

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 12 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report: April 1, 2002

Commission File Number 1-6227

LEE ENTERPRISES, INCORPORATED

(Exact name of Registrant as specified in its charter)

Delaware

42-0823980

(State of Incorporation)

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

215 N. Main Street, Davenport, Iowa 52801

(Address of Principal Executive Offices)

(563) 383-2100

Registrant's telephone number, including area code

ITEM 2. Acquisition or Disposition of Assets

On April 1, 2002 (the "Closing Date") the Registrant completed the acquisition of all of the outstanding capital stock of Howard Publications, Inc., a Delaware corporation ("Howard") (the "Purchase"). Howard publishes, directly or through its fifty (50%) percent-owned subsidiary, Sioux City Newspapers, Inc., sixteen (16) daily newspapers and several specialty publications.

The Registrant paid the stockholders of Howard \$749,000,000 (the "Purchase Price") in cash pursuant to the terms of an Acquisition Agreement by and among the Registrant, Howard, Howard Energy Co., Inc. and the stockholders of Howard named therein dated February 11, 2002 and First Amendment thereto dated March 29, 2002 (collectively, the "Agreement"). The transaction is valued at approximately \$694,000,000 after taking into account \$50,000,000 of cash on the Howard balance sheet to be retained by the Registrant, and other adjustments.

The Purchase Price was determined as a result of arms-length negotiations between unrelated parties.

The Agreement provides that the Purchase Price is subject to adjustment by an amount equal to the difference between the Closing Working Capital of Howard as of the day preceding the Closing Date and the Working Capital on October 31, 2001. The Purchase Price is further subject to adjustment for certain agreed-upon cash balances to be retained by Howard at the Closing Date, the excess, if any, of which is to be paid to the stockholders of Howard within ten (10) days following the Closing Date. The Closing Working Capital will be determined by the Registrant within ninety (90) days after the Closing Date and, subject to the concurrence of the stockholders of Howard, the adjustment to the Purchase Price reflected thereby will be paid by the appropriate party within one hundred and twenty (120) days after the Closing Date. Any objections to the Registrant's determination of the Closing Working Capital and resultant adjustments to the Purchase Price will be determined by an independent accounting firm, whose determination will be conclusive and binding.

In the Agreement, certain Howard stockholders made various representations and warranties as to the Acquired Companies and other matters customarily found in transactions of such nature and magnitude. The representations and warranties of such Howard stockholders are secured for varying amounts pursuant to an Escrow Agreement between the Registrant and the indemnifying Howard stockholders, which will be administered by Wells Fargo Bank

Iowa, N.A., as Escrow Agent.

The description of the Purchase and the terms of the Agreement and Escrow Agreement contained herein are qualified in their entirety by reference to the Agreement, which is filed as an exhibit hereto.

The Registrant paid the Purchase Price and expenses related to the transaction from \$435,000,000 of available funds, including proceeds from the sale of its broadcast properties, which was substantially completed in October 2000, \$50,000,000 of cash retained by Howard pursuant to the Agreement, and Revolving Loans under the terms of a five year, \$350,000,000 Credit Agreement dated as of March 28, 2002 among the Registrant, Bank of America, N.A. ("BofA"), as Administrative Agent, and the other lenders party thereto. The initial interest rate of the Revolving Loans is, at the option of the Registrant, LIBOR plus 1.25% or a Base Rate equal to the greater of the Federal Funds Rate plus 0.5% or the BofA Prime Rate. The Credit Agreement contains covenants, including interest coverage and leverage ratios, which are not expected to be restrictive to normal operations or historical amounts of stockholder dividends. The foregoing description of the terms of the Credit Agreement contained herein is qualified in its entirety by reference to the Credit Agreement, which is filed as an exhibit hereto.

In connection with the announcement of the completion of the Purchase, the Registrant issued the following news release.

NEWS RELEASE

Lee Enterprises completes acquisition of 17 newspapers

DAVENPORT, Iowa (April 1, 2002) -- Lee Enterprises, Incorporated (NYSE: LEE), today completed the purchase of 16 daily newspapers from Howard Publications, including one that is jointly owned. Also effective today, Lee gained a half interest in another daily newspaper through its affiliate in Madison, Wis.

The acquisitions raise Lee's daily circulation by more than 75 percent, to more than 1.1 million daily in 45 newspapers across 18 states.

"The strong, common thread among all these incoming newspapers is that they're just like the rest of Lee," said Mary Junck, chairman and chief executive officer. "They're all intensely local. They all serve solid markets that aren't too big. And they all bring well-earned reputations for innovation and growth. In other words, they fit our strategy exactly, and that strategy is to continue building Lee as the pre-eminent newspaper group serving midsize markets."

Junck said Lee plans to transfer its successful advertising and circulation sales programs to the incoming newspapers, as well as intensify initiatives for online growth and niche publications. "The rest of Lee will benefit in turn," she added, "as the new papers have already begun sharing their own long lists of best practices."

Lee's purchase of the Howard stock is valued at \$694 million. Lee paid \$435 million in cash with the remainder in bank borrowing. The purchase, announced in February, is expected to be accretive to earnings per share by 15 cents in the first full fiscal year, beginning Oct. 1, 2002.

The Howard newspapers have daily circulation of 479,000. They are: North County Times, Oceanside and Escondido, Calif; The Times, Munster, Ind.; Sioux City Journal, Sioux City, Iowa (jointly owned with The Hagadone Corporation); Waterloo Courier, Waterloo, Iowa; The Post-Star, Glens Falls, N.Y.; Casper Star-Tribune, Casper, Wyo.; The Times-News, Twin Falls, Idaho; The Daily News, Longview, Wash.; The Times and Democrat, Orangeburg, S.C.; The Journal-Standard, Freeport, Ill.; The Sentinel, Carlisle, Pa.; The Leader, Corning, N.Y.; The Citizen, Auburn, N.Y.; the Journal Gazette, Mattoon, Ill.; the Times-Courier, Charleston, Ill., and The Ledger-Independent, Maysville, Ky.

In another transaction that closed today, Central Wisconsin Newspapers, Inc., a wholly owned subsidiary of Madison Newspapers, Inc., which is 50 percent owned by Lee, acquired the Daily Citizen, a 10,250-circulation daily in Beaver Dam, Wis. The purchase includes two weekly newspapers and five specialty publications. The acquisition, announced in March, extends the reach of the Madison Newspapers cluster to nearly one million readers across 17 counties in central Wisconsin.

Lee Enterprises is based in Davenport, Iowa. In addition to the daily newspapers, Lee also operates nearly 200 weekly newspapers, shoppers and specialty publications, along with associated online services. Its stock is traded on the New York Stock Exchange under the symbol LEE. More information is available at www.lee.net.

The Private Securities Litigation Reform Act of 1995 provides a "Safe Harbor" for forward-looking statements. This release contains information that may be deemed forward-looking and that is based largely on the Company's current expectations and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties are changes in advertising demand, newsprint prices, interest rates, labor costs, legislative and regulatory rulings and other results of operations or financial conditions, difficulties in integration of acquired business or maintaining employee and customer relationships and increased capital and other costs. The words "may," "will," "would," "could," "believes," "expects," "anticipates," "intends," "plans," "projects," "considers" and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this release. The Company does not publicly undertake to update or revise its forward-looking statements.

Contact: dan.hayes@lee.net, (563) 383-2163

ITEM 5. Other Events and Regulation FD Disclosure

Under the terms of the Registrant's 1998 Note Purchase Agreement (the "1998 Agreement") the Registrant was required to repay the outstanding balance of \$161,800,000 on October 1, 2002 unless the Registrant reinvested the net proceeds of the sale of its broadcast operations or obtained a waiver or amendment of that provision of the 1998 Agreement. The Purchase satisfies the conditions of the Registrant's 1998 Agreement with regard to reinvestment of the net proceeds of the sale of broadcast operations. If repayment had been required, a substantial prepayment penalty would have also been required, based upon interest rates in effect at that time.

ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Businesses Acquired

To be filed by amendment not later than 60 days after the date that the initial report on Form 8-K must be filed.

(b) Pro Forma Financial Information

To be filed by amendment not later than 60 days after the date that the initial report on Form 8-K must be filed.

(c) Exhibits:

- 2.1 Acquisition Agreement by and among Lee Enterprises, Incorporated, Howard Publications, Inc., Howard Energy Co., Inc. and the stockholders of Howard Publications, Inc. named therein dated February 11, 2002 and First Amendment thereto dated March 29, 2002.
- 2.2 Escrow Agreement by and among Lee Enterprises, Incorporated, the HPI Indemnifying Stockholders listed on Schedule I attached thereto, and Wells Fargo Bank Iowa, N.A. as Escrow Agent dated as of April 1, 2002.
- 99 Credit Agreement among Lee Enterprises, Incorporated, Bank of America, N.A., as Administrative Agent, and the other lenders party thereto dated as of March 28, 2002.

SIGNATURES

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

LEE ENTERPRISES, INCORPORATED

Date: April 1, 2002

/s/ Carl G. Schmidt

Carl G. Schmidt
Vice President, Chief Financial Officer
and Treasurer

ACQUISITION AGREEMENT
FOR
LEE ENTERPRISES, INCORPORATED,
HOWARD PUBLICATIONS, INC.
AND
HOWARD ENERGY CO., INC.
February 11, 2002

ACQUISITION AGREEMENT
FOR
LEE ENTERPRISES, INCORPORATED,
HOWARD PUBLICATIONS, INC.
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HOWARD ENERGY CO., INC.

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ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (this "Agreement") is made and entered into as of February 11, 2002 by and among Lee Enterprises, Incorporated, a Delaware corporation ("Lee" or the "Purchaser"), Howard Publications, Inc., a Delaware corporation ("HPI"), Howard Energy Co., Inc., a Delaware corporation ("HEC"), and those persons named in Schedule I attached hereto (the "HPI Stockholders" and, each individually, an "HPI Stockholder").

WITNESSETH:

WHEREAS, the HPI Stockholders own all of the issued and outstanding shares of capital stock of HPI;

WHEREAS, HPI owns and operates, directly or through wholly-owned subsidiaries, the publications listed in Schedule II attached hereto and owns 7,200 Class A non-voting shares of Sioux City Newspapers, Inc., an Iowa corporation ("Sioux City") and 7,500 Class B voting shares of Sioux City, which publishes the Sioux City Journal (each an "Acquired Publication" and, collectively, the "Acquired Publications") (each of HPI, its subsidiaries listed in Schedule II and Sioux City, an "Acquired Company" and, collectively, the "Acquired Companies");

WHEREAS, the Purchaser desires to acquire from the HPI Stockholders, and the HPI Stockholders desire to sell to the Purchaser, certain of the issued and outstanding shares of capital stock of HPI owned by them and specified as Purchased HPI Stock in Schedule III attached hereto, upon the terms and subject to the conditions set forth herein; and

WHEREAS, contemporaneously with the closing of the Stock Purchase (as hereinafter defined), HPI desires to redeem from the HPI Stockholders the remainder of the issued and outstanding shares of capital stock of HPI owned by them and specified as Redeemed HPI Stock in Schedule III attached hereto in consideration for the delivery by HPI of all of the issued and outstanding shares of HEC, which such HPI Stockholders agree to accept in exchange for the capital stock of HPI so redeemed, all upon the terms and subject to the conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing premises, the mutual covenants, promises and agreements hereinafter set forth, the mutual benefits to be gained by the performance of such covenants, promises and agreements, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1. Certain Definitions. For all purposes of and under this Agreement, the following terms shall have the respective meanings set forth below:

(1) "Acquired Company" or "Acquired Companies" has the meaning specified in the second recital of this Agreement.

(2) "Acquired Publication" or "Acquired Publications" has the meaning specified in the second recital of this Agreement.

(3) "Acquisition Transaction" has the meaning specified in Section 6.16.

(4) "Action" means any claim, written demand, action, suit or proceeding, arbitral action, governmental inquiry or criminal prosecution by or before any Governmental Authority.

(5) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. "Control" means the possession of the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

(6) "Audited Financial Statements" has the meaning specified in Section 4.12.

(7) "Benchmark Date Working Capital of HPI" means an amount equal to \$2,929,388.

(8) "Benefit Plans" has the meaning specified in Section 4.10(a).

(9) "Business Day" means any weekday (Monday through Friday) on which commercial banks in Chicago, Illinois are open for business.

(10) "Capital Program" has the meaning specified in Section 1.1(18)(ii).

(11) "Cash Adjustments" has the meaning specified in Section 1.1(12).

(12) "Cash Amount" means the sum of: (1) \$50,000,000; (2) all cash dividends paid in respect of HPI's 50% ownership of Sioux City from December 31, 2001 to the Closing Date; and (3) all cash proceeds received from the conversion of Principal Financial Group and Liberty Mutual Insurance Company to stock form from mutual insurance companies (with clauses (2) and (3) being the "Cash Adjustments").

(13) "Cash Equivalents" means the dollar value reflected in the books and records of the Acquired Companies (other than Sioux City) for the cash, U.S. Treasury securities and Other Cash Equivalents held by the Acquired Companies immediately before the Closing.

(14) "Cash Payment" means \$699,000,000.

(15) "Claimant" has the meaning specified in Section 8.3(a).

(16) "Closing" has the meaning specified in Section 3.1.

(17) "Closing Date" has the meaning specified in Section 3.1.

(18) "Closing Working Capital of HPI" means, as of the close of business on the Closing Date, the amount calculated as follows:

(i) the dollar value reflected in the books and records of the Acquired Companies for the current assets of the Acquired Companies (other than (1) cash, (2) U.S. Treasury securities, (3) Other Cash Equivalents, (4) postal deposits, (5) any capital stock of Principal Financial Group and Liberty Mutual Insurance Company owned of record and beneficially by the Acquired Companies and (6) any current asset related to a dividend declared in respect of HPI's 50% ownership interest in Sioux City, but not paid as of the Closing); minus,

(ii) the dollar value reflected in the books and records of the Acquired Companies for the current liabilities of the Acquired Companies (other than (1) HPI Excluded Liabilities (with Excluded Liabilities solely for this purpose determined, however, without regard to any Liabilities in respect of Taxes), (2) accrued liabilities and accounts payable relating to the Acquired Companies' capital expenditure program described in Schedule 1.1(18) hereto (the "Capital Program"), (3) any liability for transaction costs and expenses for which the HPI Stockholders are liable under Section 6.8 hereof, (4) any Taxes for which the Purchaser is liable under this Agreement (determined without regard to clause (I) of the definition of Excluded Taxes set forth in Section 6.13(a)) and (5) any liability related to Taxes other than for current Taxes payable); plus,

(iii) an amount equal to the Cash Adjustments.

The foregoing amounts shall be determined in accordance with GAAP applying the accounting policies and principles used in the preparation of the Audited Financial Statements, including the methods of inventory valuation (including exclusion of ink and plate inventory) used by the Acquired Companies.

(19) "COBRA" has the meaning specified in Section 4.10(a).

(20) "Code" means the Internal Revenue Code of 1986, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

(21) "Confidentiality Agreement" means the letter agreement between HPI, certain of the HPI Stockholders, and the Purchaser, dated as of October 9, 2001.

(22) "Contract" means any contract, agreement, indenture, note, bond, instrument, lease, conditional sales contract, mortgage, license, franchise agreement, concession or royalty agreement, insurance policy or guaranty, whether written or oral.

(23) "CST" has the meaning specified in Section 3.1.

(24) "Employee" or "Employees" has the meaning specified in Section 4.9.

(25) "Encumbrance" means any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or other similar right), defect of title, or other encumbrance of any kind or character.

(26) "Environmental Law(s)" means any Law relating to the regulation or protection of the environment, or to emissions, discharges, releases or threatened releases of Hazardous Material into the environment (including, without limitation, ambient air, soil, surface water, groundwater, wetlands, land or subsurface strata), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of chemicals or Hazardous Material or any Hazardous Material Activity (including Remedial Action).

(27) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

(28) "Escrow Agent" has the meaning specified in Section 2.3.

(29) "Escrow Agreement" has the meaning specified in Section 2.3.

(30) "Escrow Amount" has the meaning specified in Section 2.3.

(31) "Excess Capital Expenditure Amount" has the meaning specified in Section 2.2(a)(iv).

(32) "Exchange Act" means the Securities Exchange Act of 1934, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

(33) "Excluded Taxes" has the meaning specified in Section 6.13(a).

(34) "Final Determination" means the final resolution of liability for any Tax for a Taxable Period, including any related interest or penalties, that is final and nonappealable, including by reason of the expiration of the applicable statute of limitations.

(35) "Financial Statements" has the meaning specified in Section 4.12.

(36) "Funded Debt" means all indebtedness for borrowed money, all notes payable and drafts accepted representing extensions of credit and any guarantee obligation with respect to any of the foregoing, as applied to any Acquired Company.

(37) "GAAP" means generally accepted accounting principles in the United States on the date of this Agreement.

(38) "Governmental Authority" means any government, any governmental entity, department, commission, board, agency or instrumentality, and any court, tribunal, or judicial body, in each case whether federal, state, county, provincial, local or foreign.

(39) "Governmental Order" means any statute, rule, regulation, order, judgment, injunction, decree, stipulation or determination issued, promulgated or entered by or with any Governmental Authority of competent jurisdiction.

(40) "Hagadone" has the meaning specified in Section 6.20.

(41) "Hazardous Material" means any waste, pollutant, contaminant, toxic substance, special waste or hazardous substance regulated by any Environmental Law, including petroleum products (including crude oil or any fraction thereof), any radioactive material (including any source, special nuclear or by-product material as defined at 42 U.S.C. section 2011 et. seq., as in effect on the date hereof), polychlorinated biphenyls, radon gas and asbestos in any form or condition.

(42) "Hazardous Materials Activity" means the handling, transportation, transfer, recycling, storage, use, treatment, manufacture, investigation, removal, remediation, release or exposure of others to any Hazardous Material.

(43) "HEC" has the meaning specified in the first paragraph of this Agreement.

(44) "HEC Agreed Value" has the meaning specified in Section 6.13(a)(vi).

(45) "HPI" has the meaning specified in the first paragraph of this Agreement.

(46) "HPI Assumed Liabilities" means all Liabilities of the Acquired Companies immediately preceding the Closing, including (A) all Liabilities included in the final Statement of Closing Working Capital, (B) Liabilities under Contracts and Licenses of any of the Acquired Companies attributable to any period after the Closing that relate to an Acquired Publication or the operation of an Acquired Publication, (C) all Actions listed in Schedule 4.14 and Actions to the extent they relate to an Acquired Publication or the operations of an Acquired Publication, (D) any liabilities and obligations related to, associated with or arising out of (i) the occupancy, operation, use or control of any Owned Real Property or Leased Real Property and (ii) the operation of the Acquired Publications, in each case incurred or imposed by any Environmental Law (including any release of any Hazardous Material on, at or from (1) any Owned Real Property or Leased Real Property, including all facilities, improvements, structures and equipment thereon, surface water thereon or adjacent thereto and soil or groundwater thereunder, or any condition whatsoever on, under or in the vicinity of such real property and (2) any real property or facility owned by a third Person to which Hazardous Materials generated by any Acquired Publication were sent prior to the Closing Date), (E) the obligations of the Acquired Companies attributable to any period after the Closing that relate to an Acquired Publication or the operation of an Acquired Publication, (F) without limitation or expansion by the other provisions in this Section 1.1(46) or by the provisions of Section 1.1(48), all Liabilities in respect of Taxes for which the Purchaser is liable pursuant to Section 6.13 and (G) all Liabilities in respect of the scholarship program for carriers of the Acquired Companies referred to in Schedule 4.13 (it being understood that the Purchaser shall have no obligation to continue such program after the Closing except to the extent required by Law or Contract), excluding, however (1) any Liabilities of HEC or any Subsidiary thereof, (2) any Liabilities not related to an Acquired Publication or the operation of an Acquired Company, (3) any Funded Debt, (4) any Liability arising under any Contracts or Licenses to the extent they do not relate to an Acquired Publication or the operation of an Acquired Publication, (5) any Liability arising under any Contracts or Licenses required by this Agreement to be terminated at or prior to Closing, (6) any Liability arising under any Benefit Plans of the Acquired Companies (including (i) any claim arising under any Benefit Plan in connection with termination of any Employee before, upon or after Closing, (ii) termination of any Benefit Plan, (iii) termination of any Employee's participation in any Benefit Plan or (iv) withdrawal of any Acquired Company from any Benefit Plan) other than liabilities thereunder included in the final Statement of Closing Working Capital, (7) all bonuses, payments or other benefits payable pursuant to any Benefit Plan or otherwise for Employees, former Employees or directors of any Acquired Company or any independent contractors of any Acquired Company conditioned upon or payable in connection with or as a result of the transactions that occur upon and by reason of the Closing, under any agreement, or calculated with reference to the financial terms, of the transactions contemplated by this Agreement and (8) any Liability required under GAAP to be reflected on a balance sheet as a long-term liability (other than any Liability described in clauses (A) through (G) above). The inclusion of a Liability as an HPI Assumed Liability shall not limit the Purchaser's right to indemnification under Section 8.1(a) for any Loss incurred due to the inaccuracy of a representation or breach of a warranty made in Article 4 hereof.

(47) "HPI Common Stock" has the meaning specified in Section 4.3(a).

(48) "HPI Excluded Liabilities" means all Liabilities of the Acquired Companies as of the Closing, other than the HPI Assumed Liabilities, including (A) any Liabilities of HEC or any Subsidiary thereof, (B) any Liabilities not related to an Acquired Publication or the operation of an Acquired Company, (C) any Funded Debt, (D) any Liability arising under any Contracts or Licenses to the extent they do not relate to an Acquired Publication or the operation of an Acquired Publication, (E) any Liability arising under any Contracts or Licenses required by this Agreement to be terminated at or prior to Closing, (F) any Liability arising under any Benefit Plans of the Acquired Companies (including (i) any claim arising under any Benefit Plan in connection with termination of any Employee before, upon or, in the case of any Benefit Plan that is not a Sioux City Benefit Plan, after Closing, (ii) termination of any Benefit Plan other than a Sioux City Benefit Plan, (iii) termination of any Employee's participation in any Benefit Plan (except terminations from Sioux City Benefit Plans after the Closing) or (iv) withdrawal of any Acquired Company from any Benefit Plan that is not a Sioux City Benefit Plan, other than Liabilities thereunder included in the final Statement of Closing Working Capital, (G) all bonuses, payments or other benefits payable pursuant to any Benefit Plan or otherwise for Employees, former Employees or directors of any Acquired Company or any independent contractors of any Acquired Company conditioned upon or payable in connection with or as a result of the transactions that occur upon and by reason of the Closing, under any agreement, or calculated with reference to the financial terms, of the transactions contemplated by this Agreement and (H) without limitation or expansion by the provisions of Section 1.1(46) or the other provisions in this Section 1.1(48), all Liabilities in respect of Taxes for which the HPI Indemnitors are liable pursuant to Section 6.13.

(49) "HPI Indemnifying Stockholders" means Robert S. Howard, David B. Howard, Thomas W. Howard, William E. Howard and Andrea H. Palmer.

(50) "HPI Indemnitors" means, with respect to any indemnification pursuant to Section 8.1(a), the HPI Indemnifying Stockholders and, with respect to any indemnification pursuant to Section 8.1(b) or (c), HEC and the HPI Indemnifying Stockholders, in each case in accordance with Section 8.5(g).

(51) "HPI Lease" means the office lease between Safety Syringes Inc. and HPI substantially in the form of Exhibit A attached hereto.

(52) "HPI Redemption" has the meaning specified in Section 2.1(b).

(53) "HPI Stock Certificates" has the meaning specified in Section 3.2(b).

(54) "HPI Stockholder" or "HPI Stockholders" has the meaning specified in the first paragraph of this Agreement.

(55) "HPI Stockholder Documents" means, collectively, the (i) HPI Stock Certificates, and (ii) any other document executed and delivered at the Closing pursuant to this Agreement by or on behalf of HPI Stockholders or any of the Acquired Companies.

(56) "HPI Stockholders Representative" means Robert S. Howard until such time as he is unwilling or unable to serve as representative of the HPI Stockholders, after which time it shall mean William E. Howard, and any successor to either of the foregoing designated in accordance with the provisions of Section 10.2.

(57) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

(58) "Income Tax" means any federal or state income, franchise, business profits or other similar Tax, any estimated Tax related thereto, any interest and penalties (civil or criminal) thereon or additions thereto.

(59) "Indemnitor" has the meaning specified in Section 8.3(a).

(60) "Independent Accountant" has the meaning specified in Section 2.2(b)(iii).

(61) "Intellectual Property" means any (i) United States and foreign patents, patent applications, patent disclosures and improvements thereto, (ii) United States, state or foreign trademarks, service marks, trade dress, logos, trade names and corporate names, the goodwill associated therewith, and the registrations and applications for registration thereof, (iii) United States and foreign copyrights, and the registrations and applications for registration thereof, and (iv) domain names.

(62) "Interest Rate" has the meaning specified in Section 2.2(b)(ii).

(63) "Interim Financial Statements" has the meaning specified in Section 4.12.

(64) "Knowledge of" means the actual knowledge of (i) with respect to each Acquired Company: Robert S. Howard, William E. Howard, Richard D. Newell, Lawrence Maas and each publisher of an Acquired Publication (other than the Sioux City Journal); and (ii) with respect to the Purchaser: Mary E. Junck, Gregory P. Schermer, Carl G. Schmidt, Vito P. Kuraitis and Michael E. Phelps.

(65) "Law" means any federal, state, county, provincial, local or foreign statute, law, ordinance, regulation, rule, code or rule of common law.

(66) "Leased Assets" has the meaning specified in Section 4.5(a).

(67) "Leased Real Property" has the meaning specified in Section 4.5(a).

(68) "Lee" has the meaning specified in the first paragraph of this Agreement.

(69) "Liability" means any direct or indirect debt, obligation or liability of any kind or nature, whether accrued or fixed, absolute or contingent, determined or determinable, matured or unmatured, and whether due or to become due, asserted or unasserted, or known or unknown, and regardless of whether required by GAAP to be reflected in a balance sheet or disclosed in the related notes.

(70) "License" means any franchise, approval, permit, order, authorization, consent, license, registration or filing, certificate, variance and any other similar right obtained from or filed with any Governmental Authority.

(71) "Lien" means any adverse claim, restriction on voting or transfer or pledge, lien, charge or Encumbrance.

(72) "Loss" or "Losses" means any claims, demands, Liabilities, losses, damages, deficiencies, assessments, judgments, Remedial Actions and costs or expenses (including reasonable attorneys', consultants' and experts' fees and expenses but excluding punitive and consequential damages and lost profits other than punitive and consequential damages and lost profits paid or payable in connection with a third Person Action).

(73) "Material Adverse Effect" means any change or effect that results in or gives rise to a materially adverse effect on the assets, properties, operations, business, financial condition or results of operations of any of the Acquired Companies, except for any such change or effect arising directly or indirectly from (i) this Agreement or the transactions contemplated by this Agreement, (ii) the announcement or other disclosure of this Agreement or the transactions contemplated by this Agreement, (iii) any changes in conditions generally applicable to the newspaper industry, or (iv) any changes in the financial markets or general United States or global economic conditions.

(74) "Material Contract" or "Material Contracts" has the meaning specified in Section 4.7(a).

(75) "Multiemployer Plan" has the meaning specified in Section 4.10(a).

(76) "Ordinary Course of Business" when referring to an action taken by a Person shall mean such action is consistent with the past practices of such Person and is taken in the ordinary course of the operations of such Person.

(77) "Other Cash Equivalent" means a current asset of the type classified as a "cash equivalent" in the preparation of the Audited Financial Statements other than cash and U.S. Treasury securities.

(78) "Owned Real Property" has the meaning specified in Section 4.5(a).

(79) "Permitted Encumbrances" means (i) Encumbrances of landlords and Encumbrances of mechanics, materialmen, repairmen, warehousemen and carriers arising in the Ordinary Course of Business securing amounts not in default, (ii) Encumbrances for Taxes and other Liabilities not yet due and payable, and for Taxes and other Liabilities being contested in good faith, (iii) Encumbrances securing liabilities shown on the Financial Statements and (iv) Encumbrances on property and imperfections of title the existence of which do not, and would not reasonably be expected as of the date hereof to, materially detract from the value of, interfere with, the use and enjoyment of the property subject thereto or affected thereby.

(80) "Person" means any individual, general or limited partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

(81) "Potential Contributor" has the meaning specified in Section 8.3(g).

(82) "Proprietary Rights" means (i) Intellectual Property, (ii) trade secrets and confidential business information (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, research and development information, software, drawings, specifications, designs, plans, proposals, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information), (iii) copies and tangible embodiments thereof (in whatever form or medium), (iv) licenses granting any rights with respect to any of the foregoing, and (v) paid subscriber lists, commercial advertiser lists, distributor lists, carrier lists, route representative lists, single copy dealer lists, transient or private party advertiser lists and commercial printing customer lists.

(83) "Purchased HPI Stock" has the meaning specified in Section 2.1(a).

(84) "Purchased HPI Stock Certificates" has the meaning specified in Section 3.2(a)(i).

(85) "Purchaser" has the meaning specified in the first paragraph of this Agreement.

(86) "Purchaser's Benefit Programs" has the meaning specified in Section 6.9(b).

(87) "Purchaser Documents" means, collectively, the documents executed and delivered at the Closing pursuant to this Agreement by or on behalf of the Purchaser.

(88) "Redeemed HPI Stock" has the meaning specified in Section 2.1(b).

(89) "Redeemed HPI Stock Certificates" has the meaning specified in Section 3.2(b).

(90) "Remedial Action" means actions required to (1) investigate, clean up, remove, treat or in any other way address Hazardous Material in the environment; (2) prevent the release or threat of release or minimize the further release of Hazardous Material; or (3) perform pre-remedial studies and investigations and post remedial care, all as required by Environmental Law.

(91) "Schedules" has the meaning specified in Section 6.11.

(92) "Securities Act" means the Securities Act of 1933, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

(93) "Short Term Agreement" has the meaning specified in Section 4.7(a).

(94) "Sioux City" has the meaning specified in the second recital of this Agreement.

(95) "Sioux City Benefit Plans" has the meaning specified in Section 6.9(a).

(96) "Software" has the meaning specified in Section 4.6(c).

(97) "Statement of Closing Working Capital" has the meaning specified in Section 2.2(b)(i).

(98) "Stock Purchase" has the meaning specified in Section 2.1(a).

(99) "Stock Purchase Notice of Disagreement" has the meaning specified in Section 2.2(b)(iii).

(100) "Stock Purchase Price" has the meaning specified in Section 2.2(a).

(101) "Straddle Period" means any taxable year or period beginning on or before, and ending after, the Closing Date.

(102) "Subsidiary" means, unless otherwise indicated with respect to a Person, any other Person in which such Person has a direct or indirect equity interest or other ownership interest in excess of fifty percent (50%).

(103) "Survival Period" has the meaning specified in Section 8.6.

(104) "Tax" means any federal, state, county, provincial, local or foreign income, gross receipts, sales, use, ad valorem, employment, severance, transfer, gains, profits, excise, franchise, property, capital stock, premium, minimum and alternative minimum or other similar taxes, fees, levies, duties, assessments or charges of any kind or nature whatsoever imposed by any Governmental Authority (whether payable directly or by withholding), together with any interest, penalties (civil or criminal), additions to, or additional amounts imposed by, any Governmental Authority with respect thereto, and any expenses incurred in connection with the determination, settlement or litigation of any Liability therefor.

(105) "Tax Package" has the meaning specified in Section 6.13(e).

(106) "Tax Return" means a report, return or other information (including attachment schedules) required to be supplied to a Governmental Authority with respect to any Tax including any information return, claim for refund, amended return or declaration of estimated Tax.

(107) "Taxable Period" means any taxable year or any other period that is treated as a taxable year with respect to which any Tax may be imposed under any applicable statute, rule or regulation.

(108) "Termination Date" has the meaning specified in Section 9.1(b).

1.2. Certain Additional Definitions. Other terms are defined elsewhere

in this Agreement and, for purposes of this Agreement, shall have the respective meanings ascribed thereto in the respective sections of this Agreement unless the context requires otherwise.

ARTICLE 2

PURCHASE AND SALE

2.1. The Stock Purchase and HPI Redemption.

(a) The Stock Purchase. Upon the terms and subject to the conditions set forth herein, at the Closing the HPI Stockholders shall transfer, assign and deliver to the Purchaser, and the Purchaser shall purchase from each HPI Stockholder, certain shares of HPI Common Stock as determined in accordance with Section 2.1(c) (the "Purchased HPI Stock") owned by such HPI Stockholders (the "Stock Purchase").

(b) The HPI Redemption. Upon the terms and subject to the conditions set forth herein, contemporaneously with (and as part of the same overall plan that includes) the closing of the Stock Purchase, HPI shall redeem from the HPI Stockholders the issued and outstanding shares of capital stock of HPI owned by them but not acquired by the Purchaser in the Stock Purchase as determined in accordance with Section 2.1(c) (the "Redeemed HPI Stock"), in consideration for the delivery by HPI of all of the then issued and outstanding shares of HEC, which such HPI Stockholders agree to accept in exchange for the capital stock of HPI so redeemed (the "HPI Redemption").

(c) (i) Schedule I hereto sets forth, as of the date hereof, the name, address and social security or employer identification number of each record or beneficial owner of HPI Common Stock, as specified in Section 4.2(d). At the Closing, the HPI Stockholders shall deliver to the Purchaser and HPI a Schedule III to be attached hereto showing, with respect to each class of HPI Common Stock held by each HPI Stockholder listed on Schedule I, the portion of such HPI Stockholder's HPI Common Stock which constitutes Purchased HPI Stock and the portion of such HPI Stockholder's HPI Common Stock which constitutes Redeemed HPI Stock, determined in accordance with Section 2.1(c)(ii) below.

(ii) The portion of a class of a HPI Stockholder's HPI Common Stock designated as Purchased HPI Stock shall equal a fraction, the numerator of which is the sum of the Cash Payment plus the Escrow Amount deposited with the Escrow Agent at Closing pursuant to Section 2.3, and the denominator of which is such amount plus the HEC Agreed Value. The portion of a class of a HPI Stockholder's HPI Common Stock designated as Redeemed HPI Stock shall equal the portion of such class which is not Purchased HPI Stock.

(iii) Such Schedule III shall also set forth the capitalization of HEC as of the time immediately prior to the HPI Redemption as well as, for each HPI Stockholder: (i) the number of shares of HEC capital stock (by class, if relevant) to be delivered to such HPI Stockholder in the HPI Redemption, and (ii) the Redeemed HPI Stock (by class, if relevant) to be delivered by such HPI Stockholder to HPI in exchange for such HEC capital stock.

2.2. Consideration for HPI Common Stock.

(a) Consideration. The purchase price for the HPI Common Stock acquired by the Purchaser pursuant to Section 2.1(a) (the "Stock Purchase Price") shall be:

(i) \$699,000,000; plus, amounts distributed to the HPI Stockholders pursuant to the Escrow Agreement; plus,

(ii) in the event Cash Equivalents exceeds the Cash Amount, the amount of such excess; minus,

(iii) in the event the Cash Amount exceeds Cash Equivalents, the amount of such excess; minus,

(iv) in the event \$7,544,405 exceeds the amount disbursed on the Capital Program between October 31, 2001 and the Closing Date, the amount of such excess (the "Excess Capital Expenditure Amount"); plus,

(v) any amount payable by the Purchaser to the HPI Stockholders pursuant to Section 2.2(b)(ii); minus,

(vi) any amount payable by the HPI Stockholders pursuant to Section 2.2(b)(ii).

(b) Closing Working Capital.

(i) As promptly as practicable, but in any event within ninety (90) calendar days following the Closing, the Purchaser shall cause to be prepared and delivered to the HPI Stockholders a further determination and statement (the "Statement of Closing Working Capital") setting forth the Closing Working Capital of HPI. The Statement of Closing Working Capital shall include line items substantially consistent with those in the consolidated balance sheet included in the Audited Financial Statements.

(ii) Within thirty (30) calendar days following delivery of the Statement of Closing Working Capital pursuant to Section 2.2(b)(i) hereof or, if applicable, such later date determined in accordance with Section 2.2(b)(iii), (1) the HPI Stockholders shall pay to the Purchaser the amount, if any, by which the Closing Working Capital of HPI shown on the Statement of Closing Working Capital of the Acquired Companies is less than the Benchmark Date Working Capital of HPI, or (2) the Purchaser shall pay to the HPI Stockholders the amount, if any, by which the Closing Working Capital of HPI shown on the Statement of Closing Working Capital is more than the Benchmark Date Working Capital of HPI. Any and all payments made pursuant to this Section 2.2(b)(ii) shall bear interest at the three (3) month London Inter-Bank Offered Rate published in the Wall Street Journal on the Closing Date (the "Interest Rate") for the period commencing on the Closing Date and to but not including the date of payment, and shall be made by wire transfer of immediately available funds to an account designated in writing by the party to receive such payment.

(iii) If the HPI Stockholders Representative disagrees in good faith with the Statement of Closing Working Capital, then the HPI Stockholders Representative shall notify the Purchaser in writing (the "Stock Purchase Notice of Disagreement") of such disagreement within thirty (30) calendar days following delivery of the Statement of Closing Working Capital. The Stock Purchase Notice of Disagreement shall set forth in reasonable detail the basis for the disagreement described therein. Thereafter, the HPI Stockholders Representative and the Purchaser shall attempt in good faith to resolve and finally determine the amount of the Closing Working Capital of HPI, which amount shall not be less than the amount thereof shown in the HPI Stockholders Representative's calculations contained in the Stock Purchase Notice of Disagreement nor more than the amount thereof shown in the Purchaser's calculations contained in the Statement of Closing Working Capital. If the HPI Stockholders Representative and the Purchaser are unable to resolve the disagreement within thirty (30) calendar days following delivery of the Stock Purchase Notice of Disagreement, then the HPI Stockholders Representative and the Purchaser shall retain the services of Ernst & Young LLP (the "Independent Accountant") to resolve the disagreement and make a determination with respect thereto. Such determination will be made, and written notice thereof given to the HPI Stockholders and the Purchaser, within thirty (30) calendar days after such selection. The determination by the Independent Accountant shall be final, binding and conclusive upon the HPI Stockholders and the Purchaser. The scope of the Independent Accountant's engagement (which will not be an audit) shall be limited to the resolution of the disputed items described in the Stock Purchase Notice of Disagreement, and the recalculation, if any, of the Statement of Closing Working Capital of HPI in light of such resolution. If an Independent Accountant is engaged pursuant to this Section 2.2(b)(iii), the fees and expenses of the Independent Accountant shall be borne (i) by the Purchaser if the difference between the Closing Working Capital of HPI and the Purchaser's calculation of Closing Working Capital of HPI contained in the Statement of Closing Working Capital is greater than the difference between the Closing Working Capital of HPI and the HPI Stockholders Representative's calculation of Closing Working Capital of HPI contained in the Stock Purchase Notice of Disagreement, (ii) by the HPI Stockholders if the first such difference is less than the second such difference, and (iii) otherwise equally by the Purchaser and the HPI Stockholders. Within ten (10) calendar days after delivery of a notice of determination by the Independent Accountant as described above, any payment required by Section 2.7(b)(ii) hereof shall be paid based upon such determination, together with interest at the Interest Rate for the period commencing on the Closing Date and to but not including the date of payment.

(iv) Any payment to be made to or by the HPI Stockholders pursuant to this Section 2.2(b) shall be allocated among the HPI Stockholders pro rata based on their ownership as of the Closing of shares of HPI Common Stock.

2.3. Escrow. At the Closing, in addition to delivering or causing to be delivered to the HPI Stockholders the Cash Payment pursuant to Section 3.3, the Purchaser shall deposit \$50,000,000 (the "Escrow Amount") with a commercial bank mutually agreeable to the Purchaser and the HPI Stockholders Representative (the "Escrow Agent") pursuant to an escrow agreement, substantially in the form of Exhibit B attached hereto and by reference made a part hereof (the "Escrow Agreement"), which may be used solely to satisfy amounts payable by the HPI Indemnifying Stockholders to the Purchaser pursuant to Article 8 hereof. The parties hereto acknowledge and agree that if the HPI Indemnifying Stockholders are obligated to make any payment pursuant to Section 8.1 hereof at such time as any portion of the Escrow Amount is then held by the Escrow Agent and otherwise available for such payment, the Purchaser shall (in the case of Section 8.1(a)) or may (in the case of Section 8.1(b) or (c)), prior to seeking satisfaction directly from any HPI Indemnifying Stockholder, seek to satisfy such payment out of the Escrow Amount until no further amount is available from the Escrow Amount to satisfy such obligation pursuant to the terms of the Escrow Agreement, it being understood that, to the extent any other provision of this Agreement provides that the Escrow Amount is the exclusive source of payment for any obligation, neither this sentence nor any other provision of this Agreement shall give rise to any further recourse against the HPI Stockholders for payment thereof.

2.4. Cash Amount and Capital Expenditure Adjustment. Within five (5) calendar days following the Closing Date, the Purchaser and the HPI Stockholders Representative shall mutually agree upon the Cash Amount, the Cash Equivalents and the Excess Capital Expenditure Amount. Within ten (10) calendar days following the Closing Date, (1) the HPI Stockholders shall pay to the Purchaser the amount, if any, by which the Cash Equivalents is less than the sum of (a) the Cash Amount and (b) the Excess Capital Expenditure Amount, or (2) the Purchaser shall pay to the HPI Stockholders the amount, if any, by which the Cash Equivalents is more than the sum of (a) the Cash Amount and (b) the Excess Capital Expenditure Amount. Any and all payments made pursuant to this Section 2.4 shall bear interest at the Interest Rate for the period commencing on the Closing Date and to but not including the date of payment, and shall be made by wire transfer of immediately available funds to an account designated in writing by the party to receive such payment. Any payment to be made to or by the HPI Stockholders pursuant to this Section 2.4 shall be allocated among the HPI Stockholders pro rata based on their ownership as of the Closing of shares of HPI Common Stock.

