any Loan Party or any Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

3.5 Reimbursement Obligation of the Borrower. (a) The Borrower agrees to reimburse the Issuing Lender (it being understood that such reimbursement shall be effected by means of a borrowing of Committed Loans unless the Administrative Agent shall determine in its discretion that such Committed Loans may not be made for such purpose as a result of a Default or Event of Default pursuant to Section 9(f)), upon receipt of notice from the Issuing Lender of the date and amount of a draft presented under any Letter of Credit and paid by the Issuing Lender, for the amount of (i) such draft so paid and (ii) any taxes, fees, charges or other costs or expenses incurred by the Issuing Lender in connection with such payment. Each such payment shall be made to the Issuing Lender, at its address for notices specified herein in Dollars and in immediately available funds, on the date on which the Borrower receives such notice, if received prior to 11:00 A.M., Dallas, Texas time, on a Business Day and otherwise on the next succeeding Business Day.

(b) Interest shall be payable on any and all amounts remaining unpaid by the Borrower under this Section 3.5, (i) from the date the draft presented under the affected Letter of Credit is paid to the date on which the Borrower is required to pay such amounts pursuant to paragraph (a) above at a rate per annum equal to the ABR plus the Applicable Margin and (ii) thereafter until payment in full at the rate specified in Section 4.1(e). Except as otherwise specified in Section 3.5(a), each drawing under any Letter of Credit

shall constitute a request by the Borrower to the Administrative Agent for a borrowing of Committed Loans that are ABR Loans pursuant to Section 2.3 in the amount of such drawing. The Borrowing Date with respect to such borrowing shall be the date of payment of such drawing and the proceeds of such Committed Loans shall be applied by the Administrative Agent to reimburse the Issuing Lender for the amounts paid under such Letter of Credit.

3.6 Obligations Absolute. Subject to the last two sentences of this Section 3.6, the Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Borrower may have or have had against the Issuing Lender, any Lender or any beneficiary of a Letter of Credit. The Borrower also agrees with the Issuing Lender that the Issuing Lender and the Lenders shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 3.5(a) shall not be affected by, among other things, (i) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or (ii) any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (iii) any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Issuing Lender and the Lenders shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by such Person's gross negligence or willful misconduct. The Borrower agrees that any action taken or omitted by the Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of either the Issuing Lender or any other Lender to the Borrower.

3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Issuing Lender shall promptly notify the Borrower and the Lenders of the date and amount thereof. Subject to Section 3.6, the responsibility of the Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment appear on their face to be in conformity with such Letter of Credit.

3.8 Application. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall apply.

SECTION 4. GENERAL PROVISIONS APPLICABLE TO
LOANS AND LETTERS OF CREDIT

4.1 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin for Eurodollar Loans in effect for such day.

(b) Each ABR Loan shall bear interest for each day that it is outstanding at a rate per annum equal to the ABR for such day plus the Applicable Margin for ABR Loans in effect for such day.

(c) Each Swing Line Loan shall bear interest for each day that it is outstanding at a rate per annum equal to the ABR for such day plus the Applicable Margin for ABR Loans in effect for such day.

(d) Each Competitive Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Bid Rate determined for such Interest Period in accordance with Section 2.6.

(e) (i) After the occurrence and during the continuance of an Event of Default, all Loans and Reimbursement Obligations shall bear interest at a rate per annum which is equal to (x) in the case of Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section 4.1 (it being understood that in the case of Eurodollar Loans, the rate applicable thereto shall be the Eurodollar Rate then in effect until the end of the applicable Interest Period and thereafter the rate applicable thereto shall be the ABR), plus 2% or (y) in the case of Reimbursement Obligations, at a rate per annum equal to the ABR plus the Applicable Margin for ABR Loans plus 2% and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin plus 2%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(f) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (e) of this Section shall be payable from time to time on demand.

4.2 Optional and Mandatory Commitment Reductions and Prepayments.

(a) The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty (it being understood that amounts

payable pursuant to Section 4.11 do not constitute premium or penalty), upon at least three Business Days' irrevocable notice to the Administrative Agent (in the case of Eurodollar Loans or Competitive Loans) or at least one Business Day's irrevocable notice to the Administrative Agent (in the case of ABR Loans other than Swing Line Loans) or same-day irrevocable notice to the Administrative Agent (in the case of Swing Line Loans), specifying the date and amount of prepayment and whether the prepayment is of Eurodollar Loans, Competitive Loans, ABR Loans or Swing Line Loans or a combination thereof, and, in each case if a combination thereof, the principal amount allocable to each. Upon the receipt of any such notice, the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (if a Eurodollar Loan or Competitive Loan is prepaid other than at the end of the Interest Period applicable thereto) any amounts payable pursuant to Section 4.11. Partial prepayments of Loans shall be in an aggregate principal amount of \$10,000,000 or \$1,000,000 increments in excess thereof. Partial prepayments of Swing Line Loans shall be in an aggregate principal amount of \$100,000 or \$100,000 increments in excess thereof.

(b) The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent (which will promptly notify the Lenders thereof), to terminate the Total Commitment or, from time to time, to reduce the amount of the Total Commitment; provided that no such termination or reduction of the Total Commitment shall be permitted if, after giving effect thereto and to any prepayments of the Loans made on the effective date thereof, the Total Extensions of Credit then in effect would exceed the Total Commitment as reduced. Any such reduction shall be in a minimum amount of \$10,000,000 or increments of \$1,000,000 in excess thereof and shall reduce permanently the Total Commitment then in effect.

(c) On the last Business Day of each March, June, September and December, commencing March 31, 2001, through the Termination Date, the Total Commitment shall automatically and permanently be reduced by the percentage (the "Quarterly Percentage Reduction") of the amount of the Total Commitment as of March 31, 2001, (as reduced, if at all, pursuant to Section 4.2(e) below), as set forth below. Notwithstanding anything contained in this Agreement to the contrary, on the Termination Date the Total Commitment shall automatically reduce to zero.

Calendar Year	Quarterly Percentage Reduction	Total Percentage Reduction for the Calendar Year
2001	6.25%	25%
2002	6.25%	25%
2003	12.5%	50%

(d) If at any time the Total Extensions of Credit exceed the Total Commitment of all Lenders then in effect, the Borrower shall, without notice or demand, immediately repay the Loans in an aggregate principal amount equal to such excess, together with interest accrued to the date of such payment or repayment and any amounts payable under Section 4.11. To the extent that, after giving effect to any prepayment of the Loans required by the preceding sentence, the Total Extensions of Credit still exceeds the Total Commitment then in effect, the Borrower shall, without notice or demand, immediately cash collateralize the then outstanding L/C Obligations in an amount equal to such excess upon terms reasonably satisfactory to the Administrative Agent.

(e) In the event that the Merger has not been consummated on or before March 31, 1997, the Total Commitment shall automatically and permanently be reduced by \$700,000,000. To the extent that, after giving effect to any reduction of the Total Commitment required by the preceding sentence, the Total Extensions of Credit exceed the Total Commitment then in effect after such reduction, the Borrower shall, contemporaneously with such reduction of the Total Commitment, comply with the provisions of Section 4.2(d).

(f) In the case of any reduction of the Total Commitment, voluntary or otherwise, the Borrower shall, if applicable, comply with the requirements of Section 4.2(d). Each repayment of the Loans under this Section 4.2 shall be accompanied by accrued interest to the date of such repayment on the amount repaid and any amounts payable under Section 4.11. Any amounts deposited in any cash collateral account established pursuant to this Section 4.2 shall be invested in Cash Equivalents having a one-day maturity or such other Cash Equivalents as shall be acceptable to the Administrative Agent and the Borrower.

(g) The Borrower shall prepay all Swing Line Loans then outstanding simultaneously with each borrowing of Committed Loans pursuant to Section 2.3.

4.3 Commitment Fees, etc. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender, a commitment fee, on the average daily Available Commitment of such Lender (determined without deduction for any outstanding Swing Line Loans), computed at a rate per annum based on the Leverage Ratio in effect for the fiscal quarter preceding the payment date, determined as follows:

Leverage Ratio -----	Commitment Fee -----
Greater than or equal to 4.50 to 1.00	0.2500%
Less than 4.50 to 1.00 but greater than or equal to 4.00 to 1.00	0.1875%
Less than 4.00 to 1.00 but greater	0.1250%

than or equal to 3.50 to 1.00

Less than 3.50 to 1.00

0.1000%

For purposes of calculating the commitment fees due hereunder, the Leverage Ratio shall be determined as at the end of each of the first three quarterly periods of each fiscal year of the Borrower and as at the end of each fiscal year of the Borrower, based on the relevant financial statements delivered pursuant to Section 7.1(a) and (b), respectively, and the Compliance Certificate delivered pursuant to Section 7.2(b); changes in the Leverage Ratio shall become effective on the date which is the earlier of (i) two Business Days after the date the Administrative Agent receives such financial statements and the corresponding Compliance Certificate and (ii) the last date on which such financial statements and corresponding Compliance Certificate should have been delivered pursuant to Sections 7.1(a) and (b) and Section 7.2(b), and shall remain in effect until the next change to be effected pursuant to this Section 4.3; provided, that (A) until the first such financial statements and Compliance Certificate are delivered after the date hereof, the Leverage Ratio shall be determined by reference to the Leverage Ratio set forth in the Closing Certificate delivered to the Administrative Agent pursuant to Section 6.1(b), and (B) if any financial statements or the Compliance Certificate referred to above are not delivered within the time periods specified above, then, for the period from and including the date on which such financial statements and Compliance Certificate are required to be delivered until the date on which such financial statements and Compliance Certificate are delivered, then the Leverage Ratio as at the end of the fiscal period that would have been covered thereby shall be deemed to be greater than or equal to 4.50 to 1.00.

Such commitment fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December and on the date on which all of the Commitments shall have terminated.

(b) The Borrower shall pay (without duplication of any fee payable under Section 4.3(a) above) to the Administrative Agent, for its own account, the fees in the amounts and on the dates agreed to in the Fee Letters.

4.4 Computation of Interest and Fees. (a) Interest based on the Eurodollar Rate or on any Bid Rate and fees shall be calculated on the basis of a 360-day year for the actual days elapsed; and interest based on the ABR shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening

of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error.

4.5 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent an irrevocable notice substantially in the form of Exhibit G-2 (a "Notice of Conversion/Continuation"), at least one Business Day prior to such election, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans or to continue Eurodollar Loans as Eurodollar Loans by giving the Administrative Agent a Notice of Conversion/Continuation at least three Business Days' prior to such election. Any such Notice of Conversion/Continuation to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such Notice of Conversion/Continuation the Administrative Agent shall promptly notify each Lender thereof. All or any part of outstanding Eurodollar Loans and ABR Loans may be converted as provided herein, provided that (i) no Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and (ii) no Loan may be converted into a Eurodollar Loan if the Interest Period selected therefor would expire after the Termination Date.

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent three Business Days prior to the expiration of the then current Interest Period, of the length of the next Interest Period to be applicable to such Eurodollar Loans, determined in accordance with the applicable provisions of the term "Interest Period" for Eurodollar Loans set forth in Section 1.1, provided that no Eurodollar Loan may be continued as such (i) when any Event of Default has occurred and is continuing or (ii) after the date that is one month prior to the Termination Date, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Eurodollar Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice of continuation pursuant to this Section 4.5(b), the Administrative Agent shall promptly notify each Lender thereof.

4.6 Minimum Amounts of Tranches. All borrowings, conversions, continuations and payments of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Tranche shall be equal to \$10,000,000 or \$1,000,000 increments in excess thereof. In no event shall there be more than seven Tranches outstanding at any time.

4.7 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) the Administrative Agent shall have received notice from the Majority Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give facsimile notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent or the Majority Lenders, as the case may be, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

4.8 Pro Rata Treatment and Payments. (a) Each borrowing of Loans (other than Swing Line Loans and Competitive Loans) hereunder shall be made, each payment by the Borrower on account of any commitment fee hereunder shall be allocated by the Administrative Agent, and any reduction of the Total Commitment shall be allocated by the Administrative Agent, pro rata according to the respective Specified Percentages of the Lenders. Each payment (including each prepayment) by the Borrower on account of (i) principal of and interest on Loans (other than Swing Line Loans which shall be paid to the Swing Line Lender only) or Reimbursement Obligations or (ii) commitment fees, shall be allocated ratably by the Administrative Agent according to the amount of interest, principal and fees which are then due and payable to the Lenders. All payments (including

prepayments) to be made by the Borrower hereunder and under any Notes, whether on account of principal, interest, fees, Reimbursement Obligations or otherwise, shall be made without set-off or counterclaim and shall be made prior to 12:00 P.M., Dallas, Texas time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in Section 11.2, in Dollars and in immediately available funds. Payments received by the Administrative Agent after such time shall be deemed to have been received on the next Business Day. If any payment hereunder becomes due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, (and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension) unless, with respect to payments of Eurodollar Loans only, the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender by the required time prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 4.8 shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall notify the Borrower of the failure of such Lender to make such amount available to the Administrative Agent and the Administrative Agent shall also be entitled to recover, on demand from the Borrower, such amount with interest thereon at a rate per annum equal to the ABR plus the Applicable Margin for ABR Loans in effect on the Borrowing Date.

4.9 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever

with respect to this Agreement, any Note or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 4.10, net income taxes and franchise taxes (imposed in lieu of net income taxes));

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost or reduce the amount receivable to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduced amount receivable.

(b) If any Lender shall have reasonably determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time, the Borrower shall promptly pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.9, it shall promptly deliver a certificate to the Borrower (with a copy to the Administrative Agent), setting forth in reasonable detail an explanation of the basis for requesting such compensation. Such certificate as to any additional amounts payable pursuant to this Section 4.9 submitted by such Lender to the Borrower (with a copy to the Administrative Agent) must be delivered to the Borrower prior to the termination of this Agreement and shall be conclusive in the absence of manifest error. The Borrower

shall pay each Lender the amount shown as due on any such certificate delivered by it within 15 days after the Borrower's receipt thereof. The agreements in this Section 4.9 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.10 Taxes. (a) All payments made by the Borrower under this Agreement and any Notes shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding (i) net income taxes; (ii) franchise and doing business taxes imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any Note); (iii) any taxes, levies, imposts, deductions, charges or withholdings that are in effect and that would apply to a payment to such Lender as of the Effective Date; and (iv) if any Person acquires any interest in this Agreement or any Note pursuant to the provisions hereof, including without limitation a participation (whether or not by operation of law), or a foreign Lender changes the office in which the Loan is made, accounted for or booked (any such Person or such foreign Lender in that event being referred to as a "Tax Transferee"), any taxes, levies, imposts, deductions, charges or withholdings to the extent that they are in effect and would apply to a payment to such Tax Transferee as of the date of the acquisition of such interest or change in office, as the case may be. If any such non-excluded taxes, levies, imposts, duties, charges, fees deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder or under any Note, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Non-U.S. Lender if such Lender fails to comply with the requirements of paragraph (b) of this Section. Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If, when the Borrower is required by this Section 4.10(a) to pay any Non-Excluded Taxes, the Borrower fails to pay such Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(b) Each Lender (or Transferee) that is not a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, or any estate or trust that is subject to federal income taxation regardless of the source of its income (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, an annual certificate representing that such Non-U.S. Lender (i) is not a "bank" for purposes of Section 881(c) of the Code (and is not subject to regulatory or other legal requirements as a bank in any jurisdiction, and has not been treated as a bank in any filing with or submission made to any Governmental Authority or rating agency), (ii) is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and (iii) is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents, along with such other additional forms as the Borrower, the Administrative Agent (or, in the case of a Participant, the Lender from which the related participation shall have been purchased) may reasonably request to establish the availability of such exemption. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of Section 4.10, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 4.10(b) that such Non-U.S. Lender is not legally able to deliver, it being understood and agreed that, in the event that a Non-U.S. Lender fails to deliver any forms otherwise required to be delivered pursuant to this Section 4.10(b), or notifies the Borrower that any previously delivered certificate is no longer in force, the Borrower shall withhold such amounts as the Borrower shall reasonably determine are required by law and shall not be required to make any additional payment with respect thereto to the Non-U.S. Lender, unless such failure to deliver or notify is a result of change in law subsequent to the date hereof.

(c) If a Lender (or Transferee) or the Administrative Agent shall become aware that it is entitled to receive a refund in respect of Non-Excluded Taxes paid by the Borrower, or as to which it has been indemnified by the Borrower, which refund in the good faith judgment of such Lender (or Transferee) is allocable to such payment made pursuant to this Section 4.10, it shall promptly notify the Borrower of the availability of such refund and shall, within 30 days after receipt of a request by the Borrower, apply for such refund. If any Lender (or Transferee) or the Administrative Agent receives a refund in respect of any Non-Excluded Taxes paid by the Borrower, or as to which it has been indemnified by the Borrower, which refund in the good faith judgment of such Lender (or Transferee) is allocable to such payment made pursuant to this Section 4.10, it shall promptly notify the Borrower of such refund and shall, within 15 days after receipt, repay such refund to the Borrower. The agreements in this Section 4.10 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.11 Indemnity. (a) The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (i) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (ii) default by the Borrower in making any prepayment of Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (iii) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to, but not including, the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein over (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the London interbank eurodollar market.

(b) If (i) any payment of principal of any Competitive Loan is made other than on the last day of the Interest Period relating to such Competitive Loan for any reason or (ii) the Borrower fails to (A) fulfill on the date of any proposed borrowing of Competitive Loans the applicable conditions set forth in Section 2.6 or the conditions precedent set forth in Section 6 or (B) make a borrowing of Competitive Loans after it shall have accepted any Competitive Bid with respect thereto in accordance with Section 2.6, the Borrower shall indemnify each Lender against, and shall pay directly to such Lender on such Lender's demand the amount (calculated by such Lender using any method chosen by such Lender which customarily is used by such Lender for such purpose) equal to, any losses or reasonable expenses such Lender actually incurs as a result of such payment or failure, including (A) the costs and expenses incurred by such Lender in connection with, or by reason of, such event (including those

attributable to the liquidation, employment or reemployment of deposits or other funds) and (B) the net amount of operating margin actually lost by such Lender.

(c) The provisions of this Section 4.11 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.12 Change of Lending Office. Each Lender agrees that if it makes any demand for payment under Section 4.9 or 4.10(a), it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.9 or 4.10(a) or would eliminate or reduce the effect of any adoption or change described in Section 4.9.

4.13 Replacement of Lenders under Certain Circumstances. The Borrower shall be permitted to replace any Lender which requests reimbursement for amounts owing pursuant to Section 4.9 or 4.10 (either for its own account or for the account of any of its participants), with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 4.12 so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.9 or 4.10, (iv) the Borrower shall repay (or the replacement financial institution shall purchase, at par) all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 4.11 if any Eurodollar Loan owing to such replaced Lender shall be prepaid (or purchased) other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 11.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 4.9 or 4.10, as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights which the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

4.14 Illegality. If, after the date of this Agreement, the adoption of any Requirement of Law or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Lender

with any request or directive of any such authority, central bank or comparable agency, shall make it unlawful or impossible for any Lender to make, maintain or fund its Eurodollar Loans, and such Lender shall so notify the Administrative Agent, then until such Lender notifies the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans or to convert ABR Loans to Eurodollar Loans, shall be suspended. If such Lender shall determine that it may not lawfully continue to maintain and fund any of its outstanding Eurodollar Loans to maturity and shall so specify in such notice, the Borrower shall immediately prepay in full the then outstanding principal amount of each such Loan together with accrued interest thereon without premium or penalty (subject, however, to the Borrower's other obligations hereunder in respect of funding losses and other matters); provided that concurrently with prepaying each Committed Loan the affected Borrower may borrow a ABR Loan in an equal principal amount from such Lender. Any Lender that has given a notice of unlawfulness pursuant to this Section 4.14 shall rescind such notice promptly upon the cessation of such unlawfulness by giving notice to the Administrative Agent.

SECTION 5. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and to issue Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

5.1 Financial Condition. (a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at December 31, 1995 and the related consolidated statements of income and of cash flows for the fiscal year ended on such date, reported on by Ernst & Young, L.L.P., copies of which have heretofore been furnished to each Lender, present fairly in all material respects the consolidated financial condition of the Borrower and its Consolidated Subsidiaries as at such date, and the consolidated results of their operations and their consolidated cash flows for the fiscal year then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by such accountants and as disclosed therein). Neither the Borrower nor any of its Consolidated Subsidiaries had, as of December 31, 1995, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the schedules or notes thereto. Except as set forth on Schedule 5.1, during the period from December 31, 1995 to and including the date hereof there has been no sale, transfer or other disposition by the Borrower or any of its Consolidated Subsidiaries of any material part of its or their business, assets or property and no purchase or other acquisition of any business, assets or property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of the Borrower and its Consolidated Subsidiaries at December 31, 1995.

(b) The financial statements of the Borrower and its Consolidated Subsidiaries and other information most recently delivered under Sections 7.1(a) and (b) were prepared in accordance with GAAP (except in the case of interim statements which shall be without footnotes) and present fairly the consolidated financial condition, results of operations, and cash flows of the Borrower and its Consolidated Subsidiaries as of, and for the portion of the fiscal year ending on the date or dates thereof (subject in the case of interim statements only to normal year-end audit adjustments). There were no liabilities, direct or indirect, fixed or contingent, of the Borrower or its Consolidated Subsidiaries as of the date or dates of such financial statements which are material to the Borrower and the Subsidiaries, taken as a whole, and which are not reflected therein, or in the case of the annual statements, in the notes thereto. Except for transactions directly related to, or specifically contemplated by, the Loan Documents, there have been no changes in the consolidated financial condition of the Borrower and/or its Consolidated Subsidiaries from that shown in such financial statements after such date which could reasonably be expected to have a Material Adverse Effect, nor has the Borrower or any Consolidated Subsidiary incurred any liability (including, without limitation, any liability under any Environmental Law), direct or indirect, fixed or contingent, after such date which could reasonably be expected to have a Material Adverse Effect.

(c) On and after the date of delivery to the Administrative Agent of such financial statements pursuant to Section 6.2(g), the consolidated balance sheets of Park and the Subsidiaries of Park and the related consolidated statements of income and of cash flows for the fiscal years ended as reflected therein, to the best knowledge of the Borrower present fairly in all material respects the consolidated financial condition of Park and the Subsidiaries of Park as at such dates, and the consolidated results of their operations and their consolidated cash flows for the fiscal years then ended as reflected therein. To the best knowledge of the Borrower, all such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP (except in the case of interim statements which shall be without footnotes) applied consistently throughout the periods involved (except as approved by the accountants and as disclosed therein). To the best knowledge of the Borrower, neither Park nor any of the Subsidiaries of Park had, as of the dates covered in such financial statements, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including, without limitation, any interest rate or foreign currency swap or exchange transaction, which is not reflected in the foregoing statements or in the schedules or notes thereto. During the period from December 31, 1995 to and including the date of the consummation of the Merger there has been no sale, transfer or other disposition by Park or any of the Subsidiaries of Park of any material part of its or their business, assets or property other than as reflected in the financial statements to be delivered to the Administrative Agent pursuant to Section 6.2(g) and no purchase or other acquisition of any business, assets or property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of Park and the Subsidiaries of Park at December 31, 1995.