2.5. Further Assurances. At and after the Closing, subject to the terms and conditions herein provided, each of the Purchaser, HEC and the HPI Stockholders covenants and agrees to use reasonable efforts to take, or cause to be taken, all action, or do, or cause to be done, all things, necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated by this Agreement.

ARTICLE 3

THE CLOSING

3.1. The Closing. The consummation of the transactions contemplated hereby shall take place at a closing (the "Closing") to be held at 10:00 a.m., Central Standard Time ("CST"), on March 31, 2002 or, if on such date all conditions set forth in Article 7 and have not been satisfied or waived, then on such later date as all the conditions set forth in Article 7 have been satisfied or waived (the "Closing Date"), at the offices of Betts, Patterson & Mines, P.S., One Convention Place, Suite 1400, 701 Pike Street, Seattle, Washington, unless another time, date or place is mutually agreed upon in writing by the HPI Stockholders and the Purchaser.

3.2. Closing Deliveries of the HPI Stockholders. At the Closing, the HPI Stockholders shall deliver, or cause to be delivered, to the Purchaser (or, to the extent so indicated, HPI) the following instruments, certificates and other documents, dated as of the Closing Date (except as otherwise provided below), in order to effect the transfer of the Purchased HPI Stock specified in Schedule III to the Purchaser pursuant to Section 2.1(a) hereof and the transfer of the Redeemed HPI Stock specified in Schedule III to HPI pursuant to Section 2.1(b) hereof:

(a) The Stock Purchase. (i) stock certificates representing the issued and outstanding shares of HPI specified as Purchased HPI Stock in Schedule III duly endorsed or accompanied by duly executed stock powers in blank (the "Purchased HPI Stock Certificates");

(ii) stock certificates representing all of the issued and outstanding shares of each of the other Acquired Companies other than Sioux City and, as to Sioux City, HPI's Class A and Class B shares in Sioux City;

(iii) the Escrow Agreement duly executed by the HPI Stockholders and the HPI Lease duly executed by Safety Syringes Inc.;

(iv) resignations of all directors and officers of the Acquired Companies other than Sioux City and, as to Sioux City, HPI's directors and officers thereof, shall have been delivered to the Purchaser, effective upon the Closing;

(v) the stock book, stock ledger, and minute book of each of the Acquired Companies other than Sioux City;

(vi) short-form certificates of good standing with respect to each Acquired Company issued as of a recent date by the Secretary of State of its incorporation and for each state in which an Acquired Company is qualified to do business as a foreign corporation; and

(vii) all other documents, instruments and certificates required to be delivered by the HPI Stockholders pursuant to this Agreement or reasonably requested by the Purchaser.

(b) The HPI Redemption. The HPI Stockholders shall deliver, or cause to be delivered, to HPI in connection with the HPI Redemption stock certificates representing the issued and outstanding shares of HPI specified as Redeemed HPI Stock in Schedule III, duly endorsed or accompanied by duly executed stock powers in blank (the "Redeemed HPI Stock Certificates" and, together with the Purchased HPI Stock Certificates, the "HPI Stock Certificates").

(c) Closing Certificates.

(i) an officer's certificate of HPI and HEC in a form reasonably acceptable to the parties;

(ii) a secretary's certificate of HPI and HEC in a form reasonably acceptable to the parties; and

(iii) a certificate of each HPI Stockholder in form reasonably acceptable to the Purchaser, stating under penalty of perjury the United States taxpayer identification number of the party in question and that such person is not a foreign person, which complies with the requirements of Section 1445 of the Internal Revenue Code.

(d) Legal Opinions. Legal opinions of Sidley Austin Brown & Wood and Betts, Patterson & Mines, P.S., outside counsel for the Acquired Companies, substantially in the form attached hereto as Exhibit C.

3.3. Closing Deliveries of the Purchaser. At the Closing, the Purchaser shall deliver, or cause to be delivered, to the HPI Stockholders the following instruments, certificates and other documents, dated as of the Closing Date (except as otherwise provided below), in order to pay for the HPI Common Stock.

(a) (i) Cash Payment. An amount in cash equal to the Cash Payment, payable by wire transfer of immediately available funds on the Closing Date to an account designated in writing by the HPI Stockholders Representative at least two (2) Business Days prior to the Closing Date, and for the benefit of each of the HPI Stockholders in the respective amount shown on Schedule 3.3;

(ii) the Escrow Agreement, duly executed by the Purchaser, and the HPI Lease, duly executed by HPI;

(iii) evidence that the Purchaser has deposited the Escrow Amount pursuant to the Escrow Agreement; and

(iv) all other documents, instruments or certificates required to be delivered by the Purchaser pursuant to this Agreement or reasonably requested by the HPI Stockholders.

(b) Closing Certificates.

(i) an officer's certificate of the Purchaser in a form reasonably acceptable to the parties; and

(ii) a secretary's certificate of the Purchaser in a form reasonably acceptable to the parties.

(c) Legal Opinion. A legal opinion of Lane & Waterman, outside counsel for the Purchaser, substantially in the form attached hereto as Exhibit D.

3.4. Closing Deliveries of HPI. At the Closing, HPI shall deliver, or cause to be delivered, to the HPI Stockholders the following instruments, certificates and other documents, dated as of the Closing Date (except as otherwise provided below), in connection with the HPI Redemption.

(a) stock certificates representing all of the issued and outstanding shares of HEC, as specified in Schedule III; and

(b) all other documents or instruments reasonably requested by the HPI Stockholders.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF

THE HPI INDEMNIFYING STOCKHOLDERS

The HPI Indemnifying Stockholders jointly and severally represent and warrant to the Purchaser as follows:

4.1. Organization. HEC and each Acquired Company is a corporation duly organized, validly existing and in good standing under the Laws of the state of such company's incorporation, and has all requisite corporate power and authority to own, operate or lease the assets and properties now owned, operated or leased by it, and to conduct its operation as presently conducted by such company. Each Acquired Company is duly authorized, qualified or licensed to do business as a foreign corporation, and is in good standing, under the Laws of each state or other jurisdiction in which the character of such company's properties owned, operated or leased, or the nature of such company's activities, makes such qualification necessary, except in those states and jurisdictions where the failure to be so qualified or in good standing would not reasonably be expected, as of the date hereof, to have a Material Adverse Effect. Corporate minutes of each Acquired Company for the five years ended on the date hereof and the stock records of each Acquired Company (other than Sioux City) have been delivered to the Purchaser. Complete and accurate records with respect to the issuance, transfer, redemption and cancellation of shares of capital stock of each Acquired Company are contained in each Acquired Company's stock records.

4.2. Authority and No Violation; Ownership.

(a) The HPI Stockholders have all requisite power, authority and legal capacity to enter into this Agreement and the HPI Stockholders Documents, to perform their respective obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly, and at the Closing the HPI Stockholder Documents will be, executed and delivered by, or on behalf of, the HPI Stockholders and, assuming the due authorization, execution and delivery of this Agreement by the Purchaser, this Agreement constitutes, and at the Closing the HPI Stockholder Documents will constitute, a legally valid and binding obligation of the HPI Stockholders, enforceable against the HPI Stockholders in accordance with their respective terms, and subject to (i) the effect of any applicable Laws of general application relating to bankruptcy, reorganization, insolvency, moratorium or similar Laws affecting creditors' rights and relief of debtors generally, and (ii) the effect of rules of Law and general principles of equity, including rules of Law and general principles of equity governing specific performance, injunctive relief and other equitable remedies (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) HPI and HEC have all requisite corporate power and authority to enter into this Agreement, to perform such company's obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery by HPI and HEC of this Agreement, the performance by HPI and HEC of their obligations hereunder, and the consummation by HPI and HEC of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of HPI and HEC. This Agreement has been duly executed and delivered by HPI and HEC and, assuming the due authorization, execution and delivery of this Agreement by the Purchaser, this Agreement constitutes a legally valid and binding obligation of HPI and HEC, enforceable against HPI and HEC in accordance with its terms, and subject to (i) the effect of any applicable Laws of general application relating to bankruptcy, reorganization, insolvency, moratorium or similar Laws affecting creditors' rights and relief of debtors generally, and (ii) the effect of rules of Law and general principles of equity, including rules of Law and general principles of equity governing specific performance, injunctive relief and other equitable remedies (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Assuming that all consents, waivers, approvals, orders and authorizations set forth in Schedule 4.4 hereto have been obtained and all registrations, qualifications, designations, declarations or filings with any Governmental Authorities set forth in Schedule 4.4 hereto have been made, and except as set forth in Schedule 4.2 hereto, the execution and delivery by HPI, HEC and the HPI Stockholders of this Agreement and the HPI Stockholder Documents, the performance by HPI, HEC and the HPI Stockholders of their respective obligations hereunder or thereunder, and the consummation by each party of the transactions contemplated hereby, will not conflict with or violate in any material respect, constitute a material default (or event which with the giving of notice or lapse of time, or both, would become a material default) under, give rise to any right of termination, amendment, modification, acceleration or cancellation of any material obligation or loss of any material benefit under, result in the creation of any material Encumbrance on any assets or properties of such company, or require such company to obtain any consent, waiver or approval of, make any filing with, or give any notice to any Person as a result or under, the terms and provisions of (i) the respective charter or the respective bylaws of such company, (ii) any Contract to which such Person is a party or by which any of the assets of such Person is bound, or (iii) any Law applicable to such Person or assets of such Person, or any Governmental Order issued by a Governmental Authority by which such Person or any of the assets of such Person is in any way bound or obligated, except, in the case of clauses (ii) and (iii) of this Section 4.2, as would not, in any individual case, have a Material Adverse Effect.

(d) Except as set forth in Schedule 4.2, each HPI Stockholder is the record and beneficial owner of the HPI Common Stock indicated as being owned by such on Schedule I hereto, free and clear of any and all Liens (other than limitations on voting rights on the Class A shares of HPI Common Stock). Schedule I hereto sets forth, as of the date hereof, the name, address and social security or employer identification number of each record or beneficial owner of HPI Common Stock. Each HPI Stockholder has the power and authority to sell, transfer, assign and deliver such shares of HPI Common Stock as provided in this Agreement, and such delivery will convey to the Purchaser good and marketable title to such shares, free and clear of any and all Liens (other than limitations on voting rights on the Class A shares of HPI Common Stock).

4.3. Capitalization, Subsidiaries and Charter. The authorized capital stock of HPI consists of four hundred seventy-five thousand shares (475,000) shares of Class A common stock with a par value of \$10.00 per share and twenty-five thousand (25,000) shares of Class B common stock with a par value of \$10.00 per share (collectively, the "HPI Common Stock"). There are three hundred seventy-five thousand (375,000) Class A shares of HPI Common Stock issued and outstanding and twenty-five thousand (25,000) Class B shares of HPI Common Stock issued and outstanding. One hundred ninety-two thousand, two hundred sixty-seven (192,267) Class A shares of HPI Common Stock and four thousand seven hundred fifty (4,750) Class B shares of HPI Common Stock are held by HPI in its treasury. All of the issued and outstanding shares of HPI Common Stock are validly issued, fully paid and nonassessable. There are no securities of HPI outstanding which are convertible into or exchangeable or exercisable for any shares of HPI Common Stock, there are not now, nor at the Closing will there be, any outstanding or authorized subscriptions, options, warrants, calls, rights, commitments or any other agreements of any character obligating HPI to issue, sell or transfer any additional shares of HPI Common Stock or any securities convertible into or evidencing the right to subscribe for any shares of HPI Common Stock except as set forth in Schedule 4.3.

(a) Schedule 4.3 hereto sets forth the name, date and jurisdiction of incorporation, and the outstanding shares of capital stock of each Acquired Company other than HPI, and each Subsidiary thereof (other than HEC and its Subsidiaries). Each Subsidiary listed on Schedule 4.3 hereto is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the corporate power and lawful authority to own, lease and operate its assets, properties and business and to carry on its business as now being and as heretofore conducted. Each Subsidiary listed on Schedule 4.3 hereto is duly qualified or otherwise authorized as a foreign corporation to transact business and is in good standing in all jurisdictions in which the nature of the activities conducted by it or the character of the assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, in any individual case, reasonably be expected as of the date hereof to have a Material Adverse Effect. All of the issued and outstanding shares of such company are validly issued, fully paid and nonassessable. All shares of each Acquired Company other than HPI, and each Subsidiary thereof (other than HEC and its Subsidiaries) are owned beneficially and of record by the corporation specified as the owner in Schedule 4.3 hereto, free and clear of all Liens, except for Encumbrances for Taxes not yet due and payable or being contested in good faith and the shares of Sioux City not owned by HPI. There are no securities of any company listed in Schedule 4.3 hereto presently outstanding, nor at the Closing will there be, which are convertible into or exchangeable or exercisable for any shares of such company, and there are no outstanding or authorized subscriptions, options, warrants, calls, rights, commitments or any other

agreements of any character obligating such company to issue, sell or transfer any additional shares or any securities convertible into or evidencing the right to subscribe for any shares of such company.

(b) Except as set forth in Schedule 4.3 hereto, neither HPI nor any other Acquired Company has any Subsidiaries (other than HEC and its direct and indirect Subsidiaries), and, except for HEC and its direct and indirect Subsidiaries, does not own any direct or indirect equity or debt interest in any other Person, including any interest in a corporation, partnership or joint venture, and is not obligated or committed to acquire any such interest, in any case in which the Subsidiary, interest or other Person relates primarily to HPI or the Acquired Companies.

(c) HPI and each company listed on Schedule 4.3 hereto has heretofore delivered to the Purchaser true and complete copies of its respective charter documents and by-laws or comparable instruments of such company as in effect on the date hereof.

(d) As of the date hereof, the authorized capital stock of HEC consists of four hundred seventy-five thousand (475,000) shares of Class A common stock and twenty-five thousand (25,000) shares of Class B common stock. As of the date hereof, there are one hundred eighty-two thousand, seven hundred thirty-three (182,733) shares of Class A common stock and twenty thousand, two hundred fifty (20,250) shares of Class B common stock issued and outstanding. All of the issued and outstanding shares of HEC common stock are validly issued, fully paid and nonassessable. HPI is the legal and beneficial owner of record of all the HEC common stock outstanding, free and clear of all Liens, other than Liens for Taxes not yet due and payable or being contested in good faith. There are no securities of HEC outstanding which are convertible into or exchangeable or exercisable for any shares of HEC common stock and, except as may exist in connection with the recapitalization of HEC in anticipation of the HPI Redemption, there are not now, nor at the Closing will there be, any outstanding or authorized subscriptions, options, warrants, calls, rights, commitments or any other agreements of any character obligating HEC to issue, sell or transfer any additional shares of HEC common stock or any securities convertible into or evidencing the right to subscribe for any shares of HEC common stock.

4.4. Government Consents. No material consent, waiver, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority is required on the part of HPI or HEC in connection with the execution and delivery by such companies of this Agreement or the HPI Stockholder Documents, the performance by the HPI Stockholders, HPI and HEC of their respective obligations hereunder or thereunder, or the consummation by the HPI Stockholders, HPI and HEC of the transactions contemplated hereby or thereby, including the sale and transfer of the HPI Common Stock to the Purchaser or connection with the HPI Redemption, except as set forth in Schedule 4.4 hereto.

4.5. Tangible Property.

(a) Schedule 4.5(a) hereto contains a true, correct and complete list of the following to the extent owned, used or held for use by any Acquired Company in the operation of each Acquired Company, as the case may be: (i) each parcel of real property owned, as of the date hereof, by such company (as designated on Schedule 4.5(a), the "Owned Real Property"), (ii) each parcel of real property leased from or to a third party, as of the date hereof, by such company (as designated on Schedule 4.5(a), the "Leased Real Property"), the name of the third party lessor(s) or lessee(s) thereof, as the case may be, the date of the lease contract relating thereto and all amendments thereof, and (iii) a list of all material fixed assets owned by such company (other than Sioux City) as of the date set forth therein (excluding therefrom such fixed assets with an original cost of less than \$10,000 or which have been fully depreciated). Except as set forth in Schedule 4.5(a) hereto, each Acquired Company does not own, or have a contractual obligation to purchase or otherwise acquire any material interest in, any parcel of real property which would be used or held for use primarily in the operation of the Acquired Company. All of the tangible assets and properties used by the Acquired Companies pursuant to a lease or license to which an Acquired Company is a party (other than the Leased Real Property) shall be referred to herein, collectively, as "Leased Assets."

(b) Except as set forth in Schedule 4.5(a) hereto, each Acquired Company has insurable (at ordinary rates) fee simple title to all of their respective Owned Real Property and to all of the related buildings, structures and other improvements thereon. As of the Closing Date, the Owned Real Property shall be free and clear of all Liens except for Permitted Encumbrances.

(c) Except as set forth in Schedule 4.5(a) hereto, each Acquired Company has the right to quiet enjoyment of all the Leased Real Property for the full term of each such lease. All public utilities, including water, sewer, gas, electric, telephone and drainage facilities, give adequate service to the Owned Real Property and Leased Real Property, and the Owned Real Property and Leased Real Property have access to and from publicly dedicated streets. Except as otherwise provided in this Agreement, the Purchaser acknowledges and agrees that the Purchaser shall accept the Owned Real Property and Leased Real Property "as is, where is, with all faults," and without any express or implied warranties, guaranties, statements, representations or information pertaining to the Owned Real Property or Leased Real Property. The representations and warranties contained in Sections 4.5(b) and (c) shall be solely for the benefit of the Purchaser, its successors and assigns and may not be relied upon by Chicago Title Insurance Company (or any other title insurance company) or an affiliate or agent thereof and neither Chicago Title Insurance Company (or any other title insurance company), any affiliate or agent thereof, nor any co-insurers, or re-insurers may be subrogated to any rights of the Purchaser under this Agreement.

4.6. Intellectual Property and Proprietary Rights.

(a) Schedule 4.6(a) hereto contains a true, correct and complete list of all material Intellectual Property owned by each Acquired Company (other than Sioux City) as of the date hereof. A true and complete copy of all material documentation relating to each item of Intellectual Property set forth in Schedule 4.6(a) hereto has been made available to the Purchaser and its agents and representatives.

(b) Each Acquired Company owns or has a valid right to use all material Proprietary Rights used by such company to conduct its operations as currently conducted by such company, without, to its Knowledge, materially infringing upon the material rights of any other Person and, to its Knowledge, there are no such claims pending or threatened alleging such infringement. To the Knowledge of each Acquired Company, no other Person is materially infringing upon the material rights of such company in or to any of the Intellectual Property set forth in Schedule 4.6(a) hereto.

(c) Schedule 4.6(c) contains a complete and correct description of all material computer software owned, licensed or used by an Acquired Company (other than Sioux City) other than software subject to shrink wrap or click-wrap agreements (the "Software"). Each Acquired Company is in substantial compliance with all material provisions of any license or other agreement pursuant to which it has the right to use any licensed Software and any software subject to shrink wrap or click-wrap agreements. To the Knowledge of each Acquired Company, it is not infringing on any Intellectual Property rights of any other Person with respect to its use of the Software. The Software operates without material operating defects.

4.7. Acquired Companies' Contracts.

(a) Except for Short Term Agreements (as defined below), Schedule 4.7(a) hereto contains a list of the following Contracts (including all amendments thereto) to which any Acquired Company (other than Sioux City) is a party as of the date hereof: (i) any Contract involving an executory obligation of any such Acquired Company of more than \$25,000 in any twelve-month period; (ii) leases relating to all Leased Real Property of the Acquired Companies; (iii) capital or operating leases or conditional sales agreements to which an Acquired Company is a party (other than Short Term Agreements), in each case involving monthly payments in excess of \$10,000; (iv) noncompetition or other agreements restricting the ability of any Acquired Company to engage in the newspaper business in any location; (v) employment, consulting, separation, collective bargaining or other labor agreements; (vi) agreements under which any Acquired Company is obligated to indemnify, or entitled to indemnification from, any other Person, other than an agreement entered into in the Ordinary Course of Business or that requires indemnification solely in connection with or as a result of a breach of, or inaccuracy contained in, such agreement or agreements disclosed in this Agreement or any Schedule hereto; (vii) the newsprint purchase agreements of each Acquired Company; (viii) any royalty agreement involving an executory obligation of any such Acquired Company of more than \$10,000 in any twelve-month period; (ix) advertising "trade-out" or similar agreements having payment obligations in excess of \$25,000 in any twelve-month period; (x) material distribution agreements with dealers and bundle haulers having payment obligations in excess of \$50,000 in any twelve-month period; and (xi) any Contract that is otherwise material to any such Acquired Company (the Contracts referred to in clauses (i) through (xi) referred to individually as a "Material Contract" or collectively the "Material Contracts"). For all purposes of and under this Agreement, the term "Short Term Agreement" shall mean an agreement entered into in the Ordinary Course of Business that is terminable by any Acquired Company upon ninety (90) days or less notice without penalty or cancellation fee or charge. Accurate and complete copies of all Material Contracts as of the date hereof listed in Schedule 4.7(a) have been or will be provided to the Purchaser.

(b) Each Acquired Company has made available to the Purchaser a copy or summary of each written Material Contract and a written summary of each oral Material Contract. Except as set forth in Schedule 4.7(b) hereto, (i) each Material Contract is in full force and effect and represents a valid, binding and enforceable obligation of such company in accordance with the respective terms thereof and, to the knowledge of each Acquired Company represents a valid, binding and enforceable obligation of each of the other parties thereto; and (ii) there exists no material breach or material default (or event that with notice or the lapse of time, or both, would constitute a material breach or material default) on the part of any Acquired Company, as the case may be, or, to the knowledge of each Acquired Company on the part of any other party under any Material Contract, in any individual case which has had or could reasonably be expected, as of the date hereof, to have a Material Adverse Effect.

4.8. Licenses. Each Acquired Company owns or possesses all right, title and interest in and to all the Licenses under its respective name which are necessary to conduct the business of each Acquired Company as conducted as of the date hereof, except for such Licenses as to which the failure to so own, hold or possess would not have a Material Adverse Effect. No loss or expiration of any License is pending or, to the Knowledge of each Acquired Company, as the case may be, threatened, other than the expiration of any License in accordance with the terms thereof or a loss or expiration that could not reasonably be expected to have a Material Adverse Effect.

4.9. Employees.

(a) Schedule 4.9 hereto contains a true, correct and complete list of all employees of any Acquired Company (other than Sioux City) who, as of December 31, 2001, have duties principally related to the newspaper operations of an Acquired Company and have an annual salary in excess of \$5,000, not including any employee who is an inactive employee on unpaid leave of absence, and indicating compensation for the year ended December 31, 2001. Each employee who has duties principally related to the newspaper operations of an Acquired Company and who remains employed by each Acquired Company immediately prior to the Closing (whether actively or inactively), and each additional employee who is hired to work by each Acquired Company following the date hereof and prior to the Closing who remains employed by such respective company immediately prior to the Closing (whether actively or inactively), shall be referred to herein individually as an "Employee" and, collectively, as the "Employees."

(b) Except as set forth in Schedule 4.9, each Acquired Company has complied in all material respects with all applicable Laws which relate to public or employee safety and health and is not liable for any arrears of wages or any taxes or penalties for failure to comply with any of the foregoing. Each Acquired Company is in compliance with the requirements of the Workers Adjustment and Retraining Notification Act ("WARN") and has no liabilities pursuant to WARN.

4.10. Employee Benefit Plans.

(a) Schedule 4.10(a) hereto lists all current or terminated bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock and stock option plans, all employment, completion, change of control or severance contracts, health, medical, vision, and dental insurance plans, life insurance and accident and disability insurance plans, leave of absence, layoff, vacation, day or dependent care, legal services, education assistance, cafeteria (within the meaning of Code Section 125), flexible spending and other employee benefit plans, policy contracts, agreements or arrangements (including any collective bargaining agreement), whether written or if material, oral, which cover Employees, former Employees, directors, or independent contractors, of each Acquired Company or with respect to which each Acquired Company has any material Liability, including "employee benefit plans" within the meaning of Section 3(3) of ERISA (collectively, the "Benefit Plans"). Except as set forth in Schedule 4.10(a) hereto, no Benefit Plan is a multiemployer plan (as defined in Section 3(37) of ERISA (a "Multiemployer Plan"), and, except as set forth in Schedule 4.10(a) hereto, no Benefit Plan provides health or other welfare benefits to former Employees other than to the extent necessary to comply with Part 6 of Title I of ERISA or Section 4980B of the Code or similar state Law ("COBRA"). True and complete copies of the Benefit Plans have been made available to the Purchaser.

(b) Each Benefit Plan has been maintained and administered in compliance in all material respects with the applicable provisions of ERISA, the Code and any other Laws (including compliance in all material respects with all reporting and disclosure obligations). Each Benefit Plan (other than any Benefit Plan that is a Multiemployer Plan) which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter that it is so qualified; to the extent that there have been any amendments to such Benefit Plan after the most recent favorable determination letter, an application for a determination letter has been filed with the Internal Revenue Service by the date of this Agreement with respect to such amendments.

(c) No Acquired Company has any material Liability under Title IV of ERISA (other than for the payment of premiums, none of which are overdue) in respect of any Benefit Plan other than a Multiemployer Plan. Except as disclosed in Schedule 4.10(c), no Acquired Company has Knowledge of any facts or circumstances that reasonably could be expected to give rise to any material Liability of any Acquired Company under Title IV of ERISA. Except as disclosed in Schedule 4.10(c), no Acquired Company or any ERISA Affiliate thereof has incurred or expects to incur material Liability in connection with an "accumulated funding deficiency" within the meaning of Section 412 of the Code, whether or not waived. No Acquired Company has incurred any material Liability or penalty under Section 4975 of the Code or Section 502(i) of ERISA with respect to any Benefit Plan. Each Benefit Plan has been maintained and administered in all material respects in compliance with its terms. There is no pending, nor has any Acquired Company received notice of, any threatened Action against or otherwise involving any of the Benefit Plans other than claims for benefits in the Ordinary Course of Business. All contributions required to be made by Law, Contract or other document as of the date of this Agreement to the Benefit Plans have been made or provided for as of the date of this Agreement. No payment that is owed by or may become due pursuant to any Benefit Plan as in effect on or before the Closing Date will be non-deductible to the Acquired Companies under Section 280G of the Code as a result of the transactions contemplated by this Agreement nor will any Acquired Company be required to compensate any Person because of the imposition of the Tax imposed by Section 4999 of the Code on such a payment.

(d) No Multiemployer Plan subject to Title IV of ERISA to which an Acquired Company is required to contribute is in reorganization status (as defined in Section 4241 of ERISA) or is insolvent (as defined in Section 4245 of ERISA). No Acquired Company has withdrawn from any Multiemployer Plan subject to Title IV of ERISA with respect to which there is any outstanding withdrawal liability (within the meaning of Section 4201 of ERISA) as of the date of this Agreement. Except as disclosed in Schedule 4.10(d) in the event that any Acquired Company were to make a complete withdrawal as of the date of this Agreement from any Benefit Plan that is a Multiemployer Plan subject to Title IV of ERISA, to the Knowledge of the Acquired Companies no Acquired Company would have any material withdrawal liability (within the meaning of Section 4201 of ERISA). Notwithstanding any provision of this Agreement to the contrary, to the extent any representation contained in Section 4.10(a), 4.10(b), 4.10(c) or this Section 4.10(d) applies or relates to a Benefit Plan that is a Multiemployer Plan, such representation is limited to the Knowledge of the Acquired Companies.

(e) Each Acquired Company has complied in all material respects with the requirements of COBRA.

(f) Except as set forth on Schedule 4.10(f) hereto, no individual is entitled to or currently being provided post-employment medical benefits or other post-employment welfare benefits coverage by an Acquired Company.

4.11. Sufficiency of Assets.

(a) Except as set forth on Schedule 4.11, as of the date hereof the assets and properties (including tangible, intangible, personal, real or mixed) of the Acquired Companies, including the assets listed on Schedule 4.5(a) hereto, together with such fixed assets of the Acquired Companies with an original cost of less than \$10,000 or which have been fully depreciated, as the case may be (including the licenses or leasehold interests in or relating to the Leased Assets), constitute all of the material assets, properties and rights necessary for the conduct of the operations of each Acquired Company, in each case in the manner consistent with past practice.

(b) Each of the Acquired Companies owns all of its owned tangible personal property free and clear of all Liens except for Permitted Encumbrances.

(c) The tangible property included in the assets of the Acquired Companies listed on the depreciation schedules set forth in Schedule 4.5(a) hereto or the Leased Assets are in such condition and repair (ordinary wear and tear excepted) suitable for operation of the business of the Acquired Companies for property of comparable type, age and usage, except for tangible personal property that is obsolete, depleted or worn out and no longer used in the operations of each Acquired Company.

4.12. Financial Statements. Attached as Schedule 4.12 hereto are true and complete copies of (i) the consolidated unaudited balance sheet of the Acquired Companies, and the unaudited balance sheet of each Acquired Company individually, as of, and the consolidated unaudited statement of income of the Acquired Companies, and the unaudited statement of income for each Acquired Company (other than Sioux City) individually, for the fiscal period ended, October 31, 2001 or, in the case of the unaudited balance sheet of Sioux City, as of December 31, 2001 (the "Interim Financial Statements"), and (ii) the consolidated and consolidating balance sheets, the consolidated and consolidating statement of income, and the consolidated statements of cash flows and stockholder equity, of HPI as of and for the periods ended April 30, 2001 and April 30, 2000, together with (other than in the case of the consolidating balance sheets and the consolidating statements of income) the opinion thereon of Deloitte & Touche, LLP, independent auditors of HPI (the "Audited Financial Statements" and, collectively, with the Interim Financial Statements, the "Financial Statements"). The Interim Financial Statements have been prepared from the books and records of each Acquired Company and the Financial Statements present fairly the financial position and results of operations of HPI as of the date and for the period indicated, in each case in conformity with GAAP, except that the Interim Financial Statements are summary in nature and do not include the statements of cash flows and stockholder equity or notes and related disclosures required by GAAP and do not contain normal year-end adjustments, which are set forth in Schedule 4.12.

4.13. No Undisclosed Liabilities. No Acquired Company has any liabilities other than (i) the liabilities reflected on the Financial Statements (including the notes thereto), (ii) the liabilities incurred in the Ordinary Course of Business after the date of the Financial Statements, none of which is material to the assets, properties, business, results of operation or condition (financial or otherwise) of any Acquired Company, (iii) the liabilities set forth in Schedule 4.13 hereto and (iv) the liabilities reflected in the final Statement of Closing Working Capital. This representation and warranty shall not be deemed to be a representation or warranty with respect to matters dealt with more specifically in other Sections of this Article 4 (including intellectual property, employee benefit plan, environmental and Tax matters).

4.14. Litigation; Governmental Orders.

(a) Except as set forth in Schedule 4.14 hereto, as of the date hereof, there are no pending or, to the Knowledge of each Acquired Company threatened Actions by any Person or Governmental Authority against or relating to such company with respect to any Acquired Company, their assets or properties (other than Actions that may be pending or threatened against HEC and its Subsidiaries or which involve less than \$10,000 or would be reasonably expected to result in a Loss of less than \$10,000).

(b) To the Knowledge of each Acquired Company, no Acquired Company is subject to or bound by any adverse Governmental Order specifically directed to any Acquired Company and not of general applicability to a group of Persons.

4.15. Compliance with Laws. Except as set forth in Schedule 4.15 hereto, to the Knowledge of each Acquired Company, each is in compliance in all material respects with, and no such company has received any written claim or notice that it is in noncompliance with, any material Law or Governmental Order applicable to any Acquired Company.

4.16. Environmental Matters. Except as disclosed in the environmental site assessments identified in Schedule 4.16 hereto, all of which have been made available to the Purchaser:

(a) to the Knowledge of each Acquired Company there has not been any release of any Hazardous Material in violation of Environmental Law into the environment on the Owned Real Property or formerly Owned Real Property of any Acquired Company;

(b) no Acquired Company has operated in or is in violation of any Environmental Law in any material respect;

(c) no Acquired Company has received any directive, order or written notice from any Governmental Authority or any other Person alleging any violation of or failure to comply with any Environmental Law at the Owned Real Property, nor has any Acquired Company received any directive, order or written notice from any Government Authority or any other Person alleging that such company is actually or potentially liable under any Environmental Law for the costs of environmental investigation or Remedial Action of the Owned Real Property, any Formerly Owned Real Property, or any off-site disposal site;

(d) there is not now and, to the Knowledge of the Acquired Companies there has never been any underground storage tank located on the Owned Real Property or formerly Owned Real Property of any Acquired Company;

(e) with respect to the Owned Real Property, a copy of all material environmental inspections, studies, audits, tests, reviews or analysis conducted by each Acquired Company or any consultant engaged by such company within the last five (5) years, has been previously provided or made available to the Purchaser; and

(f) no Acquired Company has operated in or is in violation of any Environmental Law in any material respect and each Acquired Company has obtained all Licenses necessary for its operation under Environmental Laws and each Acquired Company is in material compliance with all terms and conditions of such Licenses.

4.17. Insurance.

(a) Each Acquired Company and its Affiliates, directly or through HPI, maintains insurance coverage of the type and in amounts customarily carried by private companies conducting businesses similar to those of the Acquired Companies.

(b) Schedule 4.17 lists and briefly describes each insurance policy (other than policies that are part of a Benefit Plan) maintained by or on behalf of an Acquired Company, each of which, except as set forth in Schedule 4.17 hereto, is in full force and effect on the date of this Agreement, and an insurance claims history for the preceding two (2) years.

4.18. Transactions with Affiliates. Except as set forth in Schedule 4.18 hereto, no shareholder, officer, director or Employee of any Acquired Company or any of its Affiliates has (a) an outstanding loan from, or an outstanding loan to, the Acquired Company which will remain outstanding as of the Closing (other than for reimbursement of expenses arising in the Ordinary Course of Business and advances to Employees of amounts less than \$1,000), (b) except as set forth in Schedule 4.14 hereto or with respect to any Employee, any material contractual or other claim, express or implied, of any kind whatsoever which has been asserted or, to the Knowledge of any Acquired Company, threatened, (c) any interest in any Acquired Company's common stock, except for HPI Common Stock, or (d) engaged in any other material transaction with an Acquired Company other than in such person's capacity as an employee, officer or director of such respective company or transactions engaged in by Employees.

4.19. Taxes. Except as set forth in Schedule 4.19 hereto:

(a) Each Acquired Company (i) has filed (or caused to be filed) all Tax Returns required to be filed by such company prior to the date of this Agreement, except for those Tax Returns for which requests for extensions have been timely filed, and all such Tax Returns are accurate and complete in all material respects, (ii) has paid all Taxes shown to be due and payable on such Tax Returns and (iii) has accrued on the Interim Financial Statements (or caused to be accrued), in accordance with the rules and methodology used in preparing such Interim Financial Statements, all Taxes determined under such rules and methodology to be unpaid for all taxable years or periods ending on or prior to the date of the Interim Financial Statements of such company. No Acquired Company or its Affiliates have incurred any liability for Taxes subsequent to the date of the Interim Financial Statements of such company and prior to the date of this Agreement other than in the Ordinary Course of Business or pursuant to the transactions contemplated by this Agreement.

(b) There are no Liens for Taxes on the assets of any Acquired Company except for Permitted Encumbrances, and, to the Knowledge of any Acquired Company, there is no pending Tax audit, examination, refund, litigation or adjustment in controversy with respect to the Tax liability of any Acquired Company.

(c) Notwithstanding anything to the contrary in this Agreement, nothing in this Section 4.19 shall cause an HPI Indemnitor, HEC or any HPI Stockholder to be liable for any Taxes for which it is not expressly liable pursuant to Section 6.13 (relating to Tax matters).

4.20. Labor Controversies.

(a) Except as set forth on Schedule 4.20 hereto, with respect to any Acquired Company, no such company is a party to, or bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor union organization. No labor organization or group of employees of any Acquired Company has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of each Acquired Company, threatened to be brought or filed, with the National Labor Relations Board or other labor relations tribunal. There is no organizing activity involving any Acquired Company pending or, to the knowledge of each Acquired Company, threatened by any labor organization or group of Employees of any Acquired Company.

(b) There are no (i) strikes, work stoppages, slowdowns, lockouts or arbitrations or (ii) material grievances, unfair labor practice charges or other labor disputes pending or, to the Knowledge of each Acquired Company, threatened against or involving any Acquired Company.

4.21. Inventories; Receivables; Payables.

(a) Except as set forth on Schedule 4.21(a) hereto, the newsprint inventories of each Acquired Company are in good and marketable condition, and are of a quality useable in the Ordinary Course of Business. All newsprint inventories have been procured in the Ordinary Course of Business and consistent with anticipated requirements as of the time commitments were made, and the volume of use of newsprint has not been reduced or increased in anticipation of the transactions contemplated by this Agreement

(b) The accounts receivable of each Acquired Company have arisen from bona fide transactions in the Ordinary Course of Business. All such receivables as of the date hereof are currently due and payable and not subject to any express performance obligations by an Acquired Company prior to collection, and all such receivables as of the Closing Date will on the Closing Date be currently due and payable and not subject to express performance obligations by an Acquired Company prior to collection, in each case other than in the Ordinary Course of Business.

(c) The accounts payable of each Acquired Company reflected in the Financial Statements or arising after the date thereof are the result of bona fide transactions in the Ordinary Course of Business. Notwithstanding the foregoing, in the event an account payable is included as a liability in the final Closing Working Capital of HPI or as an HPI Excluded Liability, the Purchaser and its Affiliates shall have no right to claim indemnification for a breach of the representation and warranty contained in this Section 4.21(c).

4.22. Advertisers and Suppliers. Schedule 4.22 sets forth a list of the fifteen (15) largest advertisers and the fifteen (15) largest suppliers of each Acquired Company (other than Sioux City), as measured by the dollar amount of purchases therefrom or thereby, during the fiscal year ended April 30, 2001, and for the nine-month period ended December 31, 2001, showing the approximate total sales by each Acquired Company to each such advertiser and the approximate total purchases by each Acquired Company from each such supplier, during such period. To the Knowledge of each Acquired Company, except as set forth on Schedule 4.22 hereto, no Acquired Company has received notice from any such advertiser that (i) the advertiser has a material dispute with or claim against an Acquired Company or (ii) the advertiser plans to materially reduce over the long term the volume of its business with the Acquired Company.

4.23. Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the HPI Stockholders directly with the Purchaser without the intervention of any Person in such manner as to give rise to any claim by any Person against the Purchaser for a finder's fee or brokerage commission.

4.24. Full Disclosure. To the Knowledge of each Acquired Company, none of the representations and warranties made by the HPI Stockholders, HPI and HEC in this Agreement or the Schedules or Exhibits hereto contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or herein not misleading.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the HPI Stockholders as follows:

5.1. Organization. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

5.2. Authority. The Purchaser has all requisite corporate power and authority to enter into this Agreement and the Purchaser Documents, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Purchaser of this Agreement and the Purchaser Documents, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation by the Purchaser of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement has been, and at the Closing the Purchaser Documents will be, duly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery of this Agreement by the HPI Stockholders, HPI, and HEC, as the case may be, this Agreement and the Purchaser Documents constitute the legally valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, and subject to (i) the effect of any applicable Laws of general application relating to bankruptcy, reorganization, insolvency, moratorium or similar Laws affecting creditors' rights and relief of debtors generally, and (ii) the effect of rules of law and general principles of equity, including rules of law and general principles of equity governing specific performance, injunctive relief and other equitable remedies (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. No Violation. Assuming that all consents, waivers, approvals, orders and authorizations set forth in Schedule 5.4 hereto have been obtained and all registrations, qualifications, designations, declarations or filings with any Governmental Authorities set forth in Schedule 5.4 hereto have been made, and except as set forth in Schedule 5.3 hereto, the execution and delivery by the Purchaser of this Agreement and the Purchaser Documents, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation by the Purchaser of the transactions contemplated hereby and thereby, will not conflict with or violate in any material respect, constitute a material default (or event which with the giving of notice or lapse of time, or both, would become a material default) under, give rise to any right of termination, amendment, modification, acceleration or cancellation of any material obligation or loss of any material benefit under, result in the creation of any material Encumbrance on any assets or properties of the Purchaser, or require the Purchaser to obtain any consent, waiver or approval of, make any filing with, or give any notice to any Person as a result or under, the terms or provisions of (i) the organizational documents of the Purchaser, (ii) any Contract to which the Purchaser is a party or is bound, or (iii) any Law applicable to the Purchaser, or any Governmental Order issued by a Governmental Authority by which the Purchaser is in any way bound or obligated, except, in the case of clauses (ii) and (iii) of this Section 5.3, as would not, in any individual case, have a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement and the Purchaser Documents or to consummate the transactions contemplated hereby or thereby.

5.4. Governmental Consents. No material consent, waiver, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority is required on the part of the Purchaser in connection with the execution and delivery by the Purchaser of this Agreement and the Purchaser Documents, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation by the Purchaser of the transactions contemplated hereby and thereby, except as set forth in Schedule 5.4 hereto.

5.5. Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Purchaser directly with the HPI Stockholders without the intervention of any Person on behalf of the Purchaser in such manner as to give rise to any claim by any Person against the HPI Stockholders, HPI, HEC, or any other Acquired Company for a finder's fee or brokerage commission .

5.6. Funding. The Purchaser will have borrowing facilities which, together with its available cash, will be sufficient to enable it to consummate the transactions contemplated by this Agreement and pay all related fees and expenses for which the Purchaser will be responsible at the Closing.

5.7. Investment Representation; Business Investigation. The Purchaser is acquiring the HPI Common Stock for its own account or investment purposes only and not with a view to the distribution of the shares of such common stock. The Purchaser acknowledges that none of the HPI Common Stock has been registered under the Securities Act or any state securities Law in reliance upon an exemption therefrom for non-public offerings, that shares of common stock must be held indefinitely unless the sale thereof is registered under the Securities Act or such state securities law, or an exemption therefrom for such registration is available under Rule 144, promulgated under the Securities Act, or otherwise. The Purchaser (a) has such knowledge, sophistication and experience in business and financial matters that it is capable of valuing an investment in the shares of the HPI Common Stock, (b) has conducted an examination of the reports and other materials relating to each Acquired Company prepared by HPI, (c) fully understands the nature, scope and duration of the

limitations on transfer applicable to the shares of the HPI Common Stock and (d) can bear the economic risk of an investment in the shares of the HPI Common Stock and can afford a complete loss of such investment.