5.2 No Change. Since December 31, 1995 there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

5.3 Existence; Compliance with Law. The Borrower and each of its Subsidiaries (a) is duly organized, validly existing and, where applicable, in good standing under the laws of the jurisdiction of its organization, (b) has the corporate, limited liability company or partnership power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified and, where applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect, and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

5.4 Power; Authorization; Enforceable Obligations. Each Loan Party has the power and authority, and the legal right, to make, deliver and perform each of the Loan Documents to which it is a party and, in the case of the Borrower, (i) to borrow hereunder and (ii) to enter into and perform its obligations under the Merger Agreement, and has taken all necessary corporate or partnership action to authorize the execution, delivery and performance of each of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the (x) borrowings on the terms and conditions of this Agreement and (y) Merger on the terms and conditions of the Merger Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person (including any partner or shareholder of any Loan Party or any Affiliate of any Loan Party) is required to be obtained or made by any Loan Party or any Subsidiary of any Loan Party in connection with the borrowings hereunder or the Merger (other than those that are not material to the Merger) or with the execution, delivery, performance, validity or enforceability of the Loan Documents or the Merger Agreement, other than such as have been obtained or made and are in full force and effect. Each Loan Document to which each Loan Party is a party and, in the case of the Borrower, the Merger Agreement, has been duly executed and delivered on behalf of each such Loan Party and the Borrower, respectively. Each Loan Document and, in the case of the Borrower, the Merger Agreement, constitutes a legal, valid and binding obligation of each Loan Party party thereto, and the Borrower, respectively, enforceable against each such Loan Party in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

5.5 No Legal Bar. (a) The execution, delivery and performance of the Loan Documents by the Loan Parties thereto, the borrowings hereunder and the use of the proceeds thereof will not (i) violate, result in a default under or conflict with any Requirement of Law, any material Contractual Obligation of, or any judgment, injunction, order or decree binding upon, the Borrower or of any of its Subsidiaries, including but not limited to the Borrower Senior Note Documents, and after the Merger, the Park Debt Documents and (ii) will not result in a default under, or result in or require the creation or imposition of any Lien on any of their respective properties or revenues pursuant to, any such Requirement of Law or Contractual Obligation.

(b) The execution, delivery and performance by the Borrower of the Merger Agreement and the consummation of the Merger does not and will not: (i) violate any provision of law applicable to the Borrower, any Subsidiary of the Borrower, Park, any Subsidiary of Park or any other Loan Party, the certificate of incorporation or bylaws of the Borrower, the Subsidiaries of the Borrower, Park, any Subsidiary of Park or any other Loan Party, or any order, judgment or decree of any court or other agency of government binding on the Borrower, any Subsidiary of the Borrower, Park, any Subsidiary of Park or any other Loan Party; (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material Contractual Obligation of the Borrower, of any Subsidiary of the Borrower, Park, any Subsidiary of Park or

of any other Loan Party except those defaults which could not reasonably be expected to cause a Company Material Adverse Effect, but specifically including but not limited to the Borrower Senior Note Documents and the Park Debt Documents; (iii) result in or require the creation or imposition of any Lien upon any of the properties or assets of the Borrower, any Subsidiary of the Borrower, Park, any Subsidiary of Park or any other Loan Party; or (iv) require any approval or consent of any Person under any material Contractual Obligation of the Borrower, any Subsidiary of the Borrower, Park, any Subsidiary of Park or any other Loan Party, except for such approvals or consents to be obtained on or before the consummation of the Merger or the absence of which could not reasonably be expected to cause a Company Material Adverse Effect.

5.6 No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) which could reasonably be expected to have a Material Adverse Effect. No attachment, prejudgment or judgment Lien encumbers any asset of the Borrower or any of its Subsidiaries other than in respect of (i) claims as to which payment in full above any applicable customary deductible is covered by insurance or a bond or (ii) other claims aggregating not more than \$10,000,000.

5.7 No Default. The Borrower is not in default (and no condition

exists which would constitute a default with the giving of notice or the passage of time) under or with respect to the Borrower Senior Note Debt. Neither the Borrower nor any of its Subsidiaries is in default (and no condition exists which would constitute a default with the giving of notice or the passage of time) under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect or under or with respect to any agreements relating to Capital Stock of the Borrower or any of its Subsidiaries. No Default or Event of Default has occurred and is continuing. On and after the Merger and for so long as the Park Debt is outstanding, no default exists (and no condition exists which would constitute a default with the giving of notice or the passage of time) under any of the Park Debt Documents.

5.8 Ownership of Property; Intellectual Property. (a) Each of the Borrower and its Subsidiaries has good record and indefeasible title in fee simple to, or a valid leasehold interest in, in all material respects, in all its real property, and good title to, or a valid leasehold interest in, in all material respects, in all its other material property, and none of the property of the Borrower or of its Subsidiaries is subject to any Lien except as permitted by Section 8.3.

(b) The Borrower and its Subsidiaries have the right to use all trademarks, tradenames, copyrights, technology, know-how or processes ("Intellectual Property") that are necessary for the conduct of its business as currently conducted except for those which the failure to own or license could not reasonably be expected to have a Material Adverse Effect. No material claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower know of any valid basis for any such claim. To the knowledge of the Borrower, the use of such Intellectual Property by the Borrower and its Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.9 No Burdensome Restrictions. No Requirement of Law or Contractual Obligation of the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

5.10 Taxes. (a) (i) Each of the Borrower and its Subsidiaries has filed or caused to be filed all tax returns which are required to be filed and has paid all taxes shown to be due and payable by it on said returns and all other material taxes, fees or other charges (collectively, the "Specified Taxes") imposed on it or any of its property by any Governmental Authority due and payable by it and (ii) to the knowledge of the Borrower, no material claim is being asserted with respect to any Specified Tax, other than, in each case

with respect to this clause (a), Specified Taxes the amount or validity of which are currently being contested in good faith by appropriate proceedings diligently pursued and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or the relevant Subsidiary, as the case may be, and (b) no tax Lien has been filed with respect to any Specified Tax other than as permitted pursuant to Section 8.3(a).

5.11 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation G or Regulation U of the Board as now and from time to time hereafter in effect. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1 referred to in said Regulation G or Regulation U, as the case may be.

5.12 ERISA. Except as, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect: (a) neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code; (b) no termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period; (c) the present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits; (d) neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan, and neither the Borrower nor any Commonly Controlled Entity would become subject to any liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made; and (e) no such Multiemployer Plan is in Reorganization or Insolvent.

5.13 Investment Company Act; Other Regulations. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. Neither the Borrower nor any of its Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. No Loan Party is subject to regulation under any Federal or State statute or regulation

(other than Regulation X of the Board) which limits its ability to incur Indebtedness under this Agreement or the other Loan Documents.

5.14 Capital Stock and Subsidiaries. (a) All Capital Stock, debentures, bonds, notes and all other securities of the Borrower and its Subsidiaries presently issued and outstanding are validly issued in accordance with all applicable laws including, but not limited to, the "Blue Sky" laws of all applicable states and the federal securities laws.

(b) Schedule 5.14 (as supplemented by the Borrower from time to time as required in Section 7.10) sets forth a true and complete list of (i) each of the Subsidiaries of the Borrower and their jurisdictions of incorporation, including a list of those entities to be acquired in connection with the Park Acquisition and their jurisdictions of incorporation; and (ii) the authorized Capital Stock of each of the Loan Parties (identifying the direct owner thereof other than with respect to the Borrower) and the percentage ownership (direct and indirect) of the Borrower in each class of Capital Stock of each of its Subsidiaries, including the percentage ownership (direct and indirect) of the Borrower in each class of Capital Stock of Park and each of the Subsidiaries of Park (identifying the direct owner thereof), after the Merger.

(c) The outstanding shares of Capital Stock of (i) the Borrower and each Subsidiary and (ii) immediately after the Merger, of Park and of Park's Subsidiaries, have been duly authorized and validly issued and are fully paid and non-assessable, and, except as otherwise indicated on Schedule 5.14 or as permitted under Sections 8.5 or 8.8, all of the outstanding shares of each class of the Capital Stock of (i) each Subsidiary and (ii) after the Merger, of Park and Park's Subsidiaries, are owned, directly or indirectly, beneficially and of record, by the Borrower, free and clear of any Liens or adverse claim.

(d) The Capital Stock of each of the Loan Parties (other than the Capital Stock of the Borrower), and after the Merger, of Park and each of the Subsidiaries of Park is owned by the stockholders and in the amounts set forth on Schedule 5.14 (as supplemented by the Borrower from time to time as required in Section 7.10). No shares of the Capital Stock of any Loan Party, Park or any Subsidiaries of Park, other than those described above, are issued and outstanding. There are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Loan Party (other than the Borrower), Park or any Subsidiaries of Park of any shares of Capital Stock or other securities of any such entity other than with respect to PCI, the Park Warrants.

(e) With respect to the Borrower, there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings with respect to the Capital Stock of the Borrower which if

exercised could cause a Default or an Event of Default hereunder.

5.15 Insurance. Each Loan Party maintains with financially sound, responsible, and reputable insurance companies or associations (or, as to workers' compensation or similar insurance, with an insurance fund or by self-insurance authorized by the jurisdictions in which it operates) insurance covering its properties and businesses against such casualties and contingencies and of such types and in such amounts (and with co-insurance and deductibles) as is customary in the case of same or similar businesses.

5.16 Authorizations. Except as could not reasonably be expected to result in a Material Adverse Effect:

(a) the Borrower and its Subsidiaries possess all Authorizations necessary for the operations of their businesses and are not in violation thereof. All such Authorizations are in full force and effect and no event has occurred that permits, or after notice or lapse of time could permit, the revocation, termination (other than an expiration by its terms) or material and adverse modification of any such Authorization;

(b) neither the Borrower nor any of its Subsidiaries is in violation of any duty or obligation required by the Communications Act of 1934, as amended, or any FCC rule or regulation applicable to it;

(c) there is not pending or, to the best knowledge of the Borrower, threatened, any action by the FCC to revoke, cancel, suspend or refuse to renew any FCC License held by the Borrower or any of its Subsidiaries, provided that the ownership of any FCC licensed radio station or television station following public notice of an initial decision by the FCC (as opposed to a FCC final order) to grant all or part of an application or request (i) to consent to the transfer of control or assignment of any FCC license, (ii) to grant a temporary waiver of any applicable FCC rule or regulation, and/or (iii) otherwise to permit such ownership by valid temporary action, shall not be a breach of this representation.

(d) There is not pending or, to the best knowledge of the Borrower, threatened, any action by the FCC to modify adversely, revoke, cancel, suspend or refuse to renew any other Authorization; and

(e) there is not issued or outstanding or, to the best knowledge of the Borrower, threatened, any notice of any hearing, violation or complaint against the Borrower or any of its Subsidiaries with respect to the operation of their businesses.

5.17 Environmental Matters. Except as could not reasonably be expected to result in a Material Adverse Effect:

(a) the facilities and properties owned, leased or operated by the Borrower or any of its Subsidiaries (the "Properties") do not contain, and, to the knowledge of the Borrower to the extent not owned, leased or operated during the past five years, have not contained during the past five years, any Materials of Environmental Concern in amounts or concentrations which constitute or constituted a violation of, or could reasonably be expected to give rise to liability under, any Environmental Law;

(b) the Properties and all operations at the Properties are in compliance, and, to the knowledge of the Borrower to the extent not owned, leased or operated during the past five years, have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Borrower or any of its Subsidiaries (the "Business") which could interfere with the continued operation of the Properties or impair the fair saleable value thereof;

(c) neither the Borrower nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Business, nor does the Borrower have any knowledge that any such notice will be received or is being threatened;

(d) the Borrower has not transported or disposed of Materials of Environmental Concern nor, to the Borrower's knowledge, have Materials of Environmental Concern been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability to the Borrower or any Subsidiary under, any Environmental Law, nor has the Borrower generated any Materials of Environmental Concern nor, to the Borrower's knowledge, have Materials of Environmental Concerns been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability to the Borrower or any Subsidiary under, any applicable Environmental Law;

(e) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which the Borrower or any Subsidiary is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any applicable Environmental Law with respect to the Properties or the Business; and

(f) the Borrower has not released, nor, to the Borrower's knowledge, has there been any release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Borrower or any Subsidiary in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could reasonably be expected to give rise to liability under Environmental Laws.

5.18 Accuracy of Projections. All pro forma financial information and projections made available to the Administrative Agent or any Lender by the Borrower pursuant to this Agreement or any other Loan Document have been prepared and furnished to the Administrative Agent or such Lender in good faith and were based on estimates and assumptions that were believed by the management of the Borrower to be reasonable in light of the then current and foreseeable business conditions of the Borrower and its Subsidiaries. The Administrative Agent and the Lenders recognize that such pro forma financial information and projections and the estimates and assumptions on which they are based may or may not prove to be correct.

5.19 Solvency. As of the date on which this representation and warranty is made or deemed made, each Loan Party is Solvent, both before and after giving effect to the transactions contemplated hereby consummated on such date and to the incurrence of all Indebtedness and other obligations incurred on such date in connection herewith and therewith.

5.20 Indebtedness. (a) Neither the Borrower, nor any of its Subsidiaries is an obligor on any Indebtedness except as permitted under Section 8.2.

(b) On and after the Merger and until the earlier to occur of (i) the Payment Date and (ii) the payment in full of the Park Debt and the termination of the Park Debt Documents, neither Park nor any of the Subsidiaries of Park is an obligor on any Indebtedness for Borrowed Money, other than (x) the Park Debt and (y) Indebtedness evidenced by certain promissory notes with an aggregate outstanding principal balance of not more than \$1,000,000.

(c) The Borrower Senior Note Documents do not conflict with, or contain any terms or conditions any more restrictive than, the terms and conditions of this Agreement and the other Loan Documents.

5.21 Labor Matters. There are no actual or overtly threatened strikes, labor disputes, slow downs, walkouts, or other concerted interruptions of operations by the employees of any Loan Party which could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of the Loan Parties have not been in violation of the Fair Labor

Standards Act or any other applicable law dealing with such matters, other than any such violations, individually or collectively, which could not reasonably be expected to have a Material Adverse Effect. All payments due from any Loan Party on account of employee health and welfare insurance have been paid or accrued as a liability on its books, other than any such nonpayments which could not, individually or collectively, reasonably be expected to have a Material Adverse Effect.

5.22 Full Disclosure. There is no material fact or condition relating to the Loan Documents or the financial condition, business, or property of any Loan Party which could reasonably be expected to have a Material Adverse Effect and which has not been disclosed, in writing, to the Managing Agents and the Lenders.

SECTION 6. CONDITIONS PRECEDENT

6.1 Conditions to Initial Extensions of Credit. The agreement of each Lender to make the initial extension of credit requested to be made by it hereunder is subject to the satisfaction, immediately prior to or concurrently with the making of such extension of credit, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, duly executed and delivered by the Borrower, (ii) any and all Notes requested by the Lenders, duly executed and delivered by the Borrower, payable to each such requesting Lender and (iii) the Guaranty of each Subsidiary, duly executed and delivered by each such Subsidiary.

(b) Closing Certificate. The Administrative Agent shall have received a certificate (a "Closing Certificate") of each Loan Party, dated the date of the initial extension of credit hereunder, substantially in the form of Exhibit H-1, with appropriate insertions and attachments, in each case reasonably satisfactory in form and substance to the Administrative Agent, executed by a Responsible Officer and the Secretary or any Assistant Secretary of the appropriate Loan Party.

(c) Fees. The Administrative Agent shall have received all fees and expenses required to be paid on or before the date hereof referred to in Section 4.3(b).

(d) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, the executed legal opinion of the General Counsel of the Loan Parties, substantially in the form of Exhibit I and covering such additional matters relating to the transactions contemplated hereby as the Administrative Agent or any Lender may

reasonably request.

(e) Financial Statements. The Lenders shall have received audited consolidated financial statements of the Borrower for the 1995 fiscal year, which financial statements shall have been prepared in accordance with GAAP and shall be accompanied by an unqualified report thereon prepared by Ernst & Young, L.L.P.

(f) Satisfactory Organizational and Capital Structure. The stock ownership of each of the Subsidiaries shall be consistent with the structure described in Schedule 5.14.

(g) Termination of the Existing Credit Agreement. The Borrower shall provide evidence to the Administrative Agent that (i) the Existing Credit Agreement shall be terminated, (ii) all liens created in connection therewith, if any, shall be terminated and (iii) all Indebtedness outstanding thereunder has been paid in full, in each case concurrently with the making of the initial extensions of credit hereunder.

(h) Governmental and Third Party Approvals. All governmental approvals and material third party approvals necessary in connection with the financing contemplated hereby shall have been obtained and be in full force and effect.

(i) Borrower Senior Note Debt. The Borrower shall either (i) provide evidence to the Administrative Agent that the Borrower Senior Note Debt shall have been paid in full and the Borrower Senior Note Documents and all liens relating thereto shall have been terminated, in each case concurrently with the making of the initial extensions of credit hereunder, or (ii) provide the Administrative Agent with (x) fully executed amendments to the Borrower Senior Note Documents, in form and substance reasonably satisfactory to the Administrative Agent and (y) an Intercreditor Agreement fully executed by the holders of the Borrower Senior Note Debt and the Lenders, in form and substance satisfactory to the Administrative Agent.

(j) Amendments to Other Indebtedness. The Administrative Agent shall have received fully executed amendments to the Indebtedness listed on Schedule 8.2(e), in form and substance satisfactory to the Administrative Agent.

(k) Additional Documentation. All other documentation, including, without limitation, any tax sharing agreement, employment agreement, management compensation arrangement or other financing arrangement, of the Borrower or any of its Subsidiaries shall be reasonably satisfactory in

form and substance to the Lenders.

(1) Compliance Certificate. The Administrative Agent shall have received a Compliance Certificate, executed by the Borrower, demonstrating in a manner reasonably satisfactory to the Administrative Agent, pro forma compliance with the financial covenants (based on the last day of the most recently ended fiscal quarter) set forth in Section 8.1 as of the date of the initial extension of credit hereunder.

6.2 Conditions to Extensions of Credit Relating to the Merger or the Redemption, Defeasance or Retirement of the Park Debt. The Agreement of each Lender to make extensions of credit relating to the Merger and/or the redemption, defeasance or retirement of the Park Debt is subject to the satisfaction, immediately prior to or concurrently with the making of such extensions of credit, of the following conditions precedent:

(a) Consummation of Merger. For extensions of credit relating to the Merger, the Administrative Agent shall have received satisfactory evidence that the Merger shall have been simultaneously consummated for an aggregate purchase price not to exceed the "Merger Consideration" as that term is defined in the Merger Agreement, and no material provision thereof shall have been amended, supplemented, waived or otherwise modified without the prior written consent of the Majority Lenders.

(b) Pro Forma Balance Sheets. The Lenders shall have received (i) reasonably satisfactory projected pro forma balance sheets of the Borrower and its Subsidiaries (after giving effect to the Merger and the redemption, defeasance or retirement of the Park Debt, as applicable, and the financing contemplated hereby) based on the most recently ended fiscal quarter and (ii) unaudited interim consolidated financial statements of the Borrower for each fiscal quarter ended during the portion of the 1996 fiscal year preceding such fiscal quarter, and such financial statements shall not reflect any material adverse change in the consolidated financial condition of the Borrower as reflected in the 1995 audited financial statements referred to in Section 6.1 or in the projections previously delivered to the Lenders.

(c) Governmental and Third Party Approvals. All governmental approvals and material third party approvals necessary in connection with the consummation of the Merger shall have been obtained and shall be in full force and effect, and the filings required by the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, shall have been made, and all applicable waiting periods with respect thereto shall have expired without any action being taken or threatened which would restrain, prevent or otherwise impose materially adverse conditions on the Merger or the financing thereof.

(d) No Material Litigation. No litigation, inquiry, injunction or restraining order shall be pending, entered or threatened in writing which would reasonably be expected to have a material adverse effect on the Merger or on the redemption, defeasance or retirement of the Park Debt, as applicable.

(e) No Material Adverse Effect. For extensions of credit relating to the Merger, there shall not have occurred any Company Material Adverse Effect (as such term is defined in the Merger Agreement) since July 19, 1996.

(f) Pro Forma Covenant Compliance and No Default. Prior to any borrowing related to the consummation of the Merger and prior to any borrowing related to the redemption, defeasance, retirement or other payment of the Park Debt, (i) the Administrative Agent shall have received a Compliance Certificate evidencing the Borrower's pro forma compliance with Section 8.1 as of the last day of the most recently ended fiscal quarter, both before and after giving effect to such requested borrowings, and (ii) no default, or event which with notice or the lapse of time or both could become a default, shall exist under the Park Debt Documents.

(g) Park Financial Statements. The Borrower shall have delivered audited financial statements of Park and its Subsidiaries for the fiscal year ending December 31, 1995 and unaudited financial statements for each fiscal quarter ended prior to the Merger, in form and substance satisfactory to the Lenders.

(h) Authorization. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person (including any partner or shareholder or noteholder of Park or any Subsidiary of Park) shall be required to be obtained or made by the Borrower, any Subsidiary, Park or any Subsidiary of Park in connection with the consummation of the Merger or the redemption, defeasance or other retirement of the Park Debt, other than those that have been obtained.

(i) Merger Documentation. Concurrently with any borrowing related to the consummation of the Merger, the Administrative Agent shall have received satisfactory evidence of (i) the filing of the documents effecting the Merger and (ii) the issuance of the certificate of merger by the Corporations Commission of the State of Delaware.

(j) Termination of Contingent Warrants. Concurrently with the initial extension of credit made for the redemption, defeasance or other

retirement of the Park Debt, the Administrative Agent shall have received evidence satisfactory to it that a Contingent Warrant Cancellation Event shall have occurred concurrently with such extension of credit.

(k) Closing Certificate. The Administrative Agent shall have received a Closing Certificate of the Borrower, dated the date of the Merger and dated the date of the initial borrowing for the redemption of the Park Debt, respectively, substantially in the form of Exhibit H-2 with appropriate insertions and attachments, executed by a Responsible Officer and the Secretary or Assistant Secretary of the Borrower.

(l) No Default Under Other Agreements. There shall exist no default (or condition which would constitute such default with the giving of notice or the passage of time) under (i) any Contractual Obligations of Park, PCI, PBI, PNI or any of their respective Subsidiaries which could reasonably be expected to cause a Company Material Adverse Effect, or (ii) the Park Debt Documents.

6.3 Conditions to Each Extension of Credit. The obligation or agreement of each Lender to make any Loan or to issue any Letter of Credit requested to be made or issued by it on any date (including, without limitation, its initial extension of credit) is subject to the satisfaction, immediately prior to or concurrently with the making of such Loans or the issuing of such Letters of Credit, of the following conditions precedent:

(a) No Material Litigation. No litigation, inquiry, injunction or restraining order shall be pending, entered or threatened in writing which could reasonably be expected to have a Material Adverse Effect.

(b) No Material Adverse Effect. There shall not have occurred any change, development or event which could reasonably be expected to have a Material Adverse Effect.

(c) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents to which it is a party shall be true and correct in all material respects on and as of such date as if made on and as of such date, after giving effect to the Loans requested to be made or the Letters of Credit to be issued on such date and the proposed use of the proceeds thereof.

(d) No Default. No Default or Event of Default shall have occurred and be continuing on such date or will occur after giving effect to the extension of credit requested to be made on such date and the proposed use of the proceeds thereof.

(e) Notice of Borrowing; Application. The Borrower shall have submitted (i) a Notice of Borrowing in accordance with Section 2.3 and/or 2.6 and shall certify to the matters set forth in Section 6.3(a) through and including (d) and/or (ii) an Application in accordance with Section 3.2.

(f) Additional Matters. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Loan Documents shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as it shall reasonably request.

Each borrowing by or issuance of a Letter of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the applicable conditions contained in this Section 6 have been satisfied.

SECTION 7. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as any Commitment remains in effect, any Loan or Letter of Credit shall be outstanding or any other Obligation is due and payable to any Lender or the Administrative Agent hereunder or under any other Loan Document, the Borrower shall and shall cause each Subsidiary of the Borrower to:

7.1 Financial Statements. Furnish to the Administrative Agent for subsequent distribution to each Lender:

(a) as soon as available, but in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the annual reports, on Form 10-K, which the Borrower is required to file with the Commission pursuant to Section 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three fiscal quarterly periods of each fiscal year of the Borrower, a copy of the quarterly reports, on Form 10-Q, which the Borrower is required to file with the Commission pursuant to Section 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934.

All such reports shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods

(except as approved by the Borrower's accountants or a Responsible Officer, as the case may be, and disclosed therein). If the Borrower is not required to file with the Commission such reports and other information referred to in Sections 7.1(a) and (b) above, the Borrower shall furnish (i) within 120 days after the end of each fiscal year, annual reports containing the information required to be contained in Form 10-K promulgated under the Securities Exchange Act of 1934, or substantially the same information required to be contained in comparable items of any successor form, (ii) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, quarterly reports containing the information required to be contained in Form 10-Q promulgated under the Securities Exchange Act of 1934, or substantially the same information required to be contained in any successor form and (iii) promptly from the time after the occurrence of an event required to be therein reported, such other reports containing information required to be contained in Form 8-K promulgated under the Securities Exchange Act of 1934, or substantially the same information required to be contained in any successor form.

7.2 Certificates; Other Information. Furnish to the Administrative Agent for subsequent distribution to each Lender:

(a) concurrently with the delivery of the financial statements referred to in Section 7.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in Sections 7.1(a) or (b), a Compliance Certificate executed by a Responsible Officer of the Borrower and each of its Consolidated Subsidiaries;

(c) without duplication of the financial statements delivered pursuant to Section 7.1, within five days after the same are sent, copies of all financial statements and reports which the Borrower sends to the holders of any class of its debt securities, and within five days after the same are filed, copies of all financial statements and reports which the Borrower may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority; and

(d) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

7.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or the relevant Subsidiary, as the case may be.

7.4 Conduct of Business and Maintenance of Existence, etc. (a) Continue to engage in businesses of the same general type as now being conducted by it and related businesses and preserve, renew and keep in full force and effect its organizational existence and take all reasonable action to maintain all material rights, privileges and franchises necessary in the normal conduct of its business except as otherwise permitted pursuant to Section 8.4.

(b) Comply with all Contractual Obligations and applicable Requirements of Law, except to the extent that failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.5 Maintenance of Property; Insurance. Keep all material property useful and necessary in its business in good working order and condition (ordinary wear and tear excepted) consistent with customary practices in the applicable industry; maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business.

7.6 Inspection of Property; Books and Records; Discussions. Keep and maintain a system of accounting established and administered in accordance with sound business practices and keep and maintain proper books of record and accounts; and permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records during normal business hours and as often as may reasonably be requested and upon reasonable notice and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with their independent certified public accountants; provided that representatives of the Borrower designated by a Responsible Officer may be present at any such meeting with such accountants.

7.7 Notices. Promptly after the Borrower obtains knowledge thereof, give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in either case could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Borrower or any of its Subsidiaries (i) which could reasonably be expected to result in an adverse judgment of \$10,000,000 or more and not covered by insurance or (ii) in which injunctive or similar relief is sought which in the case of

this clause (ii) could reasonably be expected to materially interfere with the ordinary conduct of business of the Borrower or its Subsidiaries;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows thereof: (i) the occurrence of any material Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan; and

(e) any development or event which could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action is proposed to be taken with respect thereto.

7.8 Environmental Laws. (a) Comply with, and use reasonable efforts to require compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply with and maintain, and use reasonable efforts to require that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except, in each case, to the extent that failure to do so could not be reasonably expected to have a Material Adverse Effect.

(b) Comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings diligently pursued.

7.9 Use of Proceeds. The Borrower shall use the proceeds of the Loans and the Letters of Credit only (a) to pay in full all obligations and terminate all agreements relating to the Existing Credit Agreement and, to the extent the Borrower does not comply with Section 6.1(i)(ii), the Borrower Senior Note Debt, (b) to finance current and future acquisitions, including the Park Acquisition, (c) to redeem, defease or otherwise retire up to \$476,000,000 of the Park Debt in connection with the Park Acquisition and to pay any and all interest (including paid-in-kind notes), fees, penalties and premiums associated with such redemption, defeasance or other retirement, (d) to finance capital expenditures, and (e) for general corporate purposes.

7.10 **Subsidiary Guaranty.** After the creation or acquisition of a Subsidiary, (a) promptly notify the Administrative Agent of the existence thereof, (b) deliver to the Administrative Agent, a revised Schedule 5.14 updating the information reflected therein within ten (10) days after the end of each fiscal quarter of the Borrower and (c) promptly, cause each such new Subsidiary to execute and deliver to the Administrative Agent, a Supplement to Guaranty Agreement, pursuant to which, inter alia, each such new Subsidiary shall guarantee the Obligations. Notwithstanding the foregoing, PCI, PBI, PNI and the Subsidiaries of PBI and PNI, respectively, shall not be required to execute and deliver a Supplement to Guaranty Agreement until the earlier to occur of (i) the Payment Date and (ii) in the case of PCI, the date the PCI Senior Notes are paid in full, in the case of PBI and the Subsidiaries of PBI, the date the PBI Senior Notes are paid in full and, in the case of PNI and the Subsidiaries of PNI, the date the PNI Senior Notes are paid in full.

7.11 **Hedging Requirements.** The Borrower will maintain a hedging agreement to fix at least 25.0% of the amount of Loans, Letters of Credit and Reimbursement Agreements outstanding, on terms and conditions acceptable to the Arranging Agents, at all times during any time that the interest rate payable on U.S. Government Treasury Notes with a maturity of three years or less exceeds 7.5% per annum and the Leverage Ratio is greater than 3.50 to 1.00. The Borrower shall have 20 days to come into compliance with the provisions of this Section 7.11.

SECTION 8. NEGATIVE COVENANTS

The Borrower agrees hereby that, so long as any Commitment remains in effect, any Loan or Letter of Credit is outstanding, or any other Obligation is due and payable to any Lender or the Administrative Agent hereunder or under any other Loan Document, the Borrower shall not, and the Borrower shall not permit any of its Subsidiaries to, directly or indirectly:

8.1 **Financial Condition Covenants.**

(a) **Leverage Ratio.** Permit the Leverage Ratio, at the end of any fiscal quarter occurring during any period set forth below, to be greater than the ratio set forth opposite such period below:

Period -----	Ratio -----
Effective Date through and including 9/30/97	5.25 to 1.00
10/01/97 through and including 12/31/97	5.00 to 1.00
01/01/98 through and including 12/31/98	4.50 to 1.00
01/01/99 through and including 12/31/99	4.00 to 1.00
01/01/2000 and thereafter	3.50 to 1.00

(b) Interest Coverage Ratio. Permit the Interest Coverage Ratio, at the end of any fiscal quarter occurring during any period set forth below, to be less than the ratio set forth opposite such period below:

Period -----	Ratio -----
Effective Date through 12/31/98	2.50 to 1.00
01/01/99 and thereafter	3.00 to 1.00

(c) Minimum Net Worth. Permit Consolidated Net Worth to be less than 90% of Consolidated Net Worth as of September 29, 1996, (A) plus the sum of (i) 50% of the cumulative Reported Net Income of the Borrower and its Consolidated Subsidiaries during any period after September 29, 1996 (taken as one accounting period), calculated quarterly but excluding from such calculations of Reported Net Income for purposes of this clause (i) any quarter in which the Reported Net Income of the Borrower and its Consolidated Subsidiaries is negative and (ii) 100% of the cumulative Net Proceeds of Capital Stock received during any period after September 29, 1996, (B) minus, (i) the after tax net income impact of any cash premiums, penalties or fees paid by June 30, 1997 in connection with the redemption, defeasance or other retirement of the Park Debt, not to exceed \$50,000,000, (C) minus, the after tax net income impact of any non-cash charges related to such redemption, defeasance or other retirement of the Park Debt, (D) minus, the amount paid for the redemption of the Capital Stock of the Borrower owned by D. Tennant Bryan in connection with his death, not to exceed \$20,000,000 pursuant to the Redemption Agreement and subject to Section 8.6.

8.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness of the Borrower or any Subsidiary of the Borrower, except:

- (a) Indebtedness arising under this Agreement;
- (b) the Park Debt until the Payment Date;

(c) Interest Rate Hedge Agreements entered into with the Lenders or any of them for the purpose of hedging against interest rate fluctuations with respect to variable rate Indebtedness of the Borrower or any of its Subsidiaries;

(d) Indebtedness of the Borrower and/or any Subsidiary not otherwise permitted by this Section 8.2, provided that immediately prior to and

after giving effect to the creation, incurrence or assumption of such Indebtedness (i) the aggregate amount of all such other Indebtedness of the Borrower and its Subsidiaries, on a combined basis shall not at any time outstanding exceed \$25,000,000 and (ii) no Default or Event of Default shall have occurred or result therefrom;

(e) Indebtedness (other than the Park Debt) in existence on the date hereof and listed on Schedule 8.2(e) (but no refinancings, refundings or replacements thereof); and

(f) in addition to the Indebtedness described in Section 8.2(e), so long as (i) no Default or Event of Default shall have occurred or result therefrom and (ii) the Leverage Ratio is less than 3.50 to 1.00 both before and after the creation, incurrence or assumption thereof, unsecured Indebtedness of the Borrower (but not any Subsidiary, other than Indebtedness of the Subsidiaries in the form of guaranties of Indebtedness issued under the 1995 Master Shelf Agreement) which has a longer average life and maturity, no principal amortization and covenants no less favorable or more restrictive, in the judgment of the Arranging Agents, to the interests of the Borrower and the Lenders than this Agreement, provided that during any time (the "Restricted Period") that the Leverage Ratio is greater than or equal to 3.50 to 1.00, the amount of such unsecured Indebtedness permitted hereby shall be limited to \$200,000,000 in the aggregate at any time outstanding during such Restricted Period.

8.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes, assessments or governmental charges arising in the ordinary course of business which are not yet due and payable or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or the applicable Subsidiary, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not yet due and payable;

(c) Liens in existence on the date hereof listed on Schedule 8.3(c), securing Indebtedness permitted by Section 8.2(e) and Liens securing any of the Park Debt, provided that (x) no such Lien is spread to cover any additional property, (y) the amount of the Indebtedness secured thereby is not increased and (z) the Liens securing the Park Debt are terminated and released on or before the Payment Date;

(d) Liens for Capital Lease Obligations incurred after the Effective

Date and created contemporaneously with such Capital Lease Obligations to secure same, provided that such Liens shall only attach to the property so leased and provided that such Liens, when combined with the amount of purchase money Liens and Acquisition Liens outstanding under Sections 8.3(e) and (f), shall not exceed \$25,000,000 in the aggregate at any time outstanding;

(e) purchase money Liens on property acquired after the Effective Date and created contemporaneously with the acquisition of such property to secure or provide for the payment or financing of the purchase price thereof, provided that such Liens shall only attach to the property so acquired and provided that such Liens, when combined with the amount of Liens for Capital Lease Obligations and Acquisition Liens outstanding under Sections 8.3(d) and (f), shall not exceed \$25,000,000 in the aggregate at any time outstanding;

(f) Liens (i) existing on any asset of any corporation at the time such corporation becomes a Consolidated Subsidiary and not created in contemplation of such event, (ii) on any asset of any corporation existing at the time such corporation is merged or consolidated with or into the Borrower or a Consolidated Subsidiary and not created in contemplation of such event, or (iii) existing on any asset prior to the acquisition thereof by the Borrower or a Consolidated Subsidiary and not created in contemplation of such acquisition (collectively, "Acquisition Liens"), provided that such Liens, when combined with the amount of Liens for Capital Lease Obligations and purchase money Liens outstanding under Sections 8.3(d) and (e), shall not exceed \$25,000,000 in the aggregate at any time outstanding;

(g) judgment liens and similar liens arising in connection with court proceedings provided that the execution and other enforcement of such liens is effectively stayed and the judgment or claim secured thereby is being contested in good faith; and

(h) Liens incurred or pledges or deposits made in the ordinary course of business, including those in connection with workers' compensation, unemployment insurance and other types of social security benefits and contractual, common law or statutory rights of set off against deposits with depository institutions; provided that such Liens incurred or pledges or deposits made were not incurred or made in connection with the borrowing of money or the obtaining of advances or credit and do not, in the aggregate, materially detract from the value of the property or assets or impair the use thereof in the operation of the business of the Borrower or its Subsidiaries.

8.4 Limitation on Fundamental Changes. Enter into any merger,

consolidation or amalgamation with any Person, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets to any Person, or make any material change in its present method of conducting business, except:

(a) a Subsidiary may merge into or be acquired by the Borrower if the Borrower is the survivor thereof;

(b) a Subsidiary may merge into or be acquired by another Subsidiary, provided that (i) if one of the Subsidiaries is a Wholly Owned Subsidiary or a Guarantor Subsidiary, such Wholly Owned Subsidiary or Guarantor Subsidiary shall be the surviving entity and (ii) prior to the earlier to occur of the (x) Payment Date and (y) the date the Park Debt is paid in full and the Park Debt Documents are terminated, neither Park nor any of the Subsidiaries of Park may merge into Borrower or another Subsidiary of Borrower, except for the Merger and except for mergers between Park and Subsidiaries of Park or between Subsidiaries of Park;

(c) the Borrower may merge with another Person, provided that (i) such Person is organized under the laws of the United States of America or one of its states, (ii) the Borrower is the corporation surviving such merger, (iii) both immediately before and after giving effect to such merger, no Default or Event of Default shall have occurred or result therefrom and (iv) 60 days before such merger, the Borrower shall provide the Administrative Agent evidence of pro forma compliance with all of the terms and conditions of this Agreement; and

(d) Dispositions permitted under Section 8.5.

8.5 Limitation on Sale of Assets. Convey, sell, lease, assign, exchange, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired to any Person (a "Disposition"), except that the Borrower or a Subsidiary may make a Disposition if such Disposition is less than substantially all of its assets, in the case of the Borrower, and in any case, all of the following conditions are satisfied: (i) both immediately before and after giving effect to such Disposition, no Default or Event of Default shall have occurred or would result therefrom, (ii) the net proceeds from such Disposition shall be used to prepay the Loans (except for net proceeds from Dispositions of property made in the ordinary course of business of the Borrower or a Subsidiary), but the Total Commitment shall not be reduced, (iii) prior to any such Disposition which involves assets that generated more than 10% of EBITDA of the last immediately preceding four fiscal quarters, the Borrower provides evidence of pro forma compliance with all of the terms and conditions

of this Agreement and (iv) to the extent such Disposition consists of the sale of Capital Stock of a Subsidiary, such Disposition may only be made so long as (x) the Disposition is for 100% of the Capital Stock of such Subsidiary or (y) the Disposition is for an amount of Capital Stock sufficient to cause such entity to no longer be a "Subsidiary" as such term is defined in this Agreement and provided that the ownership interest in such entity retained by the Borrower or a Subsidiary does not cause a violation of Section 8.8. Upon any Disposition of a Guarantor Subsidiary in compliance with this Section 8.5, the Administrative Agent will terminate, and release such Guarantor Subsidiary from, the Guaranty.

8.6 Limitation on Restricted Payments; Other Payment Limitations.

(a) Declare or pay any dividend or distribution in respect of, or make any payment on account of, or set apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any shares of or interests in any class of Capital Stock of the Borrower (other than the repurchase of Warrant Shares or Warrants permitted under Section 8.6(b) hereof) or make any payment on account of, or set apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance or retirement of any principal on account of any Indebtedness of the Borrower or its Subsidiaries (other than Indebtedness permitted under Sections 8.2(a), (c), (d) and (e) hereof), including, but not limited to, the Park Debt (except payments for the purpose of redeeming, defeasing or otherwise retiring of the Park Debt on or before the Payment Date), whether now or hereafter outstanding, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any of its Subsidiaries (collectively, "Restricted Payments"); provided that (i) if both immediately before and after giving effect thereto no Default or Event of Default shall have occurred or would result therefrom and (ii) (A) the Leverage Ratio is greater than or equal to 4.50 to 1.00, the Borrower and each such Subsidiary may make Restricted Payments, not to exceed in the aggregate for any fiscal year, an amount equal to \$16,000,000, (B) the Leverage Ratio is less than 4.50 to 1.00 and greater than or equal to 4.00 to 1.00, the Borrower and each Subsidiary may make Restricted Payments, not to exceed in the aggregate for any fiscal year, an amount equal to the higher of (x) \$16,000,000 or (y) 75% of Excess Cash Flow, and (C) the Leverage Ratio is less than 4.00 to 1.00, the Borrower and each such Subsidiary may make dividends or distributions so long as the Borrower maintains pro forma compliance with the covenants of this Agreement. Notwithstanding the foregoing, upon the death of D. Tennant Bryan the Borrower may redeem up to \$20,000,000 of the stock of D. Tennant Bryan pursuant to the terms and conditions of the Redemption Agreement, provided that both immediately before and after giving effect thereto no Default or Event of Default shall have occurred or would result therefrom.

(b) Permit PCI to declare or pay any dividend or distribution in respect of or make any payment on account of the Warrant Shares so long as any

Warrant Shares are outstanding and owned by any person other than by a Wholly-Owned Subsidiary; provided that the Borrower or PCI may purchase from the holder thereof any Warrant Shares or Warrants.

8.7 Limitation on Acquisitions. Purchase any stock, bonds, notes, debentures or other securities of or any assets constituting all or any significant part of a business unit of any Person (collectively, "Acquisitions"), except acquisitions through the purchase of stock or assets in any Permitted Line of Business; provided that (i) no such acquisition may be made if a Default or an Event of Default shall have occurred and be continuing or would result therefrom; (ii) prior to any Acquisition in excess of \$25,000,000, the Borrower provides evidence of pro forma compliance with all of the terms and conditions of this Agreement; and (iii) if such acquisition is of Capital Stock of any Person, such acquisition must also comply with the provisions of Section 8.8(c) or (e).

8.8 Investments, Loans, Etc. Purchase or otherwise acquire or invest in the Capital Stock of, or any other equity interest in, any Person (including, without limitation, the Capital Stock of the Borrower), or make any loan to, or enter into any arrangement for the purpose of providing funds or credit to, or, guarantee or become contingently obligated in respect of the obligations of or make any other investment, whether by way of capital contribution or otherwise, in, to or with any Person, or permit any Subsidiary so to do (all of which are sometimes referred to herein as "Investments"), except:

(a) Investments in Cash Equivalents;

(b) Investments in existence on the date hereof and listed on Schedule 8.8(b);

(c) Investments by the Borrower or its Subsidiaries in (x) existing Guarantor Subsidiaries or (y) any other Person, provided that contemporaneously with any such Investment such Person becomes a Guarantor Subsidiary;

(d) Investments by the Borrower or any Subsidiary in Southeast Paper to the extent such investments are less than or equal to (x) the aggregate of distributions made to Virginia Paper from Southeast Paper since September 22, 1996, minus the sum of (y) distributions by Southeast Paper to Virginia Paper required by the Southeast Paper partnership agreement to fund the tax obligations of Virginia Paper related to its partnership interest in Southeast Paper since September 22, 1996, and (z) investments by Virginia Paper into Southeast Paper since the Effective Date;

(e) in addition to Investments permitted under Section 8.8(b) and (d), provided no Default or Event of Default exists or would result therefrom, Investments made after the Effective Date in a Permitted Line of Business not to exceed \$50,000,000 in the aggregate at any time outstanding;

(f) Investments made prior to the Payment Date by the Borrower in (x) PCI, not to exceed \$91,000,000, (y) PNI, not to exceed \$60,000,000 and (z) PBI, not to exceed \$100,000,000, in each case solely for the purpose of allowing each of PCI, PBI and PNI to promptly redeem a corresponding dollar amount of the PCI Senior Notes, the PBI Senior Notes and the PNI Senior Notes, respectively; and

(g) the Borrower or any Subsidiary may acquire and own stock, obligations or securities received in settlement of debts (created in the ordinary course of business) owing to the Borrower or any such Subsidiary.

8.9 Limitation on Transactions with Affiliates. Enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate (other than a Guarantor Subsidiary as specifically permitted herein) other than transactions (a) otherwise permitted under this Agreement and (b) entered into in the ordinary course of the Borrower's or such Subsidiary's business, the terms of which are fair and reasonable and in the best interests of the Loan Party which is party to the transaction and which transaction is approved by the Board of Directors of the Borrower.

8.10 Limitation on Restrictions on Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) pay dividends or make any other distributions in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans or advances to the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower; provided that PCI and Subsidiaries of PCI may permit the foregoing restrictions to exist pursuant to the Park Debt Documents until the Payment Date.

8.11 Limitation on Lines of Business. Enter into any new business, either directly or through any Subsidiary other than businesses related to those currently conducted by the Borrower and its Subsidiaries or businesses related to the communication business (a "Permitted Line of Business").

8.12 Limitation on Issuance of Capital Stock. In the case of a Subsidiary, issue, sell, assign, exchange, transfer, pledge or otherwise dispose of or encumber any shares of Capital Stock of such Subsidiary, except to the Borrower or a Wholly Owned Guarantor Subsidiary.

8.13 No Modification of Park Warrants. Amend, modify or otherwise change the terms and conditions of the Park Warrants.

SECTION 9. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; or the Borrower shall fail to pay any interest on any Loan or Reimbursement Obligation, or any other amount payable hereunder, on or prior to the date which is five days (or, if later, five Business Days) after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which is contained in any Information furnished at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower or any other Loan Party shall default in the observance or performance of any agreement contained in Section 7.7(a), Section 7.11 or Section 8 of this Agreement; or

(d) The Borrower or any other Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after the Administrative Agent shall have given the Borrower notice thereof; or

(e) (i) The Borrower or any of its Subsidiaries shall default in making any payment of any principal of any Indebtedness (including, without limitation, any Guaranty Obligation, but excluding the Loans and Reimbursement Obligations) other than the Borrower Senior Note Debt, any

Indebtedness issued pursuant to the 1995 Master Shelf Agreement and any Guarantee Obligations of the Subsidiaries in respect thereof (the "Excluded Indebtedness"; all such Indebtedness other than the Excluded Indebtedness, collectively, the "Non-Excluded Indebtedness") beyond the period of grace or cure, if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) the Borrower or any of its Subsidiaries shall default in making any payment of any interest on any such Non-Excluded Indebtedness beyond the period of grace or cure, if any, provided in the instrument or agreement under which such Non-Excluded Indebtedness was created; or (iii) the Borrower or any of its Subsidiaries shall default in the observance or performance of any other agreement or condition relating to any such Non-Excluded Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Non-Excluded Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Non-Excluded Indebtedness to become due or to be purchased or repurchased prior to its stated maturity (or, in the case of any such Non-Excluded Indebtedness constituting a Guaranty Obligation, to become payable prior to the stated maturity of the primary obligation covered by such Guaranty Obligation); provided that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not constitute an Event of Default under this Agreement unless, at the time of such default, event or condition one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred with respect to Non-Excluded Indebtedness the outstanding principal amount of which exceeds in the aggregate \$10,000,000; or

(f) (i) The Borrower or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismitted, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending

appeal within 60 days from the entry thereof; or (iv) the Borrower or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Majority Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Majority Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of \$10,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days after the entry thereof; or

(i) Any material provision of the Loan Documents shall cease, for any reason, to be in full force and effect, or the Borrower or any other Loan Party shall so assert;

(j) A Change of Control shall occur;

(k) On and after the date the Park Acquisition is consummated, a default or event of default shall occur under any of the Park Debt;

(l) Provided that the Merger has been consummated, (i) the Park Debt

shall not have been paid in full, (ii) the Liens securing the Park Debt shall not have been released and terminated, (iii) the Park Contingent Warrant Cancellation Event shall not have occurred or (iv) the Park Debt Documents shall not have been terminated, in each case on or before the date which is 50 days after the Merger (the "Payment Date"); or

(m) The holders of the Borrower Senior Note Debt or the holders of any Indebtedness issued pursuant to the 1995 Master Shelf Agreement shall accelerate such Indebtedness or otherwise cause such Indebtedness to become payable prior to the stated maturity thereof.

then, and in any such event, (A) if such event is an Event of Default specified in paragraph (f) of this Section 9 with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon such Commitments shall immediately terminate; and (ii) with the consent of the Majority Lenders, the Administrative Agent may, or upon the request of the Majority Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this

Agreement and the other Loan Documents (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other Obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied, all Loans shall have been paid in full and no other Obligations shall be due and payable, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto).