ARTICLE 6

COVENANTS AND AGREEMENTS

6.1. Conduct of Business.

(a) At all times during the period commencing upon the execution and delivery hereof by each of the parties hereto and terminating upon the earlier to occur of the Closing or the termination of this Agreement pursuant to and in accordance with the terms of Section 9.1 hereof, unless the Purchaser shall otherwise consent in writing (which consent shall not be unreasonably withheld or delayed), and except as otherwise set forth in Schedule 6.1 hereto, HPI shall, and shall cause each of the other Acquired Companies, as the case may be, to (i) conduct the operations of the Acquired Companies in the Ordinary Course of Business, (ii) use commercially reasonable efforts to preserve intact the goodwill of the Acquired Companies and the current relationships of each Acquired Company with its officers, employees, customers, suppliers and others with significant and recurring business dealings with each Acquired Company, (iii) use commercially reasonable efforts to maintain all of the Insurance Policies (including those relating to libel) and all of the Licenses that are necessary for each Acquired Company to carry on its respective business operations in the manner conducted by such company as of the date hereof, (iv) maintain the books of account and records of each Acquired Company in the usual, regular and ordinary manner and consistent with past practices, and (v) not take any action that would result in a breach of any of the representations and warranties of each Acquired Company contained in Article 4 hereof.

(b) At all times during the period commencing upon the execution and delivery hereof by each of the parties hereto and terminating upon the earlier to occur of the Closing or the termination of this Agreement pursuant to and in accordance with the terms of Section 9.1 hereof, unless the Purchaser shall otherwise consent in writing (which consent shall not be unreasonably withheld or delayed), and except as otherwise set forth in, or contemplated by, this Agreement or in Schedule 6.1 hereto, HPI shall not, and shall cause each of the other Acquired Companies not to, take, or cause to be taken, any of the following actions:

(i) merge with or into, or consolidate with, any other Person;

(ii) adopt, enter into or amend any arrangement which is, or would be, a Benefit Plan of any Acquired Company except for any amendment to any Benefit Plan offered to all Employees of the Acquired Company or unless otherwise required by applicable Law or this Agreement;

(iii) make any material change in the accounting methods or practices of such company, or make any changes in depreciation or amortization policies or rates adopted by such company, in connection with the preparation of its books and records, Tax Returns (except to the extent required by law) or otherwise;

(iv) increase any wage, salary, bonus or other direct or indirect compensation payable or to become payable to any of the Employees, or make any accrual for or commitment or agreement to make or pay the same, other than increases in wages, salary, bonuses or other direct or indirect compensation required by any existing Contract or Law or annual compensation increases of up to three (3) percent in the Ordinary Course of Business;

(v) enter into any transactions with any of its shareholders, officers, directors or employees, or any Affiliate of any of the foregoing, other than in the Ordinary Course of Business or transactions taken to allow for, or in connection with, the HPI Redemption;

(vi) make any payment or commitment to pay any severance or termination pay to any Employee or any independent contractor, consultant, agent or other representative of any Acquired Company, other than payments or commitments to pay such Employees permitted under clause (v) above;

(vii) (1) enter into any real property lease (as lessor or lessee); (2) sell, lease, license, abandon or make any other disposition of, or agree to sell, lease, license, abandon or make any other disposition of, any of the physical assets or properties of such company other than in the Ordinary Course of Business; or (3) grant or incur any Encumbrance on any of the assets or properties of such company other than Permitted Encumbrances or Encumbrances not exceeding \$10,000 individually or \$50,000 in the aggregate;

(viii) except for short-term indebtedness for borrowed money incurred in the Ordinary Course of Business and except for Excluded Liabilities of HPI, incur or assume any Funded Debt pursuant to a Material Contract;

(ix) make any acquisition of all or any part of the capital stock or all or substantially all of the assets, properties or business of any other Person;

(x) enter into any commitments to make capital expenditures except as provided in the Capital Program and except for expenditures that do not exceed \$25,000 individually or \$200,000 in the aggregate;

(xi) amend the charter or the bylaws of any Acquired Company;

(xii) issue, transfer, sell or dispose of, authorize or agree to the issuance, transfer, sale or disposition of (whether through the issuance or granting of options, rights, warrants, or otherwise), any shares of capital stock or any voting securities of HEC or any Acquired Company or any options, rights, warrants or other securities convertible into or exchangeable or exercisable for any such shares of capital stock or voting securities of HEC or such Acquired Company (unless such recipient, transferee or purchaser consents in writing to be bound by the terms of this Agreement) or amend any of the terms of any securities or agreements relating to such capital stock or voting securities outstanding on the date hereof;

(xiii) acquire or agree to acquire, by merging or consolidating with, or by purchasing a substantial equity interest in or substantial portion of the assets of, any business or any Person or otherwise acquire or agree to acquire any materials assets, in any such case, except in the Ordinary Course of Business;

(xiv) enter into or renew any contract or agreement to provide or grant any party with a non-terminable right to develop, host, provide or operate any Acquired Company e-mail or internet site or portion thereof; or

(xv) voluntarily enter into any collective bargaining agreement applicable to any employees of any Acquired Company or otherwise voluntarily recognize any union as the bargaining representative of any such employees.

(c) Notwithstanding anything to the contrary set forth in this Section 6.1 or elsewhere in this Agreement, each Acquired Company shall be permitted, without obtaining the consent or other approval of the Purchaser, to declare, issue, make or pay any dividend or other distribution of cash, U.S. Treasury securities or Other Cash Equivalents to its stockholders prior to the Closing, make a dividend or distribution to its stockholders of any intercompany receivables (other than a non-current asset) between HPI, on the one hand, and any of the Acquired Companies on the other, or cancel or repay any intercompany indebtedness prior to the Closing.

(d) At all times during the period commencing upon the execution and delivery hereof by each of the parties hereto and terminating upon the earlier to occur of the Closing or the termination of this Agreement pursuant to and in accordance with the terms of Section 9.1 hereof, unless the HPI Stockholder Representative shall otherwise consent in writing, the Purchaser shall not enter into an agreement relating to any acquisition, merger, consolidation or purchase that would reasonably be expected to (1) impose any material delay in the obtaining of, or significantly increase the risk of not obtaining, any Authorizations, consents, orders, declarations or approvals of any Governmental Entity necessary to consummate the transactions contemplated by this Agreement or the expiration or termination of any applicable waiting period, (2) materially increase the risk of any Governmental Entity entering an order prohibiting the consummation of the transactions contemplated by this Agreement, or (3) significantly increase the risk of not being able to remove any such order on appeal or otherwise.

6.2. Access and Information. Subject to the terms of the Confidentiality Agreement, at all times during the period commencing upon the execution and delivery hereof by each of the parties hereto and terminating upon the earlier to occur of the Closing or the termination of this Agreement pursuant to and in accordance with the terms of Section 9.1 hereof, HPI shall permit, and the HPI Stockholders and HPI shall cause each Acquired Company to permit, the Purchaser and its authorized agents and representatives to have reasonable access, upon reasonable notice and during normal business hours, to all of the Employees, assets and properties and all relevant books, records and documents of or relating primarily to each Acquired Company and the assets of any Acquired Company, and shall furnish to the Purchaser such information and data, financial records and other documents relating thereto as the Purchaser may reasonably request, subject, in each case, to the terms of any applicable confidentiality agreement. Each Acquired Company shall permit the Purchaser and its agents and representatives reasonable access to such company's accountants, auditors and suppliers for reasonable consultation or verification of any information obtained by the Purchaser during the course of any investigation conducted pursuant to this Section 6.2, and shall use reasonable efforts to cause such Persons to cooperate with the Purchaser and its agents and representatives in such consultations and in verifying such information. If the Purchaser desires to perform any invasive testing at the Owned Real Property, the Purchaser (or its agents) shall do so only after notifying HPI and obtaining HPI's prior written consent thereto, which consent may not be unreasonably withheld or delayed, but which may be subject to any terms and conditions reasonably imposed by HPI, including the prompt restoration of the Owned Real Property to its condition prior to any such inspections or tests, at the Purchaser's sole cost and expense. Neither the Purchaser nor its agents shall perform any testing on any property of a landlord on any Leased Real Property, nor shall they take any action which may cause a default under the terms of any lease. Any investigation pursuant to this Section 6.2 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the Acquired Companies.

6.3. Confidentiality. The terms of the Confidentiality Agreement are hereby incorporated herein by reference and shall continue in full force and effect from and after the Closing in accordance with the terms thereof, such that the information obtained by any party hereto, or its officers, employees, agents or representatives, during any investigation conducted pursuant to Section 6.2 hereof, in connection with the negotiation, execution and performance of this Agreement or the consummation of the transactions contemplated hereby, shall be governed by the terms set forth in the Confidentiality Agreement.

6.4. Further Actions.

(a) Upon the terms and subject to the conditions set forth in this Agreement (including the terms of Section 6.4(b) hereof), the HPI Stockholders, each Acquired Company and the Purchaser shall each use their respective commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, and to assist and cooperate with the other parties hereto in doing, all things necessary, proper or advisable under applicable Laws to consummate the transactions contemplated hereby, including:

(i) obtaining all necessary Material Licenses, actions or nonactions, waivers, consents, approvals, authorizations, qualifications and other orders of any Governmental Authorities with competent jurisdiction over the transactions contemplated hereby;

(ii) obtaining all necessary consents, approvals or waivers from third parties;

(iii) defending any lawsuits or other Actions challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have vacated or reversed any stay or temporary restraining order entered by any Governmental Authority prohibiting or otherwise restraining the consummation of the transactions contemplated hereby; and

(iv) executing and delivering any additional instruments, certificates and other documents necessary or advisable to consummate the transactions contemplated hereby and to fully carry out the purposes of this Agreement.

(b) Without limiting the generality of the foregoing, the HPI Stockholders, each Acquired Company and the Purchaser hereby agree to proceed diligently to prepare and to file, no later than ten (10) days after the date of this Agreement:

(i) any notification, transfer application and report form and related material required under the HSR Act and to provide promptly to Governmental Authorities with regulatory jurisdiction over enforcement of any applicable antitrust Laws all information and documents requested by any such Governmental Authorities or necessary, proper or advisable to permit consummation of the transactions contemplated hereby; and

(ii) any notification, transfer application and report form and related material required under applicable Law and to provide promptly to Governmental Authorities with regulatory jurisdiction over enforcement of any applicable Laws all information and documents requested by any such Governmental Authorities or necessary, proper or advisable to permit consummation of the transactions contemplated hereby.

The Purchaser, the HPI Stockholders, HEC and each Acquired Company hereby further agree to use their respective commercially reasonable best efforts to (1) respond to any request of any Governmental Authority for information, (2) contest and resist any Action, including any legislative, administrative or judicial Action, and have vacated, lifted, reversed or overturned, any Governmental Order (whether temporary, preliminary or permanent) that restricts, prevents or prohibits the consummation of the transactions contemplated hereby, including by using all legal efforts to vigorously pursue all available avenues of administrative and judicial appeal and all available legislative action, and (3) in the event that any permanent or preliminary injunction or other Governmental Order is entered or becomes reasonably foreseeable to be entered in any proceeding that would make consummation of the transactions contemplated hereby in accordance with the terms of this Agreement unlawful or that would prohibit, prevent, delay or otherwise restrain the consummation of the transactions contemplated hereby, to cause the relevant Governmental Authorities to vacate, modify or suspend such injunction or order so as to permit the consummation of the transactions contemplated hereby prior to the Termination Date.

6.5. Fulfillment of Conditions by the HPI Stockholders, HEC and the Acquired Companies. The HPI Stockholders, HEC and each Acquired Company shall not knowingly take or cause to be taken, or fail to take or cause to be taken, any action that would cause the conditions to the obligations of such person or the Purchaser to consummate the transactions contemplated hereby to fail to be satisfied or fulfilled at or prior to the Closing, including by taking or causing to be taken, or failing to take or cause to be taken, any action that would cause the representations and warranties made by each company in Article 4 hereof to fail to be true and correct as of the Closing in all material respects. The HPI Stockholders, HEC and each Acquired Company shall take, or cause to be taken, all actions within their or its power to cause to be satisfied or fulfilled, at or prior to the Closing, the conditions precedent to the Purchaser's obligations to consummate the transactions contemplated hereby as set forth in Section 7.1 hereof.

6.6. Fulfillment of Conditions by the Purchaser. The Purchaser shall not knowingly take or cause to be taken, or fail to take or cause to be taken, any action that would cause the conditions to the obligations of the HPI Stockholders, HEC and each Acquired Company or the Purchaser to consummate the transactions contemplated hereby to fail to be satisfied or fulfilled, including by taking or causing to be taken, or failing to take or cause to be taken, any action that would cause the representations and warranties made by the Purchaser in Article 5 hereof to fail to be true and correct as of the Closing in all material respects. The Purchaser shall take, or cause to be taken, all actions within its power to cause to be satisfied or fulfilled, at or prior to the Closing, the conditions precedent to the obligations of such company to consummate the transactions contemplated hereby as set forth in Section 7.2 hereof.

6.7. Publicity. The HPI Stockholders, HEC and any Acquired Company and the Purchaser shall cooperate with each other in the development and distribution of all news releases and other public disclosures relating to the transactions contemplated by this Agreement. Neither of the HPI Stockholders, HEC or each Acquired Company nor the Purchaser shall issue or make, or allow to have issued or made, any press release or public announcement concerning the transactions contemplated by this Agreement without the consent of the other party hereto, except as otherwise required by applicable Law or, as to the Purchaser, the New York Stock Exchange rules, but in any event only after giving the other party hereto a reasonable opportunity to comment on such release or announcement in advance, consistent with such applicable legal requirements.

6.8. Transaction Costs. The Purchaser shall pay all transaction costs and expenses (including legal, accounting and other professional (including environmental consultants and title companies) fees and expenses and other fees described in Section 5.5 hereof) that it incurs in connection with the negotiation, execution and performance of this Agreement and the consummation of the transactions contemplated hereby. The HPI Stockholders shall pay (except to the extent paid by any Acquired Company prior to the Closing) all transaction costs and expenses (including legal, accounting and other professional fees and expenses and other fees described in Section 4.23 hereof) that they or any of HEC or any Acquired Company incur in connection with the negotiation, execution and performance of this Agreement and the consummation of the transactions contemplated hereby. Responsibility for such payment shall be allocated among the HPI Stockholders pro rata based on their ownership as of the Closing of shares of HPI Common Stock. Notwithstanding the foregoing and anything to the contrary contained in this Agreement, HPI and the Purchaser shall share equally any filing fees in connection with the HSR Act, which filing fees will be paid prior to the Closing.

6.9. Employees and Employee Benefit Matters.

(a) Except as provided in Section 6.9(b), immediately prior to the Closing Date, HPI shall cease, and shall cause each of the Acquired Companies to cease, to be a participating employer under, and terminate its sponsorship of, each Benefit Plan other than such plans sponsored by, contributed to or otherwise covering employees (or their dependents or beneficiaries) of Sioux City (the "Sioux City Benefit Plans"). Except as provided in Section 6.9(b), HEC shall pay, discharge, or assume and be solely responsible for, the sponsorship of all Benefit Plans and all Liabilities which arise or become payable under any Benefit Plan before, upon or with respect to Benefit Plans other than the Sioux City Benefit Plans, after Closing, except to the extent any such Liabilities are included in the Statement of Closing Working Capital. The Purchaser shall, or shall cause the Acquired Companies to pay, discharge and be solely responsible for all Liabilities which arise or become payable as a result of or in connection with the employment by the Purchaser or the Acquired Companies of any Employees for periods after Closing, including, without limitation, all severance or termination pay and all accrued vacation, salary, wages and other compensation payments or benefits under or pursuant to any employee benefit plan of the Purchaser, the Sioux City Benefit Plans or under any employee benefit plans established by the Acquired Companies after the Closing Date, as the case may be. The Purchaser shall not assume or be obligated to pay or perform any Liabilities under any Benefit Plans other than the Sioux City Benefit Plans (including any stay bonus or severance policy, plan, arrangement or benefit), except that the Purchaser shall provide vacation pay to Employees to the extent such vacation pay is accrued and included in the Statement of Closing Working Capital.

(b) Notwithstanding the foregoing, the other provisions of this Section 6.9 other than subsections (h), (i), (j), and (l) shall not apply with respect to a Benefit Plan to the extent the Acquired Company is required to sponsor, maintain, or participate in such plan under the terms of a collective bargaining agreement covering employees of the Acquired Company and each Acquired Company shall continue to sponsor, maintain, or be a participating employer under such a Benefit Plan to the extent necessary to accomplish the foregoing. To the extent any Benefit Plan is both attributable to a collective bargaining agreement covering employees of an Acquired Company and not attributable to such a collective bargaining agreement, HEC shall spin-off the portion of such Benefit Plan attributable to a collective bargaining agreement covering employees of an Acquired Company as directed by the Purchaser before, on, or after the Closing, and the Purchaser shall cause such Acquired Company to assume sponsorship and all liabilities in respect thereof. The provisions of Section 6.9 (other than the first sentence of this Section 6.9(b)) shall apply to the portion of any Benefit Plan that an Acquired Company is not required to sponsor, maintain, or participate in under the terms of any collective bargaining agreement.

(c) For a period commencing on the Closing Date and ending on the earlier of (i) the first anniversary of the Closing Date or (ii) the Employee's termination of employment with an Acquired Company or the Purchaser, the Purchaser shall provide or cause the Acquired Companies to provide to each Employee medical benefits subject to COBRA and disability benefits (collectively, "Purchaser's Benefit Programs"). With respect to any Employees covered by any of the Purchaser's Benefit Programs, service through the Closing Date with the Acquired Companies or their Affiliates shall be taken into account for all purposes under the Purchaser's Benefit Programs as if such service had been with the Purchaser or its Affiliates.

(d) The Purchaser shall cause the Acquired Companies to provide and recognize all accrued but unused vacation as of the Closing Date.

(e) HEC and the HPI Stockholders shall be responsible for payment of all covered medical, dental, life insurance and long-term disability claims or expenses incurred by any Employee prior to the Closing Date, and the Purchaser shall not assume nor shall any Acquired Company or any of their respective Subsidiaries (other than HEC) be responsible for any liability with respect to such claims. For this purpose, a long-term disability claim shall be treated as incurred prior to the Closing Date if such long-term disability immediately follows a short-term disability that arose on or before the Closing Date. Any preexisting condition clause in any of the welfare plans (including medical, dental and disability coverage) included in the Purchaser's Benefit Programs shall be waived for any Employees who are covered by such plans. The Purchaser shall cause the Purchaser's Benefit Programs to credit such Employees with any amounts shown on records provided by HEC for this purpose as paid under the Benefit Plans prior to the Closing Date toward satisfaction of applicable deductibles or out-of-pocket maximums under the corresponding Purchaser Benefit Programs, and HEC shall provide accurate records for this purpose. The Purchaser shall provide to HEC documents necessary to enroll Employees in such Purchaser's Benefit Programs, and HEC shall cooperate in distributing such documents to the Employees with the intent that such enrollments be effective immediately after the Closing.

(f) The Purchaser shall cause the Acquired Companies to be responsible for providing any Employee (and such employees' "qualified beneficiaries" within the meaning of Section 4980B(f) of the Code) who has a "qualifying event," within the meaning of Section 4980B(f) of the Code, after the Closing Date with the continuation of group health coverage required by COBRA to the extent required by law.

(g) With respect to the Employees, after the Closing, the Purchaser and the Acquired Companies shall have the liability and obligation for, and neither HEC, the HPI Stockholders nor any of their respective Affiliates shall have any liability or obligation for: (1) short-term disability and sick pay or salary continuation benefit claims incurred after the Closing; and (2) any medical, dental, life insurance, long-term disability or other welfare benefit claims incurred after the Closing, but only under the terms of the Purchaser's Benefit Programs or the Sioux City Benefit Plans and only to the extent the Employees are covered under such programs or plans. For this purpose, claims other than medical or dental claims shall be treated as incurred after the Closing only if such claims are attributable to an event, e.g., disability, which arises after the Closing.

(h) The Purchaser and the Acquired Companies shall be responsible for all liabilities or obligations under the Worker Adjustment and Restraining Notification Act and similar state and local rules, statutes and ordinances resulting from the actions of the Purchaser or the Acquired Companies after the Closing.

(i) HEC shall be liable for any workers' compensation or similar workers' protection claims of any Employee incurred on or prior to the Closing Date to the extent not covered by insurance of the Acquired Companies. The Purchaser and the Acquired Companies shall be liable for any workers' compensation or similar workers' protection claims of any Employee incurred after the Closing Date. For this purpose, claims shall be treated as incurred after the Closing Date only if such claims are attributable to an event which occurred after the Closing Date.

(j) Subject to applicable law, HEC shall provide to the Purchaser, upon its request, demographic information regarding each Employee, including rate of pay, age, date of birth, date of employment and accrued vacation.

(k) Notwithstanding any other provision in this Agreement, the Purchaser acknowledges and agrees that neither it nor any Acquired Company shall have any interest in, or right to, any asset associated with any Benefit Plan after the Closing.

(l) The covenants and agreements set forth in this Section 6.9 shall be solely for the benefit of, and shall only be enforceable by, the parties to this Agreement and their permitted assigns. Without limiting the generality of the foregoing, nothing in this Agreement shall provide or be construed to provide any Employees with any rights under this Agreement, and no Person, other than the parties to this Agreement, is or shall be entitled to bring any action to enforce any provision of this Agreement.

6.10. Interdivisional Agreements. Unless otherwise requested by the Purchaser in writing, prior to Closing, each Acquired Company shall terminate, without any continuing Liability to the Acquired Company resulting therefrom, all agreements between any division, Affiliate or Subsidiary of such company other than HEC, on the one hand, and HEC or any division, Affiliate or Subsidiary thereof, all of which are described in Schedule 6.10 hereto.

6.11. Schedules. The HPI Stockholders and each Acquired Company shall have the right from time to time after the date hereof to deliver written updates of the Schedules attached hereto (the "Schedules") to reflect matters that existed, occurred or arose prior to the date hereof and were not included on the Schedules attached hereto but should have been so included (the updated Schedules being referred to as the "Updated Schedules" and such matters being referred to as the "Update Matters"). The parties shall use reasonable best efforts to identify any items on the Updated Schedules that are not appropriately responsive to the applicable representations and warranties and to eliminate any such items from the Updated Schedules. If the Purchaser's good faith estimate, based on all information then reasonably available to the Purchaser, of the aggregate Loss for which indemnification would be required pursuant to Article 8 hereof (without taking into account the limitations contained in Section 8.5(b)) with respect to the Update Matters (other than those eliminated pursuant to the efforts referred to in the immediately preceding sentence) exceeds \$3,000,000, then the Purchaser or the HPI Stockholders Representative shall be entitled to terminate this Agreement under Section 9.1(e). If the Closing occurs, then, subject to all of the limitations and conditions contained in Article 8 (including, without limitation, the threshold and deductible contained in Section 8.5(b)) the Purchaser shall be entitled to indemnification in respect of Losses relating to the Update Matters (other than any eliminated or disregarded as aforesaid) to the same extent that the Purchaser would have been entitled to such indemnification in the absence of the delivery of the Updated Schedules, and, except as otherwise provided in this sentence with respect to indemnification, the Updated Schedules (absent any portion thereof relating to an Update Matter eliminated as aforesaid) shall constitute the final Schedules for purposes of this Agreement.

6.12. Retention of and Access to Records. From and after the Closing, the Purchaser shall preserve, in accordance with HPI's normal document retention policy, all books and records transferred by each Acquired Company to the Purchaser pursuant to this Agreement. As soon as practicable following the Closing, the Purchaser shall deliver a copy of such books and records of each Acquired Company in the possession of the Purchaser pursuant hereto to the HPI Stockholders which are reasonably necessary to enable the HPI Stockholders to prepare all Tax Returns of HPI and each other Acquired Company relating to periods ending on or prior to the Closing Date. In addition to the foregoing, from and after the Closing, the Purchaser shall afford to the HPI Stockholders, and their counsel, accountants and other authorized agents and representatives, during normal business hours, reasonable access to the employees, books, records and other data relating to each Acquired Company with respect to periods prior to the Closing, and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting party (a) to facilitate the investigation, litigation and final disposition of any claims which may have been or may be made against any such party or Person, or its Affiliates, (b) for the preparation of Tax Returns and audits, and (c) for any other reasonable business purpose.

6.13. Tax Matters.

(a) Liability for Taxes.

(i) To the extent provided in Section 8.1, and pursuant to Article 8 (and subject to the limitations thereof), the HPI Indemnitors agree to and shall indemnify and hold the Purchaser, and its directors, officers, employees, Affiliates (including HPI and any of the Acquired Companies if the Closing occurs), agents and assigns harmless from and against any and all Losses resulting from, based upon or arising out of, directly or indirectly: (A) Taxes imposed on any Acquired Company (other than Sioux City) for any taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date, (B) Taxes imposed on or related to HEC for any taxable year or period and (C) Taxes imposed on any Acquired Company as a result of the HPI Redemption; provided, however, that no HPI Indemnitor shall be liable for or pay, and no HPI Indemnitor shall indemnify or hold harmless any Person from and against, (I) any Taxes taken into account as a liability or reserve (whether taken into account as a liability or reserve, as an offset to an asset, or otherwise) in determining the final Closing Working Capital of HPI, (II) any Taxes that result from any actual or deemed election under Section 338 of the Code or any similar provisions of state, local or foreign law as a result of the purchase or redemption of the HPI Common Stock or the deemed purchase of shares of any Acquired Company or that result from the Purchaser, any Affiliate of the Purchaser, or the Purchaser or any Acquired Company engaging in any activity or transaction that would cause the transactions contemplated by this Agreement to be treated as a purchase or sale of assets of any Acquired Company for federal, state, local or other Tax purposes, (III) any Taxes imposed on any Acquired Company or for which any Acquired Company may otherwise be liable as a result of transactions occurring on the Closing Date that are properly allocable (based on, among other relevant factors, factors set forth in Treas. Reg.ss. 1.1502-76(b)(1)(ii)(B)) to the portion of the Closing Date after the Closing, (it being understood and agreed that in no event shall the HPI Redemption be regarded as a transaction described in this clause (III)), (IV) Taxes imposed as a result of or in connection with (i) any dividends paid by Sioux City to HPI on or after December 31, 2001, (ii) the conversion of Principal Financial Group or Liberty Mutual Insurance Company to stock form from mutual insurance companies, or (iii) the sale of HPI's capital stock in Sioux City pursuant to an exercise by Hagadone of its rights under the Buy and Sell Agreement, dated as of March 1, 1992, (V) any Taxes resulting from a sale of any Acquired Company by the Purchaser or any Affiliate of the Purchaser (Taxes described in this proviso, hereinafter "Excluded Taxes"). Except to the extent taken into account as an asset (whether taken into account as an asset, as an offset to a liability or reserve, or otherwise) in determining the final Closing Working Capital of HPI, or except as provided in the last sentence of paragraph (a)(ii) of this Section 6.13, the HPI Stockholders shall be entitled to any refund of (or credit for) Taxes for which any HPI Indemnitor is liable under this Agreement (including, without limitation, any refund of, or credit for, Taxes of HEC or any Acquired Company due to the overpayment of such Taxes prior to the Closing Date).

(ii) To the extent provided in Section 8.2, and pursuant to Article 8 (and subject to the limitations thereof), the Purchaser agrees to indemnify and hold the HPI Stockholders and their respective directors, officers, employees, Affiliates, agents and assigns harmless (after the Closing) from and against any and all Losses of the HPI Stockholders resulting from, based upon or arising out of, directly or indirectly: (A) Taxes imposed on any Acquired Company (other than Sioux City) for any taxable year or period that begins after the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period beginning after the Closing Date and (B) Excluded Taxes. Except as otherwise provided herein, the Purchaser shall be entitled to any refund of (or credit for) Taxes for which the Purchaser is liable under this Agreement. With the express written consent of the HPI Stockholders Representative, which consent shall be given or withheld in the HPI Stockholders Representative's sole discretion, the Purchaser may cause an Acquired Company to elect to carry back losses from a taxable year or period that begins after the Closing Date to a taxable year or period that ends on or before the Closing Date and the Purchaser shall be entitled to any actual refund of (or credit for) Taxes that would not have arisen but for such carryback.

(iii) For purposes of paragraphs (a)(i) and (a)(ii), whenever it is necessary to determine the liability for Taxes of any Acquired Company for a Straddle Period, the determination of the Taxes of the Acquired Company for the portion of the Straddle Period ending on and including, and the portion of the Straddle Period beginning after, the Closing Date shall be determined by assuming that the Straddle Period consisted of two taxable years or periods, one which ended at the close of the Closing Date and the other which began at the beginning of the day following the Closing Date, and items of income, gain, deduction, loss or credit of the Acquired Company shall be allocated between such two taxable years or periods on a "closing of the books basis" by assuming that the books of the Acquired Company were closed at the close of the Closing Date, provided, however, that (I) transactions occurring on the Closing Date that are properly allocable (based on, among other relevant factors, factors set forth in Treas. Reg.ss. 1.1502-76(b)(1)(ii)(B)) to the portion of the Closing Date after the Closing shall be allocated to the taxable year or period that is deemed to begin at the beginning of the day following the Closing Date (it being understood and agreed that in no event shall the HPI Redemption be regarded as a transaction described in this clause (I)), and (II) exemptions, allowances or deductions that are calculated on an annual basis, such as the deduction for depreciation, shall be apportioned between such two taxable years or periods on a daily basis. Notwithstanding the foregoing provisions of this paragraph (a)(iii), if the transactions contemplated by this Agreement result in the reassessment of the value of any property owned by the Acquired Company for property Tax purposes, or the imposition of any property Taxes at a rate which is different than the rate that would have been imposed if such transactions had not occurred, then (y) the portion of such property Taxes for the portion of the Straddle Period ending on and including the Closing Date shall be determined on a daily basis, using the assessed value and Tax rate that would have applied had such transactions not occurred, and (z) the portion of such property Taxes for the portion of such Straddle Period beginning after the Closing Date shall be the total property Taxes for the Straddle Period minus the amount described in clause (y) of this sentence.

(iv) (A) If, as a result of any action, suit, investigation, audit, claim, assessment or amended Tax Return of an Acquired Company for a taxable year or period on or prior to the Closing Date, there is any change after the Closing Date in an item of income, gain, loss, deduction, credit or amount of Tax that results in an increase in a Tax liability for which any HPI Indemnitor would otherwise be liable pursuant to paragraph (a)(i) of this Section 6.13, and such change results in or will result in a decrease in the Tax liability of the Purchaser, HPI or any other Acquired Company (or any Affiliate or successor of any thereof) for any taxable year or period beginning after the Closing Date or for the portion of any Straddle Period beginning after the Closing Date, no HPI Indemnitor shall be liable pursuant to such paragraph (a)(i) with respect to such increase to the extent of such decrease (and, to the extent such increase in Tax liability is paid to a taxing authority by any HPI Indemnitor or any Affiliate thereof, the Purchaser shall pay the relevant HPI Indemnitor an amount equal to the present value of such decrease). All calculations shall be made at the time of the relevant indemnification payment using reasonable assumptions (as agreed to by the indemnifying and indemnified party) and present value concepts (using a discount rate equal to the applicable federal rate in effect at the time of the change in Tax liability (based on the Federal mid-term rate) using semi-annual compounding plus four (4) percentage points).

(B) If, as a result of any action, suit, investigation, audit, claim, assessment or amended Tax Return of an Acquired Company for a taxable year or period after the Closing Date, there is any change after the Closing Date in an item of income, gain, loss, deduction, credit or amount of Tax that results in an increase in a Tax liability for which the Purchaser would otherwise be liable pursuant to paragraph (a)(ii) of this Section 6.13, and such change results in or will result in a decrease in the Taxes of HEC or any HPI Stockholder payable to any Governmental Authority for any taxable year or period ending on or before the Closing Date or for the portion of any Straddle Period ending on and including the Closing Date, the Purchaser shall not be liable pursuant to such paragraph (a)(ii) with respect to such increase to the extent of such actual decrease (and, to the extent such increase in Tax liability is paid to a taxing authority by the Purchaser, the HPI Indemnitors shall pay the Purchaser an amount equal to the present value of such actual decrease). Nothing in this paragraph (B) shall require HEC or any HPI Stockholder to file an amended Tax Return, and nothing in this paragraph (B) shall be construed in a manner inconsistent with Section 6.13(d). All calculations shall be made at the time of the relevant indemnification payment using reasonable assumptions (as agreed to by the indemnifying and indemnified party) and present value concepts (using a discount rate equal to the applicable federal rate in effect at the time of the change in Tax liability (based on the Federal mid-term rate) using semi-annual compounding plus four (4) percentage points).

(v) Notwithstanding anything herein to the contrary, the Purchaser, on the one hand, and the HPI Indemnitors, on the other hand, shall each pay one-half of any real property transfer or gains Tax, sales Tax, use Tax, stamp Tax, stock transfer Tax, or other similar Tax imposed on the transactions contemplated by this Agreement (other than the HPI Redemption). Prior to the Closing, the Purchaser shall deliver to the HPI Stockholders Representative its good faith determination of the fair market value (or other applicable tax base) of property giving rise to taxes described in the preceding sentence (except to the extent related to the HPI Redemption).

(vi) For federal income tax purposes, the parties agree to treat the HPI Redemption as a taxable distribution by HPI governed by Section 311 of the Code and a taxable exchange by the HPI Stockholders governed by Section 302(a) of the Code, and in each case by other applicable provisions of the Code not inconsistent with such treatment. Prior to the Closing, the HPI Stockholders Representative shall send to the Purchaser a notice setting forth its good faith determination of the value of the HEC capital stock to be distributed to the HPI Stockholders in connection with the HPI Redemption (the "HEC Agreed Value"). The Purchaser and each HPI Stockholder agrees not to take any position for federal, state, local or other Tax purposes inconsistent with such treatment and the HEC Agreed Value; provided, however, that the Purchaser otherwise makes no representation or warranty as to the correctness of such treatment or the HEC Agreed Value.

(b) Tax Returns.

(i) The HPI Stockholders Representative shall prepare (or cause to be prepared) all Tax Returns that are required to be filed by or with respect to the Acquired Companies for taxable years or periods ending on or before the Closing Date (in the case of Tax Returns relating to federal and state Income Taxes) or due on or before the Closing Date (in the case of other Tax Returns). With respect to Tax Returns to be prepared by the HPI Stockholders pursuant to the preceding sentence that are required to be filed prior to the Closing Date, the HPI Stockholders Representative shall timely file or cause to be timely filed (at past venues for filing such Tax Returns) such Tax Returns and timely remit or cause to be timely remitted the Taxes shown to be due on such Tax Returns. With respect to Tax Returns to be prepared by the HPI Stockholders Representative pursuant to the second preceding sentence that are not required to be filed prior to the Closing Date, portions of such Tax Returns shall be submitted to the Purchaser as early as practicable prior to the due date for filing such Tax Returns and, in all events, complete Tax Returns shall be submitted to the Purchaser not later than five (5) days prior to the due date for filing such Tax Returns and the Purchaser shall sign (or caused to be signed by the appropriate Person) and timely file or cause to be timely filed (at past venues for filing such Tax Returns except with the written consent, not to be unreasonably withheld, of the HPI Stockholders Representative) such Tax Returns and timely remit the amount of Taxes shown to be due on such Tax Returns. All Tax Returns required to be prepared by the HPI Stockholders Representative pursuant to this Section 6.13(b) shall be prepared and filed in a manner consistent with past practice and no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in prior periods in preparing and filing such Tax Returns (including, without limitation, positions which would have the effect of deferring income to periods for which the Purchaser is liable or accelerating deductions to periods for which any HPI Indemnitor is liable). For purposes of determining when any Tax Return is required to be filed and whether any Tax Return is timely filed, there shall be taken into account applicable extensions properly obtained.

(ii) The Purchaser shall prepare (or cause to be prepared) all other Tax Returns that are required to be filed by or with respect to the Acquired Companies, and the Purchaser shall timely file or cause to be timely filed such Tax Returns when due and the Purchaser shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. With respect to Tax Returns to be filed by the Purchaser pursuant to the preceding sentence that relate to taxable years or periods ending on or before the Closing Date (x) such Tax Returns shall be prepared and filed in a manner consistent with past practice (including at the past venues for filing, except with the written consent, not to be unreasonably withheld, of the HPI Stockholders Representative) and no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in prior periods in preparing and filing such Tax Returns (including positions which would have the effect of accelerating income to periods for which any HPI Indemnitor is liable or deferring deductions to periods for which the Purchaser is liable) and (y) such Tax Returns shall be submitted to the HPI Stockholders Representative not later than five (5) days prior to the due date for filing such Tax Returns (or, if such due date is within five (5) days following the Closing Date, as promptly as practicable following the Closing Date) for review and approval by the HPI Stockholders Representative, which approval may not be unreasonably withheld, but may in all cases be withheld if such Tax Returns were not prepared in accordance with clause (x) of this sentence. For purposes of determining when any Tax Return is required to be filed and whether any Tax Return is timely filed, there shall be taken into account applicable extensions properly obtained.

(c) Reimbursement. The HPI Indemnitors, on the one hand, and the Purchaser, on the other hand, shall reimburse the other party for Taxes for which any HPI Indemnitor or the Purchaser, respectively, is liable pursuant to paragraph (a) of this Section 6.13 but which are shown to be due on and required to be remitted with respect to any Tax Return to be filed by the Purchaser or the HPI Stockholders Representative, respectively, pursuant to Section 6.13(b) in accordance with Section 8.3(h).

(d) Amended Tax Returns. None of the Purchaser or any Affiliate of the Purchaser shall (or shall cause or permit any Acquired Company to) amend, refile or otherwise modify (or grant an extension of any statute of limitation with respect to) any Tax Return relating in whole or in part to HEC or any Acquired Company with respect to any taxable year or period ending on or before the Closing Date (or with respect to any Straddle Period) without the prior written consent of the HPI Stockholders Representative, which consent may be withheld in the sole discretion of the HPI Stockholders Representative.

(e) Tax Package. The Purchaser shall promptly cause the Acquired Companies to prepare and provide to HPI Stockholders Representative a package of Tax information materials, including, without limitation, schedules and work papers (the "Tax Package") required by HPI Stockholders Representative to enable HPI Stockholders Representative to prepare and file all Tax Returns required to be prepared and filed by it pursuant to paragraph (b)(i). The Tax Package shall be completed in accordance with past practice, including past practice as to providing such information and as to the method of computation of separate taxable income or other relevant measure of income of the Acquired Companies. The Purchaser shall cause the Tax Package to be delivered to the HPI Stockholders Representative not later than fifteen (15) days following the Closing Date.

(f) Contest Provisions. The Purchaser shall promptly notify the HPI Stockholders Representative in writing upon receipt by the Purchaser, any of its Affiliates, or any of the Acquired Companies of notice of any pending or threatened federal, state, local or foreign Tax audits, examinations or assessments which might affect the Tax liabilities for which any HPI Indemnitor may be liable pursuant to paragraph (a) of this Section 6.13. The HPI Stockholders Representative shall have the sole right to represent HEC's and each Acquired Company's interests in any Tax audit or administrative or court proceeding relating to taxable periods ending on or before the Closing Date or otherwise relating to Taxes for which any HPI Indemnitor may be liable pursuant to Section 6.13, and to employ counsel of its choice at its expense. In the case of a Straddle Period of any Acquired Company, the HPI Stockholders Representative shall be entitled to participate at its expense in any Tax audit or administrative or court proceeding relating (in whole or in part) to Taxes attributable to the portion of such Straddle Period ending on and including the Closing Date and, with the written consent of the Purchaser, and at the HPI Stockholders Representative's sole expense, may assume the entire control of such audit or proceeding. None of the Purchaser, any of its Affiliates, or any Acquired Company may settle any Tax claim for any Taxes for which any HPI Indemnitor may be liable pursuant to Section 6.13, without the prior written consent of the HPI Stockholders Representative, which consent may be withheld in the reasonable discretion of the HPI Stockholders Representative.

(g) Assistance and Cooperation. After the Closing Date, each of the HPI Stockholders Representative and the Purchaser shall (and cause their respective Affiliates to):

(i) assist the other party in preparing any Tax Returns which such other party is responsible for preparing and filing in accordance with paragraph (b) of this Section 6.13 or with respect to HEC;

(ii) cooperate fully in preparing for any audits of, or disputes with taxing authorities regarding, any Tax Returns of HEC or any Acquired Company or HEC;

(iii) make available to the other and to any taxing authority as reasonably requested all information, records, and documents relating to Taxes of any Acquired Company;

(iv) provide timely notice to the other in writing of any pending or threatened Tax audits or assessments of any Acquired Company or HEC for taxable periods for which the other may have a liability under this Section 6.13;

(v) furnish the other with copies of all correspondence received from any taxing authority in connection with any Tax audit or information request with respect to any such taxable period;

(vi) timely sign and deliver such certificates or forms as may be necessary or appropriate to establish an exemption from (or otherwise reduce), or file Tax Returns or other reports with respect to, Taxes described in paragraph (a)(v) of this Section 6.13 (relating to sales, transfer and similar Taxes); and

(vii) timely provide to the other powers of attorney or similar authorizations necessary to carry out the purposes of this Section 6.13.

6.14. Interim Financial Statements. For the period commencing as of November 1, 2001 and ending on the Closing Date, HPI shall deliver to the Purchaser, promptly after the end of each month in such period, updated individual unaudited financial statements for each Acquired Company for the portion of the fiscal year ended as of the end of such month. All such statements shall be prepared on a modified cash basis.