Except as expressly provided above in this Section, presentment,

demand, protest and all other notices of any kind are hereby expressly waived.

SECTION 10. THE ADMINISTRATIVE AGENT

10.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

10.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

10.4 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, facsimile, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Majority Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender (except in the case of a Default under Section 9(a)) or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

10.6 Non-Reliance on the Administrative Agent and the Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the

Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

10.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Specified Percentages in effect on the date on which indemnification is sought (or, if indemnification is sought after the date upon which the Loans shall have been paid in full, ratably in accordance with their Specified Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

10.8 The Administrative Agent in Its Individual Capacity. The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to the Loans made by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

10.9 Successor Administrative Agent. (a) The Administrative Agent may resign as the Administrative Agent upon 30 days' notice to the Lenders and the appointment of a successor Administrative Agent as hereinafter provided. If the Administrative Agent shall resign as the Administrative Agent under this Agreement and the other Loan Documents, then, unless an Event of Default shall have occurred and be continuing (in which case, the Majority Lenders shall appoint a successor), the Borrower shall appoint from among the Lenders a successor Administrative Agent for the Lenders, which successor Administrative Agent shall be approved by the Majority Lenders (which approval shall not be unreasonably withheld). If no successor Administrative Agent shall have been so appointed by the Borrower (or in the case of an Event of Default, by the Majority Lenders) and such successor Administrative Agent has not accepted such appointment within 30 days after such resignation, then the resigning Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which successor Administrative Agent hereunder shall be either a Lender or, if none of the Lenders is willing to serve as successor Administrative Agent, a major international bank having combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor Administrative Agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as the Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. After any retiring Administrative Agent's resignation as the Administrative Agent, the provisions of this Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement and the other Loan Documents.

(b) In the event that the Administrative Agent shall have breached any of its material obligations to the Lenders hereunder, the Majority Lenders may remove the Administrative Agent, effective on the date specified by them, by written notice to the Administrative Agent and the Borrower. Upon any such removal, the Borrower, provided that no Event of Default shall have occurred and be continuing (in which case the Majority Lenders shall make the appointment), shall have the right to appoint a successor Administrative Agent, which successor Administrative Agent shall be approved by the Majority Lenders (which approval shall not be unreasonably withheld). If no successor Administrative

Agent shall have been so appointed by the Borrower (or in the case of an Event of Default, by the Majority Lenders) and such successor Administrative Agent has not accepted such appointment within 30 days after notification to the Administrative Agent of its removal, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which successor Administrative Agent hereunder shall be either a Lender or, if none of the Lenders is willing to serve as successor Administrative Agent, a major international bank having combined capital and surplus of at least \$500,000,000. Such successor Administrative Agent, provided that no Event of Default shall have occurred and be continuing, shall be reasonably satisfactory to the Borrower. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. The Borrower and the Lenders shall execute such documents as shall be necessary to effect such appointment. After any retiring Administrative Agent's removal hereunder as the Administrative Agent, the provisions of this Section 10.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement and the other Loan Documents. If at any time there shall not be a duly appointed and acting Administrative Agent, the Borrower agrees to make each payment due hereunder and under the Notes directly to the Lenders entitled thereto during such time.

10.10 Other Agents. Neither the Documentation Agent, the Syndication Agent nor any Arranging Agent, in each case in its capacity as such, shall have any duties or responsibilities hereunder, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against any such Agent in its capacity as such.

SECTION 11. MISCELLANEOUS

11.1 Amendments and Waivers. Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.1. The Majority Lenders and each relevant Loan Party may, or, with the written consent of the Majority Lenders, the Administrative Agent and each relevant Loan Party may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Majority Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or

extend the scheduled date of maturity of any Loan, any installment thereof or of any Reimbursement Obligations, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Commitment of any Lender, or make any change in the method of application of any payment of the Loans and Reimbursement Obligations specified in Section 4.2 or Section 4.8 without the consent of each Lender directly affected thereby, (ii) waive, extend or reduce any mandatory Commitment reduction pursuant to Section 4.2, (iii) amend, modify or waive any provision of this Section 11.1 or reduce any percentage specified in the definition of Majority Lenders, or consent to the assignment or transfer by any Loan Party of any of its rights and obligations under this Agreement and the other Loan Documents or except as provided in Section 8.5, release any Guarantor Subsidiary from its obligations under the Guaranty, (iv) amend, modify or waive any condition precedent to any extension of credit set forth in Section 6, in each case of (i), (ii), (iii) and (iv) above, without the written consent of all of the Lenders, (v) amend, modify or waive any provision of Section 10 without the written consent of the then Administrative Agent or (vi) amend, modify or waive any provision of Section 3 without the written consent of the Issuing Lender; provided, further, that no amendment, supplement or modification shall be made to (x) those provisions of

Section 9(e) which relate to Excluded Indebtedness or (y) Section 9(m) without, in each case, the prior written consent of the holders of the Borrower Senior Note Debt and the holders of any Indebtedness issued under the 1995 Master Shelf Agreement. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

11.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (a) in the case of delivery by hand, when delivered, (b) in the case of delivery by mail, three Business Days after being deposited in the mails, certified mail, return receipt requested, postage prepaid, or (c) in the case of delivery by facsimile transmission, when sent and receipt has been confirmed, addressed as follows in the case of the Borrower, the Subsidiaries and the Administrative Agent, and as set forth in Schedule 1.1 (or, with respect to any Lender that is an Assignee, in the applicable Assignment and Acceptance) in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto:

The Borrower:

Media General, Inc.
333 East Grace Street

Richmond, Virginia 23219
Attention: Chief Financial Officer
Fax: (804) 649-6524

The Administrative Agent: NationsBank of Texas, N.A.
901 Main Street, 64th Floor
Dallas, Texas 75202
Attention: Pam Kurtzman
Fax: (214) 508-9390

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Section 2 or 3 shall not be effective until received.

11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

11.5 Payment of Expenses and Taxes. (a) The Borrower agrees (i) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, (ii) to pay or reimburse each Lender and the Administrative Agent for all its reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including, without limitation, the reasonable fees and disbursements of counsel to each Lender and of counsel to the Administrative Agent, (iii) without duplication of amounts payable pursuant to Sections 4.9 and 4.10, to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other

similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (iv) without duplication of amounts payable pursuant to Sections 4.9 and 4.10, to pay, indemnify, and hold each Lender, each Issuing Lender and the Administrative Agent, and their respective officers, directors, employees, affiliates, advisors, agents and controlling persons (each, an "indemnitee"), harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents or the use of the proceeds of the Loans (all the foregoing in this clause (iv), collectively, the "indemnified liabilities"), provided, that the Borrower shall have no obligation hereunder to any indemnitee with respect to indemnified liabilities arising from the gross negligence or willful misconduct of such indemnitee. The agreements in this Section shall survive repayment of the Loans and all other amounts payable hereunder.

(b) If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which it may be entitled.

11.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent and their respective successors and assigns, except that neither the Borrower nor the Subsidiaries may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision

of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final scheduled maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 11.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 4.9, 4.10 and 4.11 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it were a Lender; provided that, in the case of Section 4.10, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time and from time to time assign to any Person (an "Assignee") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, substantially in the form of Exhibit A, executed by such Assignee and such assigning Lender and delivered to the Administrative Agent for its acceptance and recording in the Register (with a copy to the Borrower); provided that, (i) no such assignment (other than to any Lender or any affiliate thereof) shall be in an aggregate principal amount of less than \$5,000,000 and \$1,000,000 increments in excess thereof, (ii) after giving effect to any such assignment, the amount of the Commitment, Loans and Letters of Credit of the assigning Lender (together with any Lender which is an affiliate of such assigning Lender) being assigned shall either be (A) zero, or (B) more than 49% of its original Specified Percentage of the Total Commitment (as reduced if at all pursuant to Section 4.2(e)) and (iii) each assignment (other than to any Lender or any affiliate thereof) made when no Default or Event of Default has occurred and is continuing shall be subject to the prior written consent of the Borrower (which consent shall not be unreasonably withheld). Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the

rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (y) the assigning Lender thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement.

(d) Any Non-U.S. Lender that could become completely exempt from withholding of any tax, assessment or other charge or levy imposed by or on behalf of the United States or any taxing authority thereof ("U.S. Taxes") in respect of payment of any Obligations due to such Non-U.S. Lender under this Agreement if the Obligations were in registered form for U.S. federal income tax purposes may request the Borrower (through the Administrative Agent), and the Borrower agrees thereupon, to exchange any promissory note(s) evidencing such Obligations for promissory note(s) registered as provided in paragraph (f) below and substantially in the form of Exhibit J (an "Alternative Note"). Alternative Notes may not be exchanged for promissory notes that are not Alternative Notes.

(e) Each Non-U.S. Lender that could become completely exempt from withholding of U.S. Taxes in respect of payment of any Obligations due to such Non-U.S. Lender if the Obligations were in registered form for U.S. Federal income tax purposes and that holds Alternative Note(s) (an "Alternative Noteholder") (or, if such Alternative Noteholder is not the beneficial owner thereof, such beneficial owner) shall deliver to the Borrower prior to or at the time such Non-U.S. Lender becomes an Alternative Noteholder a Form W-8 (Certificate of Foreign Status of the U.S. Department of Treasury) (or any successor or related form adopted by the U.S. taxing authorities), together with an annual certificate stating that (i) such Alternative Noteholder or beneficial owner, as the case may be, is not a "bank" within the meaning of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a controlled foreign corporation related to the Company (within the meaning of Section 864(d)(4) of the Code) and (ii) such Alternative Noteholder or beneficial owner, as the case may be, shall promptly notify the Borrower if at any time such Alternative Noteholder or beneficial owner, as the case may be, determines that it is no longer in a position to provide such certification to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purposes).

(f) An Alternative Note and the Obligation(s) evidenced thereby may be assigned or otherwise transferred in whole or in part only by registration of such assignment or transfer of such Alternative Note and the Obligation(s) evidenced thereby on the Register (and each Alternative Note shall expressly so provide). Any assignment or transfer of all or part of such Obligation(s) and the Alternative Note(s) evidencing the same shall be registered on the Register only upon surrender for registration of assignment or transfer of the Alternative Note(s) evidencing such Obligation(s), duly endorsed by (or accompanied by a written instrument of assignment or transfer duly executed by)

the Alternative Noteholder thereof, and thereupon one or more new Alternative Note(s) in the same aggregate principal amount shall be issued to the designated Assignee(s). No assignment of an Alternative Note and the Obligation(s) evidenced thereby shall be effective unless it has been recorded in the Register as provided in this Section 11.6(f).

(g) The Administrative Agent, on behalf of the Borrower, shall maintain at the address of the Administrative Agent referred to in Section 11.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders (including Alternative Noteholders) and the Commitments of, and principal amounts of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may (and, in the case of any Loan or other obligation hereunder not evidenced by a Note, shall) treat each Person whose name is recorded in the Register as the owner of a Loan or other obligation hereunder as the owner thereof for all purposes of this Agreement and the other Loan Documents, notwithstanding any notice to the contrary. Any assignment of any Loan or other obligation hereunder not evidenced by a Note shall be effective only upon appropriate entries with respect thereto being made in the Register. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(h) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an Assignee together with payment to the Administrative Agent of a registration and processing fee of \$3,500, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) on the effective date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Borrower.

(i) Subject to Section 11.15, the Borrower authorizes each Lender to disclose to any Participant or Assignee (each, a "Transferee") and any prospective Transferee, subject to the Transferee agreeing in writing to be bound by the provisions of Section 11.15, any and all financial information in such Lender's possession concerning the Borrower and the Subsidiaries which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Subsidiaries prior to becoming a party to this Agreement.

(j) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Lender of any Loan or Note to any Federal Reserve Bank in accordance with applicable law.

11.7 Adjustments; Set-off. (a) If any Lender (a "benefitted Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount, to the extent permitted by applicable law, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that, to the extent permitted by applicable law, the failure to give such notice shall not affect the validity of such set-off and application.

11.8 Counterparts; When Effective. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent. This Agreement shall become effective when the Administrative Agent has received counterparts hereof executed by the Borrower, the Administrative Agent and each Lender (such date herein referred to as the "Effective Date").

11.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render

unenforceable such provision in any other jurisdiction.

11.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

11.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PRINCIPLES.

11.12 SUBMISSION TO JURISDICTION; WAIVERS. (a) EACH PARTY HERETO, IN EACH CASE FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO IT AT ITS ADDRESS SET FORTH IN SECTION 11.2 OR SCHEDULE 1.1, AS APPLICABLE, OR AT SUCH OTHER ADDRESS OF WHICH THE ADMINISTRATIVE AGENT SHALL HAVE BEEN NOTIFIED PURSUANT TO SECTION 11.2; AND

(iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

(b) THE BORROWER AND EACH SUBSIDIARY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN THIS SECTION ANY SPECIAL, EXEMPLARY,

11.13 Acknowledgements. The Borrower and each Subsidiary hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any Subsidiary arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Administrative Agent and the Lenders, on one hand, and the Borrower or any Subsidiary, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower, the Subsidiaries and the Lenders.

11.14 WAIVERS OF JURY TRIAL. THE BORROWER, THE SUBSIDIARIES, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

11.15 Confidentiality. Each Lender agrees to keep confidential all non-public information provided to it by or on behalf of the Borrower or any of the Subsidiaries pursuant to this Agreement or any other Loan Document; provided that nothing herein shall prevent any Lender from disclosing any such information (i) to the Administrative Agent or any other Lender, (ii) to any Assignee or Participant who agrees in writing to this confidentiality provision, (iii) to its employees, directors, agents, attorneys, accountants and other professional advisors, (iv) upon request or demand of any Governmental Authority having jurisdiction over such Lender, (v) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (vi) which has been publicly disclosed other than in breach of this Agreement, or (vii) in connection with the exercise of any remedy hereunder.

11.16 CONSEQUENTIAL DAMAGES. NO LENDER SHALL BE RESPONSIBLE OR LIABLE TO THE BORROWER OR ANY OTHER PERSON OR ENTITY FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MEDIA GENERAL, INC.

By: /s/ Marshall N. Morton

Name: Marshall N. Morton

Title: Senior Vice President and CFO

NATIONSBANK OF TEXAS, N.A.,
as the Administrative Agent and as a Lender

By: /s/ Pamela S. Kurtzman

Name: Pamela S. Kurtzman

Title: Vice-President

THE TORONTO-DOMINION BANK,
as the Syndication Agent and as a Lender

By: /s/ David G. Parker

Name: David G. Parker

Title: Mgr. Cr. Admin

FIRST UNION NATIONAL BANK OF
NORTH CAROLINA,
as the Documentation Agent and as a Lender

By: /s/ Jim F. Redman

Name Jim F. Redman

Title: Senior Vice President

THE BANK OF NOVA SCOTIA,
as a Managing Agent and as a Lender

By: /s/ Vincent J. Fitzgerald, Jr.

Name: Vincent J. Fitzgerald, Jr.

Title: Authorized Signatory

BANK OF TOKYO-MITSUBISHI TRUST
COMPANY, as a Managing Agent and as a
Lender

By: /s/ Augustine Okwu, Jr.

Name: Augustine Okwu, Jr.

Title: Vice President

CRESTAR BANK, as a Managing Agent and
as a Lender

By: /s/ Thomas C. Palmer

Name: Thomas C. Palmer

Title: Vice President

MORGAN GUARANTY TRUST COMPANY

OF NEW YORK, as a Managing Agent and
as a Lender

By: /s/ Donald H. Patrick

Name: Donald H. Patrick

Title: Vice President

LTCB TRUST COMPANY, as a Managing
Agent and as a Lender

By: /s/ Satoru Otsubo

Name: Satoru Otsubo

Title: Executive Vice President

SUNTRUST BANK, ATLANTA, as a
Managing Agent and as a Lender

By: /s/ F. McClellan Deaver, III

Name: F. McClellan Deaver, III

Title: Group Vice President

By: /s/ Jeffrey A. Howard

Name: Jeffrey A. Howard

Title: Assistant Vice President

WACHOVIA BANK OF NORTH CAROLINA,
N.A., as a Managing Agent and as a Lender

By: /s/ John Fox

Name: John Fox

Title: Senior Vice President

THE SANWA BANK, LIMITED, ATLANTA
AGENCY, as a Lender

By: /s/ William M. Plough

Name: William M. Plough

Title: Vice President

BANK OF AMERICA ILLINOIS, as a Lender

By: /s/ Carl F. Salas

Name: _____
Carl F. Salas

Title: _____
Vice President

BANK OF NEW YORK, as a Lender

By: /s/ Edward F. Ryan Jr.

Name: _____
Edward F. Ryan, Jr.

Title: _____
Senior Vice President

THE DAI-ICHI KANGYO BANK, LTD.,
as a Lender

By: /s/ Yusuke Yanagawa

Name: _____
Yusuke Yanagawa

Title: _____
Assistant Vice President

THE FIRST NATIONAL BANK OF
MARYLAND, as a Lender

By: /s/ W. Blake Hampson

Name: _____
W. Blake Hampson

Title: Vice President

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, as a Lender

By: /s/ Jeffrey Cole

Name: Jeffrey Cole

Title: Senior Vice President

THE MITSUBISHI TRUST AND BANKING
CORPORATION, as a Lender

By: /s/ Patricia Loret de Mola

Name: Patricia Loret de Mola

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Steffen W. Crowther

Name: Steffen W. Crowther

Title: Vice President

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Edwardo Salazar

Name: _____
Edwardo Salazar

Title: _____
Senior Manager

THE SAKURA BANK, LIMITED, as a Lender

By: /s/ Yasuhiro Terada

Name: _____
Yasuhiro Terada

Title: _____
Senior Vice President

SIGNET BANK, as a Lender

By: /s/ William D. Garrison

Name: _____
William D. Garrison

Title: _____
Senior Vice President

THE SUMITOMO BANK, LIMITED,
as a Lender

By: /s/ John C. Kissinger

Name: _____
John C. Kissinger

Title: _____
Joint General Manager

BANK OF MONTREAL, CHICAGO
BRANCH, as a Lender

By: /s/ Rene Encarnacion

Name: _____
Rene Encarnacion

Title: _____
Director

BANQUE NATIONALE DE PARIS,
as a Lender

By: /s/ Nuala Marley

Name: _____
Nuala Marley

Title: _____
Vice President

By: /s/ Nancy Stengel

Name: _____
Nancy Stengel

Title: _____
Assistant Treasurer

THE FUJI BANK, LIMITED, as a Lender

By: /s/ Teiji Teramoto

Name: _____
Teiji Teramoto

Title: _____
Vice President & Manager

MELLON BANK, N.A., as a Lender

By: /s/ Nathan H. Kehm

Name: Nathan H. Kehm

Title: Assistant Vice President

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH, as a Lender

By: /s/ Stephen A. Cayer

Name: Stephen A. Cayer

Title: Assistant Treasurer

By: /s/ Laurent J. Chaix

Name: Laurent J. Chaix

Title: Vice President

ABN AMRO BANK, N.V., NEW YORK
BRANCH, as a Lender

By: /s/ James Dunleavy

Name: James Dunleavy

Title: Group Vice President

By: /s/ Mark Gronich

Name: _____
Mark Gronich

Title: _____
Vice President

THE ROYAL BANK OF SCOTLAND plc,
as a Lender

By: /s/ Grant F. Stoddart

Name: _____
Grant F. Stoddart

Title: _____
Senior Vice President & Manager

CREDIT LYONNAIS ATLANTA AGENCY,
as a Lender

By: /s/ David M. Cawrse

Name: _____
David M. Cawrse

Title: _____
Vice President

THE YASUDA TRUST AND BANKING
COMPANY, LIMITED, NEW YORK
BRANCH, as a Lender

By: /s/ Makoto Tagawa

Name: Makoto Tagawa

Title: Deputy General Manager

WESTDEUTSCHE LANDESBANK,
as a Lender

By: /s/ Kheil McIntyre

Name: Kheil McIntyre

Title: Vice President

FLEET BANK, N.A., as a Lender

By: /s/ Tanya Crossley

Name: Tanya Crossley

Title: Vice President

All schedules and exhibits have been omitted

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of the 12th day of February, 1997, among Media General, Inc. (the "Borrower"), NationsBank of Texas, N.A. ("NationsBank"), individually as a Lender and as the Administrative Agent and the other Lenders party hereto.

WITNESSETH:

A. On December 4, 1996, the Borrower, NationsBank, individually as a Lender and as the Administrative Agent, and the other Lenders party thereto

(together with NationsBank, the "Lenders"), entered into that certain Credit Agreement (the "Credit Agreement") providing for a \$1,200,000,000 credit facility.

B. The Borrower has requested certain amendments to the Credit Agreement.

C. The Lenders have agreed to make certain amendments to the Credit Agreement, subject to the Borrower's compliance with the representations, warranties, covenants and other terms and conditions set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree hereby as follows:

1. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

2. Section 3.1(a) of the Credit Agreement is hereby amended to insert the following phrase after the number "\$30,000,000" in the seventh line thereof:

"plus the outstanding face amount of any Letter of Credit issued hereunder for the account of Garden State Paper Company, Inc. for the benefit of First Trust New York, as trustee or any successor thereof, not to exceed \$20,771,875"

3. The Credit Agreement is amended hereby to include the following new Section 4.2(h):

"(h) If the Borrower or any Subsidiary shall receive net proceeds from any Disposition which are not reinvested in additional properties or assets (including a replacement or exchange as described in Section 1031 of the Code and any regulation related thereto) for the Borrower or the Subsidiary making such Disposition on or before the date which is 180 days after the effective date of such Disposition, then the Borrower shall, without notice or demand, immediately repay the Loans in an aggregate principal amount equal to 100% of such net proceeds not so reinvested, together with interest accrued to the date of such repayment and any amounts payable under Section 4.11."

4. Section 8.5 of the Credit Agreement is hereby amended to delete subsection (ii) therefrom in its entirety and to insert in lieu thereof the following new subsection (ii):

"(ii) the net proceeds from such Disposition shall be used to prepay the Loans pursuant to Section 4.2(h) (except for net proceeds from Dispositions of property made in the ordinary course of business of the Borrower or a Subsidiary), but the Total Commitment shall not be reduced,"

5. The Credit Agreement is hereby amended as necessary to clarify throughout the same that wherever the Borrower is required to calculate and/or provide information to the Lenders for an "immediately preceding fiscal quarter or quarters" of the Borrower, such phrase shall mean an immediately preceding fiscal quarter or quarter(s) "for which financial statements have been or should have been prepared and/or delivered to the Lenders pursuant to Section 7.1 of the Credit Agreement".