6.15. Audited Financial Statements. The HPI Stockholders recognize that the Purchaser is a publicly reporting company and agree that the Purchaser shall be entitled at the Purchaser's expense to cause certain financial statements to be prepared and filed with the Securities and Exchange Commission, as required by Law applicable to the Purchaser as a publicly reporting company or registrant; provided that prior to the Closing, the Purchaser shall not file with the Securities and Exchange Commission any financial statements relating to the Acquired Companies without the written consent of the HPI Stockholders Representative (which consent shall not be unreasonably withheld or delayed if such filing is required by Law). HPI agrees to cooperate with the Purchaser and its auditing accountants as reasonably requested by the Purchaser in connection with the preparation and filing of such financial statements, including providing a customary management representation letter in the form prescribed by generally accepted auditing standards and shall assist the Purchaser in obtaining the consent of HPI's independent accounting firm to permit the Purchaser and the Purchaser's auditors to have access to such firm's work papers and to include its report on the Audited Financial Statements in any filing with any Governmental Authority by the Purchaser. Any and all costs and expenses reasonably incurred by HPI pursuant to this Section 6.15 shall be reimbursed by the Purchaser prior to the Closing.

6.16. No Solicitation. For the period from the date hereof until the date of termination of this Agreement in accordance with Section 9.1 hereof, neither the HPI Stockholders nor any Acquired Company will, or will cause to permit any Acquired Company or HEC to, directly or indirectly, (i) discuss, negotiate, undertake, authorize, recommend, propose or enter into, either as the proposed surviving, merged, acquiring or acquired corporation, any transaction involving a merger, consolidation, business combination, purchase or disposition of all or any significant part of the assets (other than sales of inventory in the ordinary course) or capital stock or other equity interest in any Acquired Company or Sioux City other than the transactions contemplated by this Agreement or a sale of Sioux City pursuant to the Buy and Sell Agreement dated March 1, 1992 (an "Acquisition Transaction"), (ii) facilitate, encourage, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of an Acquisition Transaction, (iii) furnish or cause to be furnished, to any Person, any information concerning the business, operations, properties or assets of any Acquired Company in connection with an Acquisition Transaction, or (iv) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing. The HPI Stockholders will inform the Purchaser promptly following the receipt by any of them, any Acquired Company or HEC, or any of their or any Acquired Company's representatives, of any bona fide proposal or inquiry in respect of any Acquisition Transaction.

6.17. Investments. HPI shall take such commercially reasonable actions to assure that its investment securities held at the Closing Date will be readily convertible to immediately available funds without loss at the Closing Date.

6.18. Certain Assets. The Purchaser agrees that on or prior to the Closing, HPI may transfer and assign, for no consideration, the personal property set forth on Schedule 6.18 to Safety Syringes Inc. and the real property set forth in Schedule 6.18 to HEC, and such property shall be owned by Safety Syringes Inc. and HEC, respectively, after the Closing.

6.19. Discharge of HPI Excluded Liabilities. HEC covenants and agrees that it will pay, discharge or otherwise satisfy each and every HPI Excluded Liability as such liabilities become due and payable (except for such liabilities as are being contested in good faith); provided that the foregoing shall not limit the Purchaser's right to make a claim for indemnification pursuant to Section 8.1(c) hereof. Notwithstanding the foregoing, the HPI Indemnifying Stockholders acknowledge and agree that pursuant to Section 8.5(g) they shall be severally liable for the HPI Excluded Liabilities to the extent indemnification is not available from HEC.

6.20. Sioux City. HPI agrees to immediately notify the Purchaser if Hagadone Investment Co. ("Hagadone") gives any written notice of its exercise of its buy or sell right under the Buy and Sell Agreement, dated March 1, 1992. If HPI receives such a written notice from Hagadone, HPI agrees to obtain the Purchaser's approval (which approval shall not be unreasonably withheld or delayed) prior to making an election to sell its shares in Sioux City or to buy Hagadone's shares in Sioux City. If HPI elects to buy Hagadone's shares in Sioux City and such transaction closes prior to the Closing, then the parties agree that the Cash Amount shall be reduced by any cash paid to Hagadone by HPI and any liability for amounts owed to Hagadone related to HPI's election to pay for the shares on an installment basis shall not be included in current liabilities in determining the Closing Working Capital of HPI. If HPI elects to sell its shares in Sioux City and such transaction closes prior to the Closing, then the parties agree that the Cash Amount shall be increased by any cash paid to HPI by Hagadone and any asset for amounts owed by Hagadone to HPI related to Hagadone's election to pay for the shares on an installment basis shall not be included in current assets in determining the Closing Working Capital of HPI. If HPI sells its shares in Sioux City prior to the Closing, all references to Acquired Companies shall be deemed not to include Sioux City and all references to Acquired Publications shall be deemed not to include the Sioux City Journal and any and all obligations of HPI to make any deliveries or take any action on behalf of Sioux City shall be eliminated. Notwithstanding any other provision of this Agreement, except as provided in this Section 6.20, the Purchaser agrees that the exercise by Hagadone of its rights under the Buy and Sell Agreement, dated March 1, 1992, and any transaction related to such exercise, shall not provide the Purchaser with a basis to terminate this Agreement or to receive any adjustment to the Stock Purchase Price.

6.21. Additional Covenants of the HPI Stockholders and HEC.

(a) Each of the persons listed in Schedule 6.21 hereto agrees that, for a period of three years (the "Restricted Period"), following the date of the Closing, he or she shall not in any manner, directly or indirectly (whether alone or as principal, independent contractor, partner, associate, consultant, owner, manager, agent or co-venturer of any other Person, employer, proprietor, stockholder or other holder or any equity or equity-like stake, director or in any other capacity) own, manage, operate, control, participate in, produce, develop, market, distribute and/or sell or otherwise carry on, without the Purchaser's prior written consent, during the Restricted Period within or primarily related to any community within the Audit Bureau of Circulation City Zone and Retail Trading Zone for any of the Acquired Publications as of the Closing (collectively, the "Restricted Area"): (i) any newspaper publishing business (including any daily, weekly, agricultural, "shopper", "want ads" or "TMC" newspaper, classified advertising or specialty publication medium), "yellow pages" or directory, community information guide or site, whether in print, electronic medium, or digital format, including on any portion of the Internet; commercial printing business; or any broadcast media business, including commercial radio and television, (ii) directly or indirectly solicit, induce or attempt to solicit or induce any customer, licensee or other business relation of any Acquired Company, any Subsidiary thereof or their assigns to alter its relationship with or cease doing business with such Acquired Company, any Subsidiary thereof or their assigns, or intentionally interfere with any such business relation of any Acquired Company, any Subsidiary thereof or their assigns, (iii) solicit or accept for publication or distribution within the Restricted Area advertising, in any form, from any customer or account (including national accounts) of any Acquired Company, any Subsidiary thereof or their assigns, or (iv) solicit, hire, attempt to solicit or hire, or participate in any attempt to solicit or hire any person who was an Employee of an Acquired Company, any of Subsidiary thereof or their assigns immediately after the Closing (other than any persons whose employment is terminated by such Acquired Company, subsidiary or assign); provided, that nothing set forth in this Section 6.21 shall prohibit such persons from owning any security that is publicly traded and listed on any national stock exchange or on the NASDAQ National Market System so long as such security does not represent in excess of 5% in the aggregate of the voting capital stock of such corporation.

(b) The HPI Stockholders and HEC recognize that the Purchaser's and its assigns' business interests require the fullest practical protection and confidential treatment of all information not generally known within the relevant trade group or by the public, including all documents, writings, memoranda, business plans, illustrations, designs, plans, processes, programs, inventions, computer software, reports, customer lists, trade secrets and all other valuable or unique information and techniques acquired, developed or used by any Acquired Company, any Subsidiary thereof or their assigns relating to their respective business, operations, employees and customers (hereinafter collectively termed "Protected Information"). The HPI Stockholders and HEC expressly acknowledge and agree that the Protected Information constitutes trade secrets and confidential and proprietary business information of the Purchaser and its assigns. Protected Information shall not include information which is or becomes part of the public domain through no breach of this Agreement by the HPI Stockholders or HEC. Accordingly, the HPI Stockholders and HEC agree to hold such Protected Information secret and confidential and to take reasonable precautions such that no other Person shall, and not knowingly permit any other Person to, directly or indirectly, appropriate, divulge, disclose or otherwise disseminate to any other Person nor use in any manner for the HPI Stockholders', HEC's or any other Person's purposes or benefit any Protected Information, and not to use or aid others in using any such Protected Information in competition with the Purchaser or its assigns, except to the extent that disclosure is required by law; provided, that the HPI Stockholders and HEC shall provide the Purchaser and its permitted assigns with notice as far in advance of any required disclosure as is reasonably practicable under the circumstances in order for the Purchaser and its assigns to obtain an order or other assurance that any information required to be disclosed will be treated as Protected Information and the HPI Stockholders and HEC shall use all reasonable efforts to cooperate with the Purchaser and its assigns in connection therewith and in furtherance thereof. This obligation of non-disclosure of information shall continue to exist for so long as such information remains Protected Information. The Purchaser agrees that the foregoing shall not apply to the performance by HPI, the HPI Stockholders and HEC of their respective obligations under this Agreement.

(c) If, at the time of enforcement of this Section 6.21, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

(d) The Restricted Period shall be tolled, with respect to any HPI Stockholder or HEC, on a day-to-day basis during which any HPI Stockholder or HEC is engaged, or participating in an activity prohibited herein.

6.22. Advertising Contracts. HPI covenants and agrees that it will provide to the Purchaser within fifteen (15) days after the date of this Agreement true and complete copies of the fifteen (15) largest Contracts for the sale or exchange of advertising in any Acquired Publication.

ARTICLE 7

CLOSING CONDITIONS

7.1. Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction or fulfillment at or prior to the Closing of the following conditions, any of which may be waived in whole or in part by the Purchaser in writing:

(a) All representations and warranties of the HPI Indemnifying Stockholders contained in this Agreement shall be true and correct in all respects at and as of the Closing with the same effect as though such representations and warranties were made at and as of the Closing (except for changes permitted or contemplated by this Agreement and except for any representation or warranty that is expressly made as of a specified date, which shall be true and correct in all respects as of such specified date only), in each case with only such exceptions as would not in the aggregate reasonably be expected to have a materially adverse effect on the assets, properties, operations, business, financial condition or results of operations of the Acquired Companies, taken as a whole, except for any such change or effect arising directly or indirectly from (i) this Agreement or the transactions contemplated by this Agreement, (ii) the announcement or other disclosure of this Agreement or the transactions contemplated by this Agreement, (iii) any changes in conditions generally applicable to the newspaper industry, or (iv) any changes in the general United States or global economic conditions.

(b) Each of the HPI Stockholders, HPI and HEC shall have performed and complied in all material respects with all the covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated.

(d) There shall be in effect no Law or injunction issued by a court of competent jurisdiction making illegal or otherwise prohibiting or restraining the consummation of the transactions contemplated by this Agreement.

(e) HEC and each Acquired Company shall have delivered to the Purchaser all of the certificates, instruments and other documents required to be delivered by such company at or prior to the Closing pursuant to Section 3.2 hereof.

7.2. Conditions to Obligations of the HPI Stockholders. The obligations of the HPI Stockholders, HPI and HEC to consummate the transactions contemplated by this Agreement are subject to the satisfaction or fulfillment at or prior to the Closing of the following conditions, any of which may be waived in whole or in part by the HPI Stockholders Representative in writing:

(a) All representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects at and as of the Closing with the same effect as though such representations and warranties were made at and as of the Closing (except for changes permitted or contemplated by this Agreement and except for any representation or warranty that is expressly made as of a specified date, which shall be true and correct in all material respects as of such specified date only).

(b) The Purchaser shall have performed and complied in all material respects with the covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated.

(d) There shall be in effect no Law or injunction issued by a court of competent jurisdiction making illegal or otherwise prohibiting or restraining the consummation of the transactions contemplated by this Agreement.

(e) The Purchaser shall have delivered to the HPI Stockholders the Cash Payment and all of the certificates, instruments and other documents required to be delivered by the Purchaser at or prior to the Closing pursuant to Section 3.3 hereof.

ARTICLE 8

INDEMNIFICATION

8.1. Obligations of the HPI Stockholders and HEC. Subject to the limitations set forth herein and in accordance with Section 8.5(g), the HPI Indemnitors agree to and shall indemnify and hold the Purchaser, and its directors, officers, employees, Affiliates (including HPI and any of the Acquired Companies if the Closing occurs), agents and assigns harmless from and against any and all Losses resulting from, based upon or arising out of, directly or indirectly:

(a) Any breach of any representation or warranty made by the HPI Indemnifying Stockholders in or pursuant to this Agreement (without regard to the materiality thereof); or

(b) Any nonfulfillment or breach of any covenant or agreement of the HPI Stockholders, HPI or HEC under this Agreement or the Escrow Agreement; provided that with respect to HPI, only to the extent such nonfulfillment or breach occurs prior to the Closing; or

(c) Any HPI Excluded Liabilities.

8.2. Obligations of the Purchaser. Subject to the limitations set forth herein, the Purchaser agrees to indemnify and hold the HPI Stockholders and their respective directors, officers, employees, Affiliates, agents and assigns harmless (after the Closing) from and against any and all Losses of the HPI Stockholders, resulting from, based upon or arising out of, directly or indirectly:

(a) Any breach of any representation or warranty made by the Purchaser in or pursuant to this Agreement; or

(b) Any non-fulfillment or breach of any covenant or agreement of the Purchaser in this Agreement or other document delivered pursuant to this Agreement or the Escrow Agreement; or

(c) Any HPI Assumed Liabilities; or

(d) Any Liability to the extent relating to and arising out of the operation of HPI or any Acquired Company following the Closing, excluding, however, all HPI Excluded Liabilities.

8.3. Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party or parties claiming indemnification (the "Claimant") shall give written notice to the party from which indemnification is sought (the "Indemnitor") reasonably promptly after the Claimant learns of any claim or proceeding covered by the foregoing agreements to indemnify and hold harmless, but failure to provide prompt notice shall not be deemed to jeopardize the Claimant's right to demand indemnification if the Indemnitor is not materially prejudiced by the delay in receiving notice. If the Indemnitor is materially prejudiced, the Claimant's right to indemnification shall be reduced according to the extent of the actual Loss or prejudice which Indemnitor can demonstrate was caused by the delay. The Purchaser shall not be deemed to have notice of any claim or proceeding by reason of any knowledge acquired on or before the Closing Date by an Employee, independent contractor or other agent of any Acquired Company.

(b) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have 30 days to make any investigation of the claim that the Indemnitor deems necessary or desirable, or such lesser time if a 30 day period would jeopardize any rights of the Claimant to oppose or protest the claim. For the purpose of this investigation, the Claimant agrees to make available to the Indemnitor and its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 30-day period, or lesser period if required by this Section (or any mutually agreed upon extension hereof) the Claimant may seek appropriate legal remedies.

(c) The Indemnitor shall have the right to undertake, by counsel or other representatives of its own choosing, the defense of such claim. In the event that the Indemnitor shall elect not to undertake such defense, or within 30 days after notice of such claim from the Claimant shall fail to defend, the Claimant shall have the right to undertake the defense, compromise or settlement of such claim, by counsel or other representatives of its own choosing (which counsel or other representatives shall be reasonably acceptable to the Indemnitor), on behalf of or for the account and risk of the Indemnitor. Anything in this Section 8.3 to the contrary notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Claimant other than as a result of money damages or other money payments, the Claimant shall have the right, at the cost and expense of the Claimant, to participate in the defense, compromise or settlement of the claim, (ii) the Indemnitor shall not, without the Claimant's written consent (such consent not to be unreasonably withheld or delayed), settle or compromise any claim or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the plaintiff to the Claimant of a release from all Liability in respect of such claim, and (iii) in the event that the Indemnitor undertakes defense of any claim consistent with this Section, the Claimant, by counsel or other representative of its own choosing and at the reasonable cost and expense of the Claimant, shall have the right to consult with the Indemnitor and its counsel or other representatives concerning such claim and the Indemnitor and the Claimant and their respective counsel or other representatives shall cooperate with respect to such claim. The Claimant shall not, without the Indemnitor's written consent (such consent not to be unreasonably withheld or delayed), settle or compromise any claim or consent to entry of any judgment, except to the extent it releases the Indemnitor for any and all liability related to the Loss incurred with such claim. If any disagreement arises in the handling of the claim, the Indemnitor shall have the right to make the final determination consistent with the requirements of this Section.

(d) If there shall be any conflicts between the provisions of Section 8.3(c) and Section 6.13(f) (relating to Tax contests), the provisions of Section 6.13(f) shall control with respect to Tax contests.

(e) The HPI Stockholders and HEC waive and release, effective as of the Closing Date, all claims against any of the Acquired Companies for any right to contribution or indemnification for any indemnity payments made by the HPI Stockholders or HEC after the Closing Date pursuant to this Agreement.

(f) The Claimant shall use reasonable efforts to collect any amounts available under insurance coverage, or from any other Person alleged to be responsible, for any Loss payable under Article 8. If the Claimant receives any amounts under applicable insurance policies, or from any other Person alleged to be responsible for any Loss, subsequent to an indemnification payment by the Indemnitor, then such Claimant shall promptly reimburse the Indemnitor for any payment made or expense incurred by such Indemnitor in connection with providing such indemnification payment up to the amount received by the Claimant, net of any expenses incurred by such Claimant in collecting such amount.

(g) If the Claimant receives any payment from the Indemnitor in respect of any Loss pursuant to Article 8 and the Claimant could have recovered all or a part of such Loss from a third party other than an Acquired Company (a "Potential Contributor") based on the underlying Loss asserted against the Indemnitor, the Claimant shall assign such of its rights to proceed against the Potential Contributor as are necessary to permit the Indemnitor to recover from the Potential Contributor the amount of such payment.

(h) The HPI Indemnitors, on the one hand (in accordance with Section 8.5(g)), and the Purchaser, on the other hand, shall reimburse the other party for the Taxes for which any HPI Indemnitor or the Purchaser, respectively, is liable pursuant to Section 6.13(a) but which are shown to be due on and required to be remitted with respect to any Tax Return to be filed by the Purchaser or the HPI Stockholders Representative, respectively, pursuant to Section 6.13(b) upon the written request of the party entitled to payment, setting forth in detail the computation of the amount owed by the other party, but in no event shall payment be required earlier than five (5) days prior to the due date for remitting such Taxes. This Section 8.3(h) shall apply only in the context of filing Tax Returns for current Taxes payable pursuant to Section 6.13(b), and shall not apply in the case of amounts payable by the HPI Indemnitors to the Purchaser, or the Purchaser to the HPI Indemnitors, as the case may be, as a result of an action, suit, investigation, audit, claim, assessment, amended Tax Return, or other similar context, which in general shall be governed by Section 6.13 (other than Section 6.13(c)) and by this Section 8.3 (other than this Section 8.3(h)).

8.4. Sole Remedy. Each party agrees that the sole Liability and obligations of the other party and the sole right, remedy and entitlement of each party for recovery of any monetary claim with respect to or in connection with this Agreement or any of the transactions contemplated by this Agreement shall be limited to indemnification under this Article 8, and all such parties hereby waive any and all other statutory and common law rights and remedies (including rights of indemnification and contribution) which it has or may hereafter have against any other party, provided such waiver (i) shall not be construed to prevent any party hereto from seeking specific performance or other equitable relief or remedies and (ii) shall not terminate or release any right to indemnification any HPI Stockholder may have against any Acquired Company relating to such HPI Stockholder serving as a director, officer or employee of such Acquired Company. If the Closing occurs, the rights and claims waived by the Purchaser include claims for contribution or other rights of recovery arising out of or relating to any Environmental Law, claims for breach of contract, breach of representation or warranty, negligent misrepresentation and all other claims for breach of duty.

8.5. Limitations on Indemnification; Exclusive Remedy.

(a) No claim for indemnification under Section 8.1(a) or Section 8.2(a) for breach of any representation or warranty shall be valid unless made within the applicable Survival Period as defined in Section 8.6.

(b) No party shall be obligated to indemnify any other party or parties under Section 8.1(a) or Section 8.2(a) unless the Claimant's aggregate amount of Losses as to which a right of indemnification is provided under Section 8.1(a) or Section 8.2(a) shall exceed \$3,000,000, in which event \$2,000,000 plus all of such Losses above \$3,000,000 shall be indemnifiable; provided that the Purchaser's right to recover under Section 8.1(a) for breach of any representation or warranty contained in Sections 4.1, 4.2 or 4.3 shall not be subject to such limitation.

(c) No individual breach of any such representation or warranty shall be deemed to have occurred unless the actual Loss incurred as a result thereof is in excess of \$3,000. In no event shall the aggregate liability of the HPI Indemnitors pursuant to Section 8.1(a) exceed \$50,000,000, which amount shall be reduced on the date that is six (6) days after the six-month anniversary of the Closing Date to \$35,000,000 and reduced on the date that is the eighteen-month anniversary of the Closing Date to \$15,000,000 except that the reduction of the aggregate liability limit on the six-month and eighteen-month anniversaries shall not otherwise limit the Purchaser's entitlement to indemnification for any Loss for which a proper notice of claim for indemnification under Section 8.1(a) was given prior to the six-month or eighteen-month anniversary, as applicable, but which remained unresolved at the time the liability limit was reduced (provided that the HPI Indemnitors' liability for breach of any representation or warranty contained in Sections 4.1, 4.2, 4.3, 4.5(b), 4.11(b), 4.16 or, subject to Section 4.19(c), 4.19 shall not be subject to such limitation). In no event shall the aggregate liability of the HPI Indemnitors pursuant to this Agreement exceed the Stock Purchase Price less the Cash Amount and the aggregate liability of the Purchaser pursuant to this Agreement exceed the Stock Purchase Price less the Cash Amount.

(d) The indemnity payment hereunder with respect to any Loss shall be calculated on an "After-Tax Basis", which shall mean an amount which is sufficient to compensate the Claimant for the event giving rise to such Loss (the "Indemnified Event"), determined after taking into account (1) all increases in federal, state, local or other Taxes (including estimated Taxes) payable by the Claimant as a result of the receipt of the indemnity payment (as a result of the indemnity payment being included in income but not as a result of a reduction of tax basis); provided, however, that for all federal and state Income Tax purposes, the Purchaser and the HPI Stockholders agree to report each indemnification payment made by or to either of them in respect of a Loss as an adjustment to the Stock Purchase Price, and the parties hereto agree to report each indemnification payment to the Purchaser by HEC in respect of a Loss as a decrease in the amount realized by the HPI Stockholders in the HPI Redemption, unless there is a Final Determination to the contrary affecting the Claimant (it being understood that if any reporting position is later disallowed as a result of a Final Determination, the Indemnitor shall indemnify the Claimant for the effects of such disallowance, and it being further understood that the obligations under this parenthetical clause shall remain in effect without limitation as to time), (2) to the extent not previously taken into account in computing the amount of such Loss, all increases in federal, state, local and other Taxes (including estimated Taxes) payable by the Claimant for all affected taxable years or periods ending on or before the Closing Date and, with respect to any Straddle Period, the portion of the Straddle Period ending on and including the Closing Date as a result of the Indemnified Event, and (3) to the extent not previously taken into account in computing the amount of the such Loss, all reductions in federal, state, local and foreign Taxes (including estimated Taxes) realized by the Claimant for all affected taxable years and periods as a result of the Indemnified Event. All calculations shall be made at the time of the relevant indemnification payment using reasonable assumptions (as agreed to by the indemnifying and indemnified party) and present value concepts (using a discount rate equal to the applicable federal rate in effect at the time of the Indemnified Event (based on the Federal mid-term rate) using semi-annual compounding plus four (4) percentage points).

(e) With respect to any claims for indemnification arising from or related to Environmental Law or Hazardous Materials Activity, the HPI Indemnitors shall have no liability under this Article 8 if any such claim is triggered by an environmental investigation undertaken by the Purchaser (other than an investigation undertaken in connection with a financing or sale of a property), or any notification by the Purchaser (or its affiliates) to any Governmental Authority, unless such investigation or notification is required by Environmental Law. If any Remedial Action is required by Environmental Law in order to correct or cure a violation of any Environmental Law or any third party demand, the Purchaser shall promptly notify the HPI Stockholders Representative after acquiring knowledge of such requirement and shall present a remediation plan to the HPI Stockholders Representative at least ninety (90) days prior to performing such Remedial Action (unless a Governmental Authority requires that the Purchaser or an Acquired Company take such action in a shorter period). The remediation plan shall be designed to minimize the remediation cost to the extent feasible while providing for a reasonable and customary level of clean-up in compliance with applicable Environmental Law. Unless the Purchaser is ordered to perform such remediation or other work by any Governmental Authority, the HPI Stockholders Representative shall have thirty (30) days to review and approve the remediation plan, the approval of which cannot be unreasonably withheld or delayed.

(f) If the Purchaser acquires Knowledge prior to Closing that any representation, warranty, covenant or agreement of the HPI Stockholders, HPI or HEC contained in this Agreement or any of the Schedules attached hereto has been breached, is false or requires modification or amendment to be correct, the Purchaser shall notify in writing the HPI Stockholders, HPI or HEC (as applicable) as soon as practicable, but in any event within five (5) Business Days after acquiring such Knowledge. Subject to Section 6.11, if the Purchaser acquires Knowledge prior to Closing that any representation, warranty, covenant or agreement of the HPI Stockholders, HPI or HEC contained in this Agreement or any of the Schedules attached hereto has been breached, is false or requires modification or amendment to be correct and the Purchaser has failed to notify the HPI Stockholders of such Knowledge prior to the Closing, then the Purchaser shall have no right or remedy after the Closing with respect to such inaccuracy or breach and shall be deemed to have waived its rights to indemnification in respect thereof and any Loss in respect thereof shall be disregarded for purposes of the threshold and deductible contained in Section 8.5(b).

(g) With respect to any indemnification pursuant to Section 8.1(a), indemnification by the HPI Indemnifying Stockholders shall be several in the proportions set forth in Schedule 8.5(g) and not joint. The Purchaser acknowledges and agrees that the exclusive source of any amounts determined to be payable to it for an inaccuracy of a representation or breach of a warranty pursuant to Section 8.1(a) hereof (other than liability for breach of any representation or warranty contained in Sections 4.1, 4.2, 4.3, 4.5(b), 4.11(b), 4.16 and, subject to Section 4.19(c), 4.19, which shall not be subject to such limitation) shall be the Escrow Amount, pursuant to the terms of the Escrow Agreement. With respect to any indemnification pursuant to Section 8.1(b) or (c), the Purchaser shall first seek indemnification from HEC. To the extent HEC fails to satisfy its indemnification obligations in respect thereof, the HPI Indemnifying Stockholders shall severally and not jointly indemnify for Losses incurred pursuant to Sections 8.1(b) and (c) in the proportions set forth in Schedule 8.5(g).

(h) The Indemnitor shall not be liable under Article 8 for any (1) Loss relating to any matter to the extent that there is included in the calculation of Closing Working Capital of HPI a specific liability or reserve relating to such matter, but only to the extent of such reserve, (2) consequential or punitive Loss (other than a consequential or punitive Loss payable in connection with a third Person Action), or (3) Loss for lost profits (other than lost profits payable in connection with a third Person Action).

(i) The parties hereto acknowledge and agree that, in the case of the breach of any representation or warranty, covenant or agreement with respect to any asset, obligation, liability or other condition of Sioux City, the Loss for which the HPI Indemnitors shall be required to indemnify pursuant to Article 8, subject to all of the other limitations and conditions contained in this Article 8, shall not exceed 50% (i.e., the ownership percentage of HPI, direct and indirect, in Sioux City) of the Loss incurred by Sioux City by reason of such breach.

(j) The Purchaser acknowledges and agrees that, except as provided in Section 6.11, no item disclosed to the Purchaser in any closing certificate delivered to the Purchaser or otherwise in respect of Section 7.1(a) shall be the subject of indemnification under this Article 8 and any Loss incurred in respect thereof shall be disregarded for purposes of the threshold and deductible contained in Section 8.5(b).

8.6. Survival. Subject to the provisions of Section 8.5(f), all representations, warranties, covenants and agreements of the parties made in this Agreement or the Escrow Agreement shall survive the Closing regardless of any investigation or inquiry on the part of any party, and the Closing shall not be deemed a waiver by any party of the representations, warranties, covenants or agreements of any other party in this Agreement or the Escrow Agreement; provided, however, that the period of survival shall (i) with respect to the representations and warranties in Sections 4.1, 4.2, 4.3, 4.5(b), 5.1, 5.2 and 5.3, continue indefinitely; (ii) with respect to the representations and warranties in Section 4.19, but subject to Section 4.19(c), continue for the applicable statutory limitation period; (iii) with respect to the representations and warranties in Sections 4.11(b) and 4.16, end five (5) years after the Closing Date; and (iv) in the case of any other representation and warranty, end three (3) years after the Closing Date (in each case, the "Survival Period"). No claim for breach of any representation or warranty may be brought under this Agreement unless written notice describing in reasonable detail the nature and basis of such claim is given on or prior to the last day of the applicable Survival Period. In the event such notice of such a claim is so given, the right to indemnification with respect to such claim shall survive the applicable Survival Period until the claim is finally resolved and any obligations with respect to the claim are fully satisfied. All covenants and agreements under this Agreement and the Escrow Agreement shall survive the Closing for the applicable statutory limitation period.

ARTICLE 9

TERMINATION

9.1. Termination. This Agreement may be terminated:

(a) By either the HPI Stockholders Representative, acting in his own right or on behalf of HEC or each Acquired Company, or the Purchaser at any time prior to the Closing with the mutual written consent of the other party hereto;

(b) Unless the Closing has not occurred as a result of a material breach of this Agreement by the party seeking such termination or any of its Affiliates, by either the HPI Stockholders Representative or the Purchaser if the Closing has not occurred on or prior to 5:00 p.m. CST on the date which is three (3) months following the date of this Agreement (the "Termination Date"); provided, however, that either the HPI Stockholders Representative or the Purchaser in his or its sole discretion may elect to extend the Termination Date until 5:00 p.m. (CST time) on the date which is four (4) months following the date of this Agreement by written notice to the other at least ten (10) calendar days prior to the initial Termination Date;

(c) By either the HPI Stockholders Representative or the Purchaser if any Governmental Authority with jurisdiction over such matters shall have issued a final and nonappealable Governmental Order permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement; provided, however, that neither the HPI Stockholders Representative nor the Purchaser may terminate this Agreement pursuant to this Section 9.1(c) unless the party seeking to so terminate this Agreement has used with its Affiliates all commercially reasonable best efforts to oppose any such Governmental Order or to have such Governmental Order vacated or made inapplicable to the transactions contemplated by this Agreement, but nothing contained in this Section 9.1(c) shall prevent a party that is otherwise entitled to terminate this Agreement pursuant to Section 9.1(b) or 9.1(d) from doing so;

(d) If the Closing has not occurred, by either the HPI Stockholders Representative or the Purchaser, if such party and its Affiliates are not then in material breach of this Agreement, if the other party or any of its Affiliates has continued in material breach of this Agreement for thirty (30) days after receipt of written notice of such breach from the terminating party, and such breach is not cured within such thirty (30) day period; provided, however, that if a party or any of its Affiliates has undertaken but is not able to cure such breach within thirty (30) days, despite its good faith efforts, the party and its Affiliates shall have such additional time as may be reasonably necessary to effectuate a cure if such breach is capable of being cured, but in no event more than an additional sixty (60) days; or

(e) By the Purchaser or the HPI Stockholders Representative if entitled to do so under Section 6.11.

9.2. Effect of Termination. If this Agreement is terminated pursuant to Section 9.1 hereof, neither party hereto shall have any further Liability hereunder except that (i) the provisions of Sections 6.7 and 6.8, and Articles 9 and 10 shall remain in full force and effect, and (ii) each party hereto shall remain liable to each other party hereto for any breach of its obligations under this Agreement prior to such termination.

ARTICLE 10

MISCELLANEOUS

10.1. Notices. All notices that are required or may be given pursuant to this Agreement must be in writing and delivered personally, by a recognized courier service, by a recognized overnight delivery service, by telecopy or by registered or certified mail, postage prepaid, to the parties at the following addresses (or to the attention of such other person or such other address as any party may provide to the other parties by notice in accordance with this Section 10.1):

if to the Purchaser, to:	with copies to:
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Lee Enterprises, Incorporated	Lane & Waterman
400 Putnam Building	220 N. Main St., Suite 600
215 N. Main St.	Davenport, IA 52801
Davenport, IA 52801	Attn: C. Dana Waterman III, Esq.
Attn: Mary E. Junck	
Chairman, President and CEO	

if to the HPI Stockholders, HPI,	

HEC or the HPI Stockholders Representative,	with copies to:
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to:	

Howard Energy Co., Inc.	Sidley Austin Brown & Wood
13561 West Bay Shore, Suite 3000	Bank One Plaza
Traverse City, MI 49684	10 S. Dearborn Street
Gregory Blanche	Chicago, IL 60603
Telephone No.: (231) 995-7850	Attn: Frederick C. Lowinger, Esq.
Facsimile No.: (231) 941-0338	Telephone No.: (312) 853-7000
	Facsimile No.: (312) 853-7036
	- and -

Betts, Patterson & Mines, P.S.
One Convention Place, Suite 1400
701 Pike Street
Seattle, WA 98101-3927
Attn: Gary A. Bergquist
Telephone No.: (206) 268-8662
Facsimile No.: (206) 343-7053

Any such notice or other communication will be deemed to have been given and received (whether actually received or not) on the day it is personally delivered or delivered by courier or overnight delivery service or sent by telecopy (receipt confirmed) or, if mailed, when actually received.

10.2. Actions of the HPI Stockholders Representative.

(a) Any and all actions to be taken under or in connection with this Agreement and the HPI Stockholder Documents by or on behalf of the HPI Stockholders may be so taken by the HPI Stockholders Representative as attorney-in-fact for the HPI Stockholders. Any action so taken by the HPI Stockholders Representative shall be deemed to have been taken, and the Purchaser may rely on any such action as having been taken, by the HPI Stockholders. Each HPI Stockholder hereby appoints the HPI Stockholders Representative as such HPI Stockholder's true and lawful attorney authorized on behalf of such HPI Stockholder and in such HPI Stockholder's name, place and stead, acting jointly or severally, to amend and update this Agreement and to complete, date, execute, deliver, amend and update each HPI Stockholder Document and each other document or instrument contemplated by the HPI Stockholder Document, and otherwise to act as attorney-in-fact for such HPI Stockholder in connection with the transactions contemplated by this Agreement. Each HPI Stockholder agrees that the power of attorney created by this Section 10.2 is irrevocable and will not be modified in a manner which is inconsistent with the preceding sentences of this Section 10.2 without the prior written consent of all the HPI Stockholders.

(b) It is understood and agreed by the Purchaser that the HPI Stockholders Representative is acting solely as a representative of the HPI Stockholders and, when acting in such capacity, has no liability or obligation with respect to any representation, warranty, covenant or agreement of the Acquired Companies, the HPI Stockholders or HEC in this Agreement or any of the HPI Stockholder Documents, or with respect to any action taken or omitted to be taken in connection with the transactions contemplated herein and therein.

(c) If neither Robert S. Howard nor William E. Howard is able or willing to act as the HPI Stockholders Representative, then David B. Howard, Thomas W. Howard and Andrea H. Palmer by majority vote shall appoint another HPI Stockholder as the HPI Stockholders Representative to act as the HPI Stockholders Representative pursuant to the terms of this Agreement. Such Person shall thereafter be referred to as the HPI Stockholders Representative for purposes of this Agreement.

10.3. Amendments and Waiver. This Agreement may not be modified or amended except in writing signed by the party against whom enforcement is sought. The terms of this Agreement may be waived only by a written instrument signed by the party waiving compliance. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise provided. No delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. Unless otherwise provided in this Agreement, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which the parties hereto may otherwise have at law or in equity. Whenever this Agreement requires or permits consent by or on behalf of a party, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 10.3.

10.4. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by the HPI Stockholders or the Purchaser without the prior written consent of the other party and any purported assignment or delegation in violation hereof shall be null and void; provided, however, that the Purchaser may assign this Agreement or any or all rights or obligations hereunder (including, without limitation, the Purchaser's rights to purchase, the HPI Common Stock and the Purchaser's rights to seek indemnification hereunder) to any wholly-owned corporate subsidiary of the Purchaser formed under the laws of any state in the United States of America and any HPI Stockholder may transfer to another HPI Stockholder shares of HPI Common Stock; provided, further, that any assignment by the Purchaser shall not release the Purchaser from any liabilities or obligations under this Agreement. Upon any such permitted assignment by the Purchaser, the references in this Agreement to the Purchaser shall also apply to any such assignee unless the context otherwise requires.

10.5. Entire Agreement. This Agreement, the Confidentiality Agreement and the related documents contained as Exhibits and Schedules hereto or expressly contemplated hereby (including the Escrow Agreement) contain the entire understanding of the parties relating to the subject matter hereof and supersede all prior written or oral and all contemporaneous oral agreements and understandings relating to the subject matter hereof. The Exhibits and Schedules to this Agreement are hereby incorporated by reference into and made a part of this Agreement for all purposes.

10.6. Representations and Warranties Complete. The representations, warranties, covenants and agreements set forth in this Agreement, the Escrow Agreement and the Confidentiality Agreement constitute all the representations, warranties, covenants and agreements of the parties hereto and their respective shareholders, directors, officers, employees, Affiliates, advisors (including financial, legal and accounting), agents and representatives and upon which the parties have relied.

10.7. Third Party Beneficiaries. This Agreement is made for the sole benefit of the parties hereto, their respective successors and permitted assigns, and nothing contained herein, express or implied, is intended to or shall confer upon any other Person any third party beneficiary right or any other legal or equitable rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

10.8. Governing Law. This Agreement will be governed by and construed and interpreted in accordance with the substantive laws of the State of Illinois, without giving effect to any conflicts of law rule or principle that might require the application of the Laws of another jurisdiction.

10.9. Jurisdiction. Except as otherwise expressly provided in this Agreement, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any Federal or any state court sitting in Chicago, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Illinois, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 10.1 shall be deemed effective service of process on such party.

10.10. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.11. Neutral Construction. The parties to this Agreement agree that this Agreement was negotiated fairly between them at arms' length and that the final terms of this Agreement are the product of the parties' negotiations. Each party represents and warrants that it has sought and received legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a party or parties on the grounds that the party or parties drafted or was more responsible for drafting the provision(s).

10.12. Severability. In the event that any one or more of the provisions or parts of a provision contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement or any other jurisdiction, but this Agreement shall be reformed and construed in any such jurisdiction as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted in such jurisdiction.

10.13. Headings; Interpretation; Schedules and Exhibits.

(a) The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. References to Sections or Articles, unless otherwise indicated, are references to Sections and Articles of this Agreement. The word "including" means including without limitation. Words (including defined terms) in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires. The terms "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto) and not to any particular provision of this Agreement unless otherwise specified. It is understood and agreed that neither the specifications of any dollar amount in this Agreement nor the inclusion of any specific item in the Schedules or Exhibits is intended to imply that such amounts or higher or lower amounts, or the items so included or other items, are or are not material, and no party shall use the fact of setting of such amounts or the fact of the inclusion of such item in the Schedules or Exhibits in any dispute or controversy between the parties as to whether any obligation, item or matter is or is not material for purposes hereof.

(b) Whenever an Acquired Company is called upon to list any contracts or agreements, there shall be deemed excluded from the applicable representation or warranty any agreement where the obligations of all the parties thereto have been performed or will be performed before the Closing Date. Whenever a representation or warranty is made regarding an Acquired Company, unless the context otherwise requires, such representation and warranty shall be deemed to be only with respect to the Acquired Company and not any Subsidiary of the Acquired Company.

(c) Certain matters and items disclosed in any Schedule or Exhibit may not be required to be disclosed therein, but may be disclosed therein for informational purposes only, and no such disclosure shall constitute an indication or admission of the materiality thereof or create a standard of disclosure.

(d) If any fact or item is included on a Schedule referenced by a particular section in this Agreement and the existence of the fact or item or its contents is relevant to any other section in this Agreement, the fact or item shall be deemed to be disclosed with respect to such other section whether or not an explicit cross-reference appears in the Schedules if such relevance is readily apparent from examination of the Schedules.

10.14. Counterparts. This Agreement may be executed in one or more counterparts for the convenience of the parties hereto each of which shall be deemed an original and all of which together will constitute one and the same instrument. Signatures to faxed copies of this Agreement shall be binding so long as original counterparts thereof are provided to the other party via overnight delivery service received within three (3) business days thereafter.

10.15. Cooperation. From and after the Closing, the Purchaser will cooperate with the HPI Stockholders and HEC in the investigation, defense or prosecution of any Action which is pending or threatened against an Acquired Company or any of its Affiliates, whether or not any party has notified the other of a claim for indemnity with respect to such matter. Without limiting the generality of the foregoing, the Purchaser will make available its Employees employed by the Purchaser to give depositions or testimony and will furnish all documentary or other evidence in each case as the HPI Stockholders and HEC may reasonably request. The HPI Stockholders and HEC shall reimburse the Purchaser for all reasonable and necessary out-of-pocket expenses incurred in connection with the performance of their obligations under this Section 10.15.

10.16. Specific Performance. The HPI Stockholders, HPI and HEC acknowledge that each of the Acquired Companies is of a special, unique and extraordinary character, and that damages alone are an inadequate remedy for a breach of this Agreement by the HPI Stockholders, HPI or HEC. Accordingly, as an alternative to termination of this Agreement under Section 9.1, if the Purchaser is not then in material default hereunder, the Purchaser shall be entitled, in the event of breach of this Agreement by any of the HPI Stockholders, HPI or HEC, to enforcement of this Agreement (subject to obtaining any required approval under the HSR Act) by a decree of specific performance or injunctive relief requiring any of the HPI Stockholders, HPI or HEC to fulfill their or its obligations under this Agreement. Such right of specific performance or injunctive relief shall be in addition to, and not in lieu of, the Purchaser's right to recover damages and to pursue any other remedies available to the Purchaser for any such breach. In any action to specifically enforce the obligation of any of the HPI Stockholders, HPI or HEC to close the transactions contemplated by this Agreement, the HPI Stockholders, HPI and HEC shall waive the defense that there is an adequate remedy at law or in equity and agrees that the Purchaser shall be entitled to obtain specific performance of the obligation to close without being required to prove actual damages. As a condition to seeking specific performance, the Purchaser shall not be required to tender the Cash Payment but shall be required to demonstrate that the Purchaser is ready, willing and able to tender the Cash Payment as prescribed in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized officer as of the date first above written.