6. Subject to the terms and conditions set forth herein, and in reliance upon the representations and warranties of the Borrower set forth herein, the Lenders hereby consent to the one-time issuance by The Toronto-Dominion Bank of that certain Irrevocable Letter of Credit No. 1397 issued on December 12, 1996, expiring on April 15, 1998, for the account of Garden State Paper Company, Inc., for the benefit of First Trust New York, as trustee, in the face amount of \$20,771,875. Borrower further acknowledges and agrees that the foregoing consent shall not be deemed to constitute a consent by the Lenders to any other issuance of a Letter of Credit with an expiration date in excess of the limitations set forth in Section 3.1 of the Credit Agreement.

7. The Borrower represents and warrants to the Administrative Agent and the Lenders that (a) this Amendment has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or general principles of equity, (b) both before and after giving effect to the transactions and modifications contemplated herein, there exists no Default or Event of Default under the Credit Agreement, (c) the representations and warranties of the Borrower set forth in the Credit Agreement and the other Loan Documents are true and correct as of the date of this Amendment as though made on and as of such date, (d) the Borrower has complied

with all agreements and conditions to be complied with by it on or before the date of this Amendment under the Credit Agreement, the other Loan Documents and this Amendment, and (e) the Credit Agreement, as amended hereby, and the other Loan Documents remain in full force and effect.

8. By their execution hereinbelow, the parties hereto agree that the Credit Agreement, as amended hereby, and the other Loan Documents and are hereby ratified and confirmed, and the execution, delivery and performance of this Amendment shall not, except as expressly provided herein, operate as an amendment of any provision of the Credit Agreement and other Loan Documents or as a waiver of any right, power or remedy of the Lenders under the Credit

Agreement or other Loan Documents. Without limiting the generality of the foregoing, the parties hereto agree that the consent set forth in Section 6 above shall be limited precisely as set forth above, and nothing in this Amendment shall be deemed (i) to constitute a consent to the Borrower's noncompliance with respect to any other provision or condition of the Credit Agreement or any other Loan Documents or (ii) to prejudice any right or remedy that the Lenders may now or may have in the future under or in connection with the Credit Agreement or any other Loan Document.

9. The Borrower shall execute and deliver such further consents, acknowledgments, agreements, documents, instruments, and certificates, in form and substance satisfactory to Lenders, as Lenders may deem necessary or appropriate in connection with this Amendment.

10. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. In making proof hereof, it shall not be necessary to produce or account for any counterpart other than one signed by the party against which enforcement is sought.

11. THIS AMENDMENT SHALL BE GOVERNED BY, AND THE RIGHTS, OBLIGATIONS AND LIABILITIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH, THE INTERNAL LAWS (AS OPPOSED TO CONFLICT OF LAWS PROVISIONS) AND JUDICIAL DECISIONS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW.

12. THIS AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. EXCEPT AS HEREIN EXPRESSLY MODIFIED, THE CREDIT AGREEMENT, THE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS AND AGREEMENTS EXECUTED IN CONNECTION THEREWITH SHALL CONTINUE IN FULL FORCE AND EFFECT.

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

IN WITNESS WHEREOF, this Amendment is executed as of the date first set forth above.

MEDIA GENERAL, INC.

/s/ Marshall N. Morton
By: _____
Marshall N. Morton

Name: _____
Senior Vice President & CFO
Title: _____

NATIONSBANK OF TEXAS, N.A.,
as the Administrative Agent and as a Lender

/s/ Pamela S. Kurtzman
By: _____
Pamela S. Kurtzman
Name: _____
Vice President
Title: _____

THE TORONTO-DOMINION BANK,
as the Syndication Agent and as a Lender

/s/ David G. Parker
By: _____
David G. Parker
Name: _____
Mgr. Cr. Admin.
Title: _____

FIRST UNION NATIONAL BANK OF
NORTH CAROLINA,
as the Documentation Agent and as a Lender

/s/ Jim Redman
By: _____
Jim Redman
Name: _____
Senior Vice President
Title: _____

THE BANK OF NOVA SCOTIA,
as a Managing Agent and as a Lender

/s/ Vincent J. Fitzgerald, Jr.
By: _____
Vincent J. Fitzgerald, Jr.
Name: _____
Authorized Signatory
Title: _____

BANK OF TOKYO-MITSUBISHI TRUST
COMPANY, as a Managing Agent and as a
Lender

/s/ R. F. Kay
By: _____
R. F. Kay
Name: _____
Vice President
Title: _____

CRESTAR BANK, as a Managing Agent and
as a Lender

/s/ J. Eric Millham
By: _____
J. Eric Millham
Name: _____
Vice President
Title: _____

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as a Managing Agent and
as a Lender

/s/ Adam J. Silver

By: _____
Adam J. Silver
Name: _____
Associate
Title: _____

LTCB TRUST COMPANY, as a Managing
Agent and as a Lender

/s/ Satoru Otsubo
By: _____
Satoru Otsubo
Name: _____
Executive Vice President
Title: _____

SUNTRUST BANK, ATLANTA, as a
Managing Agent and as a Lender

/s/ F. McClellan Deaver, III
By: _____
F. McClellan Deaver, III
Name: _____
Group Vice President
Title: _____

/s/ Jeffrey A. Howard
By: _____
Jeffrey A. Howard
Name: _____
Assistant Vice President
Title: _____

WACHOVIA BANK OF NORTH CAROLINA, N.A.,
as a Managing Agent and as a Lender

/s/ Kathryn E. Mentzer
By: _____

Kathryn E. Mentzer
Name: _____
Banking Officer
Title: _____

THE SANWA BANK, LIMITED, ATLANTA
AGENCY, as a Lender

/s/ William M. Plough
By: _____
William M. Plough
Name: _____
Vice President
Title: _____

BANK OF AMERICA ILLINOIS, as a Lender

/s/ Carl F. Salas
By: _____
Carl F. Salas
Name: _____
Vice President
Title: _____

BANK OF NEW YORK, as a Lender

/s/ Edward F. Ryan, Jr.
By: _____
Edward F. Ryan, Jr.
Name: _____
Senior Vice President
Title: _____

THE DAI-ICHI KANGYO BANK, LTD.,
as a Lender

/s/ Yusuke Yanagwa
By: _____
Yusuke Yanagwa
Name: _____
Assistant Vice President
Title: _____

THE FIRST NATIONAL BANK OF
MARYLAND, as a Lender

/s/ W. Blake Hampson
By: _____
W. Blake Hampson
Name: _____
Vice President
Title: _____

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, as a Lender

/s/ Jeffrey Cole
By: _____
Jeffrey Cole
Name: _____
Senior Vice President
Title: _____

THE MITSUBISHI TRUST AND BANKING
CORPORATION, as a Lender

/s/ Patricia Loret de Mola
By: _____
Patricia Loret de Mola
Name: _____
Senior Vice President
Title: _____

PNC BANK, NATIONAL ASSOCIATION,

THE SUMITOMO BANK, LIMITED,
as a Lender

/s/ Suresh S. Tata
By: _____
Suresh S. Tata
Name: _____
Senior Vice President
Title: _____

BANK OF MONTREAL, CHICAGO
BRANCH, as a Lender

/s/ Rene Encarnacion
By: _____
Rene Encarnacion
Name: _____
Director
Title: _____

BANQUE NATIONALE DE PARIS,
as a Lender

/s/ Nuala Marley
By: _____
Nuala Marley
Name: _____
Vice President
Title: _____

/s/ Nancy Stengel
By: _____
Nancy Stengel
Name: _____
Assistant Treasurer
Title: _____

THE FUJI BANK, LIMITED, as a Lender

/s/ Teiji Teramoto
By: _____
Teiji Teramoto
Name: _____

Vice President & Manager
Title: _____

MELLON BANK, N.A., as a Lender

/s/ Nathan H. Kehm
By: _____
Nathan H. Kehm
Name: _____
Assistant Vice President
Title: _____

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH, as a Lender

/s/ Stephen A. Cayer
By: _____
Stephen A. Cayer
Name: _____
Assistant Vice President
Title: _____

/s/ Leo L. Baltz
By: _____
Leo L. Baltz
Name: _____
Vice President
Title: _____

ABN AMRO BANK, N.V., NEW YORK
BRANCH, as a Lender

/s/ David B. Martens
By: _____
David B. Martens
Name: _____
Vice President
Title: _____

By: _____
/s/ Mark S. Gronich
Mark S. Gronich
Name: _____
Vice President
Title: _____

THE ROYAL BANK OF SCOTLAND plc,
as a Lender

By: _____
/s/ Grant F. Stoddart
Grant F. Stoddart
Name: _____
Senior Vice President & Manager
Title: _____

CREDIT LYONNAIS ATLANTA AGENCY,
as a Lender

By: _____
/s/ Robert Ivosevich
Robert Ivosevich
Name: _____
Senior Vice President
Title: _____

THE YASUDA TRUST AND BANKING
COMPANY, LIMITED, NEW YORK
BRANCH, as a Lender

By: _____
/s/ Morikazu Kimura
Morikazu Kimura
Name: _____

Chief Representative
Title: _____

WESTDEUTSCHE LANDESBANK,
as a Lender

/s/ C. D. Rockey
By: _____
C. D. Rockey
Name: _____
Associate
Title: _____

/s/ Salvatore Battinelli
By: _____
Salvatore Battinelli
Name: _____
Vice President
Title: _____

FLEET BANK, N.A., as a Lender

/s/ William Weiss
By: _____
William Weiss
Name: _____
Associate
Title: _____

CORESTATES BANK, N.A.

/s/ Lynae S. Young
By: _____
Lynae S. Young
Name: _____
Assistant Vice President
Title: _____

Media General
Operating Locations

o PUBLISHING

Virginia

Richmond Times-Dispatch
Bristol Herald Courier
The (Lynchburg) News & Advance
The (Charlottesville) Daily Progress
Potomac (Woodbridge) News
Danville Register & Bee
The (Waynesboro) News Virginian
Manassas Journal Messenger
Culpeper Star-Exponent
Suffolk News-Herald
Virginia Business Magazine - Richmond
Media General Financial Services - Richmond

North Carolina

Winston-Salem Journal
(Concord & Kannapolis) Independent Tribune
The Hickory Daily Record
Statesville Record & Landmark
The (Morganton) News Herald
The Reidsville Review
The (Eden) Daily News
The (Marion) McDowell News

Florida

The Tampa Tribune
(Sebring) Highlands Today
(Brooksville) Hernando Today

Colorado

The Denver Post (40% ownership)

District of Columbia

Media General News Service

Media General also owns nearly
100 weeklies and periodicals

o BROADCAST TELEVISION

WIAT-TV42 - Birmingham, Ala.
WHOA-TV32 - Montgomery, Ala.*
WJWB-TV17 - Jacksonville, Fla.
WFLA-TV8 - Tampa, Fla.
WSAV-TV3 - Savannah, Ga.
WTVQ-TV36 - Lexington, Ky.
KALB-TV5 - Alexandria, La.
WHLT-TV22 - Hattiesburg, Miss.
WJTV-TV12 - Jackson, Miss.
WNCT-TV9 - Greenville, N.C.
WCBD-TV2 - Charleston, S.C.
WDEF-TV12 - Chattanooga, Tenn.
WJHL-TV11 - Johnson City, Tenn.
WSLS-TV10 - Roanoke, Va.
Professional Communications Services - Tampa, Fla.

o CABLE TELEVISION

Media General Cable and Mega Advertising -
Fairfax County, Va.
Media General Cable of Fredericksburg -
Fredericksburg, Va.

o NEWSPRINT

Garden State Paper Company, Inc. - Garfield, N.J.
Southeast Paper Manufacturing Company
(33% ownership) - Dublin, Ga.

* Sale pending

MEDIA GENERAL, INC., CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	Fiscal Years Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
<S>	<C>	<C>	<C>
Revenues	\$ 973,978	\$ 909,987	\$ 765,105
Operating costs:			
Production	477,260	453,937	410,659
Selling, distribution and administrative	240,487	228,289	187,059
Depreciation and amortization	100,201	98,316	64,951
Total operating costs	817,948	780,542	662,669
Operating income	156,030	129,445	102,436
Other income (expense):			
Interest expense	(66,049)	(65,442)	(21,267)
Investment income - unconsolidated affiliates:			
Southeast Paper Manufacturing Co.	12,831	8,334	19,508
Denver Newspapers, Inc.:			
Equity in net income	3,226	6,695	2,704
Preferred stock income	6,136	6,008	4,976
Other, net	(999)	1,267	1,381
Total other income (expense)	(44,855)	(43,138)	7,302
Income before income taxes and extraordinary item	111,175	86,307	109,738
Income taxes	40,301	33,797	39,240
Income before extraordinary item	70,874	52,510	70,498
Extraordinary item from early redemption of debt (net of income tax benefit of \$38,613)	---	(63,000)	---
Net income (loss)	\$ 70,874	\$ (10,490)	\$ 70,498

Earnings (loss) per common share:

Income before extraordinary item	\$	2.67	\$	1.99	\$	2.68
Extraordinary item		---		(2.39)		---

Net income (loss)	\$	2.67	\$	(0.40)	\$	2.68
=====						
Earnings (loss) per common share and equivalent-						
assuming dilution:						
Income before extraordinary item	\$	2.63	\$	1.97	\$	2.65
Extraordinary item		---		(2.37)		---

Net income (loss)	\$	2.63	\$	(0.40)	\$	2.65
=====						

</TABLE>

Notes to Consolidated Financial Statements begin on page 30.

25

MEDIA GENERAL, INC., CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARES AND PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

ASSETS		December 27, 1998	December 28, 1997
<S>		<C>	<C>

Current assets:			
Cash and cash equivalents	\$	7,637	\$ 3,504
Accounts receivable (less allowance for doubtful accounts 1998 - \$8,433; 1997 - \$6,653)		110,067	109,287
Inventories		20,341	20,868
Other		38,181	32,268
		-----	-----
Total current assets		176,226	165,927

Investments in unconsolidated affiliates		146,702	132,209

Other assets		45,818	28,519

Property, plant and equipment, at cost:			
Land		29,932	30,190
Buildings		167,332	158,775
Machinery and equipment		900,328	877,992
Construction in progress		13,659	12,971
Accumulated depreciation		(614,454)	(578,296)
		-----	-----
Net property, plant and equipment		496,797	501,632

Excess of cost over fair value of net identifiable assets of acquired businesses (less accumulated amortization 1998 - \$41,490; 1997 - \$24,732)		651,391	572,458

FCC licenses and other intangibles (less accumulated amortization 1998 - \$34,829; 1997 - \$18,601)		400,412	413,456

Total assets	\$	1,917,346	\$ 1,814,201
=====			

</TABLE>

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 27, 1998	December 28, 1997
<S>	<C>	<C>
Current liabilities:		
Accounts payable	\$ 41,050	\$ 31,599
Accrued expenses and other liabilities	106,047	98,190
Income taxes payable	---	1,422
Total current liabilities	147,097	131,211
Long-term debt	928,101	900,140
Deferred income taxes	244,968	249,649
Other liabilities and deferred credits	119,831	114,975
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock (\$5 cumulative convertible), par value \$5 per share:		
Authorized 5,000,000 shares; none outstanding		
Common stock, par value \$5 per share:		
Class A, authorized 75,000,000 shares; issued		
26,214,721 and 26,172,424 shares	131,074	130,862
Class B, authorized 600,000 shares; issued		
556,574 shares	2,783	2,783
Additional paid-in capital	18,694	16,733
Unearned compensation	(1,050)	(2,100)
Retained earnings	325,848	269,948
Total stockholders' equity	477,349	418,226
Total liabilities and stockholders' equity	\$ 1,917,346	\$ 1,814,201

</TABLE>

Notes to Consolidated Financial Statements begin on page 30.

MEDIA GENERAL, INC., CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARES AND PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-in Capital	Unearned Compensation	Retained Earnings
	Class A	Class B			
<S>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	\$ 129,526	\$ 2,783	\$ 10,068	\$ (2,573)	\$ 237,307
Net income	---	---	---	---	70,498
Cash dividends (\$0.50 per share)	---	---	---	---	(13,238)
Purchase and retirement of 44,212 Class A shares	(221)	---	(1,238)	---	---
Exercise of options on 88,621 Class A shares	443	---	1,470	---	---
Income tax benefits relating to restricted share dividends and					

exercised options	---	---	1,016	---	---
Issuance of 5,408 Class A shares under dividend reinvestment plan	27	---	149	---	---
Amortization and forfeitures of unearned compensation	(24)	---	(72)	1,319	---
Balance at December 29, 1996	129,751	2,783	11,393	(1,254)	294,567
Net loss	---	---	---	---	(10,490)
Cash dividends (\$0.53 per share)	---	---	---	---	(14,129)
Exercise of options on 131,024 Class A shares	655	---	1,991	---	---
Issuance of 91,000 Class A shares under restricted stock plan	455	---	2,406	(2,861)	---
Income tax benefits relating to restricted share dividends and exercised options	---	---	918	---	---
Issuance of 5,373 Class A shares under dividend reinvestment plan	27	---	157	---	---
Amortization and forfeitures of unearned compensation	(26)	---	(132)	2,015	---
Balance at December 28, 1997	130,862	2,783	16,733	(2,100)	269,948
Net income	---	---	---	---	70,874
Cash dividends (\$0.56 per share)	---	---	---	---	(14,974)
Purchase and retirement of 77,011 Class A shares	(385)	---	(3,186)	---	---
Exercise of options on 112,560 Class A shares	563	---	2,486	---	---
Income tax benefits relating to restricted share dividends and exercised options	---	---	2,406	---	---
Issuance of 6,748 Class A shares under dividend reinvestment plan	34	---	255	---	---
Amortization of unearned compensation	---	---	---	1,050	---
Balance at December 27, 1998	\$ 131,074	\$ 2,783	\$ 18,694	\$ (1,050)	\$ 325,848

</TABLE>

Notes to Consolidated Financial Statements begin on page 30.

MEDIA GENERAL, INC., CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>

<CAPTION>

	Fiscal Years Ended		
	December 27, 1998	December 28, 1997	December 29, 1996
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	\$ 70,874	\$ (10,490)	\$ 70,498
Adjustments to reconcile net income (loss):			
Extraordinary item	---	63,000	---
Depreciation and amortization	100,201	98,316	64,951
Deferred income taxes	(5,945)	(4,227)	(1,733)
Provision for doubtful accounts	6,269	5,228	5,084
Investment income - unconsolidated affiliates	(19,493)	(18,337)	(27,188)
Distribution from unconsolidated newsprint affiliate	5,000	---	15,600
Net cash provided by operations	156,906	133,490	127,212
Change in assets and liabilities:			
Accounts receivable and inventories	(6,810)	(13,074)	(1,979)
Other current assets	15,986	14,392	1,780
Accounts payable, accrued expenses and other liabilities	(14,774)	(13,495)	(1,745)
Other, net	(11,044)	(1,965)	1,235
Net cash provided by operating activities	140,264	119,348	126,503

Cash flows from investing activities:			
Capital expenditures	(49,480)	(41,599)	(28,510)
Purchase of businesses (1997 - net of \$476 million of debt assumed)	(132,680)	(276,823)	(40,024)
Sale of businesses	28,123	147,267	---
Other, net	2,924	(1,146)	6,494
Net cash used by investing activities	(151,113)	(172,301)	(62,040)
Cash flows from financing activities:			
Increase in debt	463,000	1,022,000	38,000
Payment of debt	(436,383)	(874,000)	(88,750)
Premiums and costs related to early redemption of Park debt	---	(84,703)	---
Cash dividends paid	(14,974)	(14,129)	(13,238)
Other, net	3,339	2,818	629
Net cash provided (used) by financing activities	14,982	51,986	(63,359)
Net increase (decrease) in cash and cash equivalents	4,133	(967)	1,104
Cash and cash equivalents at beginning of year	3,504	4,471	3,367
Cash and cash equivalents at end of year	\$ 7,637	\$ 3,504	\$ 4,471

</TABLE>

Notes to Consolidated Financial Statements begin on page 30.

MEDIA GENERAL, INC., NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the accounts of Media General, Inc., and subsidiaries more than 50% owned (the Company). The Company's fiscal year ends on the last Sunday in December. All significant intercompany balances and transactions have been eliminated. See Note 9 for a summary of the Company's accounting policies.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain prior year financial information has been reclassified to conform with the current year's presentation.

NOTE 2: ACQUISITIONS

In January 1998, the Company acquired, for approximately \$93 million, the assets of the Bristol Herald Courier (Bristol), a daily newspaper in southwestern Virginia, and two affiliated weekly newspapers. In July 1998 the Company acquired, for approximately \$40 million, the assets of the Hickory Daily Record (Hickory), a daily newspaper in northwestern North Carolina. Both transactions were accounted for as purchases and have been included in the Company's consolidated results of operations since their respective dates of acquisition. The purchase price has been allocated to the assets acquired based on estimated fair values. The amount allocated to identifiable intangibles (principally subscriber lists) was \$8 million, to other assets, net (principally property, plant and equipment) was \$17 million, and to excess cost over the net assets acquired was \$108 million. Also, in June 1998, the Company completed the sale of its Kentucky newspaper properties for approximately \$24 million. The Bristol and Hickory acquisitions were funded with borrowings under an existing revolving credit facility (see Note 4), coupled with proceeds from the disposition of the Kentucky newspaper properties.

In January 1997, the Company acquired Park Acquisitions, Inc., parent of Park Communications, Inc. (Park). The acquisition included ten network affiliated television stations, 28 daily newspapers and 82 weekly newspapers. The total consideration approximated \$715 million, representing the purchase of all the issued and outstanding common stock of Park, the assumption of liabilities (primarily \$476 million of Park's high coupon long-term debt) and transaction costs. In early February 1997, the Company redeemed Park's high coupon debt and recorded an extraordinary charge of \$63 million (\$2.39 per share, or \$2.37 per share - assuming dilution), representing the debt prepayment premium and the write-off of associated debt issuance costs, net of a \$38.6 million tax benefit. The acquisition and redemption were financed with borrowings under an existing revolving credit facility (see Note 4). As

intended, after the acquisition the Company completed sales of certain of the former Park properties for approximately \$147 million and purchased new properties for approximately \$53 million. These purchases included the Potomac News (Woodbridge, Virginia) in February 1997, and the Reidsville Review (Reidsville, North Carolina) and The Messenger (Madison, North Carolina) in April 1997.

In order to comply with the Federal Communication Commission's requirement that WTVR-TV be divested within one year of its January 1997 purchase date, in August 1997, the Company completed the exchange of WTVR-TV (Richmond, Virginia) for three other stations, WSAV-TV (Savannah, Georgia), WJTV-TV (Jackson, Mississippi) and WHLT-TV (Hattiesburg, Mississippi). The new stations' results of operations have been included in the Company's operations beginning with the exchange date.

These acquisitions were also accounted for as purchases and the purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair values. The amount allocated to FCC licenses and other identifiable intangibles and to excess cost over the net assets acquired relating to Park and the related sale, purchase, and exchange activities was \$415 million and \$313 million, respectively. These amounts are being amortized on a straight-line basis over periods ranging from 3 to 40 years. The results of operations of these businesses, since their respective dates of acquisition, have been included in the Company's consolidated results of operations.

In August 1996, the Company acquired, for approximately \$38 million, the Danville Register & Bee, a daily newspaper in Virginia. The results of operations of this business since its date of acquisition, have been included in the Company's consolidated results of operations.

NOTE 3: INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The Company has a one-third partnership interest in Southeast Paper Manufacturing Company (SEPCO), a domestic newsprint manufacturer which also pays licensing fees to the Company. The Company also has a 40% interest in Denver Newspapers, Inc. (DNI), the parent company of The Denver Post, a Denver, Colorado, daily newspaper company.