LEE ENTERPRISES, INCORPORATED

HOWARD PUBLICATIONS, INC.

By: /s/ Mary E. Junck

By: /s/ William E. Howard

Mary E. Junck
Chairman, President and CEO

William E. Howard
President

HOWARD ENERGY CO., INC.

By: /s/ Thomas W. Howard

Thomas W. Howard
President

HPI STOCKHOLDERS

/s/ David B. Howard

David B. Howard

/s/ Elizabeth Ann Howard

Elizabeth Ann Howard

/s/ William E. Howard

William E. Howard

/s/ Erin Elizabeth H0ward

Erin Elizabeth Howard

/s/ Andrea H. Palmer

Andrea H. Palmer

Andrea H. Palmer Trust

/s/ Richard D. Newell

Richard D. Newell

By: /s/ Andrea H. Palmer

Trustee

/s/ Beth Howard

Beth Howard

/s/ Jack Palmer, Jr.

Jack Palmer, Jr.

/s/ C. Michael Palmer

C. Michael Palmer

/s/ Jack Palmer, Jr.

Jack Palmer, Jr., Trustee fbo
Jonathan Andrew Palmer

/s/ Chad Lewis Howard

Chad Lewis Howard

/s/ Matthew Keenan Palmer

Mathhew Keenan Palmer

/s/ Charlotte E. Howard

Charlotte E. Howard

/s/ Linda Howard

Linda Howard

/s/ Charlotte Howard

Charlotte Howard Cloninger

/s/ Linda Howard

Linda Howard, Trustee fbo
Alyssa Catherine Howard

/s/ Pamela Nicole Howard

Pamela Nicole Howard

/s/ Linda Howard

Linda Howard, Trustee fbo
Brian Robert Howard

/s/ Cheryl Howard

Cheryl Howard

/s/ Linda Howard

Linda Howard, Trustee fbo
David Hunter Howard

/s/ Cheryl Howard

Cheryl Howard, Trustee fbo
Anne Catherine Howard

/s/ R.D. Newell

R.D. Newell, Trustee fbo
Brian Robert Howard

/s/ G.A. Bergquist

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G.A. Bergquist, Trustee fbo
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Robert C. Howard

/s/ Kirsten E. Marshall

Kirsten E. Marshall

Christina L. Marshall Revocable Trust
u/a/d 9/20/94

By /s/ Christina L. Marshall

Trustee

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u/a/d 9/20/94

By /s/ James G. Marshall

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Robert S. Howard Trust

By /s/ Robert S. Howard

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/s/ R.D. Newell

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Alyssa Catherine Howard

/s/ G.A. Bergquist

G.A. Bergquist, Trustee fbo
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Kristin E. Marshall Irrevocable
Trust 11/2/95

By: /s/ Thomas J. Ross

Thomas J. Ross, Trustee

Matthew J. Marshall Irrevocable
Trust 11/2/95

By: /s/ Thomas J. Ross

Thomas J. Ross, Trustee

Meghan P. Marshall Irrevocable
Trust 11/2/95

By /s/ Thomas J. Ross

Thomas J. Ross, Trustee

Howard Charitable Foundation

By /s/ Robert S. Howard

Robert S. Howard, President

Thomas W. Howard Trust

By /s/ Thomas W. Howard

Trustee

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized officer as of the date first above written.

LEE ENTERPRISES, INCORPORATED

HOWARD PUBLICATIONS, INC.

By: /s/ Mary E. Junck

By: /s/ William E. Howard

Mary E. Junck
Chairman, President and CEO

William E. Howard
President

HOWARD ENERGY CO., INC.

By: /s/ Thomas W. Howard

Thomas W. Howard
President

FIRST AMENDMENT TO ACQUISITION AGREEMENT, dated as of March 29, 2002 (this "First Amendment"), by and among Lee Enterprises, Incorporated, a Delaware corporation ("Purchaser"), Howard Publications, Inc., a Delaware corporation ("HPI"), Howard Energy Co., Inc., a Delaware corporation ("HEC"), and those persons named on last two signature pages attached hereto (the "HPI Stockholders" and, each individually, an "HPI Stockholder").

W I T N E S S E T H:

WHEREAS, Purchaser, HPI, HEC and the HPI Stockholders have entered into that certain Acquisition Agreement, dated as of February 11, 2002 (the "Agreement"), providing for, among other things, the acquisition by Purchaser of HPI; and

WHEREAS, the parties to the Agreement desire to amend the Agreement in certain respects in accordance with Section 10.3 thereof.

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

1. Section 1.1(18) of the Agreement is hereby amended by deleting the words "the Closing Date" and replacing them with the words "March 31, 2002".

2. Section 1.1(101) of the Agreement is hereby amended by inserting the words "day preceding the" before the words "Closing Date".

3. Section 3.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"The consummation of the transactions contemplated hereby shall take place at a closing (the "Closing") to be held at 12:01 a.m., Pacific Standard Time ("PST"), on April 1, 2002 (the "Closing Date"), at the offices of Betts, Patterson & Mines, P.S., One Convention Place, Suite 1400, 701 Pike Street, Seattle, Washington. For purposes of this Agreement, the Closing shall be deemed to take place and be fully completed at 12:01 a.m., PST on the Closing Date."

4. Section 6.9(e) of the Agreement is hereby amended by deleting the words "on or" in the second sentence.

5. Section 6.9(f) of the Agreement is hereby amended by inserting the words "on or" before the words "after the Closing Date".

6. Section 6.9(i) of the Agreement is hereby amended by deleting the words "on or" in the first sentence.

7. Section 6.9(i) of the Agreement is hereby amended by inserting the words "on or" before the words "after the Closing Date" in each place such words appear in such section.

8. Section 6.12 of the Agreement is hereby amended by inserting the words "day preceding the" before the words "Closing Date" in the second sentence.

9. Section 6.13(a)(i)(A) of the Agreement is hereby deleted in its entirety and replaced with the following:

"Taxes imposed on any Acquired Company (other than Sioux City) for any taxable year or period that ends on or before the day preceding the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on the day preceding the Closing Date,"

10. Section 6.13(a)(ii)(A) of the Agreement is hereby deleted in its entirety and replaced with the following:

"Taxes (other than Taxes imposed as a result of the HPI Redemption) imposed on any Acquired Company (other than Sioux City) for any taxable year or period that begins on or after the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period beginning on the Closing Date and"

11. Section 6.13(a)(ii)(B) of the Agreement and the two sentences immediately following such section are hereby deleted in their entirety and replaced with the following:

"Excluded Taxes. Except as otherwise provided herein, the Purchaser shall be entitled to any refund of (or credit for) Taxes for which the Purchaser is liable under this Agreement. With the express written consent of the HPI Stockholders Representative, which consent shall be given or withheld in the HPI Stockholders Representative's sole discretion, the Purchaser may cause an Acquired Company to elect to

carry back losses from a taxable year or period that begins on or after the Closing Date to a taxable year or period that ends on or before the day preceding the Closing Date and the Purchaser shall be entitled to any actual refund of (or credit for) Taxes that would not have arisen but for such carryback."

12. Section 6.13(a)(iii) of the Agreement is hereby deleted in its entirety and replaced with the following:

"For purposes of paragraphs (a)(i) and (a)(ii), whenever it is necessary to determine the liability for Taxes of any Acquired Company for a Straddle Period, the determination of the Taxes of the Acquired Company for the portion of the Straddle Period ending on the day preceding the Closing Date, and the portion of the Straddle Period beginning on the Closing Date shall be determined by assuming that the Straddle Period consisted of two taxable years or periods, one which ended at the close of the day preceding the Closing Date and the other which began at the beginning of the Closing Date, and items of income, gain, deduction, loss or credit of the Acquired Company shall be allocated between such two taxable years or periods on a "closing of the books basis" by assuming that the books of the Acquired Company were closed at the close of the day preceding the Closing Date, provided, however, that (I) transactions occurring on the Closing Date shall be allocated (based on, among other relevant factors, factors set forth in Treas. Reg. ss. 1.1502-76(b)(1)(ii)(B)) to the taxable year or period that is deemed to begin at the beginning of the day following the Closing Date (it being understood and agreed that in no event shall the HPI Redemption be regarded as a transaction described in this clause (I)), and (II) exemptions, allowances or deductions that are calculated on an annual basis, such as the deduction for depreciation, shall be apportioned between such two taxable years or periods on a daily basis. Notwithstanding the foregoing provisions of this paragraph (a)(iii), if the transactions contemplated by this Agreement result in the reassessment of the value of any property owned by the Acquired Company for property Tax purposes, or the imposition of any property Taxes at a rate which is different than the rate that would have been imposed if such transactions had not occurred, then (y) the portion of such property Taxes for the portion of the Straddle Period ending on the day preceding the Closing Date shall be determined on a daily basis, using the assessed value and Tax rate that would have applied had such transactions not occurred, and (z) the portion of such property Taxes for the portion of such Straddle Period beginning on the Closing Date shall be the total property Taxes for the Straddle Period minus the amount described in clause (y) of this sentence."

13. Section 6.13(a)(iv)(A) of the Agreement is hereby amended by deleting the first sentence in its entirety and replacing it with the following:

" If, as a result of any action, suit, investigation, audit, claim, assessment or amended Tax Return of an Acquired Company for a taxable year or period on or prior to the day preceding the Closing Date, there is any change on or after the Closing Date in an item of income, gain, loss, deduction, credit or amount of Tax that results in an increase in a Tax liability for which any HPI Indemnitor would otherwise be liable pursuant to paragraph (a)(i) of this Section 6.13, and such change results in or will result in a decrease in the Tax liability of the Purchaser, HPI or any other Acquired Company (or any Affiliate or successor of any thereof) for any taxable year or period beginning on or after the Closing Date or for the portion of any Straddle Period beginning on the Closing Date, no HPI Indemnitor shall be liable pursuant to such paragraph (a)(i) with respect to such increase to the extent of such decrease (and, to the extent such increase in Tax liability is paid to a taxing authority by any HPI Indemnitor or any Affiliate thereof, the Purchaser shall pay the relevant HPI Indemnitor an amount equal to the present value of such decrease)."

14. Section 6.13(a)(iv)(B) of the Agreement is hereby amended by deleting the first sentence in its entirety and replacing it with the following:

" If, as a result of any action, suit, investigation, audit, claim, assessment or amended Tax Return of an Acquired Company for a taxable year or period on or after the Closing Date, there is any change on or after the Closing Date in an item of income, gain, loss, deduction, credit or amount of Tax that results in an increase in a Tax liability for which the Purchaser would otherwise be liable pursuant to paragraph (a)(ii) of this Section 6.13, and such change results in or will result in a decrease in the Taxes of HEC or any HPI Stockholder payable to any Governmental Authority for any taxable year or period ending on or before the day preceding the Closing Date or for the portion of any Straddle Period ending on the day preceding the Closing Date, the Purchaser shall not be liable pursuant to such paragraph (a)(ii) with respect to such increase to the extent of such actual decrease (and, to the extent such increase in Tax liability is paid to a taxing authority by the Purchaser, the HPI Indemnitors shall pay the Purchaser an amount equal to the present value of such actual decrease)."

15. Section 6.13(f) of the Agreement is hereby amended by deleting the second sentence in its entirety and replacing it with the following:

"The HPI Stockholders Representative shall have the sole right to represent HEC's and each Acquired Company's interests in any Tax audit or administrative or court proceeding relating to taxable periods ending on or before the Closing Date or otherwise relating to Taxes for which any HPI Indemnitor may be liable pursuant to Section 6.13, and to employ counsel of its choice at its expense. In the case of a Straddle Period of any Acquired Company (to the extent not described in the preceding sentence), the HPI Stockholders Representative shall be entitled to participate at its expense in any Tax audit or administrative or court proceeding relating (in whole or in part) to Taxes attributable to the portion of such Straddle Period ending on the day preceding the Closing Date and, with the written consent of the Purchaser, and at the HPI Stockholders Representative's sole expense, may assume the entire control of such audit or proceeding."

16. Section 6.14 of this agreement is hereby amended by inserting the words "day preceding the" before the words "Closing Date".

17. Section 8.5(d)(2) of this agreement is hereby deleted in its entirety and replaced with the following:

"to the extent not previously taken into account in computing the amount of such Loss, all increases in federal, state, local and other Taxes (including estimated Taxes) payable by the Claimant for all affected taxable years or periods ending on or before the day preceding the Closing Date and, with respect to any Straddle Period, the portion of the Straddle Period ending on the day preceding the Closing Date as a result of the Indemnified Event, and"

18. Except as expressly set forth herein, this First Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

19. This First Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed an original and such counterparts together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized officer as of the date first above written.

LEE ENTERPRISES, INCORPORATED

HOWARD PUBLICATIONS, INC.

By: /s/ Mary E. Junck

By: /s/ William E. Howard

Mary E. Junck
Chairman, President and CEO

William E. Howard
President

HOWARD ENERGY CO., INC.

By: /s/ Thomas W. Howard

Thomas W. Howard
President

HPI STOCKHOLDERS

/s/ David B. Howard

David B. Howard

/s/ Elizabeth Ann Howard

Elizabeth Ann Howard

/s/ William E. Howard

William E. Howard

/s/ Erin Elizabeth Howard

Erin Elizabeth Howard

/s/ Andrea H. Palmer

Andrea H. Palmer

Andrea H. Palmer Trust

/s/ Richard D. Newell

Richard D. Newell

By: /s/ Andrea H. Palmer

Trustee

/s/ Beth Howard

Beth Howard

/s/ Jack Palmer, Jr.

Jack Palmer, Jr.

/s/ C. Michael Palmer

C. Michael Palmer

Jack Palmer, Jr.

Jack Palmer, Jr., Trustee fbo
Jonathan Andrew Palmer

/s/ Chad Lewis Howard

Chad Lewis Howard

/s/ Matthew Keenan Palmer

Matthew Keenan Palmer

/s/ Charlotte E. Howard

Charlotte E. Howard

/s/ Linda Howard

Linda Howard

/s/ Charlotte Howard Cloninger

Charlotte Howard Cloninger

/s/ Linda Howard

Linda Howard, Trustee fbo
Alyssa Catherine Howard

/s/ Pamela Nicole Howard

Pamela Nicole Howard

/s/ Linda Howard

Linda Howard, Trustee fbo
Brian Robert Howard

/s/ Cheryl Howard

Cheryl Howard

/s/ Linda Howard

Linda Howard, Trustee fbo
David Hunter Howard

/s/ Cheryl Howard

Cheryl Howard, Trustee fbo
Anne Catherine Howard

/s/ R.D. Newell

R.D. Newell, Trustee fbo
Brian Robert Howard

/s/ G.A. Bergquist

G.A. Bergquist, Trustee fbo
Brian Robert Howard

/s/ R.D. Newell

R.D. Newell, Trustee fbo
David Hunter Howard

/s/ G.A. Bergquist

G.A. Bergquist, Trustee fbo
David Hunter Howard

/s/ Robert C. Howard

Robert C. Howard

/s/ Kirsten E. Marshall

Kirsten E. Marshall

Christina L. Marshall Revocable Trust
u/a/d 9/20/94

By /s/ Christina L. Marshall

Trustee

James G. Marshall Revocable Trust
u/a/d 9/20/94

By /s/ James G. Marshall

Trustee

Robert S. Howard Trust

By /s/ Robert S. Howard

Trustee

/s/ R.D. Newell

R.D. Newell, Trustee fbo
Alyssa Catherine Howard

/s/ G.A. Bergquist

G.A. Bergquist, Trustee fbo
Alyssa Catherine Howard

Kristin E. Marshall Irrevocable
Trust 11/2/95

By: /s/ Thomas J. Ross

Thomas J. Ross, Trustee

Matthew J. Marshall Irrevocable
Trust 11/2/95

By: /s/ Thomas J. Ross

Thomas J. Ross, Trustee

Meghan P. Marshall Irrevocable
Trust 11/2/95

By /s/ Thomas J. Ross

Thomas J. Ross, Trustee

Howard Charitable Foundation

By /s/ Robert S. Howard

Robert S. Howard, President

Thomas W. Howard Trust

By /s/ Thomas W. Howard

Trustee

ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of April 1, 2002 (this "Escrow Agreement"), by and among the HPI Indemnifying Stockholders listed on Schedule I attached hereto (the "HPI Indemnifying Stockholders"), Lee Enterprises, Incorporated, a Delaware corporation (the "Purchaser"), and Wells Fargo Bank Iowa, N.A., a national banking corporation (the "Escrow Agent").

WITNESSETH:

WHEREAS, the HPI Indemnifying Stockholders and the Purchaser are parties to an Acquisition Agreement dated as of February 11, 2002 (the "Acquisition Agreement"), pursuant to which, among other things, the Purchaser is acquiring from the HPI Indemnifying Stockholders on the date hereof certain issued and outstanding shares of capital stock of Howard Publications, Inc., a Delaware corporation (the "Company"); and

WHEREAS, the Acquisition Agreement requires the Purchaser to put into escrow pursuant to this Escrow Agreement the sum of \$50,000,000 (the "Escrow Amount") to be held as security for the indemnification obligations of the HPI Indemnifying Stockholders to the Purchaser pursuant to Article 8 of the Acquisition Agreement; and

WHEREAS, the parties to this Escrow Agreement have agreed upon and wish to set forth the terms and conditions with respect to the disposition of the Escrow Amount held by the Escrow Agent.

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

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Acquisition Agreement, a conformed copy of which has been delivered to the Escrow Agent.

2. Escrow Agent. The HPI Indemnifying Stockholders and the Purchaser hereby designate and appoint the Escrow Agent to serve in accordance with the terms, conditions and provisions of this Escrow Agreement, and the Escrow Agent hereby agrees to act as such, upon the terms, conditions and provisions provided in this Escrow Agreement.

3. Deposit of Escrow Amount. On even date herewith, the Purchaser shall deposit with the Escrow Agent the Escrow Amount to be held in trust by the Escrow Agent for the benefit of the HPI Stockholders in a separate trust account (the "Escrow Account"), subject to the terms and provisions herein contained, and the Escrow Agent shall promptly acknowledge receipt of such deposit to the Purchaser and the HPI Indemnifying Stockholders. Subject to the right of the Escrow Agent to resign as hereinafter provided, the Escrow Agent shall hold the Escrow Amount placed in the Escrow Account, which shall not be disbursed except as herein provided. The Escrow Amount shall be held by Escrow Agent as a trust fund and such funds shall be maintained free of any lien or attachment of any creditor of either party hereto and shall be used solely for the purposes and subject to the conditions set forth herein.

4. Release of the Escrow Amount. The Escrow Amount shall be used only to satisfy the indemnification obligations of the HPI Indemnifying Stockholders under Article 8 of the Acquisition Agreement. As between the HPI Indemnifying Stockholders and the Purchaser, the rights of, in and to the Escrow Amount shall be governed by the Acquisition Agreement. The Escrow Agent shall release from escrow hereunder and disburse the Escrow Amount only in accordance with the provisions of this Section 4 set forth below.

(a) Purchaser Indemnity Claims. Upon the occurrence of an event which the Purchaser in good faith asserts constitutes an event for which the HPI Indemnifying Stockholders would be required to indemnify or make any payment to the Purchaser pursuant to Article 8 of the Acquisition Agreement (a "Purchaser Indemnity Claim"), whether paid or payable to the Purchaser or any third party, the Purchaser shall furnish written notice of such event (the "Indemnity Notice") to the HPI Indemnifying Stockholders and the Escrow Agent promptly (and in any event within the time period specified in Section 8.3(a) of the Acquisition Agreement), setting forth the Purchaser's then good-faith estimate of the reasonably foreseeable amount of the Purchaser Indemnity Claim, and shall immediately make available to the HPI Indemnifying Stockholders all relevant information related to such Purchaser Indemnity Claim and which is in the possession of the Purchaser or its Affiliates or representatives. Such Indemnity Notice shall set forth in reasonable detail the facts upon which the Purchaser Indemnity Claim is based as well as the specific provisions in the Acquisition Agreement that entitle the Purchaser to indemnification.

(b) Purchaser Indemnity Claims Not Disputed by the HPI Stockholders Representative. If, within twenty (20) Business Days after receipt of the Indemnity Notice, the HPI Stockholders Representative does not give the notice

provided for in paragraph (c) of this Section 4, the Purchaser shall be entitled to make a written demand upon the Escrow Agent (a copy of which shall be provided to the HPI Stockholders Representative) that it retain for future return to the Purchaser as and when the amount is finally determined, if the amount is not then determined, or that it then disburse, within two (2) Business Days of its receipt of such demand, to the Purchaser, if the amount has then been finally determined, the full amount set forth in the Indemnity Notice (up to the entire Escrow Amount).

(c) Purchaser Indemnity Claims Disputed by the HPI Stockholders Representative in Whole. If the HPI Stockholders Representative disputes either the Purchaser Indemnity Claim described in the Indemnity Notice or the amount the Purchaser seeks as indemnity on account of such Purchaser Indemnity Claim, the HPI Stockholders Representative shall, within twenty (20) Business Days after its receipt of the Indemnity Notice, provide written notice to the Escrow Agent and the Purchaser of such dispute, setting forth the basis therefor in reasonable detail, based on its then good-faith belief. In the event the HPI Stockholders Representative disputes the entire Purchaser Indemnity Claim, the Escrow Agent shall not distribute any amount with respect thereto until the Escrow Agent receives joint written instructions signed by the HPI Stockholders Representative and the Purchaser stating the amount to which the Purchaser is entitled in connection with such Purchaser Indemnity Claim, or a copy of an order of any federal or state court sitting in Illinois (in any such case, the "Court"), together with a joint written statement from Purchaser and HPI Stockholders Representative that such order has become final and not subject to appeal and has been certified by the clerk of such Court or other appropriate official (collectively a "Final Judgment"), at which time the Escrow Agent shall disburse, within two (2) Business Days of its receipt of such joint written instructions or Final Judgment, to the Purchaser the amount set forth in such joint written instructions or Final Judgment.

(d) Purchaser Indemnity Claims Disputed by the HPI Stockholders Representative in Part. In the event the HPI Stockholders Representative disputes part of, but not all of, a Purchaser Indemnity Claim, the Escrow Agent shall, if the amount is undetermined, retain for future remittance to the Purchaser, or, if the amount is finally determined, remit, within two (2) Business Days of its receipt of the joint written instructions referred to in subparagraph (c) above or of a Final Judgment to the Purchaser, the amount attributable to that portion of the Purchaser Indemnity Claim which is not disputed by the HPI Stockholders Representative up to the entire Escrow Amount. The Escrow Agent shall not otherwise distribute any amount with respect to the balance of such Purchaser Indemnity Claim except in accordance with the procedures set forth in subparagraph (c) of this Section 4.

(e) Six-Month Reduction. On the date that is six (6) days after the six-month anniversary of the Closing Date, the balance of the Escrow Amount on such date shall be reduced to \$35,000,000 (the "First Reduced Escrow Amount"), unless on or prior to such date there are any unresolved Purchaser Indemnity Claims for an amount, in the aggregate, that would exceed the then-contemplated First Reduced Escrow Amount, in which case the Escrow Amount shall not be so reduced. As unresolved Purchaser Indemnity Claims are resolved, the Escrow Amount shall be reduced but not below the First Reduced Escrow Amount. Any undisputed amounts in excess of the First Reduced Escrow Amount shall be released from the provisions of this Escrow Agreement and distributed promptly by the Escrow Agent to the HPI Indemnifying Stockholders in the proportions set forth on Schedule I attached hereto; provided, however, that the amount that otherwise would be so released and distributed shall be reduced by the Tax Make-Whole Amount (as defined in Section 7(b) hereof), and at the time it otherwise would be so distributed, the Tax Make-Whole Amount shall be released to the Purchaser.

(f) Eighteen-Month Reduction. On the date that is the eighteen-month anniversary of the Closing Date, the balance of the Escrow Amount on such date shall be reduced to \$15,000,000 (the "Second Reduced Escrow Amount"), unless on or prior to such date there are any unresolved Purchaser Indemnity Claims for an amount, in the aggregate, that would exceed the Second Reduced Escrow Amount, in which case the Escrow Amount shall not be so reduced below the amount of unresolved Purchaser Indemnity Claims. As unresolved Purchaser Indemnity Claims are resolved, the Escrow Amount shall be reduced but not below the Second Reduced Escrow Amount. Any undisputed amounts in excess of the Second Reduced Escrow Amount shall be released from the provisions of this Escrow Agreement and distributed promptly by the Escrow Agent to the HPI Indemnifying Stockholders in the proportions set forth on Schedule I attached hereto; provided, however, that the amount that otherwise would be so released and distributed shall be reduced by the Tax Make-Whole Amount (as defined in Section 7(b) hereof), and at the time it otherwise would be so distributed, the Tax Make-Whole Amount shall be released to the Purchaser.

(g) Escrow Amount Expiration. (i) On or prior to the date that is the third anniversary of the Closing Date (the "Expiration Date"), the Purchaser shall furnish notice (the "Withholding Notice") to the Escrow Agent and the HPI Indemnifying Stockholders of the amount, if any, to be retained on account of Purchaser Indemnity Claims for which an Indemnity Notice has been provided pursuant to this Section 4 and that have not been resolved or payment made with respect thereto. Upon the receipt by the Escrow Agent of the Withholding Notice, the Escrow Agent shall retain the amount set forth in the Withholding Notice. In the event the Purchaser does not timely provide the Withholding Notice, the remaining funds held in the Escrow Account shall be distributed by the Escrow Agent to the HPI Indemnifying Stockholders in accordance with, and to the extent provided in, clause (ii) below.

(ii) As soon as practicable following the Expiration Date, the balance, if any, of the funds that would otherwise remain in the Escrow Account after deduction of funds to be withheld pursuant to the provisions of clause (i) above, shall be released from the provisions of this Escrow Agreement and distributed promptly by the Escrow Agent to the HPI Indemnifying Stockholders in the proportions set forth on Schedule I attached hereto; provided, however, that the amount that otherwise would be so released and distributed shall be reduced by the Tax Make-Whole Amount (as defined in Section 7(b) hereof), and at the time it otherwise would be so distributed, the Tax Make-Whole Amount shall be released to the Purchaser.

(iii) Upon receipt of the Withholding Notice, the Escrow Agent shall continue to hold after the Expiration Date, with respect to each Purchaser Indemnity Claim included in such Withholding Notice, the amount specified by such notice until such time as the Escrow Agent receives joint written instructions signed by the HPI Stockholders Representative and the Purchaser stating the amount, if any, to which the Purchaser is entitled to receive from the Escrow Account in connection with such Purchaser Indemnity Claim, or a copy of a Final Judgment with respect to such Purchaser Indemnity Claim, at which time the Escrow Agent shall remit, within two (2) Business Days of its receipt of such joint written instructions or Final Judgment, to the Purchaser, with respect to such Purchaser Indemnity Claim, the amount specified in such written instructions or Final Judgment, and shall distribute to the HPI Indemnifying Stockholders such funds, if any, which the Escrow Agent continued to hold after the Expiration Date pursuant to clause (i) above by reason of such Purchaser Indemnity Claim and which is in excess of the amount so distributed to the Purchaser with respect thereto; provided, however, that, to the extent the distribution of such excess funds from the Escrow Account to the HPI Indemnifying Stockholders would cause the funds remaining in the Escrow Account after such distribution to fall below the amount (as stipulated in the Withholding Notice) of all still-unresolved Purchaser Indemnity Claims identified in the Withholding Notice, such funds shall be retained by the Escrow Agent in the Escrow Account and shall be available for distribution to the Purchaser upon the resolution of any unresolved Purchaser Indemnity Claims, and such funds shall not be distributed to the HPI Indemnifying Stockholders until such time, if any, as such distribution can be made without causing the funds remaining in the Escrow Account to fall below the amount of all remaining unresolved Purchaser Indemnity Claims identified in the Withholding Notice.

5. Termination of Escrow Agreement. Upon payment and delivery by the Escrow Agent of the entire balance of the cash in the Escrow Account as provided above, or upon resignation of the Escrow Agent as provided below, this Escrow Agreement shall terminate and the Escrow Agent shall be discharged from all duties and liabilities hereunder.

6. Investment of Escrow Amount. Upon receipt of any deposit pursuant to this Escrow Agreement, Escrow Agent shall invest said deposit in accordance with written direction from the HPI Stockholders Representative. If no investment direction is received, Escrow Agent shall invest any moneys held in the Escrow Account from time to time in the Wells Fargo 100% Treasury or Wells Fargo Government Service Money Market funds.

7. Investment Income. (a) All income, interest, increments and gains of all kinds from the Escrow Amount or other amounts held in the Escrow Account ("Earnings") shall be held in the Escrow Account applicable to such amount to be released in accordance with Section 4 above, as applicable, it being understood that upon such release said Earnings shall be paid to the HPI Indemnifying Stockholders or the Purchaser, as applicable, in proportion to the amount, if any, of the Escrow Amount to be paid to them. The Purchaser shall be solely responsible for all Taxes in respect of any Earnings and all tax reporting filed by the Escrow Agent shall name Purchaser as the recipient of any Earnings for tax reporting purposes. The Purchaser agrees to treat all amounts held in the Escrow Account, unless and until such amounts are distributed to the HPI Indemnifying Stockholders under Section 5 (or, in the case of Earnings, this Section 7), as owned by the Purchaser for all income and other Tax purposes. For all Tax purposes, the HPI Indemnifying Stockholders and Purchaser hereto agree to treat each distribution to the HPI Indemnifying Stockholders under Section 5 (or, in the case of Earnings, this Section 7), as an adjustment to the purchase price paid by the Purchaser for the HPI Common Stock in the Stock Purchase (except to the extent treated as imputed interest for such purposes). The HPI Indemnifying Stockholders and Purchaser hereto intend that payments to the HPI Indemnifying Stockholders hereunder shall be treated for federal income Tax purposes as consisting in part as imputed interest (or original issue discount) deductible by the Purchaser and includible in income by the HPI Indemnifying Stockholders (in each case, in the year of payment) using, to the extent applicable, the concepts of Section 1272 through 1275 and Section 483 of the Code and applicable Treasury Regulations (the "Intended Tax Treatment"). The Purchaser and the HPI Indemnifying Stockholders will take no position for tax purposes inconsistent therewith, and, each party agrees that it will report such imputed interest in accordance with the Intended Tax Treatment.

(b) If with respect to a distribution (if any) to the HPI Indemnifying Stockholders pursuant to Section 4 hereof there is a final determination (as described below) that the Purchaser is not entitled to such deduction in accordance with the Intended Tax Treatment, then the Tax Make-Whole amount referred to in Section 4 shall equal thirty-nine percent (39%) times the excess of the amount of imputed interest that was intended to be deductible over the amount of imputed interest for which the Purchaser is entitled to claim a deduction. A final determination means either an opinion by tax counsel, selected by Purchaser and reasonably acceptable to HPI Indemnifying Stockholders, stating that there is no "substantial authority" (as determined under Section 6662 of the Code) supporting such deduction, or a final and binding determination by an administrative body or court concluding that Purchaser is not entitled to such deduction. Any disputes regarding the calculation of the amount described in the first sentence of this subparagraph (b) shall be made by an accounting firm mutually acceptable to the Purchaser and the HPI Stockholders Representative. The Purchaser and the HPI Stockholders Representative shall promptly notify the Escrow Agent when the final determination is made of the Tax Make-Whole amount, if any, to be paid by the Escrow Agent to the Purchaser.

8. Responsibilities of the Escrow Agent. (a) The Escrow Agent shall have no duties nor responsibilities except those expressly set forth herein. The Escrow Agent shall have no responsibility for the validity, performance or interpretation of any agreements referred to in this Escrow Agreement. The Escrow Agent's liability is limited to bad faith, willful misconduct or gross negligence on its part. The Escrow Agent shall be protected in acting upon any certificate, notice or other instrument whatsoever received by it under this Escrow Agreement, not only as to its due execution and validity, but also as to the truth of the information contained therein which the Escrow Agent in good faith believes to be genuine.

(b) The Escrow Agent is acting only with respect to the Escrow Amount. If any controversy arises involving any party to this Escrow Agreement as to any matter arising out of or relating to this Escrow Agreement, the Escrow Agent shall not be required to determine same and shall have the right to cease any disbursement of the Escrow Amount or any portion thereof, but in such event the Escrow Agent shall retain the same until receipt by the Escrow Agent (i) of joint instructions in writing, signed by the HPI Stockholders Representative and the Purchaser, directing the disposition of the Escrow Amount in question, or (ii) of a Final Judgment providing for the disposition of the Escrow Amount in question.

(c) In the event of any uncertainty of the Escrow Agent as to its duties or rights hereunder or any receipt of instructions from any of the undersigned relating to any Escrow Account which, in the opinion of the Escrow Agent, conflicts with any of the provisions of this Escrow Agreement, the Escrow Agent may refrain from any action until directed otherwise in joint writing by the HPI Stockholders Representative and the Purchaser or a Final Judgment. This Escrow Agreement sets forth the entire agreement among the parties hereto and the Escrow Agent as escrow agent. Notwithstanding any provision to the contrary in any other agreement (excluding any amendment to this Escrow Agreement) between the parties hereto, the Escrow Agent shall have no interest in any Escrow Amount except as provided in this Escrow Agreement. The terms of this Escrow Agreement shall govern and control in all respects in the event of any conflicts or inconsistent provisions in any other agreement (excluding any amendment to this Escrow Agreement).

(d) The Escrow Agent shall not be obligated to risk its own funds in the administration of any Escrow Account. The Escrow Agent need not take any action under this Escrow Agreement which may involve it in the expense or liability until indemnified by the HPI Indemnifying Stockholders and the Purchaser pursuant to Section 11 hereof for any expense or liability it reasonably believes it may incur.

(e) Any recitals contained in this Escrow Agreement shall be deemed to be those of the HPI Indemnifying Stockholders and the Purchaser and not those of the Escrow Agent.

(f) The Escrow Agent may engage legal counsel to review this Escrow Agreement and any question as to any of the provisions hereof or its duties hereunder, and the Escrow Agent shall not be liable for any act or omission taken or suffered pursuant to the opinion of such counsel, so long as such action or conduct does not constitute gross negligence or willful misconduct on the part of the Escrow Agent. The reasonable fees and expenses of such counsel shall be deemed to be a proper expense and shall be added to and be a part of the Escrow Agent's fee hereunder.

(g) Unless specifically required by the terms of this Escrow Agreement, the Escrow Agent shall not take notice of or enforce any other document or relationship, including, without limiting the generality of the foregoing, any contract, settlement, arrangement, plan, assignment, pledge, release, decree or the like, and its duties shall be solely as set forth in this Escrow Agreement.

(h) As promptly as practicable following the disbursement of any funds of any Escrow Account, the Escrow Agent shall send a written statement to each of the HPI Stockholders Representative and Purchaser stating the amount of the disbursement and the amounts remaining in the Escrow Account.

9. Amendment and Cancellation. The Escrow Agent shall not be bound by any cancellation, waiver, modification, rescission or amendment of this Escrow Agreement, including the transfer of any interest hereunder, unless such modification is in writing and signed by the HPI Stockholders Representative and the Purchaser and, if the duties of the Escrow Agent hereunder are affected, unless the Escrow Agent also shall have given its written consent thereto.

10. Resignation. The Escrow Agent shall have the right, in its discretion, to resign as agent and escrowee hereunder at any time by giving at least thirty (30) days' prior written notice of such resignation to the HPI Indemnifying Stockholders and the Purchaser. In such event, the HPI Indemnifying Stockholders and the Purchaser will promptly select another bank having capital, surplus and undivided profits of not less than \$1,000,000,000, which bank will be appointed as successor Escrow Agent, and will enter into an agreement with such other bank in substantially the form of this Escrow Agreement. Resignation by the Escrow Agent and acceptance by a substitute of its duties hereunder shall relieve the Escrow Agent of any responsibility or duty thereafter arising hereunder, but shall not relieve the Escrow Agent of responsibility to account to the HPI Indemnifying Stockholders and the Purchaser for funds received by the Escrow Agent from the Purchaser prior to the effective date of such resignation. If a successor Escrow Agent hereunder shall not have been selected, as aforesaid within the aforesaid 30-day period, the Escrow Agent shall be entitled to petition the Court for the appointment of a successor for it hereunder or, in the alternative, it may transfer and deliver the funds deposited in the Escrow Account to or upon the order of the Court. The Escrow Agent shall be discharged from all further duties hereunder upon acceptance by the substitute of its duties hereunder or upon transfer and delivery of the funds in the Escrow Account to or upon an order of the Court.

11. Fees. The Purchaser and the HPI Indemnifying Stockholders shall pay the Escrow Agent compensation (as payment in full) for the services to be rendered by the Escrow Agent hereunder in accordance with the Fee Schedule attached hereto and agree to reimburse the Escrow Agent for all reasonable expenses, disbursements and advances incurred or made by the Escrow Agent in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel). Any such compensation, reimbursements and indemnification to which the Escrow Agent is entitled shall be borne 50% by the Purchaser and 50% by the HPI Indemnifying Stockholders.

12. Payments. If at any time the Escrow Agent is required to distribute or pay over any amounts held by or received by it under any of the provisions of this Escrow Agreement, such distribution and payment shall be effected in the appropriate amount in cash by wire transfer in immediately available funds to such account or accounts designated by the recipient of the Escrow Account.

13. Notices. All notices and other communications hereunder and disbursements required pursuant hereto shall be addressed to the Escrow Agent, the HPI Indemnifying Stockholders, the HPI Stockholders Representative and the Purchaser respectively, as follows:

If to the Escrow Agent:

Wells Fargo Bank Iowa, N.A.
Corporate Trust Services
MAC N8200-034
666 Walnut St., P.O. Box 837
Des Moines, IA 50304-0837
Attn: Carol Fisher
Telephone: (515) 245-3246
Facsimile: (515) 245-8532

If to the HPI Indemnifying Stockholders or the HPI Stockholders Representative:

Howard Energy Co., Inc.
13561 West Bay Shore, Suite 3000
Traverse City, MI 49684
Attn: Gregory Blanche
Telephone: (231)995-7850
Facsimile: (231)941-0338

with copies to:

Sidley Austin Brown & Wood
Bank One Plaza
10 S. Dearborn Street
Chicago, IL 60603
Attn: Frederick C. Lowinger, Esq.
Telephone: (312) 853-7238
Facsimile: (312) 853-7036

- and -

Betts, Patterson & Mines, P.S.
One Convention Place, Suite 1400
701 Pike Street
Seattle, WA 98101-3927
Attn: Gary A. Bergquist
Telephone No.: (206) 268-8662
Facsimile No.: (206) 343-7053

If to the Purchaser:

Lee Enterprises, Incorporated
400 Putnam Building
215 N. Main St.
Davenport, IA 52801
Attn: Mary E. Junck, Chairman, President and CEO
Telephone: (563)383-2154
Facsimile: (563)383-9608

with a copy to:

Lane & Waterman
220 N. Main St., Suite 600
Davenport, IA 52801
Attn: C. Dana Waterman III, Esq.
Telephone: (563)333-6608
Facsimile: (563)324-1616

All notices and other communications required or permitted under this Escrow Agreement shall be in writing and shall be deemed given (a) when delivered personally, (b) on the third Business Day after being mailed by certified mail, return receipt requested, (c) the next Business Day after delivery to a recognized overnight courier, or (d) upon transmission and confirmation of receipt by a facsimile operator if sent by facsimile (and shall also be transmitted by facsimile to the Persons receiving copies thereof), to the parties at the above addresses or facsimile numbers (or to such other address and facsimile number as a party may have specified by notice given to the other party pursuant to this provision).

14. Parties in Interest. This Escrow Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. Nothing in this Escrow Agreement, express or implied, shall give to anyone, other than the parties hereto and their respective permitted successors and assigns, any benefit, or any legal or equitable right, remedy or claim, under or in respect of this Escrow Agreement or the escrow contemplated hereby. The Purchaser may assign this Agreement or any or all rights or obligations hereunder to any wholly-owned corporate subsidiary of the Purchaser formed under the laws of any state in the United States of America. Upon any such permitted assignment, the references in this Agreement to the Purchaser shall also apply to any such assignee unless the context otherwise requires. The interest of an HPI Indemnifying Stockholder under this Escrow Agreement shall be nontransferable except by operation of law.

15. Captions. The section and paragraph captions used herein are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Escrow Agreement.

16. Execution by Escrow Agent. The execution of this Escrow Agreement by the Escrow Agent shall constitute a receipt for the Escrow Amount and shall evidence its acceptance and agreement to the terms hereof.

17. Indemnification of Escrow Agent. The HPI Indemnifying Stockholders and the Purchaser jointly and severally agree to hold the Escrow Agent harmless and to indemnify the Escrow Agent against any loss, liability, claim or demand arising out of or in connection with the performance of its obligations in accordance with the provisions of this Escrow Agreement including, without limitation, any tax penalty or other tax-related liability incurred by the Escrow Agent in connection with the tax treatment and tax reporting contemplated in Section 7 hereto, except for gross negligence, bad faith or willful misconduct of the Escrow Agent. The foregoing indemnities in this Section 17 shall survive termination of this Escrow Agreement.

18. Governing Law. This Escrow Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

19. Counterparts. This Escrow Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Escrow Agreement shall become effective immediately upon the exchange of executed signature pages, which may be by facsimile.

20. Set-Off. The Escrow Agent waives any right, arising at law or otherwise, to set off or to appropriate and apply any and all amounts at any time held or owing by the Escrow Agent hereunder to or for the credit or the account of any of the parties hereto against or on account of any obligation or liability of any or the parties hereto to the Escrow Agent whether or not arising under this Escrow Agreement.

IN WITNESS WHEREOF, the parties hereunder have duly caused this Escrow Agreement to be executed as of the date and year first above written.

WELLS FARGO BANK IOWA, N.A.

By: /s/ Leigh McVicker

Leigh McVicker
Vice President

LEE ENTERPRISES, INCORPORATED

By: /s/ Carl G. Schmidt

Carl G. Schmidt
Vice President, Chief Financial Officer
and Treasurer

HOWARD PUBLICATIONS, INC.

By: /s/ William E. Howard

William E. Howard
President

HPI INDEMNIFYING STOCKHOLDERS

/s/ Robert S. Howard

Robert S. Howard

/s/ David B. Howard

David B. Howard

/s/ Andrea H. Palmer

Andrea H. Palmer

/s/ Thomas W. Howard

Thomas W. Howard

/s/ William E. Howard

William E. Howard

Schedule I

HPI Indemnifying Stockholders	Indemnification Proportions
Robert S. Howard	44%
David B. Howard	15%
Thomas W. Howard	14%
William E. Howard	13%
Andrea H. Palmer	14%

EXHIBIT A
WELLS FARGO BANK IOWA, N.A.
CORPORATE TRUST SERVICES
SCHEDULE OF FEES
FOR ESCROW AGENT SERVICES

INITIAL: \$ 500

Initial Fees include creation and examination of the Escrow Agreement; acceptance of the Escrow appointment; setting up of an Escrow Account and accounting records; and the coordination of receipt of funds for deposit to the Escrow Account. Initial Fee is payable at the time of execution of the Escrow Agreement.

ANNUAL ADMINISTRATION: \$1,500

For ordinary services of the Escrow Agent, including normal administration of the Escrow Account. Ordinary services include: daily routine account management; cash transaction processing, including wires and check processing (per the schedule indicated below); disbursement of funds in accordance with the Agreement; and trust account statements sent to applicable parties. Payable annually in advance (except for transaction costs as detailed below). This fee will not be prorated in case of early termination. The annual administration fee does not include fees for unusual or extraordinary services which will be passed through to the parties as an extraordinary expense. Tax reporting is included. All fees shall be received prior to closing of the Escrow Account.

TRANSACTION FEES:

These fees will accrue in addition to the ordinary annual administrative charge, billed annually in arrears.

For cash disbursement in excess of 1 per month \$25 each

Purchase, sale or maturity of securities
(No fees will be incurred for investment in, or sale from a
Wells Fargo sweep fund). \$25 each

THIS SCHEDULE IS SUBJECT TO PERIODIC REVIEW

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CREDIT AGREEMENT

Dated as of March 28, 2002

among

LEE ENTERPRISES, INCORPORATED

BANK OF AMERICA, N.A.,

as Administrative Agent,

and

THE OTHER LENDERS PARTY HERETO

=====
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BANC OF AMERICA SECURITIES LLC,

AS SOLE LEAD ARRANGER AND SOLE BOOK MANAGER

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CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of March 28, 2002, among LEE ENTERPRISES, INCORPORATED, a Delaware corporation (the "Company"), BANK OF AMERICA, N.A. and the several lenders which from time to time become a party to this Agreement (collectively the "Lenders"; individually each a "Lender"), and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

WHEREAS, the Administrative Agent has agreed to make available to the Company a revolving credit facility upon the terms and conditions set forth in this Agreement;

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

ARTICLE I

DEFINITIONS

1.1 Certain Defined Terms. The following terms have the following meanings:

"Acceptable Bank" means any bank or trust company (a) that is organized under the Laws of the United States of America or any State thereof, (b) that has capital, surplus and undivided profits aggregating at least \$100,000,000, and (c) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Acceptable Broker-Dealer" means any Person other than a natural person (a) that is registered as a broker or dealer pursuant to the Exchange Act and (b) whose long-term unsecured debt obligations shall have been given a rating of "A" or better by S&P, "A2" or better by Moody's or an equivalent rating by any other credit rating agency of recognized national standing.

"Acceptable Consideration" means, with respect to any Transfer of any Property of the Company or any Subsidiary, cash consideration, promissory notes or such other consideration (or any combination of the foregoing) as is, in each case, determined by the board of directors of the Company, in its good faith opinion, to be in the best interests of the Company and the Subsidiaries and to reflect the Fair Market Value of such Property.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the Equity Interests of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or the Subsidiary is the surviving entity.

"Acquisition Consideration" means the consideration given by the Company or any of its Subsidiaries for an Acquisition, including but not limited to the sum of (without duplication) (a) the Fair Market Value of any cash, Property (including Equity Interests) or services given, plus (b) the amount of any Indebtedness assumed, incurred or guaranteed (to the extent not otherwise included) in connection with such Acquisition by the Company or any of its Subsidiaries.

"Administrative Agent" means Bank of America in its capacity as administrative Agent for the Lenders hereunder, and any successor Administrative Agent arising under Section 9.9.

"Administrative Agent's Payment Office" means the address for payments set forth on Schedule 10.2 or such other address as the Administrative Agent may from time to time specify.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Lender" has the meaning specified in Section 3.7.

"Affiliate" means, 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 the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of Equity Interests, by contract, or otherwise.

"Agent Fee Letter" has the meaning set forth in subsection 2.9(b).

"Agent-Related Persons" means Bank of America and any successor Administrative Agent arising under Section 9.9, together with their respective Affiliates, and the officers, directors, employees, Administrative Agents and attorneys-in-fact of such Persons and Affiliates.

"Agreement" means this Credit Agreement.

"Applicable Law" means (a) in respect of any Person, all provisions of Laws applicable to such Person, and all orders and decrees of all courts and determinations of arbitrators applicable to such Person and (b) in respect of contracts made or performed in the State of Texas, "Applicable Law" shall also mean the laws of the United States of America, including, without limitation the foregoing, 12 USC Sections 85 and 86, as amended to the date hereof and as the same may be amended at any time and from time to time hereafter, and any other statute of the United States of America now or at any time hereafter prescribing the maximum rates of interest on loans and extensions of credit, and the laws of the State of Texas.

"Applicable Margin" means the specified percentage set forth in Schedule 1.1 opposite the applicable Leverage Ratio.

"Approved Fund" has the meaning specified in subsection 10.7(g).

"Assignment and Assumption" means an Assignment and Assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.7(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit E, or any other form approved by the Administrative Agent.

"Attorney Costs" means and includes all fees and disbursements of any law firm or other external counsel.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"Bank of America" means Bank of America, N.A., a national banking association.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. ss.101, et seq.).

"Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the Prime Rate in effect for such day. Any change in such rate announced by Bank of America shall take effect at the opening of business on the effective date of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Payment Office is located and, if the applicable Business Day relates to any Eurodollar Rate Loan, means such a day on which dealings in Dollars are carried on by and between banks in the applicable offshore Dollar interbank market.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other Law, whether or not having the force of Law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capitalized Lease Obligations" means, with respect to any Person, all outstanding obligations of such Person in respect of Capital Leases, taken at the capitalized amount thereof accounted for as indebtedness in accordance with GAAP.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders) pursuant to the terms hereof. Derivatives of such term shall have corresponding meaning. The Company hereby grants the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, a Lien on all such cash and deposit account balances, if any. Cash collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America.

"Change of Control" means any event or happening which after the Closing Date results in the legal or beneficial ownership by any person or Control Group of the number of outstanding shares of Voting Shares of the Company sufficient to cast at least 30% of the votes entitled to be cast by the owners of all of the outstanding shares of Voting Shares of the Company.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.1 are satisfied or waived by all Lenders (or, in the case of subsection 4.1(e), waived by the Person entitled to receive the applicable payment).

"Code" means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"Commitment" means, as to each Lender, its obligation to (a) make Revolving Loans to the Company pursuant to Section 2.1, (b) purchase participations in L/C Obligations pursuant to Section 2.3, and (c) purchase participations in Swing Line Loans pursuant to Section 2.4, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.1, as such amount may be reduced, increased or adjusted from time to time in accordance with this Agreement (collectively, the "Aggregate Commitments").

Commitment Fee Rate means the specified percentage set forth in Schedule 1.1 opposite the Leverage Ratio.

"Company" has the meaning specified in the Preamble.

"Compensation Period" has the meaning set forth in subsection 2.12(d)(ii).

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

"Computation Period" means each period of four full fiscal quarters of the Company, ending on the last day of a fiscal quarter of the Company.

"Consolidated Capitalization" means at any date the sum of (a) Consolidated Funded Indebtedness plus (b) Consolidated Net Worth, all as determined on a consolidated basis for the Company and its Subsidiaries.

"Consolidated Funded Indebtedness" means, at any date, without duplication, (a) all Indebtedness of the Company and its Subsidiaries, determined on a consolidated basis, referred to in clauses (a), (b), (c), (d), (f) and (i) of the definition of "Indebtedness" in this Section, (b) all liabilities in respect of banker's acceptances and Financial Letters of Credit, and (c) all Guaranty Obligations with respect to liabilities of any other Person of the foregoing types.

"Consolidated Indebtedness" means, at any date, all Indebtedness of the Company and its Subsidiaries, determined on a consolidated basis.

"Consolidated Interest Expense" for any period means the sum for the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP, of all amounts which would be deducted in computing Consolidated Net Income on account of interest on Indebtedness (including imputed interest in respect of Capitalized Lease Obligations and amortization of debt discount and expense).

"Consolidated Net Income" for any period means the net income of the Company and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, excluding

(a) any gains arising from (i) the sale or other disposition of any assets (other than current assets) to the extent that the aggregate amount of the gains during such period exceeds the aggregate amount of the losses during such period from the sale, abandonment or other disposition of assets (other than current assets), (ii) any write-up of assets or (iii) the acquisition of outstanding securities of the Company or any Subsidiary;

(b) any losses arising from the sale or other disposition of any assets (other than current assets) to the extent the aggregate amount of losses during such period exceeds the aggregate amount of gains during such period from such sale;

(c) any amount representing any interest in the undistributed earnings of any other Person (other than a Subsidiary);

(d) any earnings, prior to the date of acquisition, of any Person acquired in any manner, and any earnings of any Subsidiary acquired prior to its becoming a Subsidiary (subject to the pro forma calculations provided for in Section 1.3);

(e) any earnings of a successor to or transferee of the assets of the Company prior to its becoming such successor or transferee;

(f) any deferred credit (or amortization of a deferred credit) arising from the acquisition of any Person;

(g) any extraordinary gains or losses not covered by clauses (a) or (b) above; and

(h) any non-cash charges related to goodwill and asset write-offs and write-downs.

"Consolidated Net Worth" means, at any date, consolidated shareholders' equity of the Company and its Subsidiaries determined in accordance with GAAP.

"Consolidated Subordinated Indebtedness" means Consolidated Indebtedness which is expressly subordinated to the Obligations at all times pursuant to terms satisfactory to the Required Lenders.

"Consolidated Total Assets" means, at any time, the total assets of the Company and its Subsidiaries that would be shown as assets on a consolidated balance sheet of such Persons at such time, prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries.

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition 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 holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation") (it being understood that Guaranty Obligations shall not include contingent indemnity obligations with respect to the purchase or sale of a business as to which no claim has been asserted or is anticipated); (b) with respect to any Surety Instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered; or (d) in respect of any Swap Contract. The amount of any Contingent Obligation shall (a) in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, (b) in the case of Swap Contracts, be determined in accordance with the Swap Termination Value of such

Swap Contract and (c) in the case of other Contingent Obligations, be equal to the maximum reasonably anticipated liability in respect thereof.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Control Group" means any related persons constituting a "group" for the purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended.

"Credit Extension" means each of the following: (a) a Revolving Borrowing, (b) a Swing Line Borrowing and (c) a L/C Credit Extension.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States of America or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default Rate" means an interest rate equal to the Base Rate, plus 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus 2% per annum, in each case to the fullest extent permitted by Applicable Law.

"Dividends", in respect of any Person, means (a) cash dividends or any other distributions of property, or otherwise, on, or in respect of, any class of Equity Interests of such Person (other than dividends or other distributions payable solely in Equity Interests of such Person or options, warrants or other rights to purchase Equity Interests of such Person), and (b) any and all funds, cash or other payments made in respect of the redemption, repurchase or acquisition of such Equity Interests (specifically including, without limitation, a Treasury Stock Purchase).

"Dollars", "dollars" and "\$" each mean lawful money of the United States.

"EBITDA" for any period means Consolidated Net Income for such period plus all amounts deducted in the computation thereof on account of (a) Consolidated Interest Expense, (b) depreciation and amortization expenses and (c) income and profits taxes.

"Effective Date" means the date on which the Administrative Agent has received counterparts of this Agreement executed by the parties hereto.

"Eligible Assignee" has the meaning specified in subsection 10.7(g).

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all Laws relating to environmental, health, safety and land use matters.

"Equity Interests" means, as to any Person, the Equity Interests in such Person, including, without limitation, the shares of each class of Equity Interests in any Person that is a corporation, each class of partnership interest in any Person that is a partnership, and each class of membership interest in any Person that is a limited liability company, and any warrants or options to purchase or otherwise acquire any such Equity Interests.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business that is treated as a single employer with the company pursuant to Section 414(b), 414(c), 414(m) or 414(o) of the Code, except when referring to Multiemployer Plans or liability under Title IV of ERISA, in which case "ERISA Affiliate" means any trade or business that is treated as a single employer with the Company pursuant to Section 414(b) or 414(c) of the Code.

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a) (2) of ERISA) or a substantial cessation of operations which is treated as such a withdrawal; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Eurodollar Base Rate" has the meaning set forth in the definition of Eurodollar Rate.

"Eurodollar Rate" means for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula (rounded upwards, as necessary, to the nearest 1/100 of 1%):

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

"Eurodollar Base Rate" means, for such Interest Period (rounded upwards, as necessary, to the nearest 1/100 of 1%):

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on page 3750 of the Telerate screen (or any successor thereto) that displays an average British Bankers Association LIBOR Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) in the event that rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the offshore Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

"Eurodollar Rate Loan" means a Revolving Loan that bears interest at a rate based on the Eurodollar Rate.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" means any of the events or circumstances specified in Section 8.1.

"Evergreen Letter of Credit" has the meaning specified in subsection 2.3(b)(iii).

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"Existing Credit Agreement" means that certain Credit Agreement, dated as of December 24, 1998, among the Company, the financial institutions party thereto and Bank of America, N.A., as Administrative Agent, as amended, modified and supplemented from time to time.

"Fair Market Value" means, with respect to any Property at any time, the sale value of such Property that would be realized in an arm's-length sale at such time between an informed and willing buyer, and an informed and willing seller, under no compulsion to buy or sell, respectively.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Financial Letter of Credit" means a letter of credit that is a "financial letter of credit" as defined in the Board of Governors of the Federal Reserve System's Capital Adequacy Guidelines, Regulation H, Appendix A, effective March 15, 1989, as such classification may change from time to time, as determined by the Administrative Agent, which determination shall be conclusive, absent demonstrable error.

"Foreign Lender" has the meaning specified in Section 9.10.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Further Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (including net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 3.1.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranty Obligation" has the meaning specified in the definition of Contingent Obligation.

"Highest Lawful Rate" means at the particular time in question the maximum rate of interest which, under Applicable Law, any Lender is then permitted to charge on the Obligations. If the maximum rate of interest which, under Applicable Law, any Lender is permitted to charge on the Obligations shall change after the date hereof, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, from time to time as of the effective time of each change in the Highest Lawful Rate without notice to the Company. For purposes of determining the Highest Lawful Rate under Applicable Law, the indicated rate ceiling shall be the lesser of (a)(i) the "weekly ceiling", as that expression is defined in Section 303.003 of the Texas Finance Code, as amended, or (ii) if available in accordance with the terms thereof and at the Administrative Agent's option after notice to the Company and otherwise in accordance with the terms of Section 303.103 of the Texas Finance Code, as amended, the "annualized ceiling" and (b)(i) if the amount outstanding under this Agreement is less than \$250,000, twenty-four percent (24%), or (ii) if the amount under this Agreement is equal to or greater than \$250,000, twenty-eight percent (28%) per annum.

"Honor Date" has the meaning specified in subsection 2.3(c)(i).

"HPI" means Howard Publications, Inc., a Delaware corporation.

"HPI Acquisition" means the acquisition by the Company of certain of the outstanding shares of Equity Interests of HPI pursuant to the terms of the HPI Acquisition Documents.

"HPI Acquisition Agreement" means that certain Acquisition Agreement, dated as of February 10, 2002, among the Company, HPI, Howard Energy Co., Inc., a Delaware corporation, and certain shareholders of HPI, as amended.

"HPI Acquisition Documents" means the HPI Acquisition Agreement and all other material contracts, agreements and documents executed in connection therewith.

"ICC" has the meaning specified in subsection 2.3(h).

"Indebtedness" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business and not overdue by more than 45 days or being contested in good faith but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) its Capitalized Lease Obligations;

(d) all liabilities for borrowed money secured by any Lien on any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all its liabilities in respect of Surety Instruments;

(f) its Synthetic Lease Obligations;

(g) its net obligations under any Swap Contract in an amount equal to (i) if such Swap has been closed out, the termination value thereof, or (ii) if such Swap Contract has not closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any recognized dealer in such Swap;

(h) its obligations in respect of its Redeemable Stock;

(i) its obligations in respect of any Receivables Facility Attributed Indebtedness;

(j) any "withdrawal liability" of such Person as such term is defined under Part I of Subtitle E of Title IV of ERISA;

(k) all accrued obligations of such Person for the payment of money under non-compete, consulting, earn-outs or similar payments; and

(l) all Guaranty Obligations of such Person with respect to liabilities of any other Person of a type described in any of clause (a) through (k) above.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (a) through (l) above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP. Furthermore, for all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer (excluding, however, Madison Newspapers, Inc), unless such Indebtedness is expressly made non-recourse to such Person except for customary exceptions acceptable to the Required Lenders. The amount of any Capitalized Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Liabilities" has the meaning set forth in Section 10.5.

"Indemnified Person" has the meaning set forth in Section 10.5.

"Independent Auditor" has the meaning set forth in subsection 6.1(a).

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

"Interest Coverage Ratio" means the ratio, as at any fiscal quarter end, of (a) EBITDA for the Computation Period then ending to (b) Consolidated Interest Expense for the Computation Period then ending.

"Interest Payment Date" means, as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, each Quarterly Date, provided that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter shall also be an Interest Payment Date.

"Interest Period" means, as to any Eurodollar Rate Loan, the period commencing on the date such Loan is made or on the date on which such Loan is converted into or continued as a Eurodollar Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Company in its Revolving Loan Notice; provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following 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 preceding Business Day;

(ii) 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 the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Termination Date.

"Investment" means any investment, made in cash or by delivery of Property, by the Company or any Subsidiary:

(a) in any Person, whether by acquisition of stock, indebtedness or other obligation or Security, or by loan, guaranty, advance, extension of credit, capital contribution or otherwise; or

(b) in any Property.

Investments shall be valued at cost less any net return of capital through the sale or liquidation thereof or other return of capital thereon.

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Advance" means, with respect to each Lender, such Lender's participation in any L/C Borrowing in accordance with its Pro Rata Share.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Borrowing.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

"L/C Issuer" means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder appointed in accordance with the provisions of Section 9.9.

"L/C Obligations" means, as of any date of determination, the aggregate undrawn face amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings.

"Lender" has the meaning specified in the Preamble, and, as the context requires, includes the L/C Issuer and the Swing Line Lender.

"Lending Office" means, as to any Lender, the office or offices of such Lender specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 10.2, or such other office or offices as such Lender may from time to time notify the Company and the Administrative Agent.

"Letter of Credit" means any letter of credit issued for the account of the Company or its Subsidiaries by the L/C Issuer hereunder.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a letter of credit in the form from time to time in use by the L/C Issuer.

"Letter of Credit Expiration Date" means the day that is seven days prior to the Termination Date (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Sublimit" means an amount equal to the lesser of the Aggregate Commitments and \$20,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

"Leverage Ratio" means the ratio, as at any fiscal quarter end, of (a) Consolidated Funded Indebtedness at such fiscal quarter end to (b) EBITDA for the Computation Period then ending.

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, or any financing lease having substantially the same economic effect as any of the foregoing, but not including the interest of a lessor under an operating lease).

"Litigation" means any proceeding, claim, lawsuit, arbitration, and/or investigation by or before any Governmental Authority, including, without limitation, proceedings, claims, lawsuits, and/or investigations under or pursuant to any environmental, occupational, safety and health, antitrust, unfair competition, securities, tax or other Law, or under or pursuant to any contract, agreement or other instrument.

"Loan" means an extension of credit by a Lender to the Company under Article II in the form of a Revolving Loan or a Swing Line Loan. A Loan may be a Base Rate Loan or a Eurodollar Rate Loan (each a "Type" of Loan).

"Loan Documents" means this Agreement, any Note, the Fee Letter and all other documents delivered to the Administrative Agent or any Lender in connection herewith.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, financial condition or prospects of the Company or the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company or any Subsidiary to perform its obligations under any Loan Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company or any Subsidiary of any Loan Document.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, with respect to which the Company or any ERISA Affiliate may have any liability.

"Negative Pledge" means any agreement, contract or other arrangement whereby the Company or any of its Subsidiaries is prohibited from, or would otherwise be in default as a result of, creating, assuming, incurring or suffering to exist, directly or indirectly, any Lien on any of its assets.

"Net Proceeds Amount" means, with respect to any Transfer of Property by any Person, an amount, after income taxes in respect of such Transfer, equal to the result of (a) the aggregate amount of the consideration (valued at the Fair Market Value of such consideration at the time of the consummation of such Transfer) received by such Person in respect of such Transfer minus (b) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Transfer.

"Net Proceeds Recapture Amount" means, with respect to all sales, leases, transfers or other dispositions of Property by any Person during any period of 12 consecutive calendar months in which a Transfer of Property occurred, an amount, after income tax in respect of all such sales, leases, transfers or other dispositions, equal to the result of (a) the aggregate amount of the consideration (valued at the Fair Market Value of such consideration at the time of consummation of each such sale, lease, transfer or other disposition) received by such Person in respect of all sales, leases, transfers or other dispositions minus (b) all ordinary and reasonable out-of-pocket expenses actually incurred by such Person in connection with such sales, leases, transfers or other dispositions, minus (c) \$100,000,000.

"Non-renewal Notice Date" has the meaning specified in subsection 2.3(b)(iii).

"Notes" means, collectively, the Revolving Loan Notes and the Swing Line Notes.

"Obligations" means all debts, liabilities and obligations of the Company arising under any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising. Without limiting the generality of the foregoing, "Obligations" includes all amounts which would be owed by the Company to the Administrative Agent or any Indemnified Person under any Loan Document, but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company (including all such amounts which would become due or would be secured but for the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding of the Company under any Debtor Relief Law).

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outstanding Amount" means (i) with respect to Revolving Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Loans and Swing Line Loans, as the case may be, occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

"Participant" has the meaning set forth in subsection 10.7(d).

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA with respect to which the Company or any ERISA Affiliate may have any liability.

"Permitted Acquisition" means an Acquisition (a) (i) which is non-hostile, (ii) which occurs when no Event of Default or Unmatured Event of Default exists or will result therefrom, (iii) which if the Acquisition Consideration is greater than \$25,000,000, the Property or business acquired is in the business described in Section 5.20, (iv) which if the Acquisition Consideration is greater than \$100,000,000, the Company has provided to the Lenders financial projections for the following five years taking into account such Acquisition, and (v) after giving effect to which no Event of Default or Unmatured Event of Default will exist on a pro forma basis (assuming that such Acquisition had occurred on the last day of the fiscal quarter most recently ended calculated from the date which is one year prior to the date of such Acquisition).

"Permitted Liens" means Liens permitted pursuant to Section 7.2.

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

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA), a specified fringe benefit plan (as defined in Section 6039D(d)(1) of the Code), or any fringe benefits described in Section 132 of the Code, with respect to which the Company or any ERISA Affiliate may have any liability.

"Prime Rate" means, at any time, a base rate that Bank of America establishes and serves as the basis upon which effective rates of interest are calculated for the loans making reference thereto; it being understood that such rate may not be the lowest rate of interest charged by Bank of America. Any change in such rate announced by Bank of America shall take effect on the opening of business on the day such change is announced by Bank of America.

"Property" means real or personal property of any kind, tangible or intangible, choate or inchoate.

"Pro Rata Share" means, as to any Lender at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) of the Aggregate Commitments, as such share may be adjusted as contemplated herein.

"Quarterly Date" means the last Business Day of each March, June, September and December during the term of this Agreement.

"Receivables Facility Attributed Indebtedness" means the amount of recourse obligations outstanding under a receivables purchase facility on any date of determination that would be characterized as principal if such facility were structured as a secured lending transaction other than a purchase.

"Redeemable Stock" means any Equity Interests of the Company or any of its Subsidiaries which prior to April 30, 2007 is (a) mandatorily redeemable, (b) redeemable at the option of the holder thereof or (c) convertible into Indebtedness.

"Register" has the meaning set forth in Section 10.7(c).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Replacement Lender" has the meaning set forth in Section 3.7.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Repurchase Agreements" means any written agreement

(a) that provides for (i) the transfer of one or more United States Governmental Securities in an aggregate principal amount at least equal to the amount of the Transfer Price (defined below) to the Company or any of its Subsidiaries from an Acceptable Bank or an Acceptable Broker-Dealer against a transfer of funds (the "Transfer Price") by the Company or such Subsidiary to such Acceptable Bank or Acceptable Broker-Dealer, and (ii) a simultaneous agreement by the Company or such Subsidiary, in connection with such transfer of funds, to transfer to such Acceptable Bank or Acceptable Broker-Dealer the same or substantially similar United States Governmental Securities for a price not less than the Transfer Price plus a reasonable return thereon at a date certain not later than 365 days after such transfer of funds;

(b) in respect of which the Company or such Subsidiary shall have the right, whether by contract or pursuant to Applicable Law, to liquidate such agreement upon the occurrence of any default thereunder; and

(c) in connection with which the Company or such Subsidiary, or an agent thereof, shall have taken all action required by Applicable Law to perfect a Lien in such United States Governmental Securities.

"Request for Credit Extension" means (a) with respect to a Revolving Borrowing or a conversion or continuation of Revolving Loans, a Revolving Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, as of any date of determination, two or more Lenders whose Voting Percentages aggregate more than 50%.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer, the president, the chief financial officer, chief accounting officer, or the treasurer of the Company, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer or the treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"Restricted Payments" means, collectively, (a) Dividends and (b) any payment or prepayment of principal, interest, premium or penalty of any Consolidated Subordinated Indebtedness or any defeasance, redemption, purchase, repurchase or other acquisition or retirement for value, in whole or in part, of any Consolidated Subordinated Indebtedness (including, without limitation, the setting aside or the deposit of funds therefor).

"Revolving Borrowing" means a borrowing hereunder consisting of Revolving Loans of the same Type made to the Company on the same day by the Lenders under Section 2.1, and, in the case of Eurodollar Rate Loans, having the same Interest Period.

"Revolving Loan" has the meaning specified in Section 2.1.

"Revolving Loan Note" means a promissory note executed by the Company in favor of a Lender evidencing Revolving Loans, in substantially the form of Exhibit F.

"Revolving Loan Notice" means a notice of (a) a Revolving Borrowing, (b) a conversion of Revolving Loans from one Type to the other, or (c) a continuation of Revolving Loans as the same Type, pursuant to Section 2.2(a), which, if in writing, shall be substantially in the form of Exhibit A.

"Same Day Funds" means immediately available funds.

"Securities Act" means the Securities Act of 1933.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Security" means "security" as defined in Section 2(1) of the Securities Act.

"Senior Debt" means Consolidated Indebtedness less any Consolidated Subordinated Indebtedness.

"Significant Subsidiary" means at any time any Subsidiary that would at such time constitute a "significant subsidiary" (as such term is defined in Regulation S-X of the Securities and Exchange Commission as in effect on the Closing Date) of the Company.

"Solvent" means, with respect to any Person, as of any date of determination, that the fair value of the assets of such Person (at fair valuation) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person as of such date, that the 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 probable liability of such Person on its debts as such debts become absolute and matured, and that, as of such date, such Person will be able to pay all liabilities of such Person as such liabilities mature and such Person does not have unreasonably small capital with which to carry on its business. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability discounted to present value at rates believe to be reasonable by such Person.

"Spin-Off" has the meaning set forth in Section 7.3.

"Subsidiary" of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 50% of the Voting Shares is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Subsidiary Stock" has the meaning set forth in Section 7.3.

"Substantial Part" means, at any time, with respect to any Transfer of Property, any portion of Property of the Company and its Subsidiaries if the book value of the Property subject to such Transfer, when added to the book value of all other Property of the Company and the Subsidiaries that was subject to a Transfer (other than a Transfer described in Section 7.3(a)(i) or Section 7.3(b)(i) through Section 7.3(b)(iii), inclusive) during the then most recently ended period of 12 consecutive calendar months, exceeds an amount equal to 12.5% of Consolidated Total Assets, determined as at the beginning of such 12 month period.

"Surety Instruments" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, surety bonds and similar instruments.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, any cancellations, buy backs or reversals, of any of the foregoing, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Lender).

"Swing Line" means the revolving credit facility made available by the Swing Line Lender pursuant to Section 2.4.

"Swing Line Borrowing" means a borrowing by the Company of a Swing Line Loan.

"Swing Line Lender" means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

"Swing Line Loan" has the meaning specified in Section 2.5(a).

"Swing Line Note" means a promissory note made by the Company in favor of the Swing Line Lender evidencing Swing Line Loans made by such Lender, substantially in the form of Exhibit G.

"Swing Line Loan Notice" means a notice of a Swing Line Borrowing pursuant to Section 2.5(b), which, if in writing, shall be substantially in the form of Exhibit B.

"Swing Line Sublimit" means an amount equal to the lesser of (a) \$20,000,000 and (b) the Aggregate Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Commitments.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, charges or withholdings, fees, withholdings or similar charges, and all liabilities with respect thereto imposed by any Governmental Authority, excluding, in the case of each Lender and the Administrative Agent, such taxes (including income taxes or franchise taxes) as are taxes imposed on or measured by its net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender or the Administrative Agent, as the case may be, is organized or maintains a lending office.

"Termination Date" means the earlier to occur of:

(a) March 31, 2007; and

(b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

"Transfer" has the meaning set forth in Section 7.3.

"Treasury Stock Purchase" means any purchase, redemption, retirement, cancellation, defeasance or other acquisition (including any sinking fund or similar deposit for such purpose) by the Company or any Subsidiary of its Equity Interests or any warrants, rights or options to acquire such Equity Interests.

"Type" has the meaning specified in the definition of "Loan".

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States Governmental Security" means any direct obligation of, or obligation guaranteed by, the United States of America, or any agency controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America.

"Unreimbursed Amount" has the meaning set forth in subsection 2.3(c)(i).

"United States" and "U.S." each means the United States of America.

"Unmatured Event of Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Unused Portion" means an amount equal to the remainder of (a) the Aggregate Commitments minus (b) the sum of the aggregate Outstanding Amount of (i) Revolving Loans, plus (ii) L/C Obligations, plus (iii) Swing Line Loans.

"Voting Percentage" means, as to any Lender, (a) at any time when the Commitments are in effect, such Lender's Pro Rata Share and (b) at any time after the termination of the Commitments, the percentage (carried out to the ninth decimal place) which (i) the sum of (A) the Outstanding Amount of such Lender's Loans, plus (B) such Lender's Pro Rata Share of the Outstanding Amount of L/C Obligations, plus (C) such Lender's Pro Rata Share of the Outstanding Amount of Swing Line Loans, then constitutes of (ii) the Outstanding Amount of all Loans and L/C Obligations; provided, however, that if any Lender has failed to fund any portion of the Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder, such Lender's Voting Percentage shall be deemed to be zero, and the respective Pro Rata Shares and Voting Percentages of the other Lenders shall be recomputed for purposes of this definition and the definition of "Required Lenders" without regard to such Lender's Commitments or the outstanding amount of its Loans, L/C Advances and funded participations in Swing Line Loans, as the case may be.

"Voting Shares" of any Person means Equity Interests of any class or classes having ordinary voting power for the election of at least a majority of the members of the Board of Directors (or comparable governing body) of such Person, other than Equity Interests having such power by reason of the happening of a contingency.

"Wholly-Owned Subsidiary" means any corporation in which (other than directors' qualifying shares required by law) 100% of the Equity Interests of each class having ordinary voting power, and 100% of the Equity Interests of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.2 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i)The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation".

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including".

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided herein, any reference to any action of the Administrative Agent, the Lenders or the Required Lenders by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion".

(g) Any financial ratios required to be maintained by the Company pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

(h) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Lenders or the Administrative Agent merely because of the Administrative Agent's or Lenders' involvement in their preparation.

1.3 Accounting Principles. Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied; provided that if the Company notifies the Administrative Agent that the Company wishes to amend any covenant in Article VII to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend Article VII for such purpose), then the Company's 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 Company and the Required Lenders. For purposes of computing the Leverage Ratio and the Interest Coverage Ratio (and any financial calculations required to be made or included within the Leverage Ratio and the Interest Coverage Ratio as of the end of any fiscal quarter of any fiscal year, all components of the Leverage Ratio and the Interest Coverage Ratio for the four fiscal quarter period ending at the end of such fiscal quarter shall include, without duplication, such components of the Leverage Ratio and the Interest Coverage Ratio (including, without limitation, interest expense on a pro forma basis) attributable to any business or Property that have been acquired by the Company or any of its Subsidiaries (including through Permitted Acquisitions) after the first day of such four fiscal quarter period and prior to the end of such period and shall exclude, without duplication, such components of the Leverage Ratio and the Interest Coverage Ratio attributable to any business or Property disposed of by the Company or any of its Subsidiaries after the first day of such four fiscal quarter period and prior to the end of such period, as determined in good faith by the Company on a pro forma basis for such period as if such Acquisition or disposition had occurred on the first day of such period and as established to the reasonable satisfaction of the Administrative Agent and evidenced by a pro forma Compliance Certificate (to the extent required as a result of any acquisitions or dispositions during the relevant period).

ARTICLE II

THE COMMITMENTS AND CREDIT EXTENSIONS

2.1 Revolving Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make revolving loans (each such loan, a "Revolving Loan") to the Company from time to time on any Business Day during the period from the Closing Date to the Termination Date, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Commitment; provided, however, that after giving effect to any Revolving Borrowing, (i) the aggregate Outstanding Amount of all Revolving Loans, Swing Line Loans and L/C Obligations shall not exceed the Aggregate Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment. Within the limits of each Lender's Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.1, prepay under Section 2.5, and reborrow under this Section 2.1. Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

2.2 Borrowings, Conversions and Continuations of Loans.

(a) Each Revolving Borrowing, each conversion of Loans from one Type to the other, and each continuation of Loans as the same Type shall be made upon the Company's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m., Dallas, Texas time (i) three Business Days prior to the requested date of any Revolving Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) one Business Day prior to the requested date of any Borrowing of Base Rate Loans. Each such telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a written Revolving Loan Notice, appropriately completed and signed by a Responsible Officer of the Company. Each Revolving Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$2,000,000 in excess thereof. Each Revolving Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Revolving Loan Notice (whether telephonic or written), shall specify (i) whether the Company is requesting a Revolving Borrowing, a conversion of Loans from one Type to the other, or a continuation of Loans as the same Type, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Company fails to specify a Type of Loan in a Revolving Loan Notice, or if the Company fails to give a timely notice requesting a conversion or continuation, then the applicable Revolving Loans shall be made or continued as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Company requests a Revolving Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Revolving Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Revolving Loan Notice, the Administrative Agent shall promptly notify each Lender of its Pro Rata Share of the Revolving Loans, and if no timely notice of a conversion or continuation is provided by the Company, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. In the case of a Revolving Borrowing, each Lender shall make the amount of its Revolving Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Payment Office not later than 12:00 noon, Dallas, Texas time, on the Business Day specified in the applicable Revolving Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.2 (and, if such Revolving Borrowing is the initial Credit Extension, Section 4.1), the Administrative Agent shall make all funds so received available to the Company in like funds as received by the Administrative Agent either by (i) crediting the account of the Company on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to the Administrative Agent by the Company; provided, however, that if, on the date of the Revolving Borrowing there are Swing Line Loans and/or L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first, to the payment in full of any such L/C Borrowings, second, to the payment in full of any such Swing Line Loans, and third, to the Company as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of an Unmatured Event of Default or Event of Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Company and the Lenders of the interest rate applicable to any Eurodollar Rate Loan upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error.

(e) After giving effect to all Revolving Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten Interest Periods in effect with respect to all Revolving Loans.

2.3 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this Section 2.3, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Company or certain Subsidiaries, and to amend or renew Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drafts under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Company; provided that the L/C Issuer shall not be obligated to make any L/C Credit Extension with respect to any Letter of Credit, and no Lender shall be obligated to participate in, any Letter of Credit if as of the date of such L/C Credit Extension, (x) the Outstanding Amount of all L/C Obligations and all Loans would exceed the Aggregate Commitments, (y) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans would exceed such Lender's Revolving Commitment, or (z) the Outstanding Amount of the L/C Obligations would exceed the Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, the Company's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Company may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall be under no obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of Law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursable loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) subject to Section 2.3(b)(iii), the expiry date of any such requested Letter of Credit would occur more than twelve months after the date of issuance or last renewal, unless the Required Lenders have approved such expiry date;

(C) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date; or

(D) such Letter of Credit is in a face amount less than \$100,000, in the case of a commercial Letter of Credit, or \$500,000, in the case of any other type of Letter of Credit, or is to be denominated in a currency other than Dollars.

(iii) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) Procedures for Issuance and Amendment of Letters of Credit; Evergreen Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Company delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Company. Such Letter of Credit Application must be received by the L/C Issuer not later than 11:00 a.m., Dallas, Texas time (with a copy to the Administrative Agent), at least three Business Days (or such later date and time as the L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Company and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Company or one of its Subsidiaries or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices, subject to the terms hereof. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the Company so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an "Evergreen Letter of Credit"); provided that any such Evergreen Letter of Credit must permit the L/C Issuer to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Nonrenewal Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Company shall not be required to make a specific request to the L/C Issuer for any such renewal. Once an Evergreen Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the renewal of such Letter of Credit at any time to a date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such renewal if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) on or before the Business Day immediately preceding the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from the Administrative Agent, any Lender or the Company that one or more of the applicable conditions specified in Section 4.2 is not then satisfied. Notwithstanding anything to the contrary contained herein, the L/C Issuer shall have no obligation to permit the renewal of any Evergreen Letter of Credit at any time.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Company and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon any drawing under any Letter of Credit, the L/C Issuer shall notify the Company and the Administrative Agent thereof. Promptly after any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Company shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Company fails to so reimburse the L/C Issuer on the Honor Date, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and such Lender's Pro Rata Share thereof. In such event, the Company shall be deemed to have requested a Revolving Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.2 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.2 (other than the delivery of a Revolving Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.3(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender (including the Lender acting as L/C Issuer) shall upon any notice pursuant to Section 2.3(c)(i) make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Payment Office in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 12:00 noon, Dallas, Texas time, on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.3(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Company in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not reimbursed pursuant to Section 2.3(c)(i) or fully refinanced by a Revolving Borrowing of Base Rate Loans pursuant to Section 2.3(c)(i) or otherwise because the conditions set forth in Section 4.2 cannot be satisfied or for any other reason, the Company shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so reimbursed or refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.3(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.3.

(iv) Until each Lender funds its Revolving Loan or L/C Advance pursuant to this Section 2.3(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Revolving Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.3(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Company or any other Person for any reason whatsoever; (B) the occurrence or continuance of an Unmatured Event of Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. Any such reimbursement shall not relieve or otherwise impair the obligation of the Company to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.3(c) by the time specified in Section 2.3(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.3(c), if the Administrative Agent receives for the account of the L/C Issuer any payment related to such Letter of Credit (whether directly from the Company or otherwise), or any payment of interest thereon, the Administrative Agent will distribute to such Lender its Pro Rata Share thereof in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.3(c)(i) is required to be returned, each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute. The obligation of the Company to reimburse the L/C Issuer for each drawing under each Letter of Credit, and to repay each L/C Borrowing, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Company may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

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

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

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

The Company shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Company's instructions or other irregularity, the Company will immediately notify the L/C Issuer. The Company shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Company agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. No Agent-Related Person nor any of the respective correspondents, participants or assignees of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Company hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Company's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. No Agent-Related Person, nor any of the respective correspondents, participants or assignees of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.3(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Company may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Company, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Company which the Company proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing (but subject to the foregoing proviso), the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent after and during the continuance of an Event of Default, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the Company shall immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to such Outstanding Amount).

(h) Applicability of ISP98 and UCP. Unless otherwise expressly agreed by the L/C Issuer and the Company when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "ICC") at the time of issuance (including the ICC decision published by the Commission on Banking Technique and Practice on April 6, 1998 regarding the European single currency (euro)) shall apply to each Letter of Credit.

(i) Letter of Credit Fees. The Company shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share a Letter of Credit fee for each Letter of Credit at an annual rate equal to the Applicable Margin times the actual daily maximum amount available to be drawn under each Letter of Credit. Such fee for each Letter of Credit shall be due and payable on each Quarterly Date, commencing with the first Quarterly Date to occur after the issuance of such Letter of Credit, and on the Letter of Credit Expiration Date. If there is any change in the Applicable Margin during any quarter, the actual daily amount of each Letter of Credit shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect. In addition, the Company shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such fees and charges are due and payable on demand and are nonrefundable. The Company shall pay directly to the L/C Issuer for its own account a fronting fee in an amount with respect to each Letter of Credit, equal to 1/8 of 1% per annum of the amount of such Letter of Credit (but in no event less than \$500), due and payable on the issuance thereof.