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Summarized financial information for these investments accounted for by the equity method follows:

SOUTHEAST PAPER MANUFACTURING COMPANY:

<TABLE>
<CAPTION>

(IN THOUSANDS)		1998	1997
<S>	<C>	<C>	<C>
Current assets		\$ 79,434	\$ 74,667
Noncurrent assets		294,628	318,478
Current liabilities		66,946	65,392
Noncurrent liabilities		74,765	118,894

(IN THOUSANDS)		1998	1997	1996
Net sales	\$	255,248	\$ 246,468	\$ 277,543
Gross profit		66,945	56,183	93,150
Net income		38,493	25,002	58,525
Company's equity in net income		12,831	8,334	19,508

DENVER NEWSPAPERS, INC.:

(IN THOUSANDS)		1998	1997
Current assets	\$	38,808	\$ 37,658
Noncurrent assets		128,508	124,414
Current liabilities		33,029	35,836
Noncurrent liabilities		38,691	38,726
Mandatorily redeemable preferred stock		54,300	54,300

(IN THOUSANDS)		1998	1997	1996
Net sales	\$	233,365	\$ 224,787	\$ 197,888
Gross profit		105,833	111,308	82,735
Net income		10,764	19,437	9,461
Net income applicable to common stock		8,064	16,737	6,761

</TABLE>

The above summarized information for DNI includes its operating results for the 12 month periods ended November 30, 1998, 1997, and 1996. The Company recognizes, on a one month lag, 40% of DNI's net income applicable to common stockholders. The carrying value of the Company's investment in the DNI mandatorily redeemable preferred stock, which is being held to its June 30, 1999, maturity and is included in investments in unconsolidated affiliates, was \$52.7 million and \$49.3 million, net of unamortized discounts of \$3.2 million and \$9.3 million, at December 27, 1998, and December 28, 1997, respectively.

OTHER:

Retained earnings of the Company at December 27, 1998, included \$37.5 million related to undistributed earnings of unconsolidated affiliates. During 1997, the Company invested approximately \$4.6 million to acquire 18% of the common stock of Hoover's, Inc., a leading provider of on-line financial information.

NOTE 4: LONG-TERM DEBT AND OTHER FINANCIAL INSTRUMENTS

Long-term debt at December 27, 1998, and December 28, 1997, was as follows:

<TABLE>

<CAPTION>

(IN THOUSANDS)	1998	1997
<S>	<C>	<C>
Revolving credit facility	\$ 850,000	\$ 810,000
8.62% senior notes due annually from 1999 to 2002	52,000	65,000
7.125% revenue bonds due 2022	20,000	20,000
Bank lines	5,000	5,000
Capitalized leases	1,101	140
Long-term debt (see discussion of interest rate swap agreements following)	\$ 928,101	\$ 900,140

</TABLE>

In December 1996, the Company entered into a seven-year revolving credit facility committing a syndicate of banks to lend the Company up to \$1.2 billion. This facility has mandatory commitment reductions of 25% at the end of 2001 and 2002. Interest rates under the facility are typically based on the London Interbank Offered Rate (LIBOR) (5.36% at December 27, 1998) plus a margin ranging from .225% to .75% (.45% at December 27, 1998), based on the Company's debt to cash flow ratio (leverage ratio), as defined. Under this facility, the Company pays commitment fees (.125% at December 27, 1998) on the unused portion of the facility at a rate based on its leverage ratio.

In 1992, the Company issued \$20 million of New Jersey Economic Development Authority tax-exempt revenue bonds. The bonds are secured by a letter of credit, under which the Company pays an annual fee equal to .125% plus a margin (.45% at December 27, 1998) based on the Company's leverage ratio. The bonds contain certain optional and mandatory redemption provisions, and the bond proceeds were restricted for capital expenditures related to the Company's Garden State Paper newsprint operations in New Jersey.

The Company's debt covenants contain a minimum net worth requirement (\$384 million at December 27, 1998), and require the maintenance of an interest coverage ratio and a leverage ratio, as defined. Long-term debt maturities during the five years subsequent to December 27, 1998, aggregating \$907,927,000, are as follows: 1999 -- \$18,000,000; 2000 -- \$13,266,000; 2001 -- \$13,279,000; 2002 -- \$263,216,000; 2003 -- \$600,166,000.

At December 27, 1998 and December 28, 1997, the Company had borrowings of \$5 million from bank lines and \$13 million of senior notes due within one year classified as long-term debt in accordance with the Company's intention and ability to refinance these obligations on a long-term basis under existing facilities. The interest rates on the bank lines were 5.04% and 5.73% at December 27, 1998 and December 28, 1997, respectively.

The Company had interest rate swap agreements totaling \$725 million at December 27, 1998, with maturities of approximately one to five years which effectively convert the Company's variable rate debt to fixed rate debt with a weighted average interest rate of 6.8% at December 27, 1998. The Company enters

into interest rate swap agreements, which are not held for trading purposes, to manage interest cost and risk associated with variable interest rates, primarily short-term changes in LIBOR. The Company uses the accrual method to account for all interest rate swap agreements. Realized gains or losses on termination of interest rate swaps are deferred and amortized over their remaining original terms as an adjustment to interest expense. Amounts which are due to or from interest rate swap counterparties are recorded as an adjustment to interest expense in the periods in which they accrue. The Company's exposure to credit loss on its interest rate swap agreements in the event of nonperformance by the counterparties is believed to be remote due to the Company's requirement that counterparties have a strong credit rating.

In June 1998, Statement of Financial Accounting Standards (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, was issued and is effective for fiscal years beginning after June 15, 1999. When adopted, all derivatives will be recognized on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending upon the nature of the hedge, a change in its fair value will either be offset against the change in the fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income (OCI) until the hedged item is recognized in earnings. The difference between fair value of the hedge and the item being hedged, known as the ineffective portion, will be immediately recognized in earnings.

The Company's analysis of the impact of SFAS No. 133 on its results of operations and financial position is ongoing. At a minimum, the Company expects that its interest rate swaps will qualify for hedge accounting under the new standard and will apply SFAS No. 130, REPORTING COMPREHENSIVE INCOME, concurrent with the adoption of SFAS No. 133. Initial adoption and subsequent changes in the fair value of the interest rate swaps will give rise to an OCI item, the amount of which will depend on LIBOR rates in effect at those times.

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The table below includes information about the carrying values and estimated fair values of the Company's financial instruments:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998		1997	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investment in DNI Preferred Stock (Note 3)	\$ 52,702	\$ 53,953	\$ 49,266	\$ 51,500
Investment in Hoover's, Inc.	4,567	7,120	4,567	4,567
LIABILITIES:				
Long-term debt:				
Revolving credit facility	850,000	850,000	810,000	810,000
8.62% senior notes	52,000	54,057	65,000	67,833
7.125% revenue bonds	20,000	22,287	20,000	22,539
Bank lines	5,000	5,000	5,000	5,000
Interest rate swap agreements	---	26,784	---	12,337

</TABLE>

The fair value of the Company's investment in DNI Preferred Stock, which is not publicly traded, was estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. The fair value of the Company's investment in Hoover's, Inc., which is not publicly traded, is based on prices recently paid for shares of the Company. The fair values of the interest rate swaps are based on the estimated amounts the Company would receive or pay to terminate the swaps. Fair values of the Company's long-term debt are estimated using discounted cash flow analyses based on the Company's incremental borrowing rates for similar types of borrowings. The borrowings under the Company's revolving credit facility and bank lines approximate their fair value.

NOTE 5: BUSINESS SEGMENTS

The Company has adopted SFAS No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION, which was issued by the Financial Accounting Standards Board in June 1997 and became effective for financial statements for periods beginning after December 15, 1997. Disclosures from prior years have

been reclassified to conform with the current year's presentation.

The Company is a diversified communications company, located primarily in the southeastern United States, which has four business segments: Publishing, Broadcast Television, Cable Television and Newsprint. The Publishing Segment, the Company's largest based on revenue and segment profit, includes 21 daily newspapers and nearly 100 weekly newspapers and other publications, the Company's 40% interest in DNI as well as its on-line financial data service. The Broadcast Television Segment consists of 14 network-affiliated broadcast television stations and a provider of equipment and studio design services. The Cable Television Segment includes two cable television operations and a cable advertising unit. A wholly owned mill, as well as the Company's 33% interest in Southeast Paper Manufacturing Company (SEPCO), comprises the Newsprint Segment which produces recycled newsprint for sale primarily to publishers.

Management measures segment performance based on operating cash flow (operating income plus depreciation and amortization) as well as profit or loss from operations before interest, income taxes, and acquisition related amortization. Amortization of the excess of cost over fair value of net identifiable assets, as well as FCC licenses and other intangibles, is not allocated to individual segments although the intangible assets themselves are included in identifiable assets for each segment. Investments in DNI and SEPCO are not allocated to segment assets although the equity income is included in the Publishing and Newsprint Segments, respectively. Intercompany sales are accounted for as if the sales were at current market prices and are eliminated in the consolidated financial statements. The Company's reportable segments, which are managed separately, are strategic business enterprises that provide distinct products and services using diverse technology and production processes.

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Information by segment is as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	Publishing	Broadcast Television	Cable Television	Newsprint	Total
<S>	<C>	<C>	<C>	<C>	<C>
1998					
Consolidated revenues *	\$ 517,880	\$ 170,797	\$ 157,042	\$ 128,259	\$ 973,978
Segment operating cash flow	\$ 155,452	\$ 51,318	\$ 58,904	\$ 18,825	\$ 284,499
Allocated amounts:					
Equity in net income of unconsolidated affiliates	3,226			12,831	16,057
License fees from unconsolidated affiliate				944	944
Depreciation and amortization	(23,627)	(9,311)	(24,334)	(6,734)	(64,006)
Segment profit	\$ 135,051	\$ 42,007	\$ 34,570	\$ 25,866	237,494
Unallocated amounts:					
Interest expense					(66,049)
Acquisition intangible amortization					(34,189)
Corporate expenses					(28,233)
Other					2,152
Consolidated income before taxes					\$ 111,175
Segment assets	\$ 809,803	\$ 691,787	\$ 129,820	\$ 86,717	\$1,718,127
Corporate					199,219
Consolidated assets					\$1,917,346
Segment capital expenditures	\$ 11,534	\$ 10,061	\$ 16,022	\$ 10,043	\$ 47,660
Corporate					1,820
Consolidated capital expenditures					\$ 49,480
1997					
Consolidated revenues *	\$ 485,594	\$ 156,315	\$ 153,302	\$ 114,776	\$ 909,987
Segment operating cash flow	\$ 139,357	\$ 49,099	\$ 61,978	\$ 2,734	\$ 253,168
Allocated amounts:					
Equity in net income of unconsolidated affiliates	6,695			8,334	15,029
License fees from unconsolidated					

affiliate					720	720
Depreciation and amortization	(24,187)	(9,066)	(26,053)	(6,249)	(65,555)	
Segment profit	\$ 121,865	\$ 40,033	\$ 35,925	\$ 5,539	203,362	
Unallocated amounts:						
Interest expense					(65,442)	
Acquisition intangible amortization					(31,043)	
Corporate expenses					(23,445)	
Other					2,875	
Consolidated income before taxes and extraordinary item					\$ 86,307	
Segment assets	\$ 713,375	\$ 700,767	\$ 137,706	\$ 85,671	\$1,637,519	
Corporate					176,682	
Consolidated assets					\$1,814,201	
Segment capital expenditures	\$ 10,417	\$ 9,203	\$ 13,067	\$ 7,920	\$ 40,607	
Corporate					992	
Consolidated capital expenditures					\$ 41,599	

</TABLE>

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<TABLE>
<CAPTION>

(IN THOUSANDS)	Publishing	Broadcast Television	Cable Television	Newsprint	Total
<S>	<C>	<C>	<C>	<C>	<C>
1996					
Consolidated revenues *	\$ 407,791	\$ 83,445	\$ 146,159	\$ 127,710	\$ 765,105
Segment operating cash flow	\$ 94,479	\$ 31,040	\$ 55,960	\$ 12,315	\$ 193,794
Allocated amounts:					
Equity in net income of unconsolidated affiliates	2,704			19,508	22,212
License fees from unconsolidated affiliate				1,397	1,397
Depreciation and amortization	(21,163)	(2,452)	(26,129)	(6,173)	(55,917)
Segment profit	\$ 76,020	\$ 28,588	\$ 29,831	\$ 27,047	161,486
Unallocated amounts:					
Interest expense					(21,267)
Acquisition intangible amortization					(7,826)
Corporate expenses					(22,357)
Other					(298)
Consolidated income before taxes					\$ 109,738
Segment assets	\$ 590,811	\$ 51,090	\$ 149,265	\$ 82,530	\$ 873,696
Corporate					151,788
Consolidated assets					\$1,025,484
Segment capital expenditures	\$ 4,877	\$ 2,269	\$ 11,733	\$ 6,504	\$ 25,383
Corporate					3,127
Consolidated capital expenditures					\$ 28,510

</TABLE>

* Intercompany revenues are less than 1% of consolidated revenues and have been eliminated.

NOTE 6: TAXES ON INCOME

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, ACCOUNTING FOR INCOME TAXES, which

requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this "liability" method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities by applying enacted statutory tax rates applicable to future years in which the differences are expected to reverse.

The Company's federal income tax returns through fiscal year 1993 have been examined and closed by the Internal Revenue Service. The Company's federal income tax returns for the years 1994 and 1995, and various state tax returns, are currently under examination by the IRS and state tax authorities, respectively. The results of these examinations are not expected to be material to the Company's results of operations, financial position or cash flows.

Significant components of income taxes are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998	1997	1996
<S>	<C>	<C>	<C>
CURRENT:			
Federal	\$ 38,702	\$ 32,683	\$ 35,143
State	7,544	5,341	5,830
	-----	-----	-----
	46,246	38,024	40,973
	-----	-----	-----
DEFERRED:			
Federal	(5,276)	(3,722)	(1,885)
State	(669)	(505)	152
	-----	-----	-----
	(5,945)	(4,227)	(1,733)
	-----	-----	-----
	\$ 40,301	\$ 33,797	\$ 39,240

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</TABLE>

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Temporary differences which give rise to significant components of the Company's deferred tax liabilities and assets at December 27, 1998, and December 28, 1997, are as follows:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998	1997
<S>	<C>	<C>
Deferred tax liabilities:		
Difference between book and tax bases of intangible assets	\$ 155,386	\$ 152,568
Tax over book depreciation	117,505	123,296
Other	17,743	19,447
	-----	-----
Total deferred tax liabilities	290,634	295,311
Deferred tax assets:		
Employee benefits	(39,469)	(39,688)
Other	(17,377)	(17,966)
	-----	-----
Total deferred tax assets	(56,846)	(57,654)
Deferred tax liabilities, net	233,788	237,657
Deferred tax assets included in other current assets	11,180	11,992
	-----	-----
Deferred tax liabilities	\$ 244,968	\$ 249,649

=====

</TABLE>

Reconciliation of income taxes computed at the federal statutory tax rate to actual income tax expense is as follows:

<TABLE>

<CAPTION>

(IN THOUSANDS)	1998	1997	1996
<S>	<C>	<C>	<C>
Income taxes computed at federal statutory tax rate	\$ 38,911	\$ 30,208	\$ 38,408
Increase (reduction) in income taxes resulting from:			
State income taxes, net of federal income tax benefit	4,469	3,143	3,888
Investment income -- unconsolidated affiliates	(2,622)	(3,557)	(2,150)
Amortization of excess cost (goodwill)	2,987	2,900	247
Life insurance plans	(1,905)	(1,625)	(1,772)
Other	(1,539)	2,728	619
	\$ 40,301	\$ 33,797	\$ 39,240

</TABLE>

Net of refunds, in 1998, 1997 and 1996, the Company paid income taxes of \$56.5 million, \$29.4 million and \$42.9 million, respectively.

NOTE 7: COMMON STOCK AND STOCK OPTIONS

Holders of the Class A common stock are entitled to elect 30% of the Board of Directors and, with the holders of Class B common stock, also are entitled to vote on the reservation of shares for stock awards and on certain specified types of major corporate reorganizations or acquisitions. Class B common stock can be converted into Class A common stock on a share-for-share basis at the option of the holder. Both classes of common stock receive the same dividends per share.

In January 1997, the Directors' Deferred Compensation Plan became effective for each non-employee member of the Board of Directors of the Company. The plan provides that each non-employee Director shall receive half of his or her annual compensation for services to the Board in the form of Deferred Stock Units (DSU); each Director additionally may elect to receive the balance of his or her compensation in cash or DSU. Other than dividend credits, deferred stock units do not entitle Directors to any rights due to a holder of common stock. DSU account balances may be settled as of the Director's retirement date by a cash lump-sum payment, a single distribution of common stock, or annual installments of either cash or common stock over a period of up to ten years. Expense recognized in both 1998 and 1997 under the plan was \$550,000.

Stock-based awards are granted to key employees in the form of nonqualified stock options and restricted stock under the 1995 Long-Term Incentive Plan (LTIP). The plan is administered by the Compensation Committee of the Board of Directors. Grant prices of stock options are determined by the Committee and shall not be less than the fair market value on the date of grant. Options are exercisable during the continued employment of the optionee but not for a period greater than ten years and not for a period greater than one year after termination of employment, and they become exercisable at the rate of one-third each year from the date of grant. Restricted stock is awarded in the name of each of the participants; these shares have all the rights of other Class A shares, subject to certain restriction and forfeiture provisions. In 1997, 91,000 shares were granted under the terms of the plan, 2,000 shares of which were forfeited by December 27, 1998. Restrictions on the shares expire no more than ten years after the date of award, or earlier if pre-established performance targets are met. The plan will continue until terminated by the Company.

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Options to purchase Class A common stock were granted to key employees under the 1976 and 1987 nonqualified stock option plans prior to the 1995 LTIP. The Company will not make any future awards under these plans and past awards are not affected. Options outstanding under the plans are exercisable during the continued employment of the optionee, but not for a period greater than ten years after the date of grant for options granted subsequent to the 1991 amendment to the 1987 plan and for a period of not greater than three years after termination of employment.

Restricted shares of the Company's Class A common stock were granted to certain key employees under the 1991 restricted stock plan. The Company will not make any future awards under the plan and past awards are not affected. At December 27, 1998, 26,425 shares granted in 1995 remain restricted under the terms of the plan. Shares were awarded in the name of each of the participants; these shares have all the rights of other Class A shares, subject to certain restrictions and forfeiture provisions. Restrictions on the shares expire no more than ten years after the date of the award, or earlier if certain performance targets are met.

Unearned compensation was recorded at the date of the restricted stock awards based on the market value of the shares. Unearned compensation, which is shown as a separate component of stockholders' equity, is being amortized to expense over a vesting period (not exceeding ten years) based upon expectations of meeting certain performance targets. The amount amortized to expense in 1998, 1997 and 1996 was \$1,050,000, \$1,843,000 and \$1,198,000, respectively.

In 1996, the Company adopted the disclosure-only provisions of SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION. As permitted by the provisions of SFAS No. 123, the Company continues to follow Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and related interpretations in accounting for its stock-based awards. Accordingly, since stock options are issued at fair market value on the date of grant, the Company does not recognize compensation cost related to its stock option plans.

The following information is provided solely in connection with the disclosure requirements of SFAS No. 123. If the Company had elected to recognize compensation cost related to its stock options granted in 1998, 1997 and 1996 in accordance with the provisions of SFAS No. 123, earnings per share would have declined \$0.05 (\$0.04 assuming dilution), \$0.03 and \$0.02 in 1998, 1997 and 1996, and pro forma net income (loss) and earnings (loss) per share would have been \$69,730,000, (\$11,452,000) and \$69,896,000; and \$2.62 (\$2.59 assuming dilution), (\$0.43) and \$2.63, respectively (per share amounts assuming dilution are identical unless otherwise indicated). The 1996 pro forma amounts are not indicative of future effects of applying the provisions of SFAS No. 123 since a three year vesting period is used to measure pro forma compensation expense and 1996 amounts reflect expense for two years of vesting. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1998, 1997 and 1996, respectively: risk-free interest rates of 5.61%, 6.54% and 5.57%; dividend yields of 1.45%, 1.57% and 1.75%; volatility factors of .287, .287 and .282; and an expected life of 8 years.

A summary of the Company's stock option activity, and related information for the years ended December 27, 1998, December 28, 1997 and December 29, 1996 follows:

<TABLE>
<CAPTION>

Options	1998		1997		1996	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding-beginning of year	1,049,097	\$ 26.68	1,066,722	\$ 25.59	1,038,511	\$ 24.68
Granted	122,000	46.38	144,500	31.44	130,400	31.81
Exercised	(112,560)	27.08	(131,024)	20.20	(88,621)	21.59
Forfeited	(2,334)	6.64	(31,101)	38.60	(13,568)	41.62
Outstanding-end of year	1,056,203	28.96	1,049,097	26.68	1,066,722	25.59
Price range at end of year	\$ 2 to \$46		\$ 2 to \$46		\$ 2 to \$46	
Price range for exercised shares	\$ 2 to \$46		\$ 2 to \$32		\$ 2 to \$32	
Available for grant at end of year	603,100		725,100		869,600	
Exercisable at end of year	799,388		789,300		814,622	
Weighted-average fair value of options granted during the year	\$ 17.68		\$ 12.47		\$ 11.44	

</TABLE>

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The following table summarizes information about stock options outstanding at December 27, 1998:

<TABLE>
<CAPTION>

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$ 2.50	13,300	*	\$ 2.50	13,300	\$ 2.50

15.75	43,830	**	15.75	43,830	15.75
18.81-20.19	301,400	3 years	19.62	301,400	19.62
27.63-31.81	452,173	7 years	29.96	317,358	29.29
32.50-46.50	245,500	***	42.36	123,500	38.39
	-----			-----	
2.50-46.50	1,056,203		28.96	799,388	25.86
	=====			=====	

</TABLE>

- (*) Exercisable during lifetime of optionee
- (**) Exercisable during the continued employment of the optionee and for a three-year period thereafter
- (***) Exercisable during the continued employment of the optionee and for a three-year period thereafter with the exception of 122,000 options which were issued on 1/28/98 for \$46.38 with a remaining contractual life of nine years

NOTE 8: RETIREMENT PLANS

The Company has adopted SFAS No. 132, EMPLOYERS' DISCLOSURES ABOUT PENSIONS AND OTHER POSTRETIREMENT BENEFITS. The Company has non-contributory defined benefit retirement plans which cover substantially all employees, and non-contributory unfunded supplemental executive retirement and ERISA excess plans which supplement the coverage available to certain executives. The Company also provides certain health and life insurance benefits for retired employees. The union employees at the Company's wholly owned newsprint mill participate in multi-employer defined benefit and defined contribution pension plans. The previously mentioned plans are collectively referred to as the "Plans."

The assumptions used in the measurement of the Company's benefit obligation are shown as follows:

<TABLE>
<CAPTION>

Weighted-average assumptions at end of year	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Discount rate	6.75%	7.25%	6.75%	7.25%
Expected return on plan assets	10.50%	10.50%	---	---
Rate of compensation increase	3.75%	4.25%	3.75%	4.25%

</TABLE>

For measurement purposes, a 9.25% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998. The rate was assumed to decrease gradually each year to a rate of 4.75% for 2007 and remain at that level thereafter.

With the passage of time, actual experience differs from the assumptions used in determining the Company's pension and postretirement benefit obligations. These differences, coupled with external economic factors, cause periodic revision of the assumptions. The effects of actual versus assumed experience, as well as changes in assumptions, give rise to actuarial gains and losses in the table that follows. These actuarial gains and losses represent both better than expected return on plan assets and other changes in assumptions and are recognized over the expected service period of active participants.