(j) Conflict with Letter of Credit Application. In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

2.4 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a "Swing Line Loan") to the Company from time to time on any Business Day during the period from the Closing Date to the Termination Date in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Outstanding Amount of Revolving Loans of the Swing Line Lender in its capacity as a Lender of Revolving Loans, may exceed the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the aggregate Outstanding Amount of all Revolving Loans, Swing Line Loans and L/C Obligations shall not exceed the Aggregate Commitments, and (ii) the aggregate Outstanding Amount of all Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and provided, further, that the Swing Line Lender shall not make any Swing Line Loan to refinance an outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.4, prepay under Section 2.5, and reborrow under this Section 2.4. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the Company's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 11:00 a.m., Dallas, Texas time, on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of \$200,000 or a whole multiple of \$100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Company. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 1:00 p.m., Dallas, Texas time, on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.4(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 2:00 p.m., Dallas, Texas time, on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Company at its office by crediting the account of the Company on the books of the Swing Line Lender in immediately available funds.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Company (which hereby irrevocably requests the Swing Line Lender to act on its behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in accordance with the requirements of Section 2.2, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.2. The Swing Line Lender shall furnish the Company with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Payment Office not later than 12:00 noon, Dallas, Texas time, on the day specified in such Loan Notice, whereupon, subject to Section 2.4(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Company in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Revolving Borrowing cannot be requested in accordance with Section 2.4(c)(i) or any Swing Line Loan cannot be refinanced by such a Revolving Borrowing, the Revolving Loan Notice submitted by the Swing Line Lender shall be deemed to be a request by the Swing Line Lender that each of the Lenders fund its participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.4(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.4(c) by the time specified in Section 2.4(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolving Loans or to purchase and fund participations in Swing Line Loans pursuant to this Section 2.4(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Company or any other Person for any reason whatsoever, (B) the occurrence or continuance of an Unmatured Event of Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. Any such purchase of participations shall not relieve or otherwise impair the obligation of the Company to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation was outstanding and funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender, each Lender shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Company for interest on the Swing Line Loans. Until each Lender funds its Base Rate Loan or participation pursuant to this Section 2.4 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Company shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.5 Prepayments.

(a) The Company may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 10:00 a.m., Dallas, Texas time, (A) three Business Days prior to any date of prepayment of Eurodollar Rate Loans, and (B) one Business Day prior to the date of prepayment of Base Rate Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of \$2,000,000 or a whole multiple of \$1,000,000 in excess thereof (or, if less, the aggregate outstanding amount of the Eurodollar Rate Loans); and (iii) any prepayment of Base Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$500,000 in excess thereof (or, if less, the aggregate outstanding amount of the Base Rate Loans). Each such notice shall specify the date and amount of such prepayment, the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any voluntary prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.4. Each such prepayment shall be applied to the Revolving Loans of the Lenders in accordance with their respective Pro Rata Shares.

(b) The Company may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 12:00 noon, Dallas, Texas time, on the date of the prepayment, and (ii) any such prepayment shall be in a principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(c) If for any reason the Outstanding Amount of all Revolving Loans, Swing Line Loans and L/C Obligations at any time exceeds the Aggregate Commitments then in effect, the Company shall immediately prepay Revolving Loans, Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess.

(d) Within 5 Business Days of the receipt of Net Proceeds Recapture Amount from any sale, lease, transfer or other disposition by the Company or any of its Subsidiaries of any Property other than any Transfers permitted under clauses (i), (ii) and (iv) of subsection 7.3(a) or Section 7.4 (or, if appropriate, within 5 Business Days after the expiration of the twelve-month period described in clause (iii) of subsection 7.3(a)), the Company shall prepay Revolving Loans in an aggregate principal amount equal to 100% of such Net Proceeds Recapture Amount (or, if appropriate, 100% of such Net Proceeds Recapture Amount that remains after deducting any amounts reinvested by the Company or any of its Subsidiaries during the twelve-month period described in clause (iii) of subsection 7.3(a)). Each such mandatory prepayment shall be made and applied as provided in Section 2.5(e).

(e) Any mandatory prepayment of Revolving Loans pursuant to Section 2.5(d) shall (i) include and be applied to interest to the date of such prepayment on the principal amount prepaid and any additional amounts required pursuant to Section 3.4, and (ii) not be subject to any notice and minimum payment provisions.

2.6 Reduction or Termination of Commitments. The Company may, upon notice to the Administrative Agent, terminate the Aggregate Commitments, or permanently reduce the Aggregate Commitments to an amount not less than the then Outstanding Amount of all Revolving Loans, Swing Line Loans and L/C Obligations; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m., Dallas, Texas time, five Business Days prior to the date of termination or reduction, and (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$5,000,000 in excess thereof. The Administrative Agent shall promptly notify the Lenders of any such notice of reduction or termination of the Aggregate Commitments. Once reduced in accordance with this Section, the Commitments may not be increased. The Aggregate Commitments shall also be permanently reduced by the amount of Revolving Loans required to be prepaid pursuant to Section 2.5(d). Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender according to its Pro Rata Share. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

2.7 Repayment of Loans.

(a) The Company shall repay to the Lenders on the Termination Date the aggregate principal amount of Revolving Loans outstanding on such date.

(b) The Company shall repay each Swing Line Loan on the Termination Date.

2.8 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the lesser of (y) the Highest Lawful Rate or (z) the Eurodollar Rate for such Interest Period plus the Applicable Margin; (ii) each Base Rate Loan other than a Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the lesser of (y) the Highest Lawful Rate or (z) the Base Rate; and (iii) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the lesser of (y) the Highest Lawful Rate or (z) the Base Rate.

(b) If demanded by the Required Lenders, while any Event of Default exists or after acceleration, the Company shall pay interest on the principal amount of all outstanding Obligations at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by Applicable Law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.9 Fees. In addition to certain fees described in subsection (i) of Section 2.3:

(a) Commitment Fee. The Company shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share, a Commitment Fee (herein so called) equal to the Commitment Fee Rate times the actual daily amount by which the Aggregate Commitments exceed the sum of (i) the Outstanding Amount of Revolving Loans and (ii) the Outstanding Amount of L/C Obligations. The Commitment Fee shall accrue at all times from the date of this Agreement until the Termination Date and shall be due and payable quarterly in arrears on each Quarterly Date, commencing with the first Quarterly Date to occur after the Closing Date, and on the Termination Date. The Commitment Fee shall be calculated quarterly in arrears, and if there is any change in the Commitment Fee Rate during any quarter, the actual daily amount shall be computed and multiplied by the Commitment Fee Rate separately for each period during such quarter that such Commitment Fee Rate was in effect. The Commitment Fee shall accrue at all times, including at any time during which one or more of the conditions in Article IV is not met.

(b) Agent Fee Letter. The Company shall pay to the Administrative Agent for the Administrative Agent's own account, the fees in the amounts and at the times specified in the letter agreement, dated February 20, 2002 (the "Agent Fee Letter"), between the Company and Bank of America. Such fees shall be fully earned when paid and shall be nonrefundable for any reason whatsoever.

2.10 Computation of Interest and Fees. Computation of interest on Base Rate Loans shall be calculated on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed. Subject to Section 10.10, computation of all other types of interest and all fees shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall bear interest for one day.

2.11 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans and L/C Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of such Lender shall control. Upon the request of any Lender made through the Administrative Agent, such Lender's Loans may be evidenced by a Revolving Loan Note and/or a Swing Line Note, as applicable, in addition to such accounts or records. Each Lender may attach schedules to its Note(s) and endorse thereon the date, Type (if applicable), amount and maturity of the applicable Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control.

2.12 Payments Generally.

(a) All payments to be made by the Company shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Company hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Payment Office in Dollars and in immediately available funds not later than 12:00 noon, Dallas, Texas time, on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 noon, Dallas, Texas time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. The Company authorizes the Administrative Agent, upon contemporaneous notice to the Company, to charge the account of the Company maintained with Bank of America for each payment of principal, interest and fees as it becomes due hereunder; provided, however, (i) the Administrative Agent shall promptly notify the Company of any charge it makes against such account and (ii) the failure of the Administrative Agent to make any such charge for any payment due hereunder will not result in an Event of Default if the Company otherwise makes payment as and within the time required hereunder.

(b) Subject to the definition of "Interest Period," if any payment to be made by the Company shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward reasonable costs and expenses (including Attorney Costs and amounts payable under Article III) incurred by the Administrative Agent and each Lender, (ii) second, toward repayment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) third, toward repayment of principal of the Loans and any L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal of the Loans and any L/C Borrowings then due to such parties.

(d) Unless the Company or any Lender has notified the Administrative Agent prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Company or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Company or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Company failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds, at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Company to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the Federal Funds Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Revolving Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Company, and the Company shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Company may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender with respect to any amount owing under this subsection (d) shall be conclusive, absent manifest error.

(e) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(f) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Revolving Loan or purchase its participation.

(g) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments. If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of any Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them and/or such subparticipations in the participations in L/C Obligations or Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loan or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender, such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Company agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.9) with respect to such participation as fully as if such Lender were the direct creditor of the Company in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

2.14 Increase in Commitments.

(a) Upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Company may from time to time, request an increase in the Aggregate Commitments up to an aggregate of \$450,000,000. At the time of sending such notice, the Company (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders). Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Pro Rata Share of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment. The Administrative Agent shall notify the Company and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase, the Company may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to the Administrative Agent and its counsel.

(b) If any Commitments are increased in accordance with this Section 2.14, the Administrative Agent and the Company shall determine the effective date of such increase (the "Increase Effective Date"). The Administrative Agent and the Company shall promptly notify the Lenders of the final allocation of such increase and the Increase Effective Date. As a condition precedent to such increase, the Company shall deliver to the Administrative Agent a certificate of the Company dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of the Company (i) certifying and attaching the resolutions adopted by the Company approving or consenting to such increase, and, (ii) in the case of the Company, including a Compliance Certificate demonstrating pro forma compliance with the covenants of this Agreement after giving effect to such increase and (iii) certifying that, before and after giving effect to such increase, the representations and warranties contained in Article V are true and correct on and as of the Increase Effective Date and no Unmatured Event of Default or Event of Default exists. The Company shall deliver new or amended Revolving Loan Notes reflecting the increased Commitment of any Lender holding or requesting a Note. The Administrative Agent shall distribute an amended Schedule 2.1 (which shall be deemed incorporated into this Agreement), to reflect any changes therein resulting from such increase. The Company shall prepay any Revolving Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.4) to the extent necessary to keep the outstanding Revolving Loans ratable with any revised Pro Rata Shares arising from any non-ratable increase in the Commitments under this Section 2.14.

(c) This Section 2.14 shall supersede any provisions in Section 10.1 to the contrary.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.1 Taxes.

(a) Any and all payments by the Company to each Lender or the Administrative Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

(b) If the Company shall be required by Law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), such Lender or the Administrative Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with Applicable Law; and

(iv) without duplication, the Company shall also pay to each Lender or the Administrative Agent for the account of such Lender, at the time interest is paid, all additional amounts which such Lender specifies as necessary to preserve the after-tax yield the Lender would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) The Company agrees to indemnify and hold harmless each Lender and the Administrative Agent for the full amount of Taxes, Other Taxes and Further Taxes in the amount that such Lender specifies as necessary to preserve the after-tax yield such Lender would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date such Lender or the Administrative Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Company of Taxes, Other Taxes or Further Taxes (as required by subsection 3.1(c)), the Company shall furnish to each Lender and the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Lender or the Administrative Agent.

(e) If the Company is required to pay any amount to any Lender or the Administrative Agent pursuant to subsection (b) or (c) of this Section, then such Lender shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office or take other appropriate action so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change or other action in the sole judgment of such Lender is not otherwise disadvantageous to such Lender.

3.2 Illegality.

(a) If any Lender determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make Eurodollar Rate Loans, then, on notice thereof by the Lender to the Company through the Administrative Agent, any obligation of that Lender to make Eurodollar Rate Loans shall be suspended until the Lender notifies the Administrative Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Lender determines that it is unlawful to maintain any Eurodollar Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Lender (with a copy to the Administrative Agent), prepay in full such Eurodollar Rate Loans of that Lender then outstanding, together with interest accrued thereon and amounts required under Section 3.4, either on the last day of the Interest Period thereof, if the Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if the Lender may not lawfully continue to maintain such Eurodollar Rate Loan. If the Company is required to so prepay any Eurodollar Rate Loan, then concurrently with such prepayment, the Company shall borrow from the affected Lender, in the amount of such repayment, a Base Rate Loan.

(c) If the obligation of any Lender to make or maintain Eurodollar Rate Loans has been so terminated or suspended, the Company may elect, by giving notice to the Lender through the Administrative Agent that all Loans which would otherwise be made by the Lender as Eurodollar Rate Loans shall be instead Base Rate Loans.

(d) Before giving any notice to the Administrative Agent under this Section, the affected Lender shall designate a different Lending office with respect to its Eurodollar Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Lender, be illegal or otherwise disadvantageous to the Lender.

3.3 Increased Costs and Reduction of Return.

(a) If after the date hereof any Lender determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Eurodollar Rate) in or in the interpretation of any Law or (ii) the compliance by that Lender with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of Law), there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining any Eurodollar Rate Loan, then the Company shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Lender, additional amounts as are sufficient to compensate such Lender for such increased costs.

(b) If after the date hereof any Lender shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Lender (or its Lending Office) or any corporation controlling the Lender with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by the Lender or any corporation controlling the Lender and (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy and such Lender's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement (including, without limitation, its obligations in respect of Letters of Credit and Swing Line Loans), then, upon demand of such Lender to the Company through the Administrative Agent, the Company shall pay to the Lender, from time to time as specified by the Lender, additional amounts sufficient to compensate the Lender for such increase.

3.4 Funding Losses. The Company shall reimburse each Lender and hold each Lender harmless from any loss or expense which the Lender may sustain or incur as a consequence of:

(a) the failure of the Company to make on a timely basis any payment of principal of any Eurodollar Rate Loan;

(b) the failure of the Company to borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Company;

(c) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.5;

(d) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day that is not the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason or acceleration or otherwise);

(e) the automatic conversion under Section 2.2 of any Eurodollar Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period; or

(f) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Company pursuant to Section 10.16;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Eurodollar Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Lenders under this Section and under subsection 3.3(a), each Eurodollar Rate Loan made by a Lender (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at Eurodollar Base Rate used in determining the Eurodollar Rate for such Eurodollar Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan is in fact so funded.

3.5 Inability to Determine Rates. If the Administrative Agent reasonably determines that for any reason adequate and reasonable means do not exist for determining the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or any Lender reasonably determines that the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lender of funding such Loan the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans, hereunder shall be suspended until the Administrative Agent revokes such notice in writing. Upon receipt of such notice, the Company may revoke any pending request for a Revolving Borrowing, conversion or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Revolving Borrowing of a Base Rate Loan in the amount specified therein.

3.6 Certificates of Lenders. Any Lender claiming reimbursement or compensation under this Article III shall deliver to the Company (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable to the Lender hereunder and such certificate shall be conclusive and binding on the Company in the absence of manifest error.

3.7 Substitution of Lenders. Upon the receipt by the Company from any Lender of a claim for compensation under Section 3.3 or of a notice under Section 3.5 (in each case, an "Affected Lender"), the Company may remove or replace such Lender in accordance with Section 10.16.

3.8 Survival. The agreements and obligations of the Company in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Conditions of Initial Credit Extension. The obligation of each Lender to make its initial Credit Extension is subject to the condition that the Administrative Agent shall have received all of the following, in form and substance satisfactory to the Administrative Agent and each Lender, and in sufficient copies for each Lender:

(a) Credit Agreement and Notes. This Agreement and the Notes executed by each party thereto:

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors of the Company authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Company; and

(ii) A certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to execute, deliver and perform this Agreement, and the other documents to be delivered by it hereunder.

(c) Organization Documents; Good Standing. Originals or photocopies of each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of the Company as in effect on the Closing Date, certified by the Secretary or Assistant Secretary of the Company as of the Closing Date; and

(ii) a good standing certificate for the Company from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation;

(d) Legal Opinions. An opinion of Foley & Lardner, counsel to the Company and addressed to the Administrative Agent and the Lenders, substantially in the form of Exhibit D;

(e) Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses payable to or incurred by or on behalf of the Administrative Agent to the extent then due and payable on the Closing Date, together with Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute the Administrative Agent's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Company and the Administrative Agent), including any such costs, fees and expenses arising under or referenced in Sections 2.9 and 10.4.

(f) Certificate. A certificate signed by a Responsible Officer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Event of Default or Unmatured Event of Default exists or would result from the initial Credit Extension; and

(iii) since September 30, 2001, no event or circumstance has occurred that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(g) evidence that the Existing Credit Agreement has been or concurrently with the Closing Date is being terminated;

(h) the HPI Acquisition shall have occurred or shall occur contemporaneously on the terms and conditions provided in the HPI Acquisition Agreement;

(i) after giving effect to the HPI Acquisition and the initial Loans and Letters of Credit hereunder, the Unused Portion shall be at least \$25,000,000; and

(j) Other Documents. Such other approvals, opinions, documents or materials as the Administrative Agent or any Lender may request.

4.2 Conditions to all Credit Extensions and Conversions and Continuations. The obligation of each Lender to honor any Request for Credit Extension is subject to the following conditions precedent:

(a) The representations and warranties of the Company contained in Article V, or which are contained in any document furnished at any time under or in connection herewith, shall be true and correct on and as of the date of such Credit Extension, conversion or continuation, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(b) No Unmatured Event of Default or Event of Default shall exist, or would result from such proposed Credit Extension, conversion or continuation.

(c) The Administrative Agent and, if applicable, the L/C Issuer shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) The Administrative Agent shall have received, in form and substance satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Administrative Agent or the Required Lenders reasonably may require.

Each Request for Credit Extension submitted by the Company shall be deemed to be a representation and warranty that the conditions specified in Sections 4.2(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Administrative Agent and each Lender that:

5.1 Company Existence and Power. The Company and each of its Subsidiaries:

(a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, to carry on its business and to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified and is licensed and 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 or license; and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in clause (c) or clause (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.2 Company Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each other Loan Document to which the Company is party have been duly authorized by all necessary company action, and do not and will not:

(a) contravene the terms of any of the Company's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the Company is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or its property is subject; or

(c) violate any Requirement of Law.

5.3 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement or any other Loan Document.

5.4 Binding Effect. This Agreement and each other Loan Document constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by Debtor Relief Laws or by equitable principles relating to enforceability.

5.5 Litigation. Except as specifically disclosed in Schedule 5.5, there is no Litigation pending or, to the best knowledge of the Company, threatened or contemplated, at Law, in equity, in arbitration or before any Governmental Authority, against the Company, its Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to the Company or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.6 No Default. No Event of Default or Unmatured Event of Default exists or would result from the incurring of any Obligations by the Company. Neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would create an Event of Default under subsection 8.1(e).

5.7 ERISA Compliance. Except as specifically disclosed in Schedule 5.7:

(a) Each Plan is in compliance in all respects with the applicable provisions of ERISA, the Code and other federal or state law, except to the extent that any non-compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Company, nothing has occurred which would cause the loss of such qualification. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no contribution failure has occurred with respect to a Pension Plan sufficient to give rise to a Lien under Section 302 (f) of ERISA; (iii) no Pension Plan has any Unfunded Pension Liability; (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (v) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (vi) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212 (c) of ERISA.

5.8 Use of Proceeds; Margin Regulations. The proceeds of the Loans and the Letters of Credit are to be used solely for the purposes set forth in and permitted by Section 6.12. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.9 Title to Properties. The Company and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. The property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Company or any Subsidiary that would, if made, have a Material Adverse Effect.

5.11 Financial Condition.

(a) The audited consolidated balance sheet of the Company and its Subsidiaries (excluding HPI and its Subsidiaries) dated September 30, 2001 and the unaudited consolidated balance sheet of the Company and its Subsidiaries dated December 31, 2001 and the related consolidated statements of income and cash flows for the periods ended on such dates:

(i) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein subject, in the case of the December 31, 2001 statements, to ordinary, good faith year-end audit adjustments and to the extent GAAP is applicable to quarterly financial statements;

(ii) fairly present the financial condition of the Company and its Subsidiaries (excluding HPI and its Subsidiaries) as of the dates thereof and results of operations for the periods covered thereby; and

(iii) except as specifically disclosed in Schedule 5.11, show all material indebtedness and other liabilities, direct or contingent, of the Company and its consolidated Subsidiaries (excluding HPI and its Subsidiaries) as of the dates thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(b) Since September 30, 2001, there has been no Material Adverse Effect.

(c) Except to the extent that any incorrect representation in this clause (c) could not individually or in the aggregate be reasonably expected to have a Material Adverse Effect, the audited balance sheet of HPI and its Subsidiaries dated April 30, 2001 and the related consolidated statements of income and cash flows for the period ended on such date and the unaudited consolidated balance sheet of HPI and its Subsidiaries dated October 31, 2001 and the related consolidated statement of income for the period ended on such date:

(i) were prepared in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein subject, in the case of the October 31, 2001 statements, to (A) ordinary, good faith year-end audit adjustments, (B) the fact that the statement of cash flows is omitted, (C) the fact that notes to the financial statements are omitted and (D) the extent to which GAAP is applicable to quarterly financial statements;

(ii) fairly present the financial condition of HPI and its Subsidiaries as of the dates thereof and results of operations for the periods covered thereby; and

(iii) except as specifically disclosed in Schedule 5.11, show all material indebtedness and other liabilities, direct or contingent, of HPI and its consolidated Subsidiaries as of the dates thereof, including liabilities for taxes, material commitments and Contingent Obligations.

5.12 Environmental Matters. The Company conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that, except as specifically disclosed in Schedule 5.12, such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 Regulated Entities. None of the Company, any Affiliate of the Company, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 No Burdensome Restrictions. Neither the Company nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

5.15 Copyrights, Patents, Trademarks and Licenses, etc. The Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person. Except as specifically disclosed in Schedule 5.5, no Litigation regarding any of the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Company, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

5.16 Subsidiaries. As of the Closing Date, the Company has no Subsidiaries other than those specifically disclosed in part (a) of Schedule 5.16 hereto and has no equity investments (in excess of 10% of Consolidated Capitalization) in any other corporation or entity other than those specifically disclosed in part (b) of Schedule 5.16.

5.17 Insurance. The properties of the Company and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Company, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Company or such Subsidiary operates.

5.18 Full Disclosure. None of the representations or warranties made by the Company in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Company in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

5.19 Solvent. The Company is, and the Company and its Subsidiaries are on a consolidated basis, Solvent.

5.20 Business. The Company is presently engaged directly or through Subsidiaries in the business of daily newspaper publishing and other weekly, classified and specialty publications along with associated on-line services.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligations shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Lenders waive compliance in writing:

6.1 Financial Statements. The Company shall deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Required Lenders, with sufficient copies for each Lender:

(a) as soon as available, but not later than 90 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of McGladrey & Pullen, LLP or another nationally-recognized independent public accounting firm ("Independent Auditor") which report (x) shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years and (y) shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter (it being understood that a Form 10Q filed by the Company with the SEC will satisfy the foregoing content requirements of this Section 6.1(b)), and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and the Subsidiaries.

6.2 Certificates; Other Information. The Company shall furnish to the Administrative Agent, with sufficient copies for each Lender:

(a) concurrently with the delivery of the financial statements referred to in subsection 6.1(a), a certificate of the Independent Auditor stating that in making the examination necessary therefor no knowledge was obtained of any Event of Default or Unmatured Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 6.1 (a) and (b), a Compliance Certificate executed by a Responsible Officer;

(c) promptly; copies of all financial statements and reports that the Company sends to its stockholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K; 10Q and 8K), if any, that the Company or any Subsidiary may make to, or file with, the SEC;

(d) promptly, such additional information regarding the business, financial, company or corporate affairs of the Company or any Subsidiary as the Administrative Agent, at the request of any Lender, may from time to time reasonably request; and

(e) upon the request from time to time of any Lender, a list of the obligations of the Company and its Subsidiaries in respect of Swap Contracts.

6.3 Notices. The Company shall promptly notify the Administrative Agent and each Lender promptly after a Responsible Officer obtains knowledge of:

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

(b) any of the following matters that has resulted or may reasonably be expected to result in a Material Adverse Effect: (i) any breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Subsidiary; (ii) any Litigation, investigation or suspension between the Company or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any Litigation affecting the Company or any Subsidiary including any Litigation pursuant to any applicable Environmental Law;

(c) the occurrence of any of the following events affecting the Company or any ERISA Affiliate (but in no event more than 10 days after such event; provided that the Company shall notify the Administrative Agent and each Lender not less than ten days before the occurrence of any event described in clauses (ii), (iv) or (v) below), and deliver to the Administrative Agent and each Lender a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a contribution failure with respect to a Pension Plan sufficient to give rise to a Lien under Section 302 (f) of ERISA;

(iii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iv) the adoption of, or the commencement of contributions to, any Multiemployer Plan or any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate;

(v) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; or

(vi) any material change in the benefit formulas or funding requirements for a Multiemployer Plan; and

(d) any material change in accounting policies or financial reporting practices by the Company or any of its consolidated Subsidiaries.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.3 (a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been breached or violated.

6.4 Preservation of Corporate Existence, Etc. The Company shall, and shall cause each Subsidiary to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of organization, except in connection with transactions permitted by Sections 7.3 and 7.4;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by Section 7.4 and sales of assets permitted by Section 7.3;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property. The Company shall, and shall cause each Subsidiary to, maintain and preserve all its property which is used or useful in its business in working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.6 Insurance. The Company shall, and shall cause each Subsidiary to, maintain with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, which may include co-insurance and self-insurance, provided adequate reserves are maintained with respect thereto.

6.7 Payment of Obligations. The Company shall, and shall cause each Subsidiary to, pay and discharge as the same shall become due and payable all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property; and

(c) all indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.8 Compliance with Laws. The Company shall, and shall cause each Subsidiary to, comply in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist.

6.9 Compliance with ERISA. The Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all respects with the applicable provisions of ERISA, the Code and other federal or state law, except to the extent that any non-compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Multiemployer Plan and any Plan subject to Section 412 of the Code.

6.10 Inspection of Property and Books and Records. The Company shall, and shall cause each Subsidiary to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary. The Company shall, and shall cause each Subsidiary to, permit representatives and independent contractors of the Administrative Agent or any Lender to visit and inspect any of their respective properties, to examine their respective company, corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Company and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company not more than once during any fiscal quarter; provided that prior to an Event of Default the Administrative Agent or any Lender may do any of the foregoing only at its own expense, but when an Event of Default exists the Administrative Agent or any Lender may do any of the foregoing at the expense of the Company at any time during normal business hours without advance notice.

6.11 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws, except where individually or in the aggregate failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans and the Letters of Credit for the HPI Acquisition and for working capital and other general company purposes (including other Permitted Acquisitions) not in contravention of any Requirement of Law or of any Loan Document.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, or any Loan or other Obligations shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Lenders waive compliance in writing:

7.1 Limitation on Indebtedness. The Company shall not, and shall not permit any Subsidiary to, create, incur or assume any Indebtedness during the continuance of any Event of Default or Unmatured Event of Default, or if an Event of Default or Unmatured Event of Default would occur after giving effect to any such Indebtedness.

7.2 Limitation on Liens. The Company shall not, and shall not permit any Subsidiary to, create, assume, incur or suffer to exist any Lien upon or with respect to any property or assets, whether now owned or hereafter acquired; except for:

(a) Liens in respect of property of the Company or a Subsidiary existing on the Effective Date and described in Schedule 7.2; provided that (i) such Lien shall not apply to any other Property of the Company or a Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the Effective Date (and extensions and renewals thereof that do not increase the principal amount thereof);

(b) Liens in respect of property acquired or constructed by the Company or a Subsidiary after the Effective Date, which are created at the time of or within 180 days after acquisition or completion of construction of such property to secure Indebtedness assumed or incurred to finance all or any part of the purchase price or cost of construction of such property, provided that in any such case;

(i) no such Lien shall extend to or cover any other property of the Company or such Subsidiary, as the case may be, and

(ii) the aggregate principal amount of Indebtedness secured by all such Liens in respect of any such property shall not exceed the cost of such property and any improvements then being financed;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty or are being contested in good faith (with adequate reserves therefor), or to the extent that nonpayment thereof is permitted by Section 6.7, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent for a period of greater than 30 days or remain payable without penalty or which are being diligently contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on property of the Company or any Subsidiary securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided that all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) Liens arising in connection with court proceedings,

(i) in the nature of attachments, remedies and judgments, provided that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings, and

(ii) securing appeal bonds, supersedeas bonds and other similar Liens arising in connection with court proceedings (including, without limitation, surety bonds and letter of credit) or any other instrument serving a similar purpose,

provided that each judgment secured by a Lien described in this clause (g) is, within 60 days after entry thereof, discharged or the enforcement thereof is stayed pending appeal, or is discharged within 60 days after the expiration of such stay and the judgments so secured do not exceed \$5,000,000 in the aggregate;

(h) easements, right-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries; and

(i) other Liens securing Indebtedness or other obligations;

provided, that the aggregate amount of Indebtedness secured by Liens permitted pursuant to clauses (a), (b) and (i) of this Section 7.2 shall not exceed 10% of Consolidated Indebtedness at any time.

The Company shall not, and shall not permit any Subsidiary to, become subject to a Negative Pledge other than (y) any agreements governing any purchase money Liens or Capital Leases otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed or acquired thereby) and (z) in respect of the Senior Notes set forth on Schedule 5.11.

7.3 Sale of Assets.

(a) Transfers of Property. The Company shall not, and shall not permit any Subsidiary to, sell (including, without limitation, any sale and subsequent leasing as lessee of such Property), lease as lessor, transfer, or otherwise dispose of a Substantial Part of the Property of the Company and its Subsidiaries (individually, a "Transfer" and collectively "Transfers"), except:

(i) Transfers from a Subsidiary to the Company;

(ii) Transfers from a Subsidiary to a Wholly-Owned Subsidiary;

(iii) any other Transfer (other than a Spin-Off) at any time of any Property to a Person, other than an Affiliate (whether effected in a single transaction or in a series of related transactions) (for purposes of this clause (ii), a "current Transfer") if each of the following conditions would be satisfied with respect to such Transfer:

(A) an Acceptable Consideration is received in respect of such current Transfer;

(B) immediately after giving effect to such current Transfer, no Unmatured Event of Default or Event of Default would exist (including Sections 7.6 and 7.7, calculated as if such Transfer (and any debt incurrence or repayment) had occurred on the first day of the four fiscal quarter period ending at the last fiscal quarter end); and

(C) within the 12 month period immediately following such current Transfer, the Net Proceeds Recapture Amount of all sales, leases, transfers or other dispositions during such 12 month period is applied by the Company or such Subsidiary to the purchase of operating assets of the Company or any Subsidiary or to the prepayment of Revolving Loans as provided in Section 2.5(d); and

(iv) any other Transfer at any time of the Property of a business segment or a business group of the Company to a Person (a "Spin-Off"), if each of the following conditions would be satisfied with respect to such Transfer:

(A) the only consideration in respect of such Spin-Off is shares of the Equity Interests of such Person (or any of its Affiliates), which shares are distributed to the shareholders of the Company; and

(B) immediately after giving effect to such Spin-Off, no Unmatured Event of Default or Event of Default would exist (including Sections 7.6 and 7.7, calculated as if the Spin-Off (and any debt incurrence or repayment) had occurred on the first day of the four fiscal quarter period ending at the last fiscal quarter end); and

Within five days after any Spin-Off, the Company shall deliver to the Administrative Agent a written notice describing, in reasonable detail, the nature (including a description and value of the Property Transferred) and the date of such Spin-Off.

Provided, however, notwithstanding anything in this Section 7.3 or any other provision herein to the contrary, the Company shall not sell, lease or otherwise transfer Property of the Company to one or more Subsidiaries, which when added to all other Property of the Company sold, leased or otherwise transferred to one or more Subsidiaries during the term of this Agreement, would cause the aggregate amount of Property of the Company so sold, leased or otherwise transferred to exceed 10% of all Property of the Company at the time of such proposed sale, lease or other transfer.

(b) Transfers of Subsidiary Stock. The Company will not, and will not permit any Subsidiary to, Transfer any shares of the stock (or any warrants, rights or options to purchase stock or other Securities exchangeable for or convertible into stock) of a Subsidiary (such stock, warrants, rights, options and other Securities herein called "Subsidiary Stock"), nor will any Subsidiary issue, sell or otherwise dispose of any of its own Subsidiary Stock; provided, however, that the foregoing restrictions do not apply to:

(i) the issuance by a Subsidiary of any of its own Subsidiary Stock to the Company or a Wholly-Owned Subsidiary;

(ii) Transfers by a Subsidiary of any Subsidiary Stock to the Company or a Wholly-Owned Subsidiary;

(iii) the issuance by a Subsidiary of directors' qualifying shares; and

(iv) the Transfer of all of the Subsidiary Stock of a Subsidiary if:

(A) such Transfer satisfies the requirements of Section 7.3(a)(ii);

(B) in connection with such Transfer, the entire investment (whether represented by stock, Indebtedness, claims or otherwise) of the Company and its Subsidiaries in such Subsidiary is Transferred to a Person other than the Company or a Subsidiary not simultaneously being disposed of;

(C) the Subsidiary being disposed of has no continuing investment in the Company or any Subsidiary not simultaneously being disposed of; and

(D) immediately before and after the consummation of such Transfer, and after giving effect thereto, no Unmatured Event of Default or Event of Default would exist.

For purposes of determining the book value of Property constituting Subsidiary Stock being Transferred as provided in clause (iv) above, such book value shall be deemed to be the aggregate book value of all assets of the Subsidiary that shall have issued such Subsidiary Stock.

(c) Subsidiary Mergers, etc. Any merger or consolidation of any Subsidiary with or into any person that results in a Person other than the Company or a Wholly-Owned Subsidiary owning Subsidiary Stock of such Subsidiary shall be deemed to be a Transfer of the Subsidiary Stock of such Subsidiary.

7.4 Consolidations, Mergers and Acquisitions. The Company shall not, and shall not permit any Subsidiary to, consolidate with or merge with any other corporation or other entity or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person or make any Acquisition except (as long as no Event of Default has occurred or will occur as a result) (i) a Subsidiary may consolidate with or merge with any other corporation or other entity or convey or transfer all or substantially all of its assets to the Company (provided that the Company shall be the continuing or surviving entity) or a then-existing Wholly-Owned Subsidiary, (ii) to consummate a Permitted Acquisition and (iii) as permitted under Section 7.3.

7.5 Limitation on Subsidiary Debt. The Company shall not permit any Subsidiary to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

- (a) Indebtedness owing to the Company or a Wholly-Owned Subsidiary, and
- (b) additional unsecured Indebtedness if, on the date such Indebtedness is incurred and after giving effect thereto and to the concurrent retirement of any other Indebtedness, the aggregate amount of Indebtedness of all Subsidiaries outstanding on such date (other than, in the case of each corporation (i) any stock of which is acquired by the Company and/or one or more of its Subsidiaries and (ii) which as of the date of such acquisition becomes a Subsidiary, Indebtedness of such corporation existing at the time when it becomes a Subsidiary, provided that such Indebtedness is not incurred in anticipation thereof) does not exceed 10% of Consolidated Indebtedness; and

The Company shall not incur any Indebtedness owing to any Subsidiary unless the same shall be for cash advances from such Subsidiary and shall be subordinated and subject in right to the prior payment in full in cash of all Obligations hereunder, in form and substance satisfactory to the Required Lenders.

7.6 Leverage Ratio. The Company shall not permit the Leverage Ratio to exceed (i) for any Computation Period ending prior to and including December 31, 2003, 3.50 to 1.0, and (ii) for any Computation Period thereafter, 3.25 to 1.0; provided, however, notwithstanding the immediately preceding, for any Computation Period ending on and after the date of a Spin-Off, the Company shall not permit the Leverage Ratio to exceed 3.00 to 1.

7.7 Interest Coverage Ratio. The Company shall not permit the Interest Coverage Ratio for any Computation Period to be less than 3.00 to 1.0.

7.8 Transactions with Affiliates. The Company shall not, and shall not permit any Subsidiary to, enter into any transaction with any Affiliate of the Company (other than a Subsidiary), except upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Company.

7.9 Use of Proceeds. The Company shall not, and shall not permit any Subsidiary to, use any portion of the Loan or Letter of Credit proceeds, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of the Company or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

7.10 Contingent Obligations. The Company shall not, and shall not permit any Subsidiary to, or create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) Contingent Obligations which constitute Indebtedness, to the extent permitted hereunder, provided that all Contingent Obligations in respect of Swap Contracts shall arise under contracts entered into in the ordinary course of business as bona fide hedging transactions;

(c) Contingent Obligations of the Company and its Subsidiaries existing as of the Effective Date and listed in Schedule 7.10; and

(d) Guaranty Obligations of the Company or any Subsidiary in respect of the obligations of (i) in the case of the Company, any Subsidiary, and (ii) in the case of any Subsidiary, any Subsidiary of such Subsidiary or any other Subsidiary.

7.11 Restricted Payments. The Company shall not, and shall not permit any Subsidiary to, prepay, redeem or repurchase (or set aside or deposit funds therefor) any Subordinated Debt. During the continuance of any Event of Default or Unmatured Event of Default (or if an Event of Default or Unmatured Event of Default would result after giving effect to any Restricted Payment), the Company shall not, and shall not permit any Subsidiary to, declare or make any Restricted Payment.

7.12 ERISA. The Company shall not, and shall not permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in liability of the Company in an aggregate amount in excess of \$500,000, or (b) engage in a transaction that could be subject to Section 4069 or 4212 (c) of ERISA.

7.13 Change in Business. The Company shall not, and shall not permit any Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof.

7.14 Accounting Changes. The Company shall not, and shall not permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Company or of any Subsidiary, without the consent of the Required Lenders, which consent will not be unreasonably withheld.

7.15 Restrictive Agreements. The Company shall not, and shall not permit any Subsidiary to, directly or indirectly, enter into, incur, or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Subsidiary to (a) pay Dividends or other distributions with respect to any of its Equity Interests, (b) make any other similar payment or distribution, (c) pay any Indebtedness or other obligation owed to the Company or any other Subsidiary, (d) make loans or advances or other investments in the Company or any other Subsidiary, (e) sell, transfer or convey any of its Property to the Company or any other Subsidiary, (f) merge, consolidate with or liquidate into the Company or any other Subsidiary, or (g) incur a Guaranty Obligation in respect of any Indebtedness of the Company or any other Subsidiary; provided that the foregoing shall not apply to (a) restrictions and conditions imposed by Applicable Law or by any Loan Document, and (b) customary restrictions and conditions relating to a sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder.

7.16 Investments. The Company shall not, and shall not permit any Subsidiary to, make any Investment other than:

(a) Permitted Acquisitions;

(b) Investments in Property to be used in the ordinary course of business of the Company and the Subsidiaries;

(c) Investments consisting of current assets arising from the sale of goods and services in the ordinary course of business of the Company and the Subsidiaries;

(d) Investments in the ordinary course of business of the Company and the Subsidiaries in one or more Subsidiaries or any corporation that concurrently with such Investment becomes a Subsidiary;

(e) Investments existing on the Closing Date and listed in Schedule 7.14;

(f) Investments in United States Governmental Securities, provided that such Investments mature within 365 days from the date of acquisition thereof;

(g) Investments in certificates of deposit or banker's acceptances maturing within 365 days from the date of acquisition thereof issued by any Acceptable Bank;

(h) Investments in commercial paper having, at the time of acquisition, an assigned rating of at least "A1" by S&P or "P1" by Moody's (or an equivalent rating by another credit rating agency of recognized national standing in the United States of America), provided that such commercial paper matures within 270 days from the date of acquisition thereof;

(i) Investments in Repurchase Agreements;

(j) Investments in any tax-exempt obligation of any State of the United States of America or municipality thereof that at the time of acquisition thereof have an assigned rating of at least "AA" by S&P or "Aa2" by Moody's (or an equivalent rating by another credit rating agency of recognized national standing in the United States of America), provided that such obligations mature within 365 days from the date of acquisition thereof;

(k) Investments in funds whose policies provide for investment exclusively in the type set forth in clauses (f) through (j) above;

(l) Investments consisting of contributions by the Company to a supplementary benefit plan for executives of the Company, provided that (i) such Investments do not in the aggregate exceed \$5,000,000 during any fiscal year of the Company and (ii) immediately before, and after giving effect to, each such Investment, no Unmatured Event of Default or Event of Default exists or would exist; and

(m) Investments not otherwise included in clause (a) through (k) above, provided that the aggregate book value of all such Investments does not at any time exceed 20% of EBITDA for the period of four consecutive fiscal quarters of the Company then most recently ended.

7.17 Subsidiary Guaranty Obligations. The Company shall not permit any Subsidiary to, create, incur, assume, suffer to exist or otherwise become or remain directly or indirectly liable with respect to any Guaranty Obligation of any Indebtedness unless such Subsidiary shall simultaneously therewith execute a Guaranty Obligation of the Obligations under which its obligations are pari passu with such other Guaranty Obligation, in form and substance satisfactory to the Required Lenders.

ARTICLE VIII

EVENTS OF DEFAULT

8.1 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan or L/C Obligation, or (ii) within five days after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document.

(b) Representation or Warranty. Any representation or warranty by the Company made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made.

(c) Specific Defaults. The Company or any Subsidiary fails to perform or observe any term, covenant or agreement contained in any of Section 6.3(a), 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.9, 7.10, 7.11 or 7.15.

(d) Other Defaults. The Company or any Subsidiary fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Company by the Administrative Agent or any Lender.

(e) Cross-Default. (i) The Company or any Significant Subsidiary (A) fails to make any payment in respect of any Indebtedness or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$5,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (B) fails to perform or observe any other material condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or Administrative Agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due or to be repurchased, prepaid or redeemed (automatically or otherwise) and payable prior to its stated maturity, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Company is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Company is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Company as a result thereof is greater than \$5,000,000.

(f) Insolvency; Voluntary Proceedings. The Company or any Significant Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing.

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Significant Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any Significant Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Company or any Significant Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any Significant Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or Administrative Agent therefor), or other similar Person for itself or a substantial portion of its property or business.

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$5,000,000; (ii) a contribution failure shall have occurred with respect to a Pension Plan sufficient to give rise to a Lien under Section 302 (f) of ERISA; (iii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$5,000,000; or (iv) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$5,000,000.

(i) Monetary Judgments or Settlements. One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against one or more of the Company and its Significant Subsidiaries involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), as to any single or related series of transactions, incidents or conditions, of \$5,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 90 days after the entry thereof, or one or more of the Company and its Significant Subsidiaries shall enter into any agreement to settle or compromise any pending or threatened litigation, as to any single or related series of claims, involving payment by one or more of the Company and its Significant Subsidiaries of \$5,000,000 or more.

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Company or any of its Significant Subsidiaries which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(k) Change of Control. Any Change of Control occurs.

8.2 Remedies. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders,

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company;

(c) require that the Company Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or Applicable Law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.1, the obligation of each Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable and the obligation of the Company to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without notice or further act of the Administrative Agent or any Lender.

8.3 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX

THE ADMINISTRATIVE AGENT

9.1 Appointment and Authorization of Administrative Agent.

(a) Each Lender hereby irrevocably (subject to Section 9.9) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have 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. Without limiting the generality of the foregoing sentence, the use of the term "Administrative Agent" in this Agreement with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the Administrative Agent may agree at the request of the Required Lenders to act for the L/C Issuer with respect thereto; provided, however, that the L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article IX with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent" as used in this Article IX included with L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the L/C Issuer.

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

9.3 Liability of Administrative Agent. None of the Administrative Agent-Related Persons shall (a) be liable to any of the Lenders for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders or Participants for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Administrative Agent-Related Person shall be under any obligation to any Lender or Participant 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 Company or any of the Company's Subsidiaries or Affiliates.

9.4 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by 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 Required Lenders as it deems appropriate and, if it so requests, 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 or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders and Participants. While this Agreement expressly permits or prohibits an action unless the Required Lenders otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Lender that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Company referring to this Agreement, describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Event of Default or Unmatured Event of Default as may be requested by the Required Lenders in accordance with Article VIII; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Unmatured Event of Default as it shall deem advisable or in the best interest of the Lenders.

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

9.7 Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities (WHETHER OR NOT ARISING OUT OF THE NEGLIGENCE OF SUCH AGENT-RELATED PERSON); provided, however, that no Lender shall be liable for the payment to any Administrative Agent-Related Person of any portion of the Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive termination of the Commitment, the payment of all Obligations hereunder and the resignation or replacement of the Administrative Agent. THE FOREGOING INDEMNITY SHALL APPLY TO THE NEGLIGENCE OF THE AGENT-RELATED PERSON (BUT NOT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE AGENT-RELATED PERSON, AS FINALLY DETERMINED IN A NON-APPEALABLE DECISION BY A COURT OF COMPETENT JURISDICTION).

9.8 Administrative Agent in Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire Equity Interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though Bank of America were not the Administrative Agent or the L/C Issuer hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America and any Affiliate thereof shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent or the L/C Issuer and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may, and at the request of the Required Lenders shall, resign as Administrative Agent upon 30 days' notice to the Lenders; provided that any such resignation by Bank of America shall also constitute its resignation as L/C Issuer and Swing Line Lender. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor Administrative Agent for the Lenders. If no successor Administrative Agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Company, a successor Administrative Agent from among the Lenders. Upon the acceptance of its appointment as successor Administrative Agent hereunder, such successor Administrative Agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor Administrative Agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article IX and Sections 10.4 and 10.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor Administrative Agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above.

9.10 Foreign Lenders. Each Lender that is a "foreign corporation, partnership or trust" within the meaning of the Code (a "Foreign Lender") shall deliver to the Administrative Agent, prior to receipt of any payment subject to withholding under the Code (or after accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Person and entitling it to an exemption from, or reduction of, withholding tax on all payments to be made to such Person by the Company pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Person by the Company pursuant to this Agreement) or such other evidence satisfactory to the Company and the Administrative Agent that such Person is entitled to an exemption from, or reduction of, U.S. withholding tax. Thereafter and from time to time, each such Person shall (a) promptly submit to the Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Company and the Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Person by the Company pursuant to this Agreement, (b) promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (c) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that the Company make any deduction or withholding for taxes from amounts payable to such Person. If such Person fails to deliver the above forms or other documentation, then the Administrative Agent may withhold from any interest payment to such Person an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction. If any Governmental Authority asserts that the Administrative Agent did not properly withhold any tax or other amount from payments made in respect of such Person, such Person shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, and costs and expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

ARTICLE X

MISCELLANEOUS

10.1 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company or any applicable Subsidiary therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by the Administrative Agent at the written request of the Required Lenders) and the Company and acknowledged by the Administrative Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such waiver, amendment, or consent shall, unless in writing and signed by each of the Lenders directly affected thereby and the Company and acknowledged by the Administrative Agent, do any of the following:

(a) increase or extend the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 2.6 or Section 8.2), except for any increase made in accordance with Section 2.14;

(b) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the proviso below) reduce any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage specified in the definition of "Required Lenders";

(e) change the Pro Rata Share or the Voting Percentage of any Lender;
or

(f) amend this Section or any provision herein providing for consent or other action by all Lenders;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Required Lenders or all the Lenders, as the case may be, affect the rights or duties of the L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Required Lenders or all the Lenders, as the case may be, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Required Lenders or all the Lenders, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Agent Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, any Lender that has failed to fund any portion of the Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder shall not have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Pro Rata Share of such Lender may not be increased without the consent of such Lender.

10.2 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission) and mailed, faxed or delivered, to the address, facsimile number or (subject to subsection (c) below) electronic mail address specified for notices on Schedule 10.2; or, in the case of the Company, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to such other address as shall be designated by such party in a notice to the other parties, and in the case of any other party, to such other address as shall be designated by such party in a notice to the Company, the Administrative Agent, the L/C Issuer and the Swing Line Lender. All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the intended recipient and (ii) (A) if delivered by hand or by courier, when signed for by the intended recipient; (B) if delivered by mail, four Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of subsection (c) below), when delivered; provided, however, that notices and other communications to the Administrative Agent, the L/C Issuer and the Swing Line Lender pursuant to Article II shall not be effective until actually received by such Person. Any notice or other communication permitted to be given, made or confirmed by telephone hereunder shall be given, made or confirmed by means of a telephone call to the intended recipient at the number specified on Schedule 10.2, it being understood and agreed that a voicemail message shall in no event be effective as a notice, communication or confirmation hereunder.

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to Applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Limited Use of Electronic Mail. Electronic mail and internet and intranet websites may be used only to distribute routine communications, such as financial statements, notices of borrowings and confirmations of same and other information, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall acting in good faith be entitled to rely and act upon any notices (including telephonic Revolving Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Company even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Company shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Company, except to the extent such losses, costs, expenses and liabilities result from the gross negligence or willful misconduct of any Agent-Related Person or, in the case of the indemnification of any Lender, such Lender. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.3 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, 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.

10.4 Costs and Expenses. The Company shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse the Administrative Agent and the Arranger (subject to subsection 4.1(e)) for all costs and expenses incurred by the Administrative Agent and the Arranger in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver, consent or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by the Administrative Agent with respect thereto; and

(b) pay or reimburse the Administrative Agent and each Lender (subject to subsection 4.1(e)) for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans and L/C Obligations (including in connection with any "workout" or restructuring regarding the Loans and L/C Obligations, and including in any Insolvency Proceeding or appellate proceeding). The foregoing costs and expenses shall include all reasonable search, filing, recording charges and fees and taxes related thereto, and other reasonable out-of-pocket expenses incurred by the Administrative Agent and the reasonable cost of independent public accountants and other outside experts retained by the Administrative Agent or any Lender. The agreements in this Section shall survive the termination of the Commitments and repayment of all the other Obligations.

10.5 Company Indemnification. WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED, The Company shall indemnify and hold the Administrative Agent-Related Persons, and each Lender and each of their respective officers, directors, employees, counsel, Administrative Agents and attorneys-in-fact (each an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans AND THE L/c OBLIGATIONS and the termination, resignation or replacement of the Administrative Agent or replacement of any Lender) be imposed on, incurred by or asserted against any such Person relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby or thereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement, the Loans OR THE LETTERS OF CREDIT or the use of ANY OF the proceeds thereof, WHETHER OR NOT ARISING OUT OF THE NEGLIGENCE OF AN INDEMNIFIED PERSON, AND whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided that (i) the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person AS FINALLY DETERMINED IN A NON-APPEALABLE DECISION BY A COURT OF COMPETENT JURISDICTION (BUT, except as set forth in (ii) IMMEDIATELY FOLLOWING, THE OBLIGATION SHALL APPLY TO THE NEGLIGENCE OF THE INDEMNIFIED PERSON) and (ii) the Company shall have no obligation hereunder to any Indemnified Person arising from a breach of this Agreement by the Administrative Agent or such Indemnified Person, which breach shall have been found BY A COURT OF COMPETENT JURISDICTION IN A FINAL, NON-APPEALABLE DECISION, to have resulted from the negligence or misconduct of the Administrative Agent or such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

10.6 Payments Set Aside. To the extent that the Company makes a payment to the Administrative Agent or the Lenders, or the Administrative Agent or the Lenders exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee receiver, or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

10.7 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Company may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with subsection (b) of this Section 10.7, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section 10.7 or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section 10.7 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section 10.7 and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitments and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loan of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if a "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date), shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed), (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitments assigned, (iii) any assignment must be approved by the Administrative Agent and the L/C Issuer unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would also qualify as an Eligible Assignee) and (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500 (provided no such fee shall be required for an assignment to an Affiliate of a Lender), and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.8, 10.4, and 10.5) with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender that does not comply with this subsection (b) shall be treated as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section 10.7. Upon request, the Company (at its expense) shall execute and deliver new or replacement Notes to the assigning Lender and the assignee Lender. Any Notes so replaced shall be surrendered by the assigning Lender to the Administrative Agent (whereupon the Administrative Agent shall promptly return the same to the Company, marked "canceled").

(c) The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain at the Administrative Agent's Payment Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may, without the consent of, or notice to, the Company or the Administrative Agent, sell participations to any Person (other than (i) H&R Block, Inc., (ii) a natural Person, (iii) the Company or (iv) any of the Company's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans, including such Lender's participations in L/C Obligations and/or Swing Line Loans, owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification that would (i) postpone any date upon which any payment of money is scheduled to be paid to such Participant or (ii) reduce the principal, interest, fees or other amounts payable to such Participant. Subject to subsection (e) of this Section, the Company agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.3 and 3.4 to but only to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (and without duplication of any amounts payable to any Lender). To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 10.9 as though it were a Lender, provided such Participant agrees to be subject to Section 9.10 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.3 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.1 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Company, to comply with Section 9.10 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, without the requirement for notice to or consent of any Person or the payment of any fee; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by the Administrative Agent, in the case of any assignment of a Revolving Loan, the L/C Issuer, the Swing Line Lender and, unless (x) such Person is taking delivery of an assignment in connection with physical settlement of a credit derivative transaction unrelated to this Agreement or (y) an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed); provided, however, neither the Company nor any of its Affiliates or Subsidiaries shall qualify as an Eligible Assignee.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to the Company and the Lenders, resign as L/C Issuer and/or (ii) upon five Business Days' notice to the Company, terminate the Swing Line. In the event of any such resignation as L/C Issuer or termination of the Swing Line, the Company shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Company to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or the termination of the Swing Line, as the case may be. Bank of America shall retain all the rights and obligations of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund participations in Unreimbursed Amounts pursuant to Section 2.3(c)). If Bank of America terminates the Swing Line, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such termination, including the right to require the Lenders to make Base Rate Loans or fund participations in outstanding Swing Line Loans pursuant to Section 2.4(c).

10.8 Confidentiality. Each Lender agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Administrative Agent on the Company's or such Subsidiary's behalf, under this Agreement or any other Loan Document, and neither such Lender nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Company or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Lender, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company or any Subsidiary known to such Lender; provided, however, that any Lender may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which such Lender is subject or in connection with an examination of such Lender by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any Litigation to which the Administrative Agent or any Lender or any of their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Lender's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, or to any direct or indirect contractual counterparty or prospective counterparty (or such contractual counterparty or prospective counterparty's professional advisor) to any credit derivative transaction relating to obligations of the Company, provided that, in each case, such Person agrees in writing to keep such information confidential to the same extent required of the Lenders hereunder; (H) as to any Lender or its Affiliate, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company or any Subsidiary is party or is deemed party with such Lender or such Affiliate; (I) to its Affiliates; (J) with the written consent of the Company, and (K) only to the extent required, to the National Association of Insurance Commissioners or any other similar organization or any nationally recognized rating agency that requires access to information about a Lender's or its Affiliates' investment portfolio in connection with ratings issued with respect to such Lender or its Affiliates.

10.9 Set-off. In addition to any rights and remedies of the Lenders provided by law, if an Event of Default exists, or the Loans or L/C Obligations have been accelerated, each Lender is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the Company against any and all Obligations owing to such Lender, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured. Each Lender agrees promptly to notify the Company and the Administrative Agent after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the Highest Lawful Rate. If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Highest Lawful Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Company. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Highest Lawful Rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations.

10.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A counterpart hereof (or signature page thereto) signed and transmitted by any Person party hereto to the Administrative Agent (or its counsel) by facsimile machine, telecopier or electronic mail is to be treated as an original. The signature of such Person thereon, for purposes hereof, is to be considered as an original signature, and the counterpart (or signature page thereto) so transmitted is to be considered to have the same binding effect as an original signature on an original document.

10.12 Integration. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

10.13 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Unmatured Event of Default or Event of Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.14 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or such instrument or agreement.

10.15 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Lenders, the Administrative Agent and the Administrative Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other Loan Document.

10.16 Removal and Replacement of Lenders.

(a) Under any circumstances set forth herein providing that the Company shall have the right to remove or replace a Lender as a party to this Agreement, the Company may, upon notice to such Lender and the Administrative Agent, (i) remove such Lender by terminating such Lender's Commitments or (ii) replace such Lender by causing such Lender to assign its Commitments (without payment of any assignment fee) pursuant to Section 10.7(b) to one or more other Lenders or Eligible Assignees procured by the Company; provided, however, that if the Company elects to exercise such right with respect to any Lender pursuant to Section 3.7, it shall be obligated to remove or replace, as the case may be, all Lenders that have made similar requests for compensation pursuant to Section 3.3 or 3.4. The Company shall (x) pay in full all principal, interest, fees and other amounts owing to such Lender through the date of termination or assignment (including any amounts payable pursuant to Section 3.4), (y) provide appropriate assurances and indemnities (which may include letters of credit) to the L/C Issuer and the Swing Line Lender as each may reasonably require with respect to any continuing obligation to purchase participation interests in any L/C Obligations or any Swing Line Loans then outstanding, and (z) release such Lender from its obligations under the Loan Documents. Any Lender being replaced shall (i) execute and deliver an Assignment and Assumption with respect to such Lender's Commitments and outstanding Credit Extensions and (ii) return to the Administrative Agent any Notes held by it (whereupon the Administrative Agent shall promptly return the same to the Company, marked "canceled"). The Administrative Agent shall distribute an amended Schedule 2.1 which shall be deemed incorporated into this Agreement, to reflect changes in the identities of the Lenders and adjustments of their respective Commitments and/or Pro Rata Shares resulting from any such removal or replacement.

(b) In order to make all the Lenders' interests in any outstanding Credit Extensions ratable in accordance with any revised Pro Rata Shares after giving effect to the removal or replacement of a Lender, the Company shall pay or prepay, if necessary, on the effective date thereof, all outstanding Loans of all Lenders, together with any amounts due under Section 3.4. The Company may then request Loans from the Lenders in accordance with their revised Pro Rata Shares. The Company may net any payments required hereunder against any funds being provided by any Lender or Eligible Assignee replacing a terminating Lender. The effect for purposes of this Agreement shall be the same as if separate transfers of funds had been made with respect thereto.

(c) This section shall supersede any provision in Section 10.1 to the contrary.

10.17 Exceptions to Covenants. Neither the Company nor any Subsidiary shall be deemed to be permitted to take any action or fail to take any action which is permitted as an exception to any of the covenants contained herein or which is within the permissible limits of any of the covenants contained herein if such action or omission would result in the breach of any other covenant contained herein.

10.18 Governing Law and Jurisdiction.

(a) THIS AGREEMENT AND ANY NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF TEXAS; PROVIDED THAT THE ADMINISTRATIVE AGENT AND THE LENDERS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) The parties hereto agree that Chapter 346 (other than 346.004) of the Texas Finance Code (which regulates certain revolving credit accounts and revolving tri-party accounts) shall not apply to Loans and L/C Obligations under this Agreement.

(c) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF TEXAS, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURTS. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE COMPANY, THE ADMINISTRATIVE AGENT AND THE LENDERS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY TEXAS LAW.

10.19 Waiver of Jury Trial. THE COMPANY, THE LENDERS AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY ADMINISTRATIVE AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE LENDERS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENT, RENEWAL, SUPPLEMENT OR MODIFICATION TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.20 ENTIRE AGREEMENT. THIS 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 AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

REMAINDER OF PAGE LEFT INTENTIONALLY BLANK

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.

LEE ENTERPRISES, INCORPORATED

By: _____
Name: _____
Title: _____

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

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A., as a Lender

By: _____
Name: _____
Title: _____

U.S. Bank National Association, as a Lender

By: _____
Name: _____
Title: _____

SunTrust Bank, as a Lender

By: _____
Name: _____
Title: _____

Fleet National Bank, as a Lender

By: _____
Name: _____
Title: _____

Wells Fargo Bank Iowa, N.A., as a Lender

By: _____
Name: _____
Title: _____

THE Bank of New York, as a Lender

By: _____
Name: _____
Title: _____

Union Bank of California, N.A., as a Lender

By: _____
Name: _____
Title: _____

The Norinchukin Bank, New York Branch, as a Lender

By: _____
Name: _____
Title: _____

The Northern Trust Company, as a Lender

By: _____
Name: _____
Title: _____

PB Capital Corporation, as a Lender

By: _____
Name: _____
Title: _____

Bank of Tokyo-Mitsubishi Ltd., Chicago Branch, as a Lender

By: _____
Name: _____
Title: _____

SCHEDULE 1.1

PRICING SCHEDULE

The Applicable Margin and Commitment Fee Rate shall be determined based on the applicable Cash Flow Leverage Ratio as set forth below.

Leverage Ratio	Applicable Margin for Eurodollar Rate Loans	Commitment Fee Rate
Less than 1.75 to 1	1.000%	0.100%
Equal to or greater than 1.75 to 1 but less than 2.25 to 1	1.125%	0.125%
Equal to or greater than 2.25 to 1 but less than 2.75 to 1	1.250%	0.150%
Equal to or greater than 2.75 to 1 but less than 3.25 to 1	1.375%	0.175%
Equal to or greater than 3.25 to 1	1.500%	2.000%

The Applicable Margin for Eurodollar Rate Loans initially shall be 1.250%, and the Commitment Fee Rate initially shall be 0.150%. Each of the foregoing shall be adjusted, to the extent applicable, 60 days (or, in the case of the last fiscal quarter of any fiscal year, 120 days) after the end of each fiscal quarter based on the Leverage Ratio as of the last day of such fiscal quarter; provided that if the Company fails to deliver the financial statements required by Section 6.1 and the related Compliance Certificate by the 60th day (or, if applicable, the 120th day) after any fiscal quarter, the Applicable Margin and Commitment Fee Rate that would apply if the Leverage Ratio were equal to or greater than 3.25 to 1 shall apply until such financial statements are delivered.

SCHEDULE 2.1

COMMITMENTS
AND PRO RATA SHARES

Lender	Commitment	Pro Rata Share
Bank of America, N.A	\$ 40,000,000	11.428571429%
U.S. Bank National Association	\$ 40,000,000	11.428571429%
SunTrust Bank	\$ 40,000,000	11.428571429%
Fleet National Bank	\$ 35,000,000	10.000000000%
Wells Fargo Bank Iowa, N.A	\$ 35,000,000	10.000000000%
The Bank of New York	\$ 35,000,000	10.000000000%
Union Bank of California, N.A	\$ 25,000,000	7.142857143%
The Norinchukin Bank, New York Branch	\$ 25,000,000	7.142857143%
The Northern Trust Company	\$ 25,000,000	7.142857143%
PB Capital Corporation	\$ 25,000,000	7.142857143%
Bank of Tokyo-Mitsubishi Ltd., Chicago Branch ..	\$ 25,000,000	7.142857143%
TOTAL	\$350,000,000	100.000000000%

SCHEDULE 5.5

LITIGATION

None.

SCHEDULE 5.7

ERISA

If the HPI Acquisition closes, the Company will participate in one Pension Plan, the CAW/IT Negotiated Pension Plan (the "CAW Plan") under the terms of the collective bargaining agreement (the "Collective Bargaining Agreement") between HPI and Pacific Northwest Newspapers Guild, Communications Workers of America, AFL-CIO, Local 37082 (the "Union"). The CAW Plan is a Multiemployer Plan and currently covers 3 active employees of HPI. Currently, the Company does not have financial information with respect to the CAW Plan. The Collective Bargaining Agreement requires the Union to hold HPI harmless against any unfunded or withdrawal liability related to the CAW Plan, known or unknown, asserted or unasserted, present or future.

SCHEDULE 5.11

EXISTING INDEBTEDNESS

\$46,400,000	6.14%	Series A	Senior Notes	Due 2005
\$25,000,000	6.23%	Series B	Senior Notes	Due 2004
\$62,000,000	6.47%	Series C	Senior Notes	Due 2010
\$40,000,000	6.64%	Series D	Senior Notes	Due 2013

SCHEDULE 5.12

ENVIRONMENTAL MATTERS

1. See Disclosure regarding Ottumwa Sump Liability in Schedule 7.10.

2. Upon the closing of the HPI Acquisition, the Company will assume the following Environmental Liability: The Daily News (Longview, Washington) real estate ("Daily News Property") being acquired as part of the HPI Acquisition is currently undergoing active remediation for petroleum contamination resulting from the removal in 1988 of two leaking underground storage tanks, one removed from the Daily News Property and one removed from an adjacent property.

HPI has installed an air sparging system to treat TPH-G contaminated soil and groundwater on the Daily News Property and the remediation will continue after the closing of the HPI Acquisition. HPI's estimated cost of completing the remediation is \$10-\$15,000, and HPI's environmental consultants estimate the cost of future investigation and monitoring necessary to obtain a No Further Remediation Letter for the Daily News Property will be an additional \$10-15,000.

HPI has received a notice from the adjacent property owner asserting a claim that HPI is responsible for remediating the soil and groundwater contamination released from the leaking underground storage tank that was removed from the adjacent property. Responsibility for the "off-site" tank is disputed, as factual issues regarding the ownership of the leaking underground storage tank at the time of removal are undetermined. However, the active remediation of the Daily News property described above will remediate some of the contamination on the adjacent property, and the system could be expanded or relocated to address the additional contamination on the adjacent without a Material Adverse Effect upon the Company.

SCHEDULE 5.16

LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS

5033:

(a) Subsidiaries

Name	State of Incorporation	Percentage of Voting Securities Owned
Lee Technical Systems, Inc. (inactive)	Iowa	100%
Lee Consolidated Holdings Co.	South Dakota	100%
Accudata, Inc.	Iowa	100%
Target Marketing Systems, Inc.	Iowa	100%
Journal-Star Printing Co.	Nebraska	100%
K. Falls Basin Publishing, Inc. (inactive)	Oregon	100%
Davill Inc. (inactive)	Washington	100%
Nickel of Medford, Inc.	Oregon	100%
Howard Publications, Inc.	Delaware	100%
(assuming the HPI Acquisition closes)		

a(i) Other Subsidiaries

1. Wholly-Owned Subsidiaries of HPI (assuming the HPI Acquisition closes)
 - o Auburn Publishers, Inc. New York 100%
 - o Corning Publishers, Inc. New York 100%
 - o Cumberland Publishers, Inc. Pennsylvania 100%
 - o Glens Falls Newspapers, Inc. New York 100%
 - o Journal Standard, Inc. Illinois 100%
 - o Magic Valley Newspapers, Inc. Idaho 100%
 - o Maysville Newspapers, Inc. Kentucky 100%
 - o Mid-Illinois Newspapers, Inc. Illinois 100%
 - o Northwest Indiana Newspapers, Inc. Indiana 100%
 - o South Coast Newspapers, Inc. Delaware 100%
 - o Sunbelt Newspapers, Inc. South Carolina 100%
 - o Waterloo Courier, Inc. Iowa 100%
2. Wholly-Owned Subsidiaries of Waterloo Courier, Inc. (assuming the HPI Acquisition closes)
 - o The Home Towner, Inc. Iowa 100%
3. Wholly-Owned Subsidiaries of Lee Consolidated Holdings Co.
 - o LINT Co. South Dakota 100%
 - o New Mexico Broadcasting Co. New Mexico 100%
4. INN Partners, L.C., an Iowa limited liability company
 - o Accudata, Inc. owns 81% of the membership interests
 - o 19% of the membership interests are owned, in varying percentages, by individual investors
5. KMAZ, L.P., a Texas limited partnership
 - o Sole General Partner is New Mexico Broadcasting Co. and owns 1% partnership interest
 - o Sole Limited Partner is Lee Consolidated Holdings Co. and owns 99% partnership interest

(b) Equity Investments

The Company owns 50% of the capital stock of Madison Newspapers, Inc. ("MNI") and 17% of the nonvoting common stock of The Capital Times Company. The Capital Times Company owns the remaining 50% of the capital stock of MNI.

Central Wisconsin Newspapers, Inc. is a wholly-owned subsidiary of MNI.

HPI owns 50% of the capital stock of Sioux City Newspapers, Inc. ("Sioux City"). The Hagadone Corporation owns the remaining 50% of the capital stock of Sioux City.

SCHEDULE 7.2
PERMITTED LIENS

None.

SCHEDULE 7.10

CONTINGENT OBLIGATIONS

1. Under the terms of the Stock Purchase Agreement between the Company and Polyfibron Technologies ("Polyfibron"), dated January 3, 1997, under which the Company sold to Polyfibron all of the outstanding capital stock of NAAP Systems, Inc. ("NAAP") (all of which was indirectly owned by the Company), the Company, under terms of indemnity therein, retained responsibility for any off-site environmental liabilities in excess of \$1,000,000, but only for the first \$500,000 in excess of \$1,000,000. The \$500,000 potential liability of the Company is inclusive of all claims, liabilities, losses, damages, deficiencies, assessments, judgments, remediations and costs or expenses (including reasonable attorneys' consultants' and experts' fees and expenses but excluding consequential losses and damages).

On October 14, 1998 the United States Environmental Protection Agency ("USEPA") notified the Company that it was remediating the Casmalia Disposal Site located in Santa Barbara County, California, formerly known as a waste generator on one or more manifests for hazardous wastes sent to the Casmalia Disposal Site. The Notice was tendered to Polyfibron and NAPP and Polyfibron/NAPP negotiated a de minimus settlement of all liability relating to the site for \$68,000.

2. Under the Asset Exchange Agreement dated August 26, 1999 between the Company and Liberty Group Publishing, Inc. ("Liberty") providing for inter alia, the Company's transfer of the real estate used by the Ottumwa Courier, Ottumwa, Iowa, to Liberty, the Company agreed to retain responsibility for environmental liabilities or costs arising from any release of hazardous materials from sumps located in the basement of the Ottumwa Courier property prior to the transfer.

Liberty has made a demand requesting the Company indemnify Liberty for the costs of remediating arsenic, cadmium, chromium and lead contamination identified on the Ottumwa Courier property during testing performed in connection with a subsequent transfer of the property. The Company has agreed to assume the lead role in investigating and remediating the environmental conditions unless further investigation indicates that the source of the contamination is not included in the Company's indemnification obligation.

It is premature to estimate the scope of contamination or the Company's potential liability. The cost of initial evaluation proposed by the Company's environmental consultants is (\$13,334).

3. Subject to insured stop loss limitations, there may be unknown claims incurred in the ordinary course of the Company's business, but not reported to the Company, that exceed the recorded reserves on the Company's financial statements for the Company's medical and dental Plans.

SCHEDULE 10.2

EURODOLLAR AND DOMESTIC LENDING OFFICES,
ADDRESSES FOR NOTICES

LEE ENTERPRISES, INC.
Lee Enterprises, Inc.

Attention: _____
Telephone: _____
Facsimile: _____
Electronic Mail: _____

With a copy to:

Attention: _____
Facsimile: _____

BANK OF AMERICA, N.A.

Administrative Agent's Office and Bank of America's Lending Office
(for payments and Requests for Credit Extensions):

Bank of America, N.A.
901 Main Street
Dallas, Texas 75202

Primary Contact: Steven Renwick
Principal
Telephone: 214-209-1867
Facsimile: 214-209-9390
Electronic Mail: steven.p.renwick@bankofamerica.com
Account No.: 3750836479
Ref: Lee Enterprises, Inc.
ABA#: 111-000-012
Attn: Credit Service

L/C Issuer:

Bank of America, N.A.

Attention: _____

Telephone: _____
Facsimile: _____
Electronic Mail: _____@bankofamerica.com

Other Notices as Administrative Agent:

Bank of America, N.A.
1850 Gateway Boulevard
Concord, Ca 94520

Primary Contact: Marc Avery Dewelt

Telephone: (925) 675-8445
Facsimile: (888) 969-2449
Electronic Mail: _____@bankofamerica.com

Other Notices as a Lender:

Bank of America, N.A.
901 Main Street
Mail Code: _____
Dallas, Texas 75202
Attention: _____

Telephone: _____
Facsimile: _____
Electronic Mail: _____@bankofamerica.com

WELLS FARGO BANK IOWA, N.A.

Lending Office:

Wells Fargo Bank Iowa, N.A.
203 W. 3rd Street
Davenport, Iowa 52801-1977

Attn: Jim Hilgenberg
Vice President

Telephone: 563-383-3312
Facsimile: 563-383-3345
Electronic Mail: jim.hilgenberg@wellsfargo.com

Account No.: 0296950720
Ref: Lee Enterprises Obligor #4506408161
ABA#: 121-000-248
Attn: Tanya Ivie 303-863-6102

Operations/Administrative:
- - - - -

Wells Fargo Bank Iowa, N.A.
203 W. 3rd Street
Davenport, Iowa 52801-1977

Attn: Debbie Jacobs
Relationship Associate

Telephone: 563-383-3610
Facsimile: 563-383-3345
Electronic Mail: debbie.jacobs@wellsfargo.com

FLEET NATIONAL BANK

Lending Office:

Fleet National Bank
100 Federal St.
Boston, Massachusetts 02110

Attn: Andre Paquette
Senior Associate

Telephone: 617-434-9551
Facsimile: 617-434-8426
Electronic Mail: andre_j_paquette@fleet.com

Account No.: 1510351-66156 CLS Wire Clearing Acct.
Ref: _____
ABA#: 011 000138
Attn: Janis McWhirk

Operations/Administrative:
- - - - -

Fleet National Bank
100 Federal St.
Boston, Massachusetts 02110

Attn: Janis McWhirk
Loan Administrator

Telephone: 617-434-5462
Facsimile: 617-434-8277
Electronic Mail: janis_mcwhirk@fleet.com

SUNTRUST BANK

Lending Office:

SunTrust Bank
919 E. Main St.
Richmond, Virginia 23219

Attn: Thomas C. Palmer
Managing Director

Telephone: 804-782-5833
Facsimile: 804-782-7548
Electronic Mail: tom.c.palmer@suntrust.com

Account No.: 9443129900 Commercial Loans in Process
Ref: Lee Enterprises

ABA#: 051000020
Attn: CCS Monetary

Operations/Administrative:

- - - - -
SunTrust Bank
919 E. Main St.
Richmond, Virginia 23219

Attn: Violet Carraway
Officer

Telephone: 804-319-1735
Facsimile: 804-319-1736

U.S. BANK NATIONAL ASSOCIATION

Lending Office:

U.S. Bank National Association
7th & Washington
St. Louis, MO 63101

Attn: Michael Homeyer
Vice President

Telephone: 314-418-8129
Facsimile: 314-418-8292
Electronic Mail: michael.homeyer@usbank.com

Account No.: 3811005184
Ref: Lee Enterprises

ABA#: 081000210
Attn: Commercial Exceptions

Operations/Administrative:

- - - - -
U.S. Bank National Association
400 City Center
Oshkosh, Wisconsin 54901

Attn: Connie Sweeney
Operations Lead

Telephone: 920-237-7604
Facsimile: 920-237-7993
Electronic Mail: connie.sweeney@usbank.com

THE NORINCHUKIN BANK, NEW YORK BRANCH

Lending Office:

The Norinchukin Bank, New York Branch
245 Park Avenue
New York, New York 10187

Attn: _____

Telephone: _____
Facsimile: _____
Electronic Mail: _____

Account No.: _____
Ref: _____
ABA#: _____
Attn: _____

Operations/Administrative:
- - - - -

The Norinchukin Bank, New York Branch
245 Park Avenue
New York, New York 10187

Attn: _____

Telephone: _____
Facsimile: _____
Electronic Mail: _____

PB CAPITAL CORPORATION

Lending Office:

PB Capital Corporation
590 Madison Ave.
New York, New York 10022

Attn: Thomas Dearth
Associate, Portfolio Management

Telephone: 212-756-5680
Facsimile: 212-756-5536
Electronic Mail: tdearth@pb-us.com

Account No.: 890-0398-935
Ref: Lee Enterprises
ABA#: 021-000-018
Attn: Farah Thoubboron 212-756-5545

Operations/Administrative:
- - - - -

PB Capital Corporation
590 Madison Ave.
New York, New York 10022

Attn: Farah Thoubboron

Telephone: 212-756-5545
Facsimile: 212-756-5536
Electronic Mail: fthoubboron@pb-us.com

THE NORTHERN TRUST COMPANY

Lending Office:

The Northern Trust Company
50 S. LaSalle St.
Chicago, Illinois 60675

Attn: Mark Taylor
Vice President

Telephone: 312-557-7626
Facsimile: 312-444-7028
Electronic Mail: met6@ntrs.com

Account No.: 5186401000 Commercial Loans Incoming Wires
Ref: Lee Enterprises

ABA#: 071000152
Attn: _____

Operations/Administrative:
- - - - -

The Northern Trust Company
50 S. LaSalle St. C-SN
Chicago, Illinois 60675

Attn: Carmen Isbell
Loan Representative

Telephone: 312-557-1725
Facsimile: 312-630-1566
Electronic Mail: met6@ntrs.com

UNION BANK OF CALIFORNIA

Lending Office:

Union Bank of California, N.A.
445 S. Figueroa Street, 16th Floor
Los Angeles, CA 90071

Attn: Lena Bryant

Telephone: 213-236-7535
Facsimile: 213-236-5276
Electronic Mail: _____

Attn: Richard Vian

Telephone: 213-236-6515
Facsimile: 213-236-5276
Electronic Mail: _____

Account No.: 070-196431 Wire Transfer Clearing
Ref: Lee Enterprises

ABA#: 122-000-496
Attn: Commercial Loan Operations

Operations/Throughout Closing

Union Bank of California, N.A.
601 Potrero Grande, 1st Floor
Monterey Park, CA 91775

Attn: Hisako Sakamoto

Telephone: 323-278-6181
Facsimile: 323-278-6173

Operations/Administrative after the Closing:

Union Bank of California, N.A.
601 Potrero Grande, 1st Floor
Monterey Park, CA 91775

Attn: Shirley Davis

Telephone: 323-720-2870
Facsimile: 323-720-2252/51

BANK OF TOKYO-MITSUBISHI LTD., CHICAGO BRANCH

Lending Office:

Bank of Tokyo-Mitsubishi Ltd., Chicago Branch
227 W. Monroe St.
Suite 2300
Chicago, Illinois 60613

Attn: Wayne Yamanaka
Vice President

Telephone: 312-696-4664
Facsimile: 312-696-4535
Electronic Mail: wyamanaka@btmna.com

Account No.: 1525720230

Ref: _____

ABA#: 071002341

Attn: Loan Administration

Operations/Administrative:

Bank of Tokyo-Mitsubishi Ltd., Chicago Branch
227 W. Monroe St.
Suite 2300
Chicago, Illinois 60613

Attn: Janice Hennig
Vice President

Telephone: 312-696-4710
Facsimile: 312-696-4532
Electronic Mail: jhennig@btmna.com

THE BANK OF NEW YORK

Lending Office:

Attn: _____

Telephone: _____
Facsimile: _____
Electronic Mail: _____

Account No.: _____
Ref: _____
ABA#: _____
Attn: _____

Operations/Administrative:

- - - - -

Attn: _____
Telephone: _____
Facsimile: _____
Electronic Mail: _____

EXHIBIT A
FORM OF REVOLVING LOAN NOTICE

Date: _____, _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of March 28, 2002 (as amended, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Lee Enterprises, Inc. (the "Company"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender.

The undersigned hereby requests (select one):

- A Revolving Borrowing of Revolving Loans
- A conversion or continuation of Revolving Loans

1. On _____ (a Business Day).

2. In the amount of \$ _____ .

3. Comprised of _____ .

[Type of Revolving Loan requested]

4. For Eurodollar Rate Loans: with an Interest Period of _____ months.

[The Revolving Borrowing requested herein complies with the proviso to the first sentence of Section 2.1 of the Agreement.]

LEE ENTERPRISES, INC.

By: _____

Name: _____

Title: _____

FORM OF swing line loan NOTICE

Date: _____, _____

To: Bank of America, N.A., as Swing Line Lender
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of March 28, 2002 (as amended, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Lee Enterprises, Inc. (the "Company"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender.

The undersigned hereby requests a Swing Line Loan:

- 1. On _____ (a Business Day).

- 2. In the amount of \$ _____ .

The Swing Line Borrowing requested herein complies with the requirements of the first proviso to the first sentence of Section 2.4(a) of the Agreement.

LEE ENTERPRISES, INC.

By: _____

Name: _____

Title: _____

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of March 28, 2002 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among Lee Enterprises, Incorporated (the "Company"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the of the Company, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the Company, and that:

[Use following for fiscal year-end financial statements]

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.1(a) of the Agreement for the fiscal year of the Company ended as of the above date, together with the report and opinion of an independent public accountant required by such section.

[Use following for fiscal quarter-end financial statements]

1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 6.1(b) of the Agreement for the fiscal quarter of the Company ended as of the above date. Such financial statements fairly present the financial condition and results of operations of the Company and the Subsidiaries in accordance with GAAP as at such date and for such period, subject to ordinary, good faith year-end audit adjustments.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Company during the accounting period covered by the attached financial statements.

3. A review of the activities of the Company during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Company performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the Company performed and observed each covenant and condition of the Loan Documents applicable to it.]

- --or--

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]

4. The financial covenant analyses and information set forth on Schedule 2 attached hereto are true and accurate on and as of _____ the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of, _____, ____.

LEE ENTERPRISES INCORPORATED

By: _____

Name: _____

Title: _____

For the Quarter/Year ended _____("Statement Date")

SCHEDULE 2
to the Compliance Certificate

Spreadsheet to be provided quarterly by the Company illustrating calculations of the following covenants and limitations, in form and substance satisfactory to Administrative Agent:

1. Leverage Ratio - for determination of Applicable Margin and compliance with Section 7.6.
2. Section 7.7 - Interest Coverage Ratio.
3. Section 7.2 - Limitation on Liens.
 - (g) - Limitation on Liens arising in connection with court proceedings
 - (i) - Limitation on Liens securing Indebtedness and other obligations
4. Section 7.3 - Sale of Assets.
 - (a)(iii) - Net Proceeds Recapture Amount
 - (a) - Total Property Transferred to Subsidiaries
5. Section 7.5 - Limitation on Subsidiary Debt.
6. Section 7.16 - Investments.
 - (l) - Limitation on contributions to supplementary benefit plan for executives
 - (m) - Limitation on other Investments

Form of legal opinion of counsel to the company
[to be provided]

FORM OF REVOLVING LOAN NOTE

\$ _____

FOR VALUE RECEIVED, LEE ENTERPRISES, INCORPORATED, a Delaware corporation (the "Company"), hereby promises to pay to the order of _____ (the "Lender"), on the Maturity Date (as defined in the Credit Agreement referred to below) the principal amount of _____ Dollars (\$_____), or such lesser principal amount of Revolving Loans (as defined in such Credit Agreement) due and payable by the Company to the Lender on the Maturity Date under that certain Credit Agreement, dated as of _____, 2002 (as amended, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among the Company, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender.

The Company promises to pay interest on the unpaid principal amount of each Revolving Loan from the date of such Revolving Loan until such principal amount is paid in full, at such interest rates, and at such times as are specified in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Payment Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Revolving Loan Notes referred to in the Agreement, is entitled to the benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein. Upon the occurrence of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Revolving Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Revolving Loans and payments with respect thereto.

The Company, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, intent to accelerate, acceleration, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

LEE ENTERPRISES, INCORPORATED

By: _____

Name: _____

Title: _____

FORM OF SWING LINE NOTE

\$-----

FOR VALUE RECEIVED, LEE ENTERPRISES, INCORPORATED, a Delaware corporation (the "Company"), hereby promises to pay to the order of BANK OF AMERICA, N.A. ("Swing Line Lender"), on the date when due in accordance with the Credit Agreement referred to below, the aggregate unpaid principal amount of each Swing Line Loan from time to time made by the Swing Line Lender to the Company under that certain Credit Agreement, dated as of _____, 2002 (as amended, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among the Company, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender.

The Company promises to pay interest on the unpaid principal amount of each Swing Line Loan from the date of such Swing Line Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement.

All payments of principal and interest shall be made to the Swing Line Lender in Dollars in immediately available funds at its Lending Office.

If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is the Swing Line Note referred to in the Agreement, is entitled to the benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Swing Line Loans made by the Swing Line Lender shall be evidenced by one or more loan accounts or records maintained by Swing Line Lender in the ordinary course of business. The Swing Line Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Swing Line Loans and payments with respect thereto.

The Company, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, intent to accelerate, acceleration, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

LEE ENTERPRISES, INCORPORATED

By: -----

Name: -----

Title: -----