The following table provides a reconciliation of the changes in the Plans' benefit obligations and fair value of assets, and a statement of the funded status over the periods ended December 27, 1998, and December 28, 1997:

<TABLE>
<CAPTION>

(IN THOUSANDS)	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>

Change in benefit obligation:

Benefit obligation at beginning of year	\$ 198,792	\$ 171,794	\$ 32,705	\$ 30,439
Service cost	6,469	5,767	469	569
Interest cost	14,906	14,323	2,214	2,438
Participant contributions	---	---	290	284
Actuarial (gain)/loss	11,042	15,369	(365)	1,272
Acquisitions	---	1,669	---	---
Benefit payments	(11,052)	(10,130)	(2,665)	(2,297)
	-----	-----	-----	-----
Benefit obligation at end of year	220,157	198,792	32,648	32,705
	-----	-----	-----	-----
Change in plan assets:				
Fair value of plan assets at beginning of year	216,205	188,114	---	---
Actual return on plan assets	33,792	37,086	---	---
Acquisitions	---	1,534	---	---
Employer contributions	1,217	328	---	---
Benefit payments	(11,052)	(10,857)	---	---
	-----	-----	-----	-----
Fair value of plan assets at end of year	240,162	216,205	---	---
	-----	-----	-----	-----
Funded status:				
Plan assets greater than/(less than) benefit obligation	20,005	17,413	(32,648)	(32,705)
Unrecognized transition asset	(1,718)	(2,217)	---	---
Unrecognized prior-service cost	5,509	6,722	---	---
Unrecognized actuarial (gain)/loss	(51,744)	(48,662)	4,228	4,593
	-----	-----	-----	-----
Accrued benefit cost	\$ (27,948)	\$ (26,744)	\$ (28,420)	\$ (28,112)
	=====	=====	=====	=====

</TABLE>

The following table provides the components of net periodic benefit cost for the Plans for fiscal years 1998, 1997 and 1996:

<TABLE>
<CAPTION>

(IN THOUSANDS)	Pension Benefits			Other Benefits		
	1998	1997	1996	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Service cost	\$ 6,469	\$ 5,767	\$ 5,560	\$ 469	\$ 569	\$ 526
Interest cost	14,906	14,323	12,741	2,214	2,438	2,244
Expected return on plan assets	(19,285)	(17,679)	(15,768)	---	---	---
Amortization of transition asset	(499)	(499)	(499)	---	---	---
Amortization of prior-service cost	829	884	884	---	---	---
Amortization of net loss/(gain)	2	(261)	(505)	---	124	137
Multi-employer plans expense	589	678	627	---	---	---
	-----	-----	-----	-----	-----	-----
Net periodic benefit cost	\$ 3,011	\$ 3,213	\$ 3,040	\$ 2,683	\$ 3,131	\$ 2,907
	=====	=====	=====	=====	=====	=====

</TABLE>

The Company's policy is to fund benefits under the supplemental executive retirement, excess, and postretirement benefits plans as claims and premiums are paid. As of December 27, 1998, and December 28, 1997, the benefit obligation related to the supplemental executive retirement and ERISA excess plans included in the above tables was \$21.1 million and \$18.8 million, respectively.

Assumed health care cost rates have an effect on the amounts reported for the health care plans. A one percent change in assumed health care cost trend rates would have the following effects:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1% Increase	1% Decrease
<S>	<C>	<C>

Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$ 91	\$ (81)
Effect on the health care component of the accumulated postretirement benefit obligation	1,387	(1,193)

</TABLE>

The Company also sponsors a thrift plan covering substantially all employees. Company contributions represent a partial matching of participant contributions up to a maximum of 3.3% of the employee's salary. Contributions charged to expense under the plan were \$5.0 million, \$4.5 million and \$4.2 million in 1998, 1997 and 1996, respectively.

NOTE 9: OTHER

REVENUE RECOGNITION

Advertising revenue is recognized when advertisements are published or aired, or when related advertising services are rendered. Subscription revenue is recognized on a pro-rata basis over the term of the subscription. Newsprint revenue is recognized upon shipment of newsprint.

DEPRECIATION AND AMORTIZATION

Plant and equipment are depreciated, primarily on a straight-line basis, over their estimated useful lives which are generally 40 years for buildings and range from 3 to 20 years for machinery and equipment. Depreciation deductions are computed by accelerated methods for income tax purposes. Internal use software is amortized on a straight-line basis over its estimated useful life, not to exceed 5 years.

Excess of cost over fair value of net identifiable assets of acquired businesses through 1970 (approximately \$32 million) is not amortized unless there is evidence of diminution in value; such excess cost incurred after 1970 is being amortized by the straight-line method over periods not exceeding 40 years. FCC licenses and other intangibles are being amortized by the straight-line method over periods ranging from 3 to 40 years. Amortization of the excess of cost over fair value of net identifiable assets of acquired businesses and FCC licenses and other intangibles was \$34.3 million, \$31.1 million and \$7.9 million in 1998, 1997 and 1996, respectively.

Management periodically evaluates the recoverability of long-lived assets by reviewing current and projected profitability or cash flows of such assets.

INTEREST

In 1998, 1997 and 1996, the Company's interest expense was \$66 million, \$65.4 million and \$21.3 million, respectively, which is net of \$.2 million, \$1.8 million and \$.3 million of interest costs capitalized for those years. Interest payments made during 1998, 1997 and 1996, net of amounts capitalized, were \$65.3 million, \$62.2 million and \$23.3 million, respectively.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid investments with original maturities of three months or less whose carrying amount approximates fair value.

INVENTORIES

Inventories, principally raw materials, are valued at the lower of cost or market. The cost of raw material used in the production of newsprint is determined on the basis of average cost. The cost of newsprint inventories is determined on the first-in, first-out method.

OTHER CURRENT ASSETS

Other current assets included program rights of \$12.6 million and \$10.8 million at December 27, 1998, and December 28, 1997, respectively.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consisted of the following:

<TABLE>

<CAPTION>

(IN THOUSANDS)	1998	1997
<S>	<C>	<C>
Payroll	\$ 21,577	\$ 19,492
Program rights	20,317	17,944
Advances from unconsolidated newsprint affiliate	6,667	6,667
Unearned revenue	19,691	19,855
Other	37,795	34,232
Total	\$ 106,047	\$ 98,190

</TABLE>

LEASE OBLIGATIONS

The Company rents certain facilities and equipment under operating leases. These leases extend for varying periods of time ranging from one year to more than twenty years and in many cases contain renewal options. Total rental expense amounted to \$14.2 million in 1998, \$12.3 million in 1997 and \$11.8 million in 1996. Minimum rental commitments under operating leases with noncancelable terms in excess of one year are as follows: 1999 -- \$10.7 million; 2000 -- \$8.8 million; 2001 -- \$7.7 million; 2002 -- \$7.2 million; 2003 -- \$3.9 million; subsequent years -- \$6.1 million.

CONCENTRATIONS OF CREDIT RISK

Media General is a diversified communications company which sells products and services to a wide variety of customers located principally in the eastern United States. The Company's trade receivables result primarily from its publishing, broadcast television, cable television and newsprint operations. The Company routinely assesses the financial strength of significant customers, and this assessment, combined with the large number and geographic diversity of its customer base, limits its concentration of risk with respect to trade receivables.

EARNINGS PER SHARE

The following chart is a reconciliation of the numerators and the denominators of the basic and diluted per-share computations for income before extraordinary item, as presented in the Consolidated Statements of Operations.

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1998			1997			1996		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BASIC EPS									
Income available to common stock- holders before extraordinary item	\$ 70,874	26,579	\$ 2.67 =====	\$ 52,510	26,353	\$ 1.99 =====	\$ 70,498	26,273	\$ 2.68 =====
EFFECT OF DILUTIVE SECURITIES									
Stock options		245			169			179	
Restricted stock and other	(17)	90		(37)	172		(24)	120	
DILUTED EPS									
Income available to common stock- holders + assumed conversions	\$ 70,857	26,914	\$ 2.63	\$ 52,473	26,694	\$ 1.97	\$ 70,474	26,572	\$ 2.65

</TABLE>

COMMITMENTS AND CONTINGENCIES

Over the next seven years the Company is committed to purchase approximately \$36.6 million of program rights which currently are not available for broadcast, including programs not yet produced. If such programs are not produced the Company's commitment would expire without obligation. Additionally, the Company had commitments outstanding, at December 27, 1998, for capital expenditures under purchase orders and contracts of approximately \$15 million.

During 1997 and 1998, the Company entered into lease agreements whereby the owner would construct and own real estate facilities at a cost of up to \$100 million and lease the facilities to the Company for a term of up to 5 years. The Company occupied a portion of the facilities in the second quarter of 1998. The Company may cancel the leases by purchasing or arranging for the sale of the facilities. The Company has guaranteed recovery of a portion (88%) of the owner's cost. Such cost approximated \$45 million at December 27, 1998.

The Company entered into a stock redemption agreement in 1985, which was amended in 1988, and 1994, with the late D. Tennant Bryan, former Chairman

Emeritus of the Company. The amended agreement provides that Mr. Bryan's estate has the option to sell and the Company has a separate option to buy the lesser of (a) 15% of the Company's Class A stock owned by Mr. Bryan at his death and (b) a sufficient number of shares of Class A stock to fund estate taxes and certain other expenses. The purchase price for each share redeemable under the amended agreement is \$41.63. Both options expire in mid-1999. Should the Company or the estate exercise its option to buy or sell, the maximum cost to the Company of the redemption will approximate \$14 million.

MEDIA GENERAL, INC., MANAGEMENT STATEMENT

Primary responsibility for the integrity and objectivity of the Company's financial statements rests with Management. The financial statements report on Management's stewardship of Company assets. They are prepared in conformity with generally accepted accounting principles and accordingly include amounts that are based on Management's informed estimates and judgments. Nonfinancial information included in the annual report has also been prepared by Management and is consistent with the financial statements.

Media General, Inc., maintains an accounting system and related controls designed to provide reasonable assurance that there is proper authorization and accounting for all transactions, that financial records are reliable for preparing financial statements, and that assets are safeguarded against loss or unauthorized use. The system is supported by written policies and guidelines, a program of internal audit and the selection and training of qualified personnel.

The Audit Committee of the Board of Directors, which is composed solely of outside directors, meets periodically with Management, internal auditors and the independent auditors to review their respective activities and the discharge of their responsibilities.

Media General operates under a strict Code of Ethics that all employees are required to follow without exception. The Code requires ethical standards in all of the Company's relationships, including those with customers, suppliers and government agencies.

January 26, 1999

/s/ J. Stewart Bryan III

J. Stewart Bryan III
Chairman, President and
Chief Executive Officer

/s/ Marshall N. Morton

Marshall N. Morton
Senior Vice President
and Chief Financial Officer

REPORT OF INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS AND STOCKHOLDERS,
MEDIA GENERAL, INC.

We have audited the accompanying consolidated balance sheets of Media General, Inc., as of December 27, 1998, and December 28, 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended December 27, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Media General, Inc., at December 27, 1998, and December 28, 1997, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 27, 1998, in conformity with generally accepted accounting principles.

January 26, 1999
Richmond, Virginia

/s/ Ernst & Young LLP

MEDIA GENERAL, INC., FINANCIAL REVIEW AND MANAGEMENT ANALYSIS

This discussion addresses the principal factors affecting the Company's operations during the past three years and should be read in conjunction with the Company's financial statements and the Ten-Year Financial Summary which appear elsewhere in this report.

ACQUISITIONS AND DISPOSITIONS

In January 1998, the Company acquired, for approximately \$93 million, the assets of the Bristol Herald Courier (Bristol), a daily newspaper in southwestern Virginia, and two affiliated weekly newspapers. In July 1998, the Company acquired, for approximately \$40 million, the assets of the Hickory Daily Record (Hickory), a daily newspaper in northwestern North Carolina. In June of the same year, the Company completed the sale of its Kentucky newspaper properties for approximately \$24 million. Additionally, the Company sold certain commercial printing assets in October 1998.

In January 1997, the Company acquired Park Acquisitions, Inc., parent of Park Communications, Inc. (Park), which included ten network affiliated television stations, 28 daily newspapers and 82 weekly newspapers. The total consideration approximated \$715 million. In conjunction with the acquisition, the Company completed sales of certain of the former Park properties for approximately \$147 million and purchased new properties for approximately \$53 million. Additionally, in August 1997, the Company completed the exchange of WTVR-TV (Richmond, Virginia) for three other stations, WSAV-TV (Savannah, Georgia), WJTV-TV (Jackson, Mississippi) and WHLT-TV (Hattiesburg, Mississippi), in order to comply with the Federal Communication Commission's requirement that WTVR-TV be divested within one year of its January 1997 purchase date.

In August 1996, the Company acquired, for approximately \$38 million, the Danville Register & Bee (Danville), a daily newspaper in Virginia; in May 1996, the Company acquired a small provider of broadcast equipment and studio design services for television stations.

The aforementioned acquisitions were accounted for as purchases and accordingly, the operations of the acquired properties have been included in the Company's consolidated results of operations since their respective dates of purchase. See Note 2 to the accompanying consolidated financial statements for additional information regarding these acquisitions.

Subsequent to the end of the fiscal year, the Company announced the sale of its Montgomery, Alabama, television station. That transaction is expected to close later in 1999.

CONSOLIDATED OPERATING RESULTS

<TABLE>
<CAPTION>

(IN MILLIONS, EXCEPT PER SHARE DATA)	1998	Change from prior year	1997	Change from prior year	1996
	----	-----	----	-----	----
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 974.0	7%	\$ 910.0	19%	\$ 765.1
Operating Income	156.0	21	129.4	26	102.4
Net Income (Loss)	70.9	---	(10.5)*	---	70.5
Earnings (Loss) Per Share	2.67	---	(0.40)*	---	2.68
Earnings (Loss) Per Share - assuming dilution	2.63	---	(0.40)*	---	2.65

</TABLE>

* Includes extraordinary charge from early redemption of Park debt (\$63 million, net of an income tax benefit of \$38.6 million; \$2.39 per share, or \$2.37 per share - assuming dilution)

SEGMENT OPERATING RESULTS

Each segment's operating results include segment operating cash flow information in addition to revenues, operating expense and operating income. The segment operating cash flow amounts presented represent operating income plus depreciation and amortization. The Company believes the presentation of operating cash flow amounts is important for several reasons. First, fluctuations in depreciation and amortization from year to year are not

necessarily indicative of the underlying performance of a company. Second, the year-over-year change in operating cash flow can be a useful measure of performance and presents a meaningful indicator of results that may occur in future periods. Finally, acquisition values of communications and media businesses are often based on multiples of operating cash flow.

The following discussion of segment operating results is primarily focused on the year-over-year comparative performance of the Company excluding the operating impact of acquisitions, dispositions, and exchanges during the periods. For example, results from the former Park properties are included in the discussion below when comparing 1998 to the prior year, due to the January 1997 acquisition date which allows for meaningful comparative information between the years; however, Park results have been excluded for purposes of comparing 1997 to 1996. Other acquisitions and dispositions have been treated similarly. Additionally, operating income amounts vary from segment profit, as presented in Note 5 to the accompanying consolidated financial statements, because investment income from unconsolidated affiliates is not reflected within operating income as presented below. Instead, income from such affiliates is addressed on a separate basis within both the Publishing and Newsprint discussion.

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PUBLISHING

<TABLE>
<CAPTION>

(IN MILLIONS)	1998	Change from prior year	1997	Change from prior year	1996
	----	-----	----	-----	----
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 517.9	7%	\$ 485.6	19%	\$ 407.8
Operating Expense	386.1	4	370.4	11	334.5
Operating Income	131.8	14	115.2	57	73.3
Depreciation & Amortization	23.6	(2)	24.2	14	21.2
Segment Operating Cash Flow	155.4	12	139.4	48	94.5

</TABLE>

The preceding chart contains the operating results of the Publishing Segment, including recent acquisitions and dispositions. In 1998, Publishing Segment revenues and operating income increased \$10.3 million and \$4.6 million, respectively, over the prior year due to acquisitions (offset partially by dispositions). In 1997, Publishing Segment revenues increased \$53.1 million, and operating income rose \$14.3 million over 1996 as a direct result of acquisitions.

1998 COMPARED TO 1997

Excluding acquisitions and dispositions, Publishing Segment revenues improved \$22 million (5%) in 1998 over 1997. At the Company's three largest daily metropolitan newspapers, revenues rose \$14.4 million as a result of expanded lineage (up 2.4%) and higher advertising rates (up 2.9%). This increase was principally the result of strong performances in classified advertising (led by the employment category) and retail advertising (driven by preprints). Additionally, the Company's Virginia and North Carolina community newspapers produced a revenue increase of \$5 million over the prior year, primarily due to solid classified advertising.

Publishing Segment operating expense, excluding acquisitions and dispositions, increased \$10 million in 1998. Approximately half of this increase was attributable to a 6.2% rise in newsprint expense due to higher newsprint prices. Other contributing factors included a \$1.3 million rise in marketing and promotion cost, a \$1.7 million increase in facilities expense, and increased cost associated with new niche products.

Excluding acquisitions and dispositions, operating income for the Publishing Segment increased \$12 million (11%) in 1998 over the comparable 1997 amount. The improved operating results were principally due to robust advertising revenues, partially offset by increased newsprint expense.

Investment income earned from the Company's Denver Newspapers, Inc. (DNI), affiliate decreased \$3.3 million in 1998 from the previous year. This reduced income was primarily attributable to increased newsprint costs, principally due to higher prices. Additionally, increased advertising and circulation revenues only partially offset the associated rise in advertising and circulation expense in the intensely competitive Colorado market.

1997 COMPARED TO 1996

Excluding acquisitions, Publishing Segment revenues rose \$24.7 million (6%) in 1997. At the Company's metropolitan newspapers, advertising revenues increased \$20 million as a result of expanded linage (up 4.1%) combined with higher advertising rates (up an average of 3.4%). The year-over-year increase was principally attributable to strong performances in classified advertising, led by the employment and automotive categories, and in retail advertising. A small decrease in circulation revenues of 1.8%, resulting from a decline in circulation volume (down 2.3%) coupled with slightly higher average rates, was more than offset by the growth in general advertising revenues.

Publishing Segment operating expense, excluding acquisitions, decreased \$2.9 million in 1997 compared to 1996. This drop was attributable to a \$13.1 million reduction in newsprint expense, due to decreased cost per ton, partially offset by a \$2.4 million increase in employee compensation and benefit costs combined with a modest increase in depreciation expense. Additionally, certain other operating expenses increased, including approximately \$4.2 million in one-time costs incurred in 1997 related to re-engineering initiatives at several of the Segment's locations including the Company's Tampa, Florida, and Richmond, Virginia, daily newspapers.

Operating income for the Publishing Segment, excluding acquisitions, rose \$27.6 million in 1997. This growth came principally from increased revenues at the Company's metropolitan newspapers, particularly in classified and retail advertising, coupled with the substantial decline in newsprint expense.

Income earned from DNI increased \$5 million in 1997 over 1996 due to a \$4 million increase in the Company's share of DNI's net income applicable to common stockholders and a \$1 million increase in income from the Company's DNI preferred stock investment. DNI's improved results were attributable to solid advertising revenue growth coupled with reduced newsprint expense which, together, more than offset the effects of a modest decrease in circulation revenues and increases in other operating expenses.

BROADCAST TELEVISION

<TABLE>
<CAPTION>

(IN MILLIONS)	1998	Change from prior year	1997	Change from prior year	1996
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 170.8	9%	\$ 156.3	87%	\$ 83.4
Operating Expense	128.8	11	116.3	112	54.8
Operating Income	42.0	5	40.0	40	28.6
Depreciation & Amortization	9.3	3	9.1	270	2.4
Segment Operating Cash Flow	51.3	5	49.1	58	31.0

</TABLE>

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The preceding chart presents the operating results of the Broadcast Television Segment, including 1997 and 1996 acquisitions. As a direct result of those acquisitions, 1997 revenues and operating income increased \$77.3 million and \$15 million, respectively, over 1996.

1998 COMPARED TO 1997

Broadcast Television Segment revenues increased \$14.5 million in 1998, up 9% from 1997. This increase was due to strong political advertising revenues resulting from election primaries and the 1998 general elections combined with local and national issue-oriented advertising, as well as to solid local advertising revenues (led by the automotive and fast food categories). Together, these strong results more than offset weak national advertising revenues at the Company's largest station, WFLA-TV in Tampa. In addition, PCS, the Company's provider of equipment and studio design services, generated particularly strong revenues, up \$6.9 million, reflecting expanded broadcast equipment sales and increased studio design and sport facility projects.

Operating expense in the Broadcast Segment rose \$12.5 million in 1998. Approximately half of this rise was attributable to the increased cost of goods sold related to higher revenues produced by PCS during the current year. The remainder resulted from a 24% increase in programming costs, reflecting higher costs of existing programming and purchases of additional syndicated programming, and a 9% rise in overall employee compensation and benefits expense. The higher 1998 expense levels were anticipated as steps were initiated in 1997 to invigorate the performance of the stations acquired in that year. These steps included upgrading programming and equipment, increasing staff levels and competitively compensating personnel in conjunction with the repositioning and relaunching of virtually all of these stations. November rating books indicated increased audience share at seven of the nine relaunched

stations, reflecting the positive results achieved from these efforts.

Broadcast operating income increased \$2 million in 1998. The improvement was attributable to strong political and local advertising revenues, which more than offset increased programming, employee compensation and benefits expense.

1997 COMPARED TO 1996

Broadcast Television Segment revenues, excluding acquisitions, decreased \$4.4 million in 1997 from 1996. The decline was principally the result of soft national and political advertising revenues (the latter due to the absence of several 1996 national and local political issues), which were only partially offset by an increase in local advertising revenues (driven by the automotive category).

Broadcast Television Segment operating expense, excluding acquisitions, remained essentially flat in 1997. A modest increase in programming cost was partially offset by a small decrease in employee compensation and benefit expense.

Excluding acquisitions, Broadcast Television Segment operating income declined \$3.6 million in 1997. The drop was primarily attributable to reduced national and political advertising revenues, especially at the Company's Tampa station, WFLA-TV. The Company completed the transfer of the network affiliation at its Jacksonville station (WJWB-TV) from ABC to Warner Brothers in February 1997. As anticipated, WJWB-TV posted weak 1997 results. Conversely, the full-year impact of the network switch from ABC to NBC in August 1996 at the Company's WCBD-TV station in Charleston resulted in growth, but only partially compensated for WJWB-TV's reduced results.

CABLE TELEVISION

<TABLE>
<CAPTION>

(IN MILLIONS)	1998	Change from prior year	1997	Change from prior year	1996
	----	-----	----	-----	----
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 157.0	2%	\$ 153.3	5%	\$ 146.2
Operating Expense	122.4	4	117.4	1	116.3
Operating Income	34.6	(4)	35.9	20	29.9
Depreciation & Amortization	24.3	(7)	26.1	--	26.1
Segment Operating Cash Flow	58.9	(5)	62.0	11	56.0

</TABLE>

1998 COMPARED TO 1997

During 1998, the Company renewed the majority of its cable franchise agreements with several municipalities in northern Virginia for 15-year terms. As part of the June agreement with Fairfax County, the Company agreed not to raise subscriber rates for a period of one year. Although this rate increase moratorium affected the 1998 results of the Cable Television Segment, the long-term benefits of the agreement will override the short-term negative impact on the Company.

Despite the moratorium, revenues in the Company's Cable Television Segment rose \$3.7 million in 1998. The increase was attributable to the Company's Fairfax County, Virginia, cable system (Fairfax Cable), as a result of a 2.6% increase in the number of subscribers (to 241,600 at December 27, 1998), together with a combined average increase of 1.4% in basic and expanded subscriber rates over the prior year.

The Telecommunications Act of 1996 (1996 Act) eliminated rate regulation of cable services other than the basic service tier after March 31, 1999. The 1996 Act also removed previously applicable restrictions that had prevented most local telephone companies from offering cable services in the areas where they provide telephone services. This development and

the advent of wireless and direct broadcast satellite services have begun to increase competition in the areas served by the Company's cable systems. Among the strategic initiatives the Company is developing for its Fairfax Cable system is high speed data services (HSDS). The Company incurred modest expense during 1998 related to the initiation of HSDS, which was launched in the first quarter of 1999. The Company expects to incur operating losses related to this new business during the initial years of rollout, but believes the long-term revenue and profit streams will provide an excellent return on its investment. Additionally, the Company continues to explore possibilities in the commercial and residential telephone markets. The Company estimates that the capital

investment required for it to compete effectively in HSDS and telephony could exceed \$200 million over a ten-year period.

Cable Television Segment operating expense increased \$5 million in 1998. This increase was primarily attributable to a \$4.9 million rise in programming costs, due to higher contractual rates paid to program providers combined with the increased costs associated with the expansion of the subscriber base at Fairfax Cable.

Cable operating income declined \$1.3 million in 1998 from the earlier-year period. While Fairfax's growing subscriber base produced higher revenues, it also contributed to a rise in programming costs which the Segment could not fully absorb due to the rate increase moratorium. Subscriber rate increases are planned during the second half of 1999.

1997 COMPARED TO 1996

Revenues at the Company's Cable Television Segment rose \$7.1 million in 1997, up 5% from 1996. The increase was the result of a 3.4% rise in the number of subscribers (to 235,500 at December 28, 1997) at Fairfax Cable, together with a combined average increase of 5.4% in basic and expanded subscriber rates. These rate increases along with subscriber growth produced a 2.6% improvement in average revenue per subscriber (excluding pay-per-view).

Cable Television Segment operating expense remained essentially flat in 1997. An increase in programming costs more than offset reductions in compensation and employee benefit costs.

Cable Television Segment operating income improved \$6 million (20%) in 1997 from 1996. The increase was due principally to revenue growth at Fairfax Cable of \$7.1 million, up 5% in 1997 as a result of both rate and subscriber count increases. These subscriber count increases prompted a commensurate rise in programming costs, which was essentially offset by reduced compensation and employee benefits costs; this reduction reflected the benefit of the restructuring process implemented in 1996 at Fairfax Cable.

NEWSPRINT

<TABLE>
<CAPTION>

(IN MILLIONS)	Change from		Change from		1996
	1998	prior year	1997	prior year	
	----	-----	----	-----	----
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	\$ 128.3	12%	\$ 114.8	(10%)	\$ 127.7
Operating Expense	116.2	(2)	118.3	(3)	121.6
Operating Income (Loss)	12.1	--	(3.5)	--	6.1
Depreciation & Amortization	6.7	8	6.2	1	6.2
Segment Operating Cash Flow	18.8	--	2.7	(78)	12.3

</TABLE>

1998 COMPARED TO 1997

Newsprint Segment revenues increased \$13.5 million (12%) in 1998, reflecting the improved results of the Company's Garden State Paper (Garden State) newsprint mill, located in Garfield, New Jersey. This increase resulted from a 6.8% rise in the average realized selling price per ton, combined with a 4% increase in tons sold. Newsprint selling prices gradually rose throughout 1997 and continued to show modest increases during 1998, such that the average realized price rose from \$488 per ton in 1997 to \$522 per ton in the current year.

Newsprint Segment operating expense dropped \$2.1 million in 1998. This favorable decrease was the result of production efficiencies. The most significant of these was a 13% decline in energy expense, due to both a shift to purchasing natural gas in the competitively-priced open market as well as a mild 1998 winter, and an 18% decrease in chemical expense. These cost reductions were only partially offset by a 10% rise in the cost of Garden State's principal raw material, recovered newspapers (ONP), which was due to both increased consumption and demand-driven price increases.

Newsprint operating income rose \$15.6 million, rebounding from a loss of \$3.5 million in 1997 to income of \$12.1 million in 1998. The significant increase resulted from a \$34 increase in average realized selling price per ton in the current year over the comparable prior-year period, coupled with reduced chemical and energy costs.

The Company's investment income from its Southeast Paper Manufacturing Company (SEPCO) newsprint affiliate increased \$4.5 million (54%) in 1998 from the comparable 1997 amount. SEPCO's revenues rose 4.3% as a result of a 6.4% rise in the average realized selling price, which more than offset the effect of a 2.3% decrease in tons sold.

Newsprint Segment revenues declined \$12.9 million (10%) in 1997, reflecting the results of the Company's Garden

State Paper newsprint mill. The decline was attributable to a 14.5% decrease in the average realized selling price per ton, partially offset by a 5.1% rise in tons sold. Average realized newsprint selling price fell from \$572 per ton in 1996 to \$488 per ton in 1997. However, the market showed continued improvement throughout 1997, as evidenced by a 7% average selling price increase from \$456 per ton during the first quarter of 1997 to the above-mentioned \$488 per ton for the full year.

Newsprint Segment operating expense decreased \$3.3 million in 1997 from the comparable 1996 amount due primarily to a \$3.7 million (15%) drop in ONP cost. The average cost of ONP in 1997 was \$73 per ton, down 16% from 1996's \$87 per ton due to lower market demand for ONP during 1997. The decline in ONP cost together with decreases of \$1.1 million in maintenance costs, due mainly to improved production and decreased downtime, and \$.7 million in energy expense, attributable to lower average fuel prices during the year, more than offset a \$1.9 million increase in the cost of chemicals used to enhance the quality of newsprint produced.

The Newsprint Segment produced an operating loss of \$3.5 million in 1997, a sharp contrast to the \$6.1 million income posted in 1996. The decline resulted from an \$84 decrease in average realized selling price per ton as compared to the preceding year, partially offset by a drop in ONP expense. During 1997, as newsprint consumption increased, the Company's average realized newsprint selling price per ton rose and, in the fourth quarter of 1997, began to exceed equivalent 1996 levels.

The Company's share of the operating results of SEPCO decreased \$11.2 million in 1997 from 1996. Despite a 5.6% increase in tons sold, revenues declined 11.2% as a result of a decrease in SEPCO's average realized newsprint selling price to \$492 per ton in 1997 from \$583 per ton in 1996.

INTEREST EXPENSE

Interest expense of \$66 million in 1998 was essentially even with 1997. Interest expense in 1997 increased \$44.2 million over 1996 primarily due to a \$654 million rise in average debt outstanding during 1997 as a result of acquisitions made in that year. The effective interest rate during each year was just under 7%.

The Company's interest expense is affected by changes in short-term interest rates, primarily changes in LIBOR on the debt outstanding under its revolving credit facility. However, the Company limits the effects of interest rate changes through the use of interest rate swap agreements (see Note 4 to the accompanying consolidated financial statements). If short-term interest rates were to be either higher or lower by one percentage point throughout 1999 and the Company's interest rate swap agreements and long-term debt levels were consistent with 1998, the Company's interest expense and income before taxes would change by less than \$900,000. This amount is determined by considering the impact of the hypothetical interest rates on the Company's borrowing cost, short-term investment balances, and interest rate swap agreements.

PROVISION FOR INCOME TAXES

The Company's effective tax rate was 36.25% in 1998, down from 39.2% (excluding the extraordinary item) in 1997, but up slightly compared to 35.8% in 1996. The decline in effective tax rate in the current year from the prior year was principally the result of a favorable settlement of a state tax examination, while the rise in 1997 was due to a higher proportion of nondeductible intangible asset amortization related to 1997 acquisitions. 1998 income tax expense rose \$6.5 million (19%) over the prior year on a pretax earnings increase of \$24.9 million (29%). Conversely, income tax expense declined \$5.4 million (14%) in 1997 from 1996 on a pretax earnings decrease of \$23.4 million (21%). See Note 6 to the accompanying consolidated financial statements for additional information regarding income taxes.

NET INCOME

Net income for 1998 was \$70.9 million (\$2.67 per share, or \$2.63 per share - assuming dilution) compared to \$52.5 million (\$1.99 per share, or \$1.97 per share - assuming dilution) in 1997, excluding that year's extraordinary item. This \$18.4 million (35%) increase in net income was primarily due to robust Newsprint Segment profits which rose to more than four times their prior-year level, combined with solid contributions from the Publishing Segment which posted an 11% year-over-year profit improvement. Partially offsetting the

segment operating income growth was a moderate increase in intangible amortization expense, a result of the Bristol and Hickory acquisitions, and in Corporate expense, due to personnel and other costs related to the implementation of new company-wide financial, benefit plan and human resource systems. The significant growth of the Company over the past few years and the need for better information has occasioned these infrastructure investments, as well as the addition of resources necessary to support them.

The Company incurred a net loss of \$10.5 million (\$.40 per share; both basic and assuming dilution) in 1997 as the result of a \$63 million charge, net of an income tax benefit of \$38.6 million, (\$2.39 per share, or \$2.37 per share - assuming dilution) related to the redemption of Park's high coupon debt in February 1997. Excluding this extraordinary item, net income declined from \$70.5 million in 1996 to \$52.5 million in 1997. Net income fell \$18 million (\$23 million pretax) in 1997 due primarily to declining Newsprint Segment results which were down \$21.5 million. Increases in interest expense (\$44.2 million) and amortization expense (\$23.2 million) related to acquisitions slightly more than offset segment operating profit increases in other business segments. The Publishing and Cable Segments had particularly strong performances, posting year-over-year segment profit increases of 60% and 20%, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Funds generated by operating activities during 1998 totaled \$140.3 million, up \$20.9 million from 1997. The increase was due to a rise in net income (adjusted for the extraordinary item) combined with a \$5 million distribution from SEPCO, partially offset by an increase in funds used for working capital. Funds generated from operating and financing activities, coupled with proceeds from the sale of the Kentucky properties, supplied the \$133 million used for the acquisition of Bristol and Hickory, the \$49 million for capital expenditures and the \$15 million for the payment of dividends to stockholders.

Total debt outstanding at December 27, 1998, was \$928.1 million, up \$28 million from the year-ago level of \$900.1 million. This increase was attributable to \$133 million in borrowings related to the 1998 acquisitions of Bristol and Hickory, coupled with increased income tax payments. A substantial portion of the 1998 borrowings were repaid by the end of 1998 with funds generated from operations along with proceeds from the sale of the Company's Kentucky newspapers. At December 27, 1998, the Company had \$350 million in unused credit lines available from its committed \$1.2 billion revolving credit facility which has commitment reductions of 25% at the end of both 2001 and 2002, and expires in 2003.

The Company anticipates that internally generated funds provided by operations, together with existing credit facilities, will be more than adequate to finance other possible acquisitions, projected capital expenditures, dividends to stockholders, and working capital needs in 1999. Additionally, the Company anticipates receiving a \$53.2 million principal and dividend payment on its preferred stock investment in Denver Newspapers, Inc., by June 30, 1999, that security's mandatory redemption date.

YEAR 2000

The Company continues to address issues regarding the transition to the Year 2000 through a specially created task force comprised of corporate, divisional and operating unit personnel. The project has been divided into five phases: 1) identification/analysis, 2) plan development/scheduling, 3) remediation, 4) testing/integration, and 5) monitoring/continuous improvement. The Company made significant strides in all phases during 1998 and has substantially completed the first two phases for both information systems and operating systems with embedded technology. All phases are expected to be completed by the third quarter of 1999.

Inherent in all phases is assessing the Year 2000 compliance of key suppliers and customers. The Company has initiated formal communications with these parties and most have indicated that there should be no disruption in their relationships with us. However, the Company cannot assure timely compliance of third parties and therefore could be adversely affected by failure of a significant third party to become Year 2000 compliant.

Amounts expended exclusively to ensure Year 2000 compliance continue to be funded by cash flow from operations and have not had, nor are they expected to have, a material impact on the Company's financial position, results of operations or cash flows. If the Company does not successfully complete significant portions of its Year 2000 project, its financial condition could be adversely impacted; the Company does not consider the possibility of such an occurrence to be reasonably likely. While the Company believes its existing business recovery plans are adequate to address reasonably likely Year 2000 issues, the Company has a separate initiative underway to revise its business recovery plans. This initiative is much broader than the Year 2000 project but will certainly consider Year 2000 issues.

With the integration of its two recently acquired newspapers, the relaunching of nine of its broadcast stations, and the renewal of its cable franchises, the Company laid the groundwork in 1998 for its continued success. Although there has been recent softness in some categories of newspaper advertising and continued weakness in national television advertising revenues, most major economic trends remain favorable. The mid-1999 lapse of the rate increase moratorium will enable the Cable Segment to resume more traditional rates of growth, and the rollout of HSDS should offer increased revenue opportunities. Despite the newsprint market's supply and demand factors, which may not facilitate favorable pricing levels in the near term, the Company expects 1999 to be another good year.

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MEDIA GENERAL, INC.

QUARTERLY REVIEW

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
1998				
Revenues	\$ 234,681	\$ 251,162	\$ 236,812	\$ 251,323
Operating income	32,722	44,038	33,953	45,317
Net income	12,745	21,541	14,455	22,133
Net income per share	0.48	0.81	0.54	0.83
Net income per share - assuming dilution	0.47	0.80	0.54	0.82
Shares traded	3,030	2,087	2,127	1,947
Stock price range	\$ 40.94-50.50	\$ 43.75-52.50	\$ 40.50-52.00	\$ 33.88-50.63
Quarterly dividend paid	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14
1997				
Revenues	\$ 216,145	\$ 229,426	\$ 221,975	\$ 242,441
Operating income	24,802	34,325	28,481	41,837
Income before extraordinary item	8,233	13,890	10,565	19,822
Extraordinary item	(63,000)	---	---	---
Net income (loss)	(54,767)	13,890	10,565	19,822
Net income per share before extraordinary item	0.31	0.53	0.40	0.75
Net income per share before extraordinary item - assuming dilution	0.31	0.52	0.39	0.75
Net income (loss) per share	(2.08)	0.53	0.40	0.75
Net income (loss) per share - assuming dilution	(2.06)	0.52	0.39	0.75
Shares traded	2,761	2,978	2,498	1,876
Stock price range	\$ 29.38-32.75	\$ 28.38-35.25	\$ 34.50-40.00	\$ 37.25-44.63
Quarterly dividend paid	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.14

</TABLE>

- o Media General, Inc., Class A common stock is listed on the American Stock Exchange under the symbol MEG.A. The approximate number of equity security holders of record at February 28, 1999, was: Class A common - 2,278, Class B common - 12.
- o First quarter 1997 results include an extraordinary item of \$63 million, net of a tax benefit of \$39 million, (\$2.39 per share, or \$2.37 per share - assuming dilution) representing the debt prepayment premium and the write-off of associated debt issuance costs related to the redemption of debt assumed in the January 1997, acquisition of Park.
- o During the fourth quarter 1997, the Company received updated appraisal information related to the Park acquisition which principally resulted in adjustments to intangible assets, deferred taxes and the effective income tax rate. Values assigned by the appraisal to identifiable intangible assets increased and excess of cost over fair value decreased while total appraised value remained unchanged.

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MEDIA GENERAL, INC., TEN-YEAR FINANCIAL SUMMARY
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Certain of the following data were compiled from the consolidated financial statements of Media General, Inc., and should be read in conjunction with those statements and the financial review and management analysis which appear elsewhere in this report.

<TABLE>
<CAPTION>

	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>
Summary of Operations				
OPERATING REVENUES	\$ 973,978	\$ 909,987	\$ 765,105	\$ 707,766
NET INCOME (LOSS)	\$ 70,874	\$ (10,490)	\$ 70,498	\$ 53,232
Adjustments to reconcile to operating cash flow:				
Extraordinary item (a)	---	63,000	---	---
Gain on sale of Garden State Newspapers investment	---	---	---	---
Cumulative effect of changes in accounting principles (b)	---	---	---	---
Investment (income) loss - unconsolidated affiliates	(22,193)	(21,037)	(27,188)	(19,034)
Other, net	999	(1,267)	(1,381)	(5,204)
Interest expense	66,049	65,442	21,267	15,522
Income taxes	40,301	33,797	39,240	28,477
Operating income (c)	156,030	129,445	102,436	72,993
Depreciation and amortization	100,201	98,316	64,951	60,590
Operating cash flow	\$ 256,231	\$ 227,761	\$ 167,387	\$ 133,583
Per Share Data: (a) (b)				
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles	\$ 2.67	\$ 1.99	\$ 2.68	\$ 2.04
Extraordinary item	---	(2.39)	---	---
Cumulative effect of changes in accounting principles	---	---	---	---
Net income (loss)	\$ 2.67	\$ (0.40)	\$ 2.68	\$ 2.04
Per Share Data - assuming dilution: (a) (b)				
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles	\$ 2.63	\$ 1.97	\$ 2.65	\$ 2.01
Extraordinary item	---	(2.37)	---	---
Cumulative effect of changes in accounting principles	---	---	---	---
Net income (loss)	\$ 2.63	\$ (0.40)	\$ 2.65	\$ 2.01
Other Financial Data:				
Total assets	\$ 1,917,346	\$ 1,814,201	\$ 1,025,484	\$ 1,016,743
Working capital	29,129	34,716	13,373	22,938
Capital expenditures	49,480	41,599	28,510	29,076
Total debt	928,101	900,140	276,318	327,235
Cash dividend per share	0.56	0.53	0.50	0.48

</TABLE>

(a) In 1997 the Company incurred a loss of \$63 million (net of a tax benefit of \$38.6 million), representing the debt prepayment premium and write-off of associated debt issuance costs related to the redemption of debt assumed in the January 1997, Park acquisition.

(b) Includes the recognition, at the beginning of fiscal 1992, of the accumulated postretirement benefit obligation related to prior service costs of \$22.8 million (\$14.4 million after-tax; \$0.55 per share, basic and assuming dilution) as the cumulative effect of a change in accounting principle for the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than

Pensions" and the adoption of Financial Accounting Standards No. 109, "Accounting for Incomes Taxes" which increased 1992 net income by \$15.1 million (\$0.58 per share, basic and assuming dilution), which represented the net decrease in the Company's deferred tax liability at that date.

- (c) Operating income includes the following pretax special charges: 1991 - \$11.3 million for early retirement program and newspaper merger costs; 1989 - \$10.3 million for the write-off of unrecovered costs related to a lawsuit against William B. Tanner and others.

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<TABLE>

<CAPTION>

	1994	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations						
OPERATING REVENUES	\$ 626,247	\$ 600,824	\$ 577,659	\$ 585,900	\$ 613,667	\$ 595,132
NET INCOME (LOSS)	\$ 117,009	\$ 25,708	\$ 19,000	\$ (62,091)	\$ 25,480	\$ 20,720
Adjustments to reconcile to operating cash flow:						
Extraordinary item (a)	---	---	---	---	---	---
Gain on sale of Garden State Newspapers investment	(91,520)	---	---	---	---	---
Cumulative effect of changes in accounting principles (b)	---	---	(687)	---	---	---
Investment (income) loss - unconsolidated affiliates	(2,935)	990	4,926	75,640	1,303	(10,562)
Other, net	789	(835)	(6,131)	(2,659)	(814)	(684)
Interest expense	16,948	21,274	17,559	16,056	19,831	25,385
Income taxes	25,960	13,166	7,946	9,395	18,025	9,280
Operating income (c)	66,251	60,303	42,613	36,341	63,825	44,139
Depreciation and amortization	55,450	56,847	54,550	49,943	47,547	45,635
Operating cash flow	\$ 121,701	\$ 117,150	\$ 97,163	\$ 86,284	\$ 111,372	\$ 89,774
Per Share Data: (a) (b)						
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles	\$ 4.50	\$ 0.99	\$ 0.70	\$ (2.40)	\$ 0.99	\$ 0.80
Extraordinary item	---	---	---	---	---	---
Cumulative effect of changes in accounting principles	---	---	0.03	---	---	---
Net income (loss)	\$ 4.50	\$ 0.99	\$ 0.73	\$ (2.40)	\$ 0.99	\$ 0.80
Per Share Data - assuming dilution: (a) (b)						
Income (loss) before extraordinary item and cumulative effect of changes in accounting principles	\$ 4.45	\$ 0.98	\$ 0.70	\$ (2.40)	\$ 0.98	\$ 0.80
Extraordinary item	---	---	---	---	---	---
Cumulative effect of changes in accounting principles	---	---	0.03	---	---	---
Net income (loss)	\$ 4.45	\$ 0.98	\$ 0.73	\$ (2.40)	\$ 0.98	\$ 0.80
Other Financial Data:						
Total assets	\$ 787,165	\$ 745,242	\$ 787,425	\$ 762,311	\$ 775,944	\$ 782,657
Working capital	14,833	9,551	9,657	3,668	21,333	62,210
Capital expenditures	56,919	32,837	92,319	115,383	73,686	69,117
Total debt	173,144	262,550	321,487	277,428	235,266	275,928
Cash dividend per share	0.44	0.44	0.44	0.44	0.44	0.42

</TABLE>

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Subsidiaries of the Registrant

Listed below are the major subsidiaries of the Company, including equity investees, each of which is in the consolidated financial statements of the Company and its Subsidiaries, and the percentage of ownership by the Company (or if indented, by the subsidiary under which it is listed). Subsidiaries omitted from the list would not, if aggregated, constitute a significant subsidiary:

<TABLE>

<CAPTION>

Name of Subsidiary -----	Jurisdiction of Incorporation -----	Securities Ownership -----
<S>	<C>	<C>
Denver Newspapers, Inc.	Delaware	40%
Garden State Paper Company, Inc.	Virginia	100%
Media General Business Communications, Inc.	Virginia	100%
Media General Cable of Fairfax County, Inc.	Virginia	100%
Media General Cable of Fredericksburg, Inc.	Virginia	100%
Media General Communications, Inc.	Delaware	100%
Media General Newspapers, Inc.	Delaware	100%
Media General Broadcasting, Inc.	Virginia	100%
MG Broadcasting of Birmingham, Inc.	Alabama	100%
Media General Broadcasting of Montgomery, Inc.	Alabama	100%
Media General Financial Services, Inc.	Virginia	100%
Mega Advertising, Inc.	Virginia	100%
NES II, Inc.	Virginia	100%
Piedmont Publishing Company, Inc.	North Carolina	100%
Richmond Newspapers, Inc.	Virginia	100%
The Tribune Company	Florida	100%
Virginia Newspapers, Inc.	Virginia	100%
Virginia Paper Manufacturing Corp.	Virginia	100%
Southeast Paper Manufacturing Co. (Partnership)	Georgia	33.33%

</TABLE>

Consent of Independent Auditors

The Board of Directors and Stockholders
Media General, Inc.

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Media General, Inc., of our report dated January 26, 1999, included in the 1998 Annual Report to Stockholders of Media General, Inc.

Our audits also included the financial statement schedule of Media General, Inc., listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements of our report dated January 26, 1999, with respect to the consolidated financial statements of Media General, Inc., incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Media General, Inc., included in this Annual Report (Form 10-K) of Media General, Inc., for the fiscal year ended December 27, 1998.

REGISTRATION STATEMENT NUMBER	DESCRIPTION
2-56905	Form S-8
33-29478	Form S-8
33-23698	Form S-8
33-26853	Form S-8
33-52472	Form S-8
333-16731	Form S-8
333-16737	Form S-8
333-69527	Form S-8

Ernst & Young LLP

Richmond, Virginia
March 24, 1999

<TABLE> <S> <C>

<ARTICLE>

5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MEDIA GENERAL, INC.'S CONSOLIDATED CONDENSED BALANCE SHEETS AND CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<S>

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<PERIOD-TYPE>

Year

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<PERIOD-END>

DEC-27-1998

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<DEPRECIATION>

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<CURRENT-LIABILITIES>

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